

ANNUAL REPORT 2023



Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit from the Experience

CORPORATE INFORMATION

MANAGEMENT COMPANY

AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman

Mr. Abdul Karim

Chief Executive Officer

Mr. Imran Motiwala

Director(s)

Ms. Anum Dhedhi

Ms. Aysha Ahmed

Mr. Ali Wahab Siddiqi

Mr. Hasan Ahmed

Mr. Abid Hussain*

Mr. Saim Mustafa Zuberi**

* Appointed on May 22, 2023 in place of Mr. Saim Mustafa Zuberi

** Resigned on February 21, 2023

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob Sultan, CFA

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

HEAD OF INERNAT AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW)

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)

Mr. Hasan Ahmed (Member)

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW) (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) AND NOMINATION COMMITTEE

Ms. Aysha Ahmed (Chairperson)

Mr. Abdul Karim (Member)

Mr. Imran Motiwala (Member)

Ms. Anum Dhedhi (Member)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

AKD Investment Management Limited AM3++ (AM Three Plus Plus) issued by PACRA

VISION

To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.

MISSION STATEMENT

- » Keep primary focus on investing clients' interest
- » Achieve highest standards of regulatory compliance and good governance
- » Prioritize risk management while endeavouring to provide inflation adjusted returns on original investment
- » Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy
- » Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent leading performance
- » Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), Golden Arrow Stock Fund (GASF), AKD Index Tracker Fund (AKDITF), AKD Islamic Stock Fund (AKDISSF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its annual report along with the Funds' audited Financial Statements for the year ended June 30, 2023.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the FY23, the return of AKD Opportunity Fund stood at -12.03% compared to the benchmark KSE-100 Index return of -0.21%.

Golden Arrow Stock Fund (GASF)

For the FY23, the return of Golden Arrow Stock Fund stood at -10.37% compared to the benchmark KSE-100 Index return of -0.21%.

AKD Islamic Stock Fund (AKDISSF)

For the FY23, the return of AKD Islamic Stock Fund stood at -17.92% compared to the benchmark KMI-30 Index return of 2.88%.

AKD Index Tracker Fund (AKDITF)

For the FY23, the return of AKD Index Tracker Fund stood at -1.10% compared to the benchmark KSE-100 Index return of -0.21%.

AKD Cash Fund (AKDCF)

For the FY23, the return of AKD Cash Fund stood at 17.24% compared to the benchmark return of 17.02%.

Distribution for the year ended June 30, 2023:

The Board of Directors approved a final distribution (including refund of element) of Rs 0.1933 per unit. This is in addition to interim distribution (including refund of element) of Rs. 8.1929 per unit approved by the Chief Executive under authority granted by the Board of Directors of the Management Company during the year.

AKD Islamic Income Fund (AKDISIF)

For the FY23, the return of AKD Islamic Income Fund stood at 17.65% compared to the benchmark return of 6.06%.

Distribution for the year ended June 30, 2023:

The Board of Directors approved a final distribution (including refund of element) of Rs 0.0747 per unit. This is in addition to interim distribution (including refund of element) of Rs. 8.5912 per unit approved by the Chief Executive under authority granted by the Board of Directors of the Management Company during the year.

AKD Aggressive Income Fund (AKDAIF)

For the FY23, the return of AKD Aggressive Income Fund stood at 2.16% as compared to the benchmark return of 18.60%.

Distribution for the year ended June 30, 2023:

The Board of Directors approved a final distribution (including refund of element) of Rs 0.1690 per unit. This is in addition to interim distribution (including refund of element) of Rs. 0.9275 per unit approved by the Chief Executive under authority granted by the Board of Directors of the Management Company during the year.

AKD Islamic Daily Dividend Fund (AKDIDDF)

Since the inception of the fund i.e. February 17, 2023, the annualized return of AKD Islamic Daily Dividend Fund stood at 17.60% as compared to the benchmark return of 6.62%.

Distribution for the year ended June 30, 2023:

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs. 3.1338 per unit to the unit holders during the year ended June 30, 2023.

MACRO PERSPECTIVE

Over the past year, Pakistan's economy went through a major economic crisis perhaps the worst since independence that led to an unprecedented increase in interest rates and inflation, recording new records in all fronts. The crisis stemmed from the start of the Russia-Ukraine war in February 2022 after which the international commodities prices sharply moved up and coupled with unsustainable global debt levels a number of developing country economies were in complete tail spin. Pakistan was no exception being a net importing country dependent for key essentials like oil, widening deficits of both the current and fiscal account was imminent as the local currency went into free fall and foreign reserves eroded. Hence, to contain the widening Current Account Deficit, the Government had to impose major import restrictions. Through the timely administrative measures adopted by the Government, Pakistan managed to circumnavigate the most difficult economic situation in the Country's history, averting a sovereign default and securing a nine-month Standby Arrangement of US\$3bn with the IMF.

The SBP has proactively focused on restricting the demand growth by adopting monetary contraction through rate increases since June 2020 (*interest rates at 7%*) while the incumbent government resorted to Fiscal tools such as increasing existing taxes along with introducing new ones. In FY23 alone, the SBP

increased the interest rates by 825bps to 22%. Additionally, key conditions of the IMF Program asking for removal of subsidies led to hikes in all utility prices across the board adding inflationary pressures further and higher unemployment. However, the fruits of these politically difficult policies have already started to reflect in demand contraction with most high frequency indicators (*Cement, Auto and POL product sales*). Another important measure that the government took to compress demand was to allow the “Free Float” of the currency, which notably led to a sharp depreciation of the Pak Rupees and naturally contained imports, supported exports and home remittances.

The Current Account Surplus for the month of June 2023 clocked in at USD 334 million, from a Current Account Surplus of USD 220 million (revised) in May 2023 taking the FY23 CAD to USD 2.56 billion (-0.7% of GDP) against USD 17.48 billion (-4.7% of GDP), down -85% YoY during the same period last year primarily due to decline in imports as the Government’s initiatives to stabilize the economy were visibly bearing fruit.

The Government’s resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.48 billion through Roshan Digital Accounts (RDA) with more than 590,000 accounts till July 2023.

Moreover, the FBR collected revenues worth PKR 7.17 trillion during FY23 against the target of 7.64 trillion missing the target by PKR 496 billion despite the imposition of nearly PKR 800 billion additional taxes due to a steep decline in imports and an overall slowdown of the economy.

During FY23, the external account remained a major cause of concern as Pakistan’s liquid foreign exchange reserves decreased by USD 5.70 billion on the back of debt servicing primarily. As of June 30, 2023, the Country’s liquid foreign exchange reserves stood at USD 9.75 billion (*SBP reserves USD 4.46 billion*).

The new IMF program will provide a policy framework to bring power sector reforms in the country along with the SOE governance. This program will support Pakistan in obtaining additional funds from its bilateral partners which is extremely essential in a period of low FX reserves and high debt servicing. The exchange rate is likely to appreciate in the short term due to speculative activity; however, will remain under depreciative pressure till sizeable foreign inflows do not materialize.

The NCPI during the month of August 2023 clocked in at 27.38% YoY as compared to 29.40% YoY in July 2023. This took the 2MFY24 average NCPI to 27.84% compared to 26.10% during the SPLY. The main contributors to the increase in inflation are Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.21% MoM / 6.25% YoY because of the increasing fuel and utility prices and exchange devaluation. Furthermore, food inflation came lower than expected which caused the decline in inflation as noticed by the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 0.23% MoM / 38.51% YoY.

The Large Scale Manufacturing (LSMI) sector, which accounts for about 80% of the country's industrial output, shrank for the 12th consecutive month in June, by 14.96 percent YoY, leading to contract by 10.26% in FY23 as almost all major industries reported substantial declines. Without say, the fallout of the restrictive measures undertaken by the central bank and the government to contain the current account deficit notably weighed heavily on the industry.

EQUITY MARKET REVIEW

The Equity market, despite closing in flat at 41,452.68 level, decreasing 88 points (-0.21% YoY) remained extremely volatile during the year with excitement over letter of intent from IMF, financial support from KSA, UAE and other bilateral partners, strong corporate results, appointment of the new Chief of Army Staff and the long-awaited Federal Budget FY23. The market also witnessed anxious moments with flash floods that contributed to loss of USD 30 billion, monetary tightening, unprecedented inflation and prolonged political uncertainty investors had very little to celebrate this past year.

During FY23, investor participation declined as volumes contracted by 34% YoY to 190.82 million shares from 291.47 million shares recorded during last year. Surprisingly, after five consecutive years of outflows, foreigners were net buyers in FY23 with USD 1.53 million. Foreigner's interest was majorly caught in Technology and Communication (*USD 43.30 million*) and Oil and Gas Exploration Companies (*USD 27.42 million*).

The sectors that performed during FY23 are Chemical (15.74%), Cement (8.00%), Synthetic & Rayon (40.34%), Investment Banks/Companies (8.16%), and Sugar & Allied Industries (13.00%). While the sectors that kept the bulls in check are Commercial Banks (-9.81%), Pharmaceuticals (-40.36%), Automobile Assembler (-25.67%), Tobacco (-26.18%), and Oil & Gas Exploration Companies (-6.54%). On the local front, major selling was witnessed in Mutual Funds (*USD 144.49 million*) and Insurance Companies (*USD 124.31 million*) as panic swayed away local investors to safer havens and fixed income given that interest rates are almost at record highs.

On a 10Y period, the KSE - 100 index yielded an annualized return of 7.03% (-3.68% annualized in USD terms). The persistent decline in the local currency against the US Dollar has kept foreign investors at bay despite extremely compelling valuations. While foreigners have been on the sell side for several years now; frontier market investors are likely to turn net buyers given the unprecedented currency adjustment and cheap valuations provided that Pakistan implement key economic and policy reforms.

We remain positive towards equities based on the premise that i) holding Cash for real value would not be possible given high inflation and currency devaluation, ii) real value over the long term can only be secured in inflation hedged assets such as Real Estate, Gold or Equity, iii) we believe that Gold has rallied significantly over the past several months and is in its consolidation phase while Real Estate being illiquid and capital intensive besides being on the government's radar for taxing, equities plausibly

seems the prime candidate for a long term investment strategy. The index continues to trade at exceedingly attractive multiples with PE and PB of 4.54x and 0.6x with a healthy dividend yield of 10%.

FIXED INCOME REVIEW

During FY23, the State Bank of Pakistan maintained an aggressive monetary tightening stance, steadily increasing the policy rate to an unprecedented historical high of 22.00%. This decisive approach was taken in response to un-abating inflationary pressures, with the average NCPI for FY23 soaring to 29.18%, and the pressing need to fortify the country's deteriorating external account.

The heightened policy rate played a significant role in driving up the rates of government securities, attracting substantial investments into these instruments as investors sought improved returns offered by government debt securities.

Throughout the year, the State Bank of Pakistan conducted a total of twenty-seven (27) Market Treasury Bill (MTB) auctions, where the government managed to raise PKR 25.15 trillion against the auction target of PKR 24.43 trillion. Notably, the weighted average yields for 3, 6, and 12-month MTBs were 18.07%, 18.03%, and 18.07% respectively, up by 791 bps, 748 bps, and 754 bps as compared to 10.16%, 10.54%, and 10.53% during the same period last year.

To further address the need for liquidity, SBP also conducted twelve (12) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 1.30 trillion. The weighted average yield for 3, 5, and 10 years PIBs increased by 456 bps, 263 bps, and 191 bps to 15.22%, 13.32%, and 12.94% respectively, as compared to 10.65%, 10.69%, and 11.03% during the same period last year as the yield curve remains inverted.

In the market for Shariah Compliant instruments, the SBP conducted a total of twenty-four (24) auctions of GOP Ijara Sukuk, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR). These auctions successfully raised PKR 870.78 billion against the auction target of PKR 1,620 billion. Furthermore, during the third quarter of this fiscal year, the SBP introduced 1-year and 3-year GOP Ijara Sukuk.

Moreover, the State Bank of Pakistan carried out 134 Open Market Operations (OMOs) with varying maturities, injecting PKR 57.18 trillion into the market at an average cut-off yield of 17.55% and mopped up PKR 6.73 trillion at an average cut-off yield of 17.06%.

Looking ahead to the auction target calendars for August through October 2023, the State Bank of Pakistan aims to raise PKR 8.25 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 8.91 trillion. Additionally, the SBP targets to raise PKR 480 billion through 3 to 30-year fixed-rate PIBs and PKR 1,520 billion through 2 to 10-year floating-rate PIBs.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- (a) The financial statements, prepared by the Management of the Company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holders' funds.
- (b) Proper books of account of the Funds have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- (e) The system of internal control is sound in design and has effectively implemented and monitored.
- (f) There are no significant doubts upon the Funds' ability to continue as a going concern.
- (g) Statutory payments, taxes, duties, levies and charges, if any have been properly disclosed in the financial statements.
- (h) Summary of key financial data / performance tables is appended to the Financial Statements of the Funds.
- (i) The Pattern of unit holdings is appended to the Financial Statements of the Funds.
- (j) The statement showing the attendance of Directors in BOD meetings and Audit Committee meetings is as under:

S.No.	Name of Director	MEETINGS ATTENDANCE				Attended	Leave
		28-Apr-23	24-Feb-23	28-Oct-22	28-Sep-22		
1	Mr. Abdul Karim	✓	✓	✓	✓	4	0
2	Mr. Imran Motiwala	✓	✓	✓	✓	4	0
3	Ms. Anum Dhedhi	✓	✓	✓	✓	4	0
4	Mr. Saim Mustafa Zuberi*	—	—	✓	✓	2	0
5	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
6	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
7	Ms. Aysha Ahmed	✓	✓	✓	✓	4	0

S.No.	Name of Director	MEETINGS ATTENDANCE				Attended	Leave
		28-Apr-23	24-Feb-23	28-Oct-22	28-Sep-22		
1	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
2	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
3	Mr. Saim Mustafa Zuberi*	—	—	✗	✗	0	2

*Resigned on February 21, 2023

- (k) There have been no trades in the units of the Funds carried out by the Directors, CEO, CFO, CIO, COO, Company Secretary and their spouses and minor children of the Management Company other than as disclosed below and in the note to the financial statements:

S.No.	Trades by	Designation	Investment (No of Units)	Redemption (No of Units)
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AKD ISLAMIC INCOME FUND

1	Imran Motiwala	CEO & Director	58,142	58,142
2	Sehr Imran Motiwala	Spouse - CEO & Director	947,645	947,645
3	Anum Dhedhi	CIO & Director	47	82,504
4	Ameer Arif Dagha	Spouse - CIO & Director	995	282,997
5	Ali Wahab Siddiqui	Director	203,373	-
6	Hasan Ahmed	Director	123	-
7	Muhammad Yaqoob	COO & Company Secretary	7,714	7,863
8	Abdul Rehman Yaqoob	Minor Children - COO &	423	-
9	Ayesha Yaqoob	Minor Children - COO &	423	-
10	Muhammad Amin Yaqoob	Minor Children - COO &	423	-

AKD ISLAMIC STOCK FUND

1	Imran Motiwala	CEO & Director	-	2,237
2	Sehr Imran Motiwala	Spouse - CEO & Director	-	22,415
3	Anum Dhedhi	CIO & Director	104,968	104,968

AKD OPPORTUNITY FUND

1	Imran Motiwala	CEO & Director	-	36,602
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GOLDEN ARROW STOCK FUND

1	Imran Motiwala	CEO & Director	-	1,476,000
2	Muhammad Yaqoob	COO & Company Secretary	-	100,000

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

- i. The total number of directors are seven as follows:
 - a) Male: Five
 - b) Female: Two
- ii. The composition of the Board of Directors is as follows:
 - Independent Director: Three
 - Non-Executive Directors: Five
 - Executive Directors: Two
 - Female directors: Two

RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of AM3++ (A M three Plus Plus) to AKD Investment Management Limited (AKDIML) on June 27, 2023.

RATING OF THE FUNDS

AKD OPPORTUNITY FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year)] and 3-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2022 to AKD Opportunity Fund (AKDOF) on February 13, 2023.

AKD CASH FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “AA+(f)” (Double A Plus; fund stability rating) for the period ended December 31, 2022 to AKD Cash Fund (AKDCF) on March 8, 2023.

AKD AGGRESSIVE INCOME FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “A+(f)” (Single A Plus; fund stability rating) for the period ended December 31, 2022 to AKD Aggressive Income Fund (AKDAIF) on March 8, 2023.

GOLDEN ARROW STOCK FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year)] and 4-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2022 to Golden Arrow Stock Fund (GASF) on February 13, 2023.

AKD ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “AA-(f)” (Double A Minus; fund stability rating) for the period ended December 31, 2022 to AKD Islamic Income Fund (AKDISIF) on March 6, 2023.

AKD ISLAMIC STOCK FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 4-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year)] and 2-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2022 to AKD Islamic Stock Fund (AKDISSF) on February 13, 2023.

AKD ISLAMIC DAILY DIVIDEND FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned initial stability rating of “AA(f)” (Double A; fund stability rating) to AKD Cash Fund (AKDCF) on March 20, 2023.

HOLDING COMPANY

AKD Group Holdings (Private) Limited [Formerly: Aqeel Karim Dhedhi Securities (Private) Limited] is the holding company of AKD Investment Management Limited and holds 99.97% of the outstanding ordinary shares of the Company.

APPOINTMENT OF AUDITORS

The Board re-appointed M/s Yousuf Adil, Chartered Accountants as the statutory auditors for AKD Opportunity Fund, AKD Index Tracker Fund, AKD Cash Fund, AKD Aggressive Income Fund and AKD Islamic Daily Dividend Fund and M/s Riaz Ahmad & Company, Chartered Accountants as the statutory auditor for Golden Arrow Stock Fund, AKD Islamic Income Fund and AKD Islamic Stock Fund for the year 2023-2024 as recommended by the Audit Committee.

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the Management of the Pakistan Stock Exchange for their continued support and cooperation. The Board also appreciates the devoted performance of the staff and officers of the AKD Investment Management Limited. The Board will also like to thank the investors for their confidence in the Company.

FUTURE OUTLOOK

As we move into FY24, we believe that structural changes and reforms are necessary to turn around the current economic state addressing fiscal imbalances and external vulnerabilities with sustainable stability. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government in the coming year. On the other hand, notably inflation is expected to come off sharply as the high base effect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains worrying.

The Government announced the Finance Bill for FY23-24 on June 9, 2023 with high expectations and in hopes to regain lost political capital amid one of the worst economic conditions on record. The Finance Minister set GDP growth expectations for FY24 at 3.5% compared to 0.29% in FY23 (*provisional*). Moreover, the Average NCPI target for FY24 is 21% and Budget Deficit and Primary Surplus targets have been set at 6.54% and 0.4% of GDP respectively. Lastly, the Ministry of Finance has targeted exports and remittances to clock at USD 30 billion and USD 33 billion, respectively.

The FBR revenue target is set at PKR 9.4 trillion in FY24. Additionally, the Federal Non-tax revenue target has been marked at PKR 2.96 trillion, 83% higher than FY23. The government is expecting total expenditures of PKR 14.48 trillion in FY24 which is 52% higher than FY23. The Federal Public Sector Development Plan seemingly optimistic is set at PKR 950 billion, 67% higher than in the same period last year. The government has set PKR 7.3 trillion for debt servicing in FY24. The expenditure on defense is at PKR 1.8 trillion in FY24, 15% higher than the last year's budget. While the external debt payment in FY24 has been budgeted at USD 22 billion, which is likely to keep the local currency in check and with it economic direction and performance.

Some of the main provisions of the Finance Bill are as follows:

- Increasing salary tax slabs on people earning PKR 200k per month and above
- Increase in maximum allowed Petroleum Development Levy (PDL) by PKR 10 to PKR 60.
- Imposition of 5% FED on Fertilizers
- Rate of tax IT and IT enabled services was changed from 16% to 5% (without input adjustment).
- The rate of advance tax on sale/purchase of immovable property has been increased from 2% to 3%
- Advance tax on motor vehicles having engine capacity more than 2000cc has been based on value ranging from 6% to 10%
- Re-imposition of 10% final withholding tax on issuance of bonus shares by a company (20% for non-ATL).
- The amnesty provided to people bringing FX to purchase property has incidentally also been withdrawn in line with IMF requirements.

We believe that the support from IMF will help subside the default risk that the country was adamantly facing and more importantly play a major confidence boost for the financial markets. The Equity market rallied around 2,446.32 points (5.90%) on July 3, 2023 – single day highest gain in years on the back of this single event, illustrating that the markets believe that the Country has effectively averted an imminent default. However, the ruling government and economic managers will need to be extremely vigilant and pragmatic for sustainable stability and growth as headwinds remain.

Going forward, the key factors that would drive the market direction include IMF's second quarterly review for the USD 3 billion loan facility under the SBA and clarity on the holding of general elections in Pakistan. One of the key challenges that the Government has been struggling with is to bring down the difference between the interbank and open market exchange rate which has now reached ~7% while the IMF believes the deviation needs to be maintained up to 1.25%. Moreover, the Government will also have to implement some strict measures to contain the soaring fiscal deficit and achieve the desired target of primary surplus agreed with the IMF which will bring a new wave of inflation pressures.

While Pakistan faces one of the worst economic crisis in recent history, we believe that equities as an asset class has over discounted itself. The premise of our positive outlook and re-rating of the capital market stems from the likelihood of Pakistan successfully completing the new SBA IMF program which will notably entail a continuity in reforms and fiscal discipline. The index is trading at a PE multiple of

4.54x far below the long-term averages. The dividend yield is attractive at 10% which is the highest in the region and with the last REER recorded at 87.7492 in June 2023 suggesting the currency has room to appreciate will probably justify and attract foreign investment which can also be noted by the recent month's inflows. We believe that the market currently serves as a striking point for investors.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: September 22, 2023

FUND INFORMATION

AKD Cash Fund



Management Company

AKD Investment Management Limited
216-217, Continental Trade Centre,
Block 8, Clifton, Karach - 74000

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi

Bankers

Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited

Auditors

M/s Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8,
KCHSU Shahrah-e-Faisal,
Karachi-75350

Legal Advisor

Sattar & Sattar
Attorneys-at-Law
3rd Floor, UBL Building
I.I Chundrigar Road, Karachi.

Registrar

AKD Investment Management Limited
216-217, Continental Trade Centre,
Block 8, Clifton, Karach - 74000
UAN: 111-253-465 (111-AKDIML)

Distributor

Financial Investments Mart (Pvt) Ltd.
Investlink Advisor (Private) Limited.
Investomate (Private) Limited
ITMinds Limited.
YPay Financial Services (Pvt.) Ltd.

Rating-AKDCF

BY PACRA: AA+(f)

FUND MANAGER'S REPORT

i) Description of the Collective Investment Scheme Category and types:

Open – end Money Market Scheme

ii) Statement of Collective Investment Scheme's Investment objective:

The investment objective of the Fund is to provide optimum return consistent with minimal risk from a portfolio constituted of high quality short term securities / instruments, which will provide liquidity to investors. The fund exclusively invests in highly secure ('AA' and above) debt instruments such that the weighted average maturity of its assets stays below 90 days.

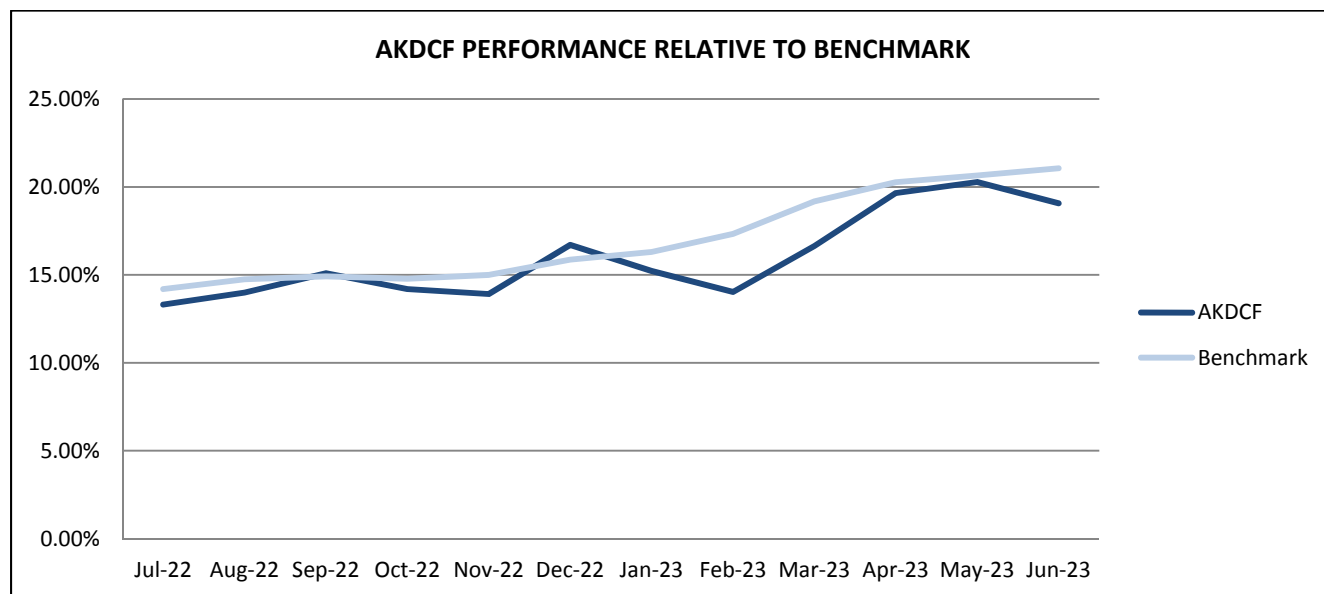
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the FY23, the return of AKD Cash Fund stood at 17.24% compared to the benchmark return of 17.02%.

iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:

70% three (3) months PKRV rate + 30% three (3) months average deposit rate of three (3) AA rated scheduled Banks as selected by MUFAP.

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:



Monthly yield (annualized)	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
AKDCF	13.31%	13.99%	15.09%	14.19%	13.91%	16.70%	15.22%	14.03%	16.64%	19.65%	20.28%	19.07%
Benchmark	14.19%	14.75%	14.91%	14.77%	14.99%	15.87%	16.30%	17.33%	19.18%	20.27%	20.65%	21.06%

vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme’s performance:**

AKD Cash Fund is an Open – end Money Market Scheme. The returns of the fund are generated primarily through investment in high quality short term government securities and short term corporate debt instruments. AKDCF is fully complied with the relevant policies and procedures as per fund’s regulatory requirement.

vii) **Disclosure of Collective Investment Scheme’s asset allocation as the date of report and particulars of significant changes in asset allocation:**

Asset Allocation (% of Total Assets)	30-Jun-23	30-Jun-22
Cash and Cash Equivalents	86.54%	78.75%
Commercial Papers / Short Term Sukuk	12.87%	20.54%
Other Assets including Receivables	0.59%	0.71%

viii) **Analysis of the Collective Investment Scheme’s performance:**

FY23 Return	17.24%
Benchmark Return	17.02%

ix) **Changes in NAV and NAV per unit since the last reviewed period:**

Net Assets Value			NAV Per Unit	
30-Jun-23	30-Jun-22	Change in Net Assets	30-Jun-23	30-Jun-22
(Rupees in 000)			(Rupees)	
1,910,438	1,273,399	50.03%	51.2689	50.7461

x) **Disclosure on the markets that the Collective Investment Scheme has invested in including review of the market (s) invested in and return during the period:**

MACRO PERSPECTIVE

Over the past year, Pakistan’s economy went through a major economic crisis perhaps the worst since independence that led to an unprecedented increase in interest rates and inflation, recording new records in all fronts. The crisis stemmed from the start of the Russia-Ukraine war in February 2022 after which the international commodities prices sharply moved up and coupled with unsustainable global debt levels a number of developing country economies were in complete tail spin. Pakistan was no exception being a net importing country dependent for key essentials like oil, widening deficits of both the current and fiscal account was imminent as the local currency went into free fall and foreign reserves eroded. Hence, to contain the widening Current Account Deficit, the Government had to impose major import restrictions. Through the timely administrative measures adopted by the Government, Pakistan managed to circumnavigate the most difficult economic situation in the Country’s history, averting a sovereign default and securing a nine-month Standby Arrangement of US\$3bn with the IMF.

The SBP has proactively focused on restricting the demand growth by adopting monetary contraction through rate increases since June 2020 (*interest rates at 7%*) while the incumbent government resorted to Fiscal tools such as increasing existing taxes along with introducing new ones. In FY23 alone, the SBP increased the interest rates by 825bps to 22%. Additionally, key conditions of the IMF Program asking for removal of subsidies led to hikes in all utility prices across the board adding inflationary pressures further and higher unemployment. However, the fruits of these politically difficult policies have already started to reflect in demand contraction with most high frequency indicators (*Cement, Auto and POL product sales*). Another important measure that the government took to compress demand was to allow the “Free Float” of the currency, which notably led to a sharp depreciation of the Pak Rupees and naturally contained imports, supported exports and home remittances.

The Current Account Surplus for the month of June 2023 clocked in at USD 334 million, from a Current Account Surplus of USD 220 million (revised) in May 2023 taking the FY23 CAD to USD 2.56 billion (-0.7% of GDP) against USD 17.48 billion (-4.7% of GDP), down -85% YoY during the same period last year primarily due to decline in imports as the Government’s initiatives to stabilize the economy were visibly bearing fruit.

The Government’s resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.48 billion through Roshan Digital Accounts (RDA) with more than 590,000 accounts till July 2023.

Moreover, the FBR collected revenues worth PKR 7.17 trillion during FY23 against the target of 7.64 trillion missing the target by PKR 496 billion despite the imposition of nearly PKR 800 billion additional taxes due to a steep decline in imports and an overall slowdown of the economy.

During FY23, the external account remained a major cause of concern as Pakistan’s liquid foreign exchange reserves decreased by USD 5.70 billion on the back of debt servicing primarily. As of June 30, 2023, the Country’s liquid foreign exchange reserves stood at USD 9.75 billion (*SBP reserves USD 4.46 billion*).

The new IMF program will provide a policy framework to bring power sector reforms in the country along with the SOE governance. This program will support Pakistan in obtaining additional funds from its bilateral partners which is extremely essential in a period of low FX reserves and high debt servicing. The exchange rate is likely to appreciate in the short term due to speculative activity; however, will remain under depreciative pressure till sizeable foreign inflows do not materialize.

The NCPI during the month of August 2023 clocked in at 27.38% YoY as compared to 29.40% YoY in July 2023. This took the 2MFY24 average NCPI to 27.84% compared to 26.10% during the SPLY. The main contributors to the increase in inflation are Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.21% MoM / 6.25% YoY because of the increasing fuel and utility prices and exchange devaluation. Furthermore, food inflation came lower than expected which caused the decline in inflation as noticed by the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 0.23% MoM / 38.51% YoY.

The Large Scale Manufacturing (LSMI) sector, which accounts for about 80% of the country's industrial output, shrank for the 12th consecutive month in June, by 14.96 percent YoY, leading to contract by 10.26% in FY23 as almost all major industries reported substantial declines. Without say, the fallout of the restrictive measures undertaken by the central bank and the government to contain the current account deficit notably weighed heavily on the industry.

FIXED INCOME REVIEW

During FY23, the State Bank of Pakistan maintained an aggressive monetary tightening stance, steadily increasing the policy rate to an unprecedented historical high of 22.00%. This decisive approach was taken in response to un-abating inflationary pressures, with the average NCPI for FY23 soaring to 29.18%, and the pressing need to fortify the country's deteriorating external account.

The heightened policy rate played a significant role in driving up the rates of government securities, attracting substantial investments into these instruments as investors sought improved returns offered by government debt securities.

Throughout the year, the State Bank of Pakistan conducted a total of twenty-seven (27) Market Treasury Bill (MTB) auctions, where the government managed to raise PKR 25.15 trillion against the auction target of PKR 24.43 trillion. Notably, the weighted average yields for 3, 6, and 12-month MTBs were 18.07%, 18.03%, and 18.07% respectively, up by 791 bps, 748 bps, and 754 bps as compared to 10.16%, 10.54%, and 10.53% during the same period last year.

To further address the need for liquidity, SBP also conducted twelve (12) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 1.30 trillion. The weighted average yield for 3, 5, and 10 years PIBs increased by 456 bps, 263 bps, and 191 bps to 15.22%, 13.32%, and 12.94% respectively, as compared to 10.65%, 10.69%, and 11.03% during the same period last year as the yield curve remains inverted.

In the market for Shariah Compliant instruments, the SBP conducted a total of twenty-four (24) auctions of GOP Ijara Sukuk, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR). These auctions successfully raised PKR 870.78 billion against the auction target of PKR 1,620 billion. Furthermore, during the third quarter of this fiscal year, the SBP introduced 1-year and 3-year GOP Ijara Sukuk.

Moreover, the State Bank of Pakistan carried out 134 Open Market Operations (OMOs) with varying maturities, injecting PKR 57.18 trillion into the market at an average cut-off yield of 17.55% and mopped up PKR 6.73 trillion at an average cut-off yield of 17.06%.

Looking ahead to the auction target calendars for August through October 2023, the State Bank of Pakistan aims to raise PKR 8.25 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 8.91 trillion. Additionally, the SBP targets to raise PKR 480 billion through 3 to 30-year fixed-rate PIBs and PKR 1,520 billion through 2 to 10-year floating-rate PIBs.

FUTURE OUTLOOK

As we move into FY24, we believe that structural changes and reforms are necessary to turn around the current economic state addressing fiscal imbalances and external vulnerabilities with sustainable stability. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government in the coming year. On the other hand, notably inflation is expected to come off sharply as the high base effect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains worrying.

The Government announced the Finance Bill for FY23-24 on June 9, 2023 with high expectations and in hopes to regain lost political capital amid one of the worst economic conditions on record. The Finance Minister set GDP growth expectations for FY24 at 3.5% compared to 0.29% in FY23 (*provisional*). Moreover, the Average NCPI target for FY24 is 21% and Budget Deficit and Primary Surplus targets have been set at 6.54% and 0.4% of GDP respectively. Lastly, the Ministry of Finance has targeted exports and remittances to clock at USD 30 billion and USD 33 billion, respectively.

The FBR revenue target is set at PKR 9.4 trillion in FY24. Additionally, the Federal Non-tax revenue target has been marked at PKR 2.96 trillion, 83% higher than FY23. The government is expecting total expenditures of PKR 14.48 trillion in FY24 which is 52% higher than FY23. The Federal Public Sector Development Plan seemingly optimistic is set at PKR 950 billion, 67% higher than in the same period last year. The government has set PKR 7.3 trillion for debt servicing in FY24. The expenditure on defense is at PKR 1.8 trillion in FY24, 15% higher than the last year's budget. While the external debt payment in FY24 has been budgeted at USD 22 billion, which is likely to keep the local currency in check and with it economic direction and performance.

Some of the main provisions of the Finance Bill are as follows:

- Increasing salary tax slabs on people earning PKR 200k per month and above
- Increase in maximum allowed Petroleum Development Levy (PDL) by PKR 10 to PKR 60.
- Imposition of 5% FED on Fertilizers
- Rate of tax IT and IT enabled services was changed from 16% to 5% (without input adjustment).
- The rate of advance tax on sale/purchase of immovable property has been increased from 2% to 3%
- Advance tax on motor vehicles having engine capacity more than 2000cc has been based on value ranging from 6% to 10%
- Re-imposition of 10% final withholding tax on issuance of bonus shares by a company (20% for non-ATL).
- The amnesty provided to people bringing FX to purchase property has incidentally also been withdrawn in line with IMF requirements.

We believe that the support from IMF will help subside the default risk that the country was adamantly facing and more importantly play a major confidence boost for the financial markets. The Equity market rallied around 2,446.32 points (5.90%) on July 3, 2023 – single day highest gain in years on the back of this single event, illustrating that the markets believe that the Country has effectively averted an

imminent default. However, the ruling government and economic managers will need to be extremely vigilant and pragmatic for sustainable stability and growth as headwinds remain.

Going forward, the key factors that would drive the market direction include IMF's second quarterly review for the USD 3 billion loan facility under the SBA and clarity on the holding of general elections in Pakistan. One of the key challenges that the Government has been struggling with is to bring down the difference between the interbank and open market exchange rate which has now reached ~7% while the IMF believes the deviation needs to be maintained up to 1.25%. Moreover, the Government will also have to implement some strict measures to contain the soaring fiscal deficit and achieve the desired target of primary surplus agreed with the IMF which will bring a new wave of inflation pressures.

While Pakistan faces one of the worst economic crisis in recent history, we believe that equities as an asset class has over discounted itself. The premise of our positive outlook and re-rating of the capital market stems from the likelihood of Pakistan successfully completing the new SBA IMF program which will notably entail a continuity in reforms and fiscal discipline. The index is trading at a PE multiple of 4.54x far below the long-term averages. The dividend yield is attractive at 10% which is the highest in the region and with the last REER recorded at 87.7492 in June 2023 suggesting the currency has room to appreciate will probably justify and attract foreign investment which can also be noted by the recent month's inflows. We believe that the market currently serves as a striking point for investors.

xi) Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of Fund Manager's report, not otherwise disclosed in the financial statements:

There was no significant change in the state of affairs during the period under review.

xii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	389
10000 to 49999	33
50,000 - 99,999	11
100,000 - 499,999	22
500,000 and above	13
Total	468

xiii) Disclosure on unit split (if any), comprising:

There were no unit splits during the period.

xiv) Disclosure of circumstances that materially affect any interest of unit holders:

Investments are subject to credit and market risk.

xv) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:

No soft commission has been received by the AMC from its broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

AKD Cash Fund

Details of Pattern of Holding (Units)

As At June 30, 2023

	No. of Unitholders	Units Held	% of Total
Associated Companies	-	-	-
Directors and CEO	-	-	-
Individuals	443	24,807,359	66.57%
Insurance Companies	-	-	-
Banks/DFIs	-	-	-
Retirement funds	12	7,383,564	19.81%
Public Limited Companies	2	2,972,727	7.98%
Others	11	2,099,413	5.64%
	468	37,263,063	100.00%

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

AKD CASH FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Cash Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 28, 2023

AKD Cash Fund

Financial Statements for
the year ended
June 30, 2023

INDEPENDENT AUDITOR'S REPORT To the Unit Holders of AKD Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AKD Cash Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the related income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023, and of its financial performance, cash flows and transactions for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments at fair value</p> <p>As disclosed in note 6 to the financial statements, investments carried at fair value through profit or loss amounted to Rs. 1,579.66 million as at June 30, 2023.</p> <p>These investments represent a significant item on the statement of assets and liabilities. This is a main driver of the Fund's performance.</p> <p>The Fund invests primarily in government securities (i.e Market Treasury Bills) and there is a risk that investments are incorrectly valued.</p>	<p>In response to this matter, our key audit procedures included the following:</p> <ul style="list-style-type: none">obtained understanding of relevant controls placed by the Management Company applicable to the balances;ensured that the investments are valued using the methodology specified in accounting policies;performed verification procedures on purchases and sales on a sample of trades made during the year regarding movement of the securities; and

S. No.	Key audit matter	How the matter was addressed in our audit
	Considering the above factors, the valuation and existence of investments at fair value are significant areas during our audit due to which, we have considered this as a key audit matter.	<ul style="list-style-type: none"> traced securities held by the Fund with the securities appearing in the Investor Portfolio System (IPS) account statements to verify existence; and any differences identified during our testing that were over our acceptable threshold were investigated further.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report in respect of the Fund but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Shafqat Ali.


Chartered Accountants

Place: Karachi

Date: September 30, 2023

UDIN: AR202310186aAtBwu30U

AKD CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	95,125	681,431
Investments	6	1,828,660	595,695
Profit receivable on bank deposits and commercial paper		9,840	8,451
Deposits and other receivables	7	1,564	706
Total Assets		1,935,189	1,286,283
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	8	1,548	1,442
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	93	68
Payable to Securities and Exchange Commission of Pakistan	10	308	178
Accrued expenses and other liabilities	11	20,608	9,328
Dividend payable		2,194	1,868
Total Liabilities		24,751	12,884
NET ASSETS		1,910,438	1,273,399
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,910,438	1,273,399
CONTINGENCIES AND COMMITMENTS			
	12	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	13	37,263,063	25,093,544
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		51.2689	50.7461

The annexed notes from 1 to 30 form an integral part of these financial statements.

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For AKD Investment Management Limited
(Management Company)

[Signature]
Chief Executive Officer

[Signature]
Chief Financial Officer

[Signature]
Director

**AKD CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- (Rupees in '000) -----	2022 -----
INCOME			
Capital loss on sale of investments		(4,962)	(1,461)
Net unrealised (diminution) / appreciation on re-measurement of investments classified 'at fair value through profit or loss'	6.3	(2,097)	345
Income from government securities		215,820	63,400
Income from commercial paper		48,022	10,065
Profit on bank deposits		5,570	18,841
Other income		-	3,036
Total income		262,353	94,226
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company	8.1	7,704	3,971
Sindh sales tax on the remuneration of Management Company	8.2	1,002	518
Expenses allocated by Management Company	8.3	4,143	1,335
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	847	505
Sindh sales tax on the remuneration of Trustee	9.2	111	66
Annual fee to Securities and Exchange Commission of Pakistan	10.1	308	178
Auditor's remuneration	14	361	328
Brokerage and settlement charges		457	141
Fees and subscription		39	28
Legal and professional		318	525
Total expenses		15,290	7,595
Net income for the year before taxation		247,063	86,631
Taxation	15	-	-
Net income for the year		247,063	86,631
Allocation of net income for the year			
Net income for the year after taxation		247,063	86,631
Income already paid on units redeemed		(211,927)	(14,969)
		35,136	71,662
Accounting income available for distribution			
Relating to capital gains		-	345
Excluding capital gains		35,136	71,317
		35,136	71,662
Earnings per unit	16		

The annexed notes from 1 to 30 form an integral part of these financial statements.

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For AKD Investment Management Limited
(Management Company)

[Signature]
Chief Executive Officer

[Signature]
Chief Financial Officer

[Signature]
Director

AKD CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
Net income for the year	247,063	86,631
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>247,063</u>	<u>86,631</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

MA

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	247,063	86,631
Adjustments for non cash and other items:		
Net unrealised diminution / (appreciation) on re-measurement of investments classified 'at fair value through profit or loss'	2,097	(345)
Other income	(53,592)	(3,036)
	195,568	83,250
(Increase) / decrease in assets		
Profit receivable on bank deposits and commercial paper	-	(8,366)
Deposits and other receivables	(140)	(31)
	(140)	(8,397)
Increase / (decrease) in liabilities		
Payable to AKD Investment Management Limited - Management Company	106	553
Payable to the Central Depository Company of Pakistan Limited - Trustee	25	40
Payable to Securities and Exchange Commission of Pakistan	130	90
Accrued expenses and other liabilities	8,735	6,677
	8,996	7,360
Profit received	52,203	-
Investments - net	15,224	43,895
Net cash generated from operating activities	271,851	126,108
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	3,675,014	2,342,098
Payment on redemption of units	(3,028,907)	(1,505,156)
Distribution paid during the year	(253,978)	(66,865)
Net cash generated from financing activities	392,129	770,077
Net increase in cash and cash equivalents	663,980	896,185
Cash and cash equivalents at beginning of the year	1,012,902	116,372
Net unrealised (diminution) / appreciation on re-measurement of investments classified as cash and cash equivalent	(2,097)	345
Cash and cash equivalents at end of the year	1,674,785	1,012,902

The annexed notes from 1 to 30 form an integral part of these financial statements.

MA

For AKD Investment Management Limited
(Management Company)

[Signature]
Chief Executive Officer

[Signature]
Chief Financial Officer

[Signature]
Director

**AKD CASH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Cash Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012. The Fund commenced operations from January 21, 2012. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. January 19, 2012.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules and has obtained a requisite license from SECP to undertake Asset Management services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi in the province of Sindh.

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund is categorised as 'Money Market Fund' as per circular 7 of 2009 by SECP. The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, deposits with banks, certificate of deposits, certificate of musharakas, commercial papers and reverse repos.

The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Management Company has been assigned a quality rating of "AM3++" by the Pakistan Credit Rating Agency Limited (PACRA) on June 27, 2023. The Fund has been given stability rating of 'AA+(f)' by PACRA on March 08, 2023.

The Fund is registered on August 23, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under Section 12 of the Sindh Trusts Act, 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIII A of the repealed Companies Ordinance, 1984 ; and
- Non-Banking Finance Companies (Establishment and Regulations) rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed, differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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2.1.2 The SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except the certain investments which are measured at fair value.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Fund's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except stated otherwise.

2.4 Significant accounting policies, accounting estimates, judgements and changes therein

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) Classification and valuation of financial assets (Note 4.1.1);
- (ii) Impairment of financial assets (Note 4.1.5); and
- (iii) Provisions (Note 4.3).

3. AMENDMENTS TO ACCOUNTING STANDARDS

3.1 Amendments to accounting standards that are effective for the year ended June 30, 2023

The following amendments to accounting standards are effective for the year ended June 30, 2023. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

3.2 Amendments to accounting standards that are not yet effective

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

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Effective from accounting
period beginning on or after

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associate and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Other than the aforesaid amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 17 – Insurance Contracts	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial

4.1 Financial instruments

4.1.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Amortised cost (AC),
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI), only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirement to measure at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

4.1.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.1.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortized cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts already recognised in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.1.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:



Basis of valuation of debt securities (other than government securities)

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non performing debt securities.

Basis of valuation of government securities

The government securities not listed on stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV) rates which are based on the remaining tenor of the security.

4.1.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the circular) for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment loss recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.1.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.1.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.1.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.1.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

4.3 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

4.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of Section 113 (Minimum Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.6 Element of income / loss included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.7 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year is deemed to comprise of the portion of income already paid on units redeemed during the year and cash distribution for the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute at least 90% of the net accounting income other than capital gains to the unit holders.

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Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.8 Net assets value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the reporting date.

4.9 Revenue recognition

- Capital gain or loss on sale of investments is accounted for in the income statement on the date at which the sale transaction takes place.
- Profit on bank deposits and investment in debt securities are recognised on a time proportionate basis using the effective interest method.
- Unrealised gain / loss arising on remeasurement of investments classified as 'fair value through profit or loss' is included in the income statement in the period in which it arises.

4.10 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the income statement on an accrual basis.

	Note	2023 ----- (Rupees in '000) -----	2022 -----
5. BANK BALANCES			
Saving accounts	5.1	95,120	681,421
Current accounts		5	10
		95,125	681,431

5.1 Mark-up rates on these accounts ranges from 13% to 19.5% per annum (2022: 12.25% to 15% per annum).

	Note	2023 ----- (Rupees in '000) -----	2022 -----
6. INVESTMENTS			
At fair value through profit or loss			
Government securities - Market treasury bills	6.1	1,579,660	331,471
At amortised cost			
Commercial papers / Short term Sukuks (STS)	6.2	249,000	264,224
		1,828,660	595,695

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6.1 Government securities - Market treasury bills

Issue date	Tenor	Face value				Balance as at June 30, 2023			Market value as a percentage of	
		At July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying value	Market value	Appreciation / diminution	Investments	Net assets
(Rupees in '000)										
December 30, 2021	12 months	-	130,705	130,705	-	-	-	-	-	-
October 6, 2022	6 months	-	125,000	125,000	-	-	-	-	-	-
October 6, 2022	6 months	-	54,000	54,000	-	-	-	-	-	-
October 6, 2022	6 months	-	34,000	34,000	-	-	-	-	-	-
June 2, 2022	3 months	70,000	-	70,000	-	-	-	-	-	-
June 2, 2022	3 months	20,000	-	20,000	-	-	-	-	-	-
June 16, 2022	3 months	175,000	-	175,000	-	-	-	-	-	-
June 16, 2022	3 months	75,000	-	75,000	-	-	-	-	-	-
July 28, 2022	3 months	-	500,000	500,000	-	-	-	-	-	-
July 28, 2022	3 months	-	100,000	100,000	-	-	-	-	-	-
August 11, 2022	3 months	-	50,000	50,000	-	-	-	-	-	-
August 11, 2022	3 months	-	200,000	200,000	-	-	-	-	-	-
August 11, 2022	3 months	-	17,000	17,000	-	-	-	-	-	-
August 11, 2022	3 months	-	9,000	9,000	-	-	-	-	-	-
August 11, 2022	3 months	-	50,000	50,000	-	-	-	-	-	-
August 11, 2022	3 months	-	540,000	540,000	-	-	-	-	-	-
August 25, 2022	3 months	-	50,000	50,000	-	-	-	-	-	-
August 25, 2022	3 months	-	60,000	60,000	-	-	-	-	-	-
August 25, 2022	3 months	-	250,000	250,000	-	-	-	-	-	-
August 25, 2022	3 months	-	350,000	350,000	-	-	-	-	-	-
August 25, 2022	3 months	-	65,000	65,000	-	-	-	-	-	-
September 8, 2022	3 months	-	10,000	10,000	-	-	-	-	-	-
September 8, 2022	3 months	-	140,000	140,000	-	-	-	-	-	-
September 8, 2022	3 months	-	200,000	200,000	-	-	-	-	-	-
September 8, 2022	3 months	-	200,000	200,000	-	-	-	-	-	-
September 8, 2022	3 months	-	1,300,000	1,300,000	-	-	-	-	-	-
September 8, 2022	3 months	-	35,000	35,000	-	-	-	-	-	-
September 22, 2022	3 months	-	25,000	25,000	-	-	-	-	-	-
October 6, 2022	3 months	-	100,000	100,000	-	-	-	-	-	-
October 6, 2022	3 months	-	720,000	720,000	-	-	-	-	-	-
October 6, 2022	3 months	-	400,000	400,000	-	-	-	-	-	-
October 6, 2022	3 months	-	55,000	55,000	-	-	-	-	-	-
October 6, 2022	3 months	-	80,000	80,000	-	-	-	-	-	-
October 20, 2022	3 months	-	25,000	25,000	-	-	-	-	-	-
October 20, 2022	3 months	-	720,000	720,000	-	-	-	-	-	-
October 20, 2022	3 months	-	40,000	40,000	-	-	-	-	-	-
October 20, 2022	3 months	-	33,000	33,000	-	-	-	-	-	-
October 20, 2022	3 months	-	512,000	512,000	-	-	-	-	-	-
October 20, 2022	3 months	-	700,000	700,000	-	-	-	-	-	-
October 20, 2022	3 months	-	135,000	135,000	-	-	-	-	-	-
October 20, 2022	3 months	-	65,000	65,000	-	-	-	-	-	-
October 20, 2022	3 months	-	213,000	213,000	-	-	-	-	-	-
October 20, 2022	3 months	-	215,000	215,000	-	-	-	-	-	-
November 3, 2022	3 months	-	40,000	40,000	-	-	-	-	-	-
November 3, 2022	3 months	-	500,000	500,000	-	-	-	-	-	-
November 3, 2022	3 months	-	17,000	17,000	-	-	-	-	-	-
November 3, 2022	3 months	-	50,000	50,000	-	-	-	-	-	-
November 3, 2022	3 months	-	545,000	545,000	-	-	-	-	-	-
November 17, 2022	3 months	-	65,000	65,000	-	-	-	-	-	-
November 17, 2022	3 months	-	485,000	485,000	-	-	-	-	-	-
December 1, 2022	3 months	-	10,000	10,000	-	-	-	-	-	-
December 15, 2022	3 months	-	500,000	500,000	-	-	-	-	-	-
December 15, 2022	3 months	-	185,000	185,000	-	-	-	-	-	-
December 15, 2022	3 months	-	200,000	200,000	-	-	-	-	-	-
December 15, 2022	3 months	-	50,000	50,000	-	-	-	-	-	-
December 29, 2022	3 months	-	38,000	38,000	-	-	-	-	-	-
December 29, 2022	3 months	-	400,000	400,000	-	-	-	-	-	-
January 12, 2023	3 months	-	115,000	115,000	-	-	-	-	-	-
January 26, 2023	3 months	-	150,000	150,000	-	-	-	-	-	-
January 26, 2023	3 months	-	475,000	475,000	-	-	-	-	-	-
January 26, 2023	3 months	-	30,000	30,000	-	-	-	-	-	-
January 26, 2023	3 months	-	40,000	40,000	-	-	-	-	-	-

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Issue date	Tenor	Face value				Balance as at June 30, 2023			Carrying value as a percentage of	
		At July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying value	Market value	Appreciation / diminution	Investments	Net assets
(Rupees in '000)										
(%)										
January 26, 2023	3 months	-	30,000	30,000	-	-	-	-	-	
January 26, 2023	3 months	-	185,000	185,000	-	-	-	-	-	
January 26, 2023	3 months	-	200,000	200,000	-	-	-	-	-	
January 26, 2023	3 months	-	15,000	15,000	-	-	-	-	-	
January 26, 2023	3 months	-	5,000	5,000	-	-	-	-	-	
January 26, 2023	3 months	-	850,000	850,000	-	-	-	-	-	
January 26, 2023	3 months	-	85,000	85,000	-	-	-	-	-	
February 9, 2023	3 months	-	50,000	50,000	-	-	-	-	-	
February 9, 2023	3 months	-	150,000	150,000	-	-	-	-	-	
February 9, 2023	3 months	-	45,000	45,000	-	-	-	-	-	
March 9, 2023	3 months	-	150,000	150,000	-	-	-	-	-	
March 10, 2023	3 months	-	625,000	625,000	-	-	-	-	-	
March 27, 2023	3 months	-	630,000	630,000	-	-	-	-	-	
April 6, 2023	3 months	-	250,000	250,000	-	-	-	-	-	
April 6, 2023	3 months	-	400,000	400,000	-	-	-	-	-	
April 6, 2023	3 months	-	615,000	615,000	-	-	-	-	-	
April 6, 2023	3 months	-	35,000	35,000	-	-	-	-	-	
April 6, 2023	3 months	-	45,000	45,000	-	-	-	-	-	
April 6, 2023	3 months	-	14,000	14,000	-	-	-	-	-	
April 6, 2023	3 months	-	515,000	515,000	-	-	-	-	-	
April 20, 2023	3 months	-	55,000	55,000	-	-	-	-	-	
April 20, 2023	3 months	-	460,000	460,000	-	-	-	-	-	
May 4, 2023	3 months	-	150,000	-	150,000	147,933	147,830	(103)	8.08	7.74
May 18, 2023	3 months	-	13,000	-	13,000	12,703	12,688	(14)	0.69	0.66
May 18, 2023	3 months	-	24,000	-	24,000	23,450	23,424	(26)	1.28	1.23
May 18, 2023	3 months	-	25,000	-	25,000	24,426	24,401	(25)	1.33	1.28
June 15, 2023	3 months	-	500,000	-	500,000	480,510	479,847	(663)	26.24	25.12
June 15, 2023	3 months	-	250,000	-	250,000	240,268	239,923	(345)	13.12	12.56
June 15, 2023	3 months	-	250,000	-	250,000	240,255	239,923	(332)	13.12	12.56
June 15, 2023	3 months	-	100,000	-	100,000	96,100	95,969	(131)	5.25	5.02
June 15, 2023	3 months	-	200,000	-	200,000	192,200	191,939	(261)	10.50	10.05
June 22, 2023	3 months	-	130,000	-	130,000	123,912	123,715	(196)	6.77	6.48
Investment as at June 30, 2023						1,581,757	1,579,660	(2,097)		
Investment as at June 30, 2022						<u>331,126</u>	<u>331,471</u>	<u>345</u>		

6.2 Commercial papers / Short term Sukuks (STS)

Investee Company	Rate of return per annum	Issue date	Maturity date	Face value				Carrying value as at June 30, 2023	Rating	Carrying value as a percentage of	
				As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023			Investments	Net assets
(Rupees in '000)											
(%)											
Power Generation and Distribution											
K- Electric Limited	14	April 12, 2022	October 12, 2022	110,000	-	110,000	-	-	-	-	
K- Electric Limited	17.66	October 26, 2022	April 26, 2023	-	150,000	150,000	-	-	-	-	
K- Electric Limited	20.03	December 13, 2022	June 13, 2023	-	20,000	20,000	-	-	-	-	
K- Electric Limited	22.12	March 21, 2023	September 21, 2023	-	34,000	-	34,000	34,000	AA	1.86	1.78
K- Electric Limited	21.77	February 27, 2023	August 28, 2023	-	12,000	-	12,000	12,000	AA	0.66	0.63
K- Electric Limited	22.49	May 18, 2023	November 17, 2023	-	92,000	-	92,000	92,000	AA	5.03	4.82
China Power Hub Generation Company (Pvt.) Limited											
China Power Hub Generation Company (Pvt.) Limited	14.05	April 12, 2022	October 10, 2022	112,224	-	112,224	-	-	-	-	
China Power Hub Generation Company (Pvt.) Limited	18.49	December 7, 2022	June 7, 2023	-	30,000	30,000	-	-	-	-	
Lucky Electric Power Company Limited	14.23	April 14, 2022	October 14, 2022	15,000	-	15,000	-	-	-	-	
Lucky Electric Power Company Limited	16.83	June 15, 2022	December 15, 2022	27,000	-	27,000	-	-	-	-	
Lucky Electric Power Company Limited	17.86	October 13, 2022	April 13, 2023	-	40,000	40,000	-	-	-	-	
Lucky Electric Power Company Limited	17.34	November 1, 2022	May 2, 2023	-	92,042	92,042	-	-	-	-	
Lucky Electric Power Company Limited	22.56	April 28, 2023	October 30, 2023	-	61,000	-	61,000	61,000	AA	3.34	3.19
Hub Power Company Limited	22.4	May 18, 2023	November 17, 2023	-	50,000	-	50,000	50,000	AA+	2.73	2.62
Investment as at June 30, 2023						249,000	249,000				
Investment as at June 30, 2022						<u>264,224</u>	<u>264,224</u>				

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	Note	2023 ----- (Rupees in '000) -----	2022
6.3			
Net unrealised (diminution) / appreciation on re-measurement of investments classified 'at fair value through profit or loss'			
Market value of investments	6.1	1,579,660	331,471
Carrying amount of investments	6.1	(1,581,757)	(331,126)
		(2,097)	345

7. DEPOSITS AND OTHER RECEIVABLES

Security deposits with Central Depository Company of Pakistan Limited		200	100
Receivable against conversion of AKD Funds		718	-
Advance tax	7.1	646	606
		1,564	706

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150, 151 and 233. However, upto year ended June 30, 2023, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder.

	Note	2023 ----- (Rupees in '000) -----	2022
8. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	8.1	256	541
Sindh sales tax on management fee	8.2	33	70
Expenses allocated by the Management Company	8.3	590	162
Federal exercise duty on management fee	8.4	669	669
		1,548	1,442

8.1 As per the offering document the Management Company has charged remuneration at the following rates per annum of the average net assets of the Fund. The remuneration is paid to the management on a monthly basis in arrears.

Net assets of the Fund	Remuneration rate (Per annum)	
	2023	2022
Up to Rupees 1 billion	0.40%	0.40%
Rupees 1 billion - 1.5 billion	0.50%	0.50%
Over Rupees 1.5 billion	0.50%	1.25%

8.2 Sindh sales tax on services at the rate of 13% (2022: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

8.3 The Management Company has charged expenses at the rate of 0.15% from July 01, 2022 to September 30, 2022, 0.25% from October 01, 2022 to March 31, 2023 and 0.4% from April, 01 2023 to June 30, 2023 (2022: 0.15%) per annum of the average annual net assets of the Fund. The expense is paid to the Management Company on a monthly basis in arrears.

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8.4 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On June 30, 2016, SHC had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 0.669 million (2022: Rs. 0.669 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at June 30, 2023 would have been higher by Re. 0.018 per unit (2022: Re. 0.027 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn.

Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
9. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	9.1	81	59
Sindh sales tax on trustee fee	9.2	11	8
CDS charges		1	1
		<u>93</u>	<u>68</u>
9.1	The Trustee is entitled to a remuneration to be paid monthly for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee at 0.055% (2022: 0.055%) of net assets on monthly basis in arrears.		
9.2	Sindh sales tax on services at the rate of 13% (2022: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.		
10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee to SECP	10.1	<u>308</u>	<u>178</u>
10.1	Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 all Collective Investment Schemes are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (2022: 0.02%) of the average annual net assets of the scheme.		
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditor's remuneration		279	246
Printing charges payable		150	150
Withholding tax payable		17,627	8,896
Payable against redemption / conversion		2,545	-
Brokerage payable		7	1
Zakat payable		-	35
		<u>20,608</u>	<u>9,328</u>

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12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2023 and June 30, 2022, except disclose else where.

13. NUMBER OF UNITS IN ISSUE

	2023	2022
	----- (Number of Units) -----	
Opening units in issue	25,093,544	8,267,235
Units issued during the year	65,850,553	45,468,465
Less: Units redeemed during the year	(53,681,034)	(28,642,156)
Total units in issue at the end of the year	37,263,063	25,093,544

14. AUDITOR'S REMUNERATION

	2023	2022
	----- (Rupees in '000) -----	
Annual audit fee	162	162
Half year fee	69	69
Income certification	60	30
Other certification	20	20
Out of pocket	23	23
	<u>334</u>	<u>304</u>
Sindh sales tax	27	24
	<u>361</u>	<u>328</u>

15. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated loss and capital gains whether realised or unrealised is distributed to the unit holders by way of cash dividend. The Fund is also exempt from the provisions of section 113 (Minimum Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year and subsequent to the year end Management Company has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

16. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

17. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund is 0.99% (2022: 0.85%) which includes 0.09% (2022: 0.09%) representing government levies on the Fund such as sales taxes and annual fee to the SECP. This ratio is within the maximum limit of 2.0% prescribed under the NBFC Regulations.

18. CASH AND CASH EQUIVALENTS

	Note	2023	2022
		----- (Rupees in '000) -----	
Bank balances	5	95,125	681,431
Market treasury bills (with maturity of three months or less)	6.1	1,579,660	331,471
		<u>1,674,785</u>	<u>1,012,902</u>

19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

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Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations, 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business, and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

19.1 Transactions during the year with connected persons / related parties

	2023 ----- (Rupees in '000) -----	2022
AKD Investment Management Limited - Management Company		
Management remuneration	7,704	3,971
Sindh sales tax on management remuneration	1,002	518
Expenses allocated by management company	4,143	1,335
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	847	505
CDS charges	19	6
Sindh sales tax on trustee remuneration and CDS Charges	111	66
Deposit made	100	-
AKD Securities Limited		
Brokerage on purchase/sale T-Bills	1	-
AKD Islamic Income Fund		
Short Term Sukuk to AKD Islamic Income Fund	68,084	-
Imran Motiwala - CEO & Director of the Management Company		
Issue of Nil (2022: 37,302) Units	-	1,946
Redemption of Nil (2022: 37,302) Units	-	1,955
Sehr Imran Motiwala - Spouse of the CEO & Director of the Management Company		
Issue of Nil (2022: 136,394) Units	-	7,114
Redemption of Nil (2022: 136,394) Units	-	7,143
Ali Abbas - Head of Research		
Issue of 14,812 (2022: Nil) Units	779	-
Redemption of 28,832 (2022: Nil) Units	1,522	-
Hasan Ahmed - Director of the Management Company		
Issue of Nil (2022: 41,620) Units	-	2,229
Redemption of Nil (2022: 41,766) Units	-	2,293
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)		
Issue of Nil (2022: 54,187) Units	-	2,910
Redemption of Nil (2022: 54,187) Units	-	2,928
Unit holders holding 10% or more of the units in issue		
Dinaz Cassim		
Issue of 8,162,290 (2022: 5,199,293) Units	472,193	271,815
Redemption of 7,512,359 (2022: 1,256,122) Units	436,561	65,000
Dividend paid (gross)	199	13,900
Refund of capital 920,840 (2022: 168,082) Units	47,026	8,510
Lubna Najmul **		
Issue of 11,443,194 (2022: Nil) Units	646,171	-
Redemption of 7,123,983 (2022: Nil) Units	420,366	-
Dividend paid (gross)	229	-
Refund of capital 1,058,567 (2022: Nil) Units	54,059	-

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2023 2022
----- (Rupees in '000) -----

KAPCO Employees Pension Fund **		
Issue of 4,293,078 (2022: Nil) Units	248,177	-
Dividend paid (gross)	5,197	-
Refund of capital 570,640 (2022: Nil) Units	29,142	-
 Durain Cassim *		
Issue of Nil (2022: 5,442,664) Units	-	285,012
Redemption of Nil (2022: 858,256) Units	-	45,000
Dividend paid (gross)	-	17,661
Refund of capital Nil (2022: 186,761) Units	-	9,456
 Bank Alfalah Ltd. Employees Provident Fund*		
Dividend paid	-	12,874
 19.2 Balances outstanding at year end:		
 AKD Investment Management Limited - Management Company		
Management remuneration payable	256	541
Federal excise duty payable on management remuneration	669	669
Sindh Sales tax payable on management remuneration	33	70
Payable against allocated expenses	590	162
 Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	81	59
CDS charges payable	1	1
Sindh Sales Tax payable on trustee remuneration	11	8
Deposit with CDC	200	100
 Receivable /payable against conversion of units - Funds managed under management company		
Receivable against conversion of units- AKD Opportunity Fund	471	-
Receivable against conversion of units- Golden Arrow Stock Fund	247	-
Payable against conversion of units - AKD Islamic Income Fund	500	-
Payable against conversion of units - Golden Arrow Stock Fund	1,045	-
 Unit holders holding 10% or more of the units in issue		
 Ali Abbas - Head of Research		
Units held Nil (2022: 14,020)	-	-
 Dinaz Cassim		
Units held 6,688,304 units (2022: 5,117,533) Units	342,902	259,695
 Lubna Najmul **		
Units held 7,688,653 Units	394,190	-
 Durain Cassim		
Units held Nil (2022: 6,190,043) Units	-	314,120
 Bank Alfalah Ltd. Employees Provident Fund*		
Units held Nil (2022: 2,709,248)	-	137,484
 KAPCO Employees Provident Fund **		
Units held 4,863,718 (2022: Nil) Units	249,358	-

* Prior period connected person, current figures not shown

** Current period connected person, prior period figures are not shown

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20. FINANCIAL INSTRUMENTS BY CATEGORY

All the financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Financial assets

	2023	2022
	----- (Rupees in '000) -----	
At fair value through profit or loss		
Investments - Government securities (Treasury bills)	1,579,660	331,471
At amortised cost		
Bank balances	95,125	681,431
Investments in commercial papers / short term Sukuk	249,000	264,224
Profit receivable on bank deposits and commercial paper	9,840	8,451
Deposits	918	100
	<u>1,934,543</u>	<u>1,285,677</u>

Financial liabilities

At amortised cost

Payable to AKD Investment Management Limited - Management Company	1,548	1,442
Payable to the Central Depository Company of Pakistan Limited - Trustee	93	68
Accrued expenses and other liabilities	2,981	397
Dividend payable	2,194	1,868
	<u>6,816</u>	<u>3,775</u>

21. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate and other price risk), credit risk and liquidity risk. Risks of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provides broad guidelines for management of above mentioned risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's financial assets primarily comprise of balances with banks, investment in government securities and commercial papers classified at 'fair value through profit or loss' and 'at amortised cost'. The Fund also has profit receivable on bank deposits and commercial paper and deposits. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee and accrued and other liabilities.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

21.1.2 Yield / interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with bank balances and investments in government securities and commercial paper. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2023, details of Fund's profit bearing financial instruments were as follows:

	2023	2022
	----- (Rupees in '000) -----	
Variable rate instruments (financial asset)		
Balances with banks	<u>95,120</u>	<u>681,421</u>
Fixed rate instruments (financial assets)		
Government securities - Market treasury bills	1,579,660	331,471
Commercial papers / short term Sukuk	<u>249,000</u>	<u>264,224</u>
	<u>1,828,660</u>	<u>595,695</u>

a) Sensitivity analysis for variable rate instruments

At the reporting date the Fund has balances in savings bank accounts on which interest ranges from 13% - 19.5% (2022: 12.25% to 15%) that could expose the Fund to cash flow interest rate risk. The net income for the year would have increased / decreased by Rs. 0.931 million (2022: Rs. 6.841 million) had the interest rates on saving accounts with the banks increased / decreased by 100 basis points. The analysis assumes that all other variables remain constant.

b) Sensitivity analysis for fixed rate instruments

Fund is exposed to fair value interest rate risk for investment in government securities. In case of 100 basis points increase / decrease in interest rates on June 30, 2023, with all other variables held constant, the net income for the year and the net assets would have been lower / higher by Rs. 18.29 million (2022: Rs. 5.96 million).

Exposure to interest rate risk and maturity

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at June 30, 2023						
Particular	Effective interest rate	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				

On-balance sheet financial instruments

Financial assets at fair value through profit or loss

Investments - Government securities (Treasury bills)	14.85 - 22.93	1,579,660	-	-	-	1,579,660
--	---------------	-----------	---	---	---	-----------

Financial assets at amortized cost

Bank balances	13 - 19.5	95,120	-	-	5	95,125
Profit receivable on bank deposits and commercial paper		-	-	-	9,840	9,840
Deposits		-	-	-	918	918
Investment in commercial papers / short term sukuk		-	249,000	-	-	249,000
		95,120	249,000	-	10,763	354,883

Sub total		1,674,780	249,000	-	10,763	1,934,543
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As at June 30, 2023

Particular	Effective interest rate	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

Financial liabilities at amortised cost

Payable to AKD Investment Management Limited - Management Company	-	-	-	1,548	1,548
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	93	93
Accrued expenses and other liabilities	-	-	-	2,981	2,981
Dividend payable	-	-	-	2,194	2,194
Sub total	-	-	-	6,816	6,816

On-balance sheet gap

1,674,780 249,000 - 3,947 1,927,727

Total interest rate sensitivity gap

1,674,780 249,000 - 3,947

As at June 30, 2022

Particular	Effective interest rate	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		

%

(Rupees in '000)

On-balance sheet financial instruments

Financial assets at fair value through profit or loss

Investments - Government securities (Treasury bills)	14.86 - 15	331,471	-	-	-	331,471
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Financial assets at amortised cost

Bank balances	7.75 - 11.25	681,421	-	-	10	681,431
Profit receivable on bank deposits and commercial paper		-	-	-	8,451	8,451
Deposit		-	-	-	100	100
Investment in commercial papers		264,224	-	-	-	264,224
		945,645	-	-	8,561	954,206

Sub total

1,277,116 - - 8,561 1,285,677

Financial liabilities at amortised cost

Payable to AKD Investment Management Limited - Management Company	-	-	-	-	1,442	1,442
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	68	68
Accrued expenses and other liabilities	-	-	-	-	397	397
Dividend payable	-	-	-	-	1,868	1,868

Sub total

- - - 3,775 3,775

On-balance sheet gap

1,277,116 - - 4,786 1,281,902

Total interest rate sensitivity gap

1,277,116 - - 4,786

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21.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

21.2 Credit risk

Credit risk represents the risk of loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances, deposits, profit receivable on bank deposits and investment in commercial papers.

Management of credit risk

The Fund keeps deposits and performs transactions with reputed financial institutions with reasonably high credit ratings. The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimize the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

Investment in government securities (if any) are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Bank balances	95,125	95,125	681,431	681,431
Profit receivable on bank deposits and commercial paper	9,840	9,840	8,451	8,451
Deposit	918	918	100	100
Investment in commercial papers	249,000	249,000	264,224	264,224
	354,883	354,883	954,206	954,206

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2023.

Bank balances by rating category	Rating Agency	2023		2022	
		Rupees in '000	%	Rupees in '000	%
AA+ / A1+	PACRA / VIS	24,220	25.46	2,329	0.34
A / A1	PACRA / VIS	492	0.52	-	-
AA / A1+	PACRA / VIS	70,283	73.89	678,784	99.61
AAA / A1+	PACRA / VIS	130	0.14	318	0.05
		95,125	100	681,431	100

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Rating Agency	2023		2022		
	Rupees in '000	%	Rupees in '000	%	
Profit receivable on bank deposits and commercial paper					
Commercial paper AA+ / AA	PACRA / VIS	9,298	94%	7,467	88%
Bank deposits AA+ / A1+	PACRA	542	6%	984	12%
		9,840	100%	8,451	100%

Above ratings are on the basis of available ratings assigned by PACRA / VIS Rating Company Limited as of June 30, 2023.

Balance with banks is assessed to have low credit risk of default since the banks are highly regulated by the State Bank of Pakistan. Accordingly, the Fund estimates that loss allowance on balance with banks at the end of the reporting period at an amount equal to 12 month Expected Credit Loss (ECL). None of the balance with bank at the end of the reporting period is past due, and taking into account the historical default experience and the current credit ratings of the bank, the Fund have assessed that there is no impairment, and hence have not recorded any loss allowance on this balance.

Rating Agency	2023		2022		
	Rupees in '000	%	Rupees in '000	%	
Commercial Papers					
AA+ / AA	PACRA	249,000	100%	264,224	100%

Above ratings are on the basis of available ratings assigned by PACRA as of June 30, 2023.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2023

	Within one Month	Over one to three months	Over three to twelve months	Over one to five years	Total
----- (Rupees in '000) -----					
Financial liabilities					
Payable to AKD Investment Management Limited - Management Company	1,548	-	-	-	1,548
Payable to Central Depository Company of Pakistan Limited - Trustee	93	-	-	-	93
Accrued expenses and other liabilities	2,981	-	-	-	2,981
Dividend payable	2,194	-	-	-	2,194
	6,816	-	-	-	6,816

As at June 30, 2022

	Within one Month	Over one to three months	Over three to twelve months	Over one to five years	Total
----- (Rupees in '000) -----					
Financial liabilities					
Payable to AKD Investment Management Limited - Management Company	1,442	-	-	-	1,442
Payable to Central Depository Company of Pakistan Limited - Trustee	68	-	-	-	68
Accrued expenses and other liabilities	397	-	-	-	397
Dividend payable	1,868	-	-	-	1,868
	3,775	-	-	-	3,775

22. UNIT HOLDERS' FUND (UHF) RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors of the Management Company is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Government securities - Market treasury bills	-	1,579,660	-	1,579,660

	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Government securities - Market treasury bills	-	331,471	-	331,471

There were no transfers between various levels of fair value hierarchy during the year

24. BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGED

S.No	Particulars	June 30, 2023
		-----%-----
1	Alfalah CLSA Securities (Private) Limited (Alfalah Securities (Private) Limited	29.87
2	Arif Habib Limited	19.39
3	Magenta Capital (Private) Limited	16.7
4	Optimus Markets (Private) Limited	12.04
5	BMA Capital Management Limited	10.24
6	Pearl Securities Limited	8.77
7	Icon Securities (Private) Limited	1.99
8	Akd Securities Limited	1.01

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S.No	Particulars	June 30, 2022 -----%-----
1	BIPL Securities Limited	42.84
2	Arif Habib Limited	33.78
3	Vector Capital (Private) Limited	12.10
4	Pearl Securities Limited	5.73
5	Optimus Markets (Private) Limited	5.55

25. **PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund are as follows:

S.no	Name	Designation	Qualification	Experience in years
1	Mr. Imran Motiwala	Chief Executive Officer	B.Sc. (Marketing)	30
2	Mr. Muhammad Yaqoob	Chief Operating Officer and Company Secretary	MBA (Finance), CFA Charterholder	19
3	Ms. Anum Dhedhi	Chief Investment Officer	B.Sc. (Financial Economics)	12
4	Mr. Sheikh Usman Haroon	Risk Manager	ACCA, CFA Charter holder	9
5	Mr. Danish Aslam	Senior Fund Manager	BS (Accounting & Finance), CFA Level I Passed	5
6	Mr. Ali Abbas	Head of Research	MBA (Finance), CFA Charterholder	7

Mr. Danish Aslam is the Manager of the Fund. He is also managing AKD Islamic Income Fund and AKD Aggressive Income Fund.

26. **PATTERN OF UNIT HOLDING**

	As at June 30, 2023		
	Number of unit holders	Number of units held	% of total units
Individuals	443	24,807,359	66.57
Retirement Funds	12	7,383,564	19.81
Public Limited Companies	2	2,972,727	7.98
Others	11	2,099,413	5.63
	468	37,263,063	100

	As at June 30, 2022		
	Number of unit holders	Number of units held	% of total units
Individuals	365	20,466,137	81.56
Retirement Funds	6	3,652,399	14.56
Public Limited Companies	1	291,362	1.16
Others	9	683,646	2.72
	381	25,093,544	100

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27. **ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

During the year 93rd, 94th, 95th and 96th board meetings were held on September 28, 2022, October 28, 2022, February 24, 2023 and April 28, 2023 respectively. Information in respect of attendance by Directors in these meetings is given below:

S.No.	Name of Director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Abdul Karim	4	4	-	-
2	Mr. Imran Motiwala	4	4	-	-
3	Ms. Anum Dhedhi	4	4	-	-
4	Mr. Saim Mustafa Zuberi*	2	2	-	-
5	Mr. Ali Wahab Siddiqui	4	4	-	-
6	Mr. Hasan Ahmed	4	4	-	-
7	Ms. Aysha Ahmed	4	4	-	-

*Resigned on Feb 21, 2023.

28. **NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company on July 05, 2023 approved a final distribution of Rs. 0.19326 per unit amounting to Rs. 6.980 million.

The financial statements of the Fund for the year ended June 30, 2023 do not include effect of this distribution which will be accounted for in the financial statements of the fund for the year ending June 30, 2024.

29. **GENERAL**

29.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

29.2 Comparative figures have been reclassified where necessary for better presentation and comparison.

30. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 22 SEP 2023 by the Board of Directors of the Management Company.




Chief Executive Officer

For AKD Investment Management Limited
(Management Company)


Chief Financial Officer


Director

**AKD CASH FUND
PERFORMANCE TABLE**

	2023	2022	2021
Total net assets value (Rs '000)*	1,903,458	1,273,399	418,559
Net assets value per unit - (Rs)*	51.0756	50.7461	50.6287
Selling price as at June 30 (Rs)*	51.0756	50.7461	50.6287
Repurchase price as at June 30 (Rs)*	51.0756	50.7461	50.6287
Highest selling price (Rs)	59.2611	55.3810	53.7609
Lowest selling price (Rs)	50.7657	50.6374	50.5928
Highest repurchase price (Rs)	59.2611	55.3810	53.7609
Lowest repurchase price (Rs)	50.7657	50.6374	50.5928
Return of the Fund			
- capital growth (Rs '000)	637,039	854,840	(114,661)
- income distribution (including refund of capital) (Rs '000)*	261,505	111,249	25,275
Distribution per unit			
Interim			
- Gross (2023: announced on June 26, 2023)	8.1929	4.7517	3.1789
- Gross (2022: announced on June 30, 2022)			
- Gross (2021: announced on June 30, 2021)			
Final			
- Gross (2023: announced on July 6, 2023)	0.1933	-	-
Average Annual Return			
- Last one year	17.24	9.64	6.38
- Last two years	13.38	8.00	9.27
- Last three years	10.99	9.39	8.81
Weighted Average Portfolio Duration	69	40	72

* Final distributions for the period made subsequent to the year end have been adjusted against the closing NAVs.

Note: The portfolio composition of the fund has been disclosed in note 6 to the financial statements.

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.



**AKD Investment
Management Ltd.**

Head Office:

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

Bungalow No. FL-3/12,
Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:

Office No. 1 & 2, 2nd Floor, Zaman Plaza,
Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:

Plaza # 250, 2nd Floor, Phase IV,
Block-FF, D.H.A., Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com