

ANNUAL REPORT 2023



Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit form 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 Aggressive Income 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

Apna Microfinance Bank Limited
Askari Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Mobilink Microfinance Bank Limited
NRSP Microfinance Bank Limited
U Microfinance Bank Limited

Rating-AKDAIF

PACRA: A+(f)

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.

Auditors

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

FUND MANAGER'S REPORT

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

Open – end Aggressive Fixed Income Scheme.

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

AKD Aggressive Income Fund (AKDAIF) is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

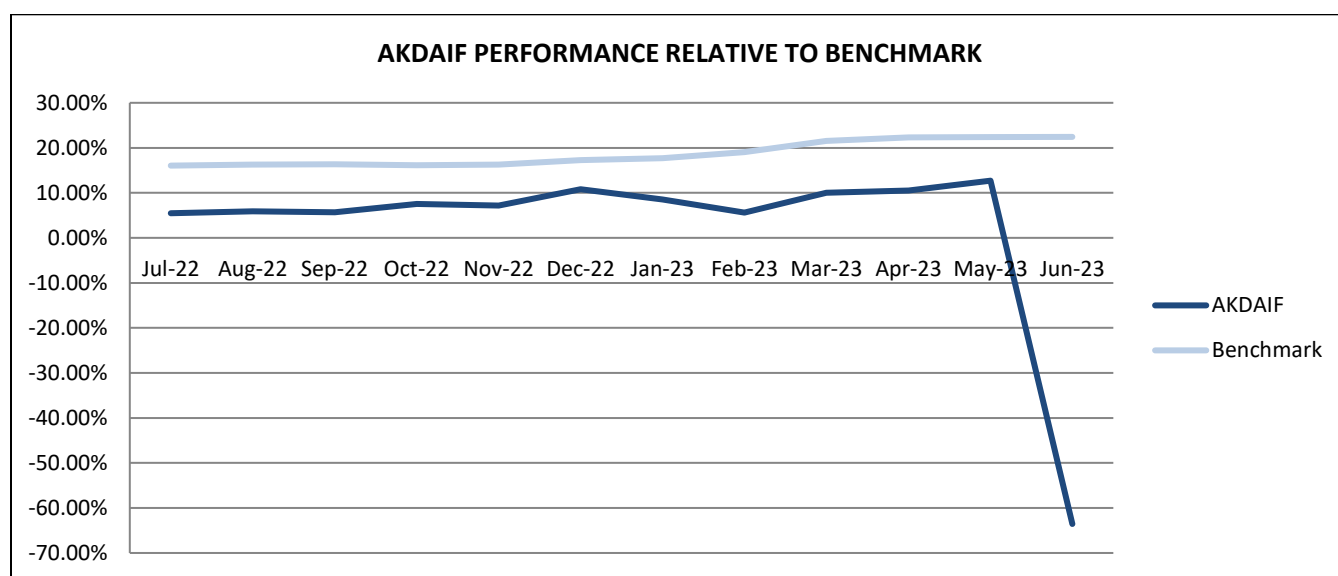
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the FY23, the return of AKD Aggressive Income Fund stood at 2.16% as compared to the benchmark return of 18.60%. The underperformance of AKD Aggressive Income Fund against its benchmark return is mainly due to provisioning of Silkbank Limited – Term Finance Certificates amounting to PKR 99.92 million.

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

1 Year KIBOR

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
AKDAIF	5.46%	5.88%	5.68%	7.54%	7.20%	10.80%	8.51%	5.63%	10.04%	10.53%	12.70%	-63.56%
Benchmark	16.05%	16.30%	16.36%	16.10%	16.29%	17.29%	17.68%	19.05%	21.55%	22.32%	22.36%	22.43%

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

AKD Aggressive Income Fund is an Open - end Aggressive Fixed Income Scheme. The returns of the fund are generated primarily through investment in short term government securities, corporate debt instruments, spread transactions and margin trading system. AKDAIF 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 the report and particulars of significant changes in asset allocation:**

Asset Allocation (% of Total Asset)	30-Jun-23	30-Jun-22
Cash and Cash Equivalent	42.60%	13.77%
Treasury Bills (over 90 days)	5.41%	-
TFCs / Sukuks	19.06%	38.84%
Commercial Papers / Short Term Sukuk	3.72%	20.73%
Spread Transactions (Cost)	19.34%	22.54%
Margin Trading System	-	0.52%
Other Assets including Receivables	9.87%	3.60%

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

FY23 Return	2.16%
Benchmark Return	18.60%

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

Net Asset Value			NAV per Unit	
30-Jun-23	30-Jun-22	Change in Net Assets	30-Jun-23	30-Jun-22
(Rupees in '000)			(Rs.)	
654,227	738,629	-11.43%	51.2326	51.0601

x) **Disclosure on the markets that the Collective Investment Scheme has invested in including - reviews 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 the manager's report, not otherwise disclosed in the financial statements:

There were no significant changes in the state of affairs during the period under review.

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

There were no unit splits during the period.

xiii) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	70
10000 to 49999	9
50,000 - 99,999	0
100,000 - 499,999	0
500,000 and above	3
Total	82

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 commissions have been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

AKD Aggressive Income 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	75	186,962	1.46%
Insurance Companies	-	-	-
Banks/DFIs	2	988,282	7.74%
Retirement funds	2	11,550,174	90.45%
Public Limited Companies	1	2	0.00%
Others	2	44,330	0.35%
	82	12,769,750	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 AGGRESSIVE INCOME 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 Aggressive Income 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 Aggressive Income
Fund**

Financial Statements for
the year ended
June 30, 2023

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AKD Aggressive Income 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:

Key audit matter	How the matter was addressed in our audit
<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. 491.688 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. The Fund invests principally in a wide range of listed and unlisted TFCs, T-bills, and Sukuk certificates, listed equity securities (spread transactions) and there is a risk that appropriate quoted prices may not be used to determine fair value.</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;independently tested valuations by tracing the prices quoted on Mutual Funds Association of Pakistan (MUFAP) and Pakistan Stock Exchange (PSX);

Key audit matter	How the matter was addressed in our audit
<p>Further, the Fund may have included investments in its financial statements which were not owned by the Fund.</p> <p>Considering the above factors, the valuation and existence of investments carried at fair value are significant areas during our audit due to which, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • traced securities held by the Fund with the securities appearing in the Central Depository Company account statement and Investor Portfolio System (IPS) account statements to verify existence; • performed verification procedures on purchases and sales on a sample of trades made during the year regarding movement of the securities; 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: AR202310186AyPCMr1UI

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

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	108,809	24,678
Investments	6	516,988	694,357
Profit receivable	7	4,607	20,223
Receivable against Margin Trading System		-	3,930
Deposits, prepayments and other receivables	8	12,306	7,725
Receivable against sale of securities		37,498	1,668
Total assets		680,208	752,581
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	5,067	5,274
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	58	67
Payable to the Securities and Exchange Commission of Pakistan	11	135	178
Accrued expenses and other liabilities	12	13,815	1,706
Dividend payable		6,906	6,727
Total liabilities		25,981	13,952
NET ASSETS		654,227	738,629
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		654,227	738,629
CONTINGENCIES AND COMMITMENTS			
	13		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	14	12,769,750	14,465,887
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		51.2326	51.0601

The annexed notes from 1 to 31 form an integral part of these financial statements.



For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer

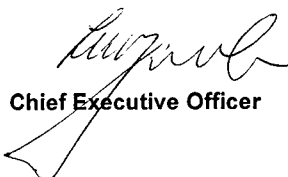

Director

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

		2023 ----- (Rupees in '000) -----	2022 -----
INCOME			
Capital (loss) / gain on sale of investments		(4,772)	24,846
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6.7	(61,965)	(13,446)
Unrealised gain on forward contracts		-	908
Unrealised loss on future contracts		(12,991)	-
Profit on bank deposits		4,217	6,357
Income from:			
- Government securities		40,429	23,426
- Term finance certificates and sukuk certificates		36,841	24,762
- Commercial papers		18,259	9,505
- Margin Trading System		44	708
Dividend income		15,095	2
Other income		-	5,784
Recovery of fully impaired debt security		-	2,587
Total income		35,157	85,439
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company	9.1	10,106	13,353
Sindh sales tax on the remuneration of Management Company	9.2	1,314	1,736
Expenses allocated by Management Company	9.3	1,011	1,332
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	505	667
Sindh sales tax on the remuneration of Trustee	10.2	75	113
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	135	178
Security transaction costs		911	3,840
Auditor's remuneration	15	500	467
Bank charges		118	113
Fee and subscriptions		985	1,273
Legal and professional		216	561
Total expenses		15,876	23,633
Net income for the year before taxation		19,281	61,806
Taxation	16	-	-
Net income for the year		19,281	61,806
Allocation of net income for the year			
Net income for the year after taxation		19,281	61,806
Income already paid on units redeemed		(7,203)	(13,640)
Accounting income available for distribution		12,078	48,166
Relating to capital gains		-	12,308
Excluding capital gains		12,078	35,858
Earnings per unit	17	12,078	48,166

The annexed notes from 1 to 31 form an integral part of these financial statements.




Chief Executive Officer

**For AKD Investment Management Limited
(Management Company)**


Chief Financial Officer


Director

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

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Net income for the year	19,281	61,806
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>19,281</u>	<u>61,806</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

MA

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

**AKD AGGRESSIVE INCOME FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	710,527	28,102	738,629	784,069	29,800	813,869
Issue of 2,204,305 units (2022: 16,655,646 units)						
- Capital value	112,552	-	112,552	852,146	-	852,146
- Element of income	1,131	-	1,131	31,927	-	31,927
	<u>113,683</u>	<u>-</u>	<u>113,683</u>	<u>884,073</u>	<u>-</u>	<u>884,073</u>
Redemption of 3,900,442 units (2022: 18,097,260 units)						
- Capital value	(199,157)	-	(199,157)	(925,904)	-	(925,904)
- Element of loss	(259)	(7,203)	(7,462)	(30,172)	(13,640)	(43,812)
	<u>(199,416)</u>	<u>(7,203)</u>	<u>(206,619)</u>	<u>(956,076)</u>	<u>(13,640)</u>	<u>(969,716)</u>
Total comprehensive income for the year	-	19,281	19,281	-	61,806	61,806
Final cash distribution declared on June 24, 2022 at the rate of Rs. 3.81178 per unit	-	-	-	-	(49,864)	(49,864)
Interim cash distribution declared on June 21, 2023 at the rate of Rs. 0.92751 per unit	-	(10,031)	(10,031)	-	-	-
Refund of capital	(716)	-	(716)	(1,539)	-	(1,539)
Net assets at end of the year	624,078	30,149	654,227	710,527	28,102	738,629
Undistributed income brought forward						
- Realised income		40,640			27,519	
- Unrealised income		(12,538)			2,281	
		<u>28,102</u>			<u>29,800</u>	
Accounting income available for distribution						
- Relating to capital gains		-			12,308	
- Excluding capital gains		12,078			35,858	
		<u>12,078</u>			<u>48,166</u>	
Final cash distribution during the year declared on June 24, 2022 @ Rs.3.81178 per unit		-			(49,864)	
Interim cash distribution during the year declared on June 21, 2023 @ Rs. 0.92751 per unit		(10,031)			-	
Undistributed income carried forward		<u>30,149</u>			<u>28,102</u>	
Undistributed income carried forward						
- Realised income		105,105			40,640	
- Unrealised loss		(74,956)			(12,538)	
		<u>30,149</u>			<u>28,102</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			<u>51.0601</u>			<u>51.1626</u>
Net assets value per unit at end of the year			<u>51.2326</u>			<u>51.0601</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.




Chief Executive Officer

For AKD Investment Management Limited
(Management Company)



Chief Financial Officer



Director

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

Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	19,281	61,806
Adjustments for non-cash and other items		
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	61,965	13,446
Unrealised gain on forward contracts	-	(908)
Unrealised loss on future contracts	12,991	-
Profit on bank deposits	(4,217)	-
Other income	-	(5,784)
Recovery of fully impaired debt security	-	(2,587)
	<u>90,020</u>	<u>65,973</u>
Decrease / (increase) in assets		
Profit receivable	-	(11,393)
Receivable against sale of securities	-	(1,668)
Receivable against Margin Trading System	3,930	20,081
Deposits, prepayments and other receivables	(4,581)	932
	<u>(651)</u>	<u>7,952</u>
(Decrease) / increase in liabilities		
Payable to AKD Investment Management Limited - Management Company	(207)	(230)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(9)	(51)
Payable to the Securities and Exchange Commission of Pakistan	(43)	26
Accrued expenses and other liabilities	(1,023)	(102)
	<u>(1,282)</u>	<u>(357)</u>
Investments - net	197,871	97,428
Profit received	3,487	-
Net cash generated from operating activities	<u>289,445</u>	<u>170,996</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	113,683	882,534
Amount paid against redemption of units	(206,478)	(969,716)
Cash received against reversal of impairment	-	2,587
Distribution paid during the year	(10,568)	(49,864)
Net cash used in financing activities	<u>(103,363)</u>	<u>(134,459)</u>
Net increase in cash and cash equivalents during the year	<u>186,082</u>	<u>36,537</u>
Cash and cash equivalents at beginning of the year	103,659	67,122
Cash and cash equivalents at end of the year	<u>289,741</u>	<u>103,659</u>

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The annexed notes from 1 to 31 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 AGGRESSIVE INCOME FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (the Fund) was established under a Trust Deed dated October 2, 2006 executed between AKD Investment Management Limited 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 September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules, through a certificate of registration issued by the SECP. 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 is listed on the Pakistan Stock Exchange Limited. Its units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.

The Fund is classified as an 'Aggressive Fixed Income Scheme' as per circular 7 of 2009 by SECP. The principal activity of the Fund is to make investments in government securities, deposits with bank, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), commercial paper, reverse repo, term deposit receipts, term finance certificates / sukuk certificates, spread transactions and transactions under margin trading system.

The title to the assets of the Fund are held in the name of the 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 'A+(f)' by PACRA on March 08, 2023.

The Fund has 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 requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIII A the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, 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.

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 carried at fair value.

2.3 Functional and presentation currency

These financial statements are 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.

The 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

3.2.1 The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the 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.

	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

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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 Associates and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- 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 statements.

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 the 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 as AC or FVOCI).

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

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 amortised 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 are already recognised in other comprehensive income are reclassified to the 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

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 nontraded 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 equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

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 balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

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 90% of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate 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 at least 90% of its accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, to its unit holders.

4.5 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 Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

Distributions declared subsequent to the year end or 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.

4.6 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.

4.7 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.

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4.8 Net asset 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 year end.

4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included operating income in the income statement on the date at which the sale transaction takes place.
- Unrealised gains / (losses) arising on remeasurement of investments, forwards and future spread transactions are classified as 'fair value through profit or loss' is included in the income statement in the period in which it arises.
- Profit on bank deposits is recognised on time proportionate basis using effective yield method.
- Profit / mark-up on debt and government securities, term finance certificates, sukuk certificates and income from Margin Trading System (MTS) is recognised on a time proportionate basis using effective interest method.
- Dividend income is recognised when the right to receive the dividend is established.
- Income on debt securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by SECP are recorded on cash basis.

4.10 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

	Note	2023 ----- (Rupees in '000) -----	2022 -----
5. BANK BALANCES			
In saving accounts	5.1	108,804	24,662
In current accounts		5	17
		<u>108,809</u>	<u>24,679</u>

5.1 Mark-up rate on these accounts ranges from 13% to 19.5% (2022: 5.5% to 13%) per annum.

6. INVESTMENTS

At fair value through profit or loss

- Term finance certificates	6.1	41,137	191,066
- Sukuk certificates	6.2	88,520	101,242
- Government securities	6.3	217,751	78,981
- Listed equity securities (spread transactions)	6.4	144,280	167,030
		<u>491,688</u>	<u>538,319</u>

At amortised cost

- Commercial paper	6.5	21,300	156,038
- Short term sukuk (STS)	6.6	4,000	-
		<u>516,988</u>	<u>694,357</u>

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6.1 Term finance certificates

Name of investee company	Redeemed face value per certificate (Rupees)	As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Balance as at June 30, 2023 (Rupees in '000)			Market value as a percentage of		Investment as a percentage of total issue size
						Carrying value	Market value	Unrealised appreciation / (diminution)	Investments	Net assets	
Commercial Banks											
Summit Bank Limited - (note 6.1.2)	5,000	5,000	-	-	5,000	24,925	-	-	-	-	-
Less: provision for impairment						(24,925)					
Silk Bank Limited - (note 6.1.3)	4,996	20,000	-	-	20,000	75,932	-	(75,932)	-	-	-
Less: provision for impairment						(75,932)					
The Bank of Punjab	100,000	750	-	750	-	-	-	-	-	-	-
Technology & Communication											
Worldcall Telecom Limited - (note 6.1.4)	5,000	20,000	-	-	20,000	31,648	-	-	-	-	-
Less: provision for impairment						(31,648)					
TPL Corporation Limited - (note 6.1.5)	100,000	400	-	-	400	40,000	41,137	1,137	7.96	6.29	1.60
Cement											
Dewan Cement Limited - (note 6.1.6)	5,000	20,000	-	-	20,000	100,000	-	-	-	-	-
Less: provision for impairment						(100,000)					
Miscellaneous											
Pace Pakistan Limited - (note 6.1.7)	5,000	115	-	-	115	574	-	-	-	-	-
Less: provision for impairment						(574)					
June 30, 2023						40,000	41,137	(74,795)			
June 30, 2022						204,127	191,066	(13,061)			

6.1.1 Significant terms and conditions of term finance certificate which are not provided or impaired are as follows:

Name of investee company	Face value per certificate	Redeemed face value per certificate	Mark-up rate (per annum)	Maturity	Rating
TPL Corporation Limited	100,000	100,000	3 months KIBOR + 2.5%	June 28, 2027	AA-

6.1.2 The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity of October 27, 2018. An extra ordinary general meeting was called on November 19, 2018, where in it was resolved that the maturity date of these certificates be extended for one year (i.e. October 27, 2019) on the existing terms and conditions. (Since SBL defaulted on timely payment of its final instalment, the management company has made 100 percent provision amounting to Rs. 24,925 million against the defaulted instalment in line with the requirement of Circular 33 dated October 24, 2012). Furthermore, profit on instalment due amounting to Rs. 1.23 million has also been suspended.

6.1.3 The coupon payment of the Term Finance Certificate (TFC) of Silk bank Limited (Silk bank) was due on February 10, 2022, which the Silk bank failed to pay on the due date of payment. As per SECP Circular No 35 of 2012 Dated November 26, 2012 the Fund has reversed the principal and the profit amount due on February 10, 2022 and stopped the accrual of the interest. The TFCs of Silk bank has been classified as a Non-Performing Asset (NPA) by MUFAP. Furthermore, as per SECP circular No. 33 of 2012 dated October 24, 2012, full provision is made by management during the year.

6.1.4 The Term Finance Certificates (TFCs) of Worldcall Telecom Limited (WTL) had an original maturity of October 07, 2013. WTL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f November 8, 2012. Accordingly the outstanding investment had been fully provided. However, in last years WTL paid Rs. 4,117 million to the Fund which represents the repayment of principal amounting to Rs. 2,587 million and markup amounting to Rs. 1,570 million.

6.1.5 The tenor of the Term Finance Certificates (TFCs) of TPL Corporation Limited is 5 years and carries mark up at the rate 3 months KIBOR plus 2.5% per annum and will be matured on June 28, 2027.

6.1.6 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2009). Dewan Cement Limited (DCL) failed to complete the public offering within the said time and had also defaulted in payment of principal and profit for the said year. The Fund had made provision for the amount of the investment in accordance with the provisioning criteria specified in Circular No.1 of 2009 dated January 6, 2009 issued by the SECP.

6.1.7 The Term Finance Certificates (TFCs) of Pace (Pakistan) Limited (PPL) were originally maturing on October 07, 2013. However, PPL defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f September 5, 2011. Accordingly the outstanding investment had been fully provided.

6.2 Sukuk certificates

Name of investee company	Redeemed face value per certificate (Rupees)	As at July 01, 2022	Purchased during the year	Sold / redeemed during the year	As at June 30, 2023	Balance as at June 30, 2023 (Rupees in '000)		Market value as a percentage of		Investment as a percentage of total issue size
						Carrying value	Market value	Investments	Net assets	
Unlisted										
Power generation and distribution										
Hub Power Holdings Limited - (note 6.2.1)	100,000	750	-	170	580	58,000	59,525	11.51	9.10	0.97
Technology and Communication										
TPL Trakker Limited - (note 6.2.2)	611,111	30	-	-	30	18,458	18,682	3.61	2.86	2.14
Engineering										
Mughal Iron & Steel Industries Limited - (note 6.2.3)	687,500	15	-	-	15	10,523	10,313	1.99	1.58	0.50
New Allied Electronics Industries (Private) Limited - (note 6.2.4)	313	96,000	-	-	96,000	30,000 (30,000)	-	-	-	-
Less: provision for impairment										
June 30, 2023						86,981	88,520		1,539	
June 30, 2022						101,670	101,242		(428)	

6.2.1 The Hub Power Holdings Limited issued sukuk certificates on November 12, 2020, which will mature on November 12, 2025. It carries mark up at the rate 6-month KIBOR plus 2.5% per annum.

6.2.2 The tenor of the sukuk is 5 years and carries mark up at the rate 3 months KIBOR plus 3.00% per annum and will be matured on March 30, 2026.

6.2.3 The tenor of the sukuk is 5 years and carries mark up at the rate 3 months KIBOR plus 1.30% per annum and will be matured on March 02, 2026.

6.2.4 New Allied Electronics Industries (Private) Limited defaulted on the amount of principal and mark-up due on the scheduled quarterly redemption dates. Hence, the Fund has fully provided for the amount of the investment in accordance with the requirements of Circular No. 1 of 2009 dated January 6, 2009.

6.3 Government securities - Market Treasury Bills

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	Investments	Net assets	
Market Treasury Bills - 3 months (note 6.3.1 & 6.3.2)	80,000	1,826,000	1,716,300	189,700	181,208	180,932	(276)	35.00	27.66
Market Treasury Bills - 12 months (note 6.3.1 & 6.3.3)	-	40,000	-	40,000	37,947	36,819	(1,128)	7.12	5.63
June 30, 2023					219,155	217,751	(1,404)		
June 30, 2022					78,938	78,981	43		

(MA)

6.3.1 On March 03, 2023, June 23, 2023 and June 26, 2023 the Fund transferred Market Treasury Bills of Rs. 40 million, Rs. 40 million and Rs. 30 million (face value) having maturity of November 16, 2023, September 21, 2023 and September 21, 2023 into National Clearing Company Limited (NCCPL) exposure margin account maintained with National Clearing Company of Pakistan Limited in respect of exposure margin and mark to market losses in ready market, DFC market and MTS.

6.3.2 The maturity date of these Market Treasury Bills ranges from September 07, 2023 to September 21, 2023 and the yield ranges from 22.5438% to 22.6114%.

6.3.3 The maturity date of this Market Treasury Bill is November 16, 2023 and the yield on this Market Treasury Bill is 22.8486%.

6.4 Listed equity securities - spread transactions

Sector / Companies	As at July 01, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Market value as at June 30, 2023
Face value of Rs. 10 unless otherwise stated					
Cement					
Lucky Cement Limited	16,500	-	16,500	-	-
Maple Leaf Cement Factory Limited	500,000	-	500,000	-	-
Chemicals					
Ghani Global Holdings Limited	919,000	-	919,000	-	-
Commercial Banks					
Askari Bank Limited	-	1,570,000	-	1,570,000	20,347
National Bank of Pakistan Limited	-	150,000	150,000	-	-
Meezan Bank Limited	-	50,000	50,000	-	-
Food And Personal Care Products					
Unity Foods Limited	-	7,970,500	3,970,500	4,000,000	62,520
Oil & Gas Exploration Companies					
Oil & Gas Development Company Limited	-	125,500	125,500	-	-
Pakistan Petroleum Limited	-	75,000	5,000	70,000	4,140
Pakistan Oilfields Limited	-	53,500	53,500	-	-
Oil & Gas Marketing Companies					
Pakistan State Oil Company Limited	-	517,000	335,000	182,000	20,204
Power Generation And Distribution					
Kot Addu Power Company Limited	-	35,000	35,000	-	-
Lalpir Power Limited	-	2,479,500	-	2,479,500	37,069
Refinery					
Attock Refinery Limited	-	396,000	396,000	-	-
Chenergyco Pk Limited	-	40,000	40,000	-	-
National Refinery Limited	-	237,000	237,000	-	-
Cable And Electrical Goods					
Pak Electron Limited	800,000	-	800,000	-	-
Glass And Ceramics					
Tariq Glass Industries Limited	577,000	625,000	1,202,000	-	-
Pharmaceuticals					
Citi Pharma Limited	-	694,000	694,000	-	-
Property					
TPL Properties Limited	-	18,000	18,000	-	-
Textile Composite					
Nishat Mills Limited	-	2,000	2,000	-	-

Sector / Companies	As at July 01, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Market value as at June 30, 2023
Technology & Communication					
Netsol Technologies Limited	-	350,000	350,000	-	-
TRG Pakistan Limited	750,000	1,695,000	2,445,000	-	-
Systems Limited	-	49,500	49,500	-	-
Miscellaneous					
Pakistan Aluminium Beverage Cans Limited	-	100,000	100,000	-	-
June 30, 2023					144,280
June 30, 2022					167,030

6.5 Commercial paper

Name of investee company	Rate of return per annum	Face value			Carrying value	Maturity	Rating	Carrying value as percentage of	
		As at July 01, 2022	Purchased during the year	Matured / sold during the year				As at June 30, 2023	Investments
									%
Commercial papers:									
Waves Singer Pakistan limited	11.01%	26,000	-	26,000	-	July 30, 2022	A1	-	-
China Power Hub Generation Company private Limited	13.97%	55,000	-	55,000	-	October 10, 2022	A1+	-	-
Lucky Electric Power Company Limited	16.21%	87,000	-	87,000	-	November 02, 2022	A1+	-	-
Mughal Iron & Steel Industries Limited	23.48%	-	25,000	-	25,000	January 1, 2024	A1	-	4.12
June 30, 2023					21,300				3.26
June 30, 2022					25,000				
					168,000				
					156,038				

6.6 Short term sukuk (STS)

Name of investee company	Rate of return per annum	Face value			Carrying value	Maturity	Rating	Carrying value as	
		As at July 01, 2022	Purchased during the year	Matured / sold during the year				As at June 30, 2023	Investments
									%
Short term sukuk (STS)									
Nishat Mills Limited	18.77%	-	25,000	25,000	-	May 1, 2023	A1+	-	-
China Power Hub Generation Company private Limited	22.44%	-	20,000	20,000	-	June 7, 2023	A1+	-	-
K-Electric Limited	22.42%	-	40,000	40,000	-	June 13, 2023	A1+	-	-
Lucky Electric Power Company Limited	18.31%	-	30,000	30,000	-	June 14, 2023	A1+	-	-
K-Electric Limited	22.57%	-	4,000	-	4,000	September 21, 2023	A1+	0.77	0.61
June 30, 2023					4,000				
June 30, 2022					4,000				

6.7 Net unrealised diminution on re - measurement of investments classified at fair value through profit or loss

Market value of investments	491,688	538,319
Carrying amount of investments	(553,653)	(551,765)
	(61,965)	(13,446)

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	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
7. PROFIT RECEIVABLE			
Profit receivable on:			
- Term finance certificates and sukuk certificates		2,242	14,457
- Commercial papers		1,429	5,560
- Bank deposits		936	206
		<u>4,607</u>	<u>20,223</u>

8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with:

- National Clearing Company Pakistan Limited		2,750	2,750
- Central Depository Company Limited		100	100

Prepaid National Clearing Company Pakistan

Limited annual fee		73	73
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Security margin deposit	8.1	9,212	1,125
-------------------------	-----	-------	-------

Receivable against forward contract settlement		-	3,522
--	--	---	-------

Income receivable against Margin Trading System		-	8
---	--	---	---

Advance tax	8.2	171	147
-------------	-----	-----	-----

		<u>12,306</u>	<u>7,725</u>
--	--	---------------	--------------

8.1 This represents margin deposit maintained with National Clearing Company of Pakistan Limited against MTS losses for DFC exposure margin by the Fund.

8.2 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 151 and 150. However, upto year ended June 30, 2023, withholding tax on profit on debt and dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WFT)/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 ----- (Rupees in '000) -----
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	9.1	753	921
Sindh sales tax on management fee	9.2	98	120
Expenses allocated by the Management Company	9.3	75	92
Federal exercise duty on Management fee	9.4	4,141	4,141
		<u>5,067</u>	<u>5,274</u>

9.1 As per the offering document the Management Company has charged remuneration at the rate 1.5% (2022: 1.5%) of the daily average net assets value to the Fund which is payable in arrears.

9.2 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.

9.3 The Management Company has charged expenses at the rate of 0.15% (2022: 0.15%) per annum of the average annual net assets of the Fund.

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9.4 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% (2022: 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, the SHC of Pakistan 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. 4.14 million (2022: Rs. 4.14 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. 0.3243 (2022: Re. 0.2862) 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.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
10. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	10.1	38	46
Settlement charge's payable to the trustee		13	13
Sindh sales tax on trustee fee and CDS charges	10.2	7	8
		<u>58</u>	<u>67</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and as per the tariff rate 0.075% (2022: 0.075%) specified therein, based on the daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

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

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to SECP	11.1	<u>135</u>	<u>178</u>

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 all Collective Investment Scheme are required to pay an annual fee, to the Securities and Exchanged Commission of Pakistan, an amount equal to 0.02% (2022: 0.02%) of the average annual net assets of the scheme.

		2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditor's remuneration		396	364
National Clearing Company of Pakistan Limited clearing charges payable		45	43
Withholding tax payable		41	881
Payable against redemption of units		141	-
Future contract settlements		12,991	-
Others		201	418
		<u>13,815</u>	<u>1,706</u>

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13. CONTINGENCIES AND COMMITMENTS

13.1 The commitment to sell equity securities at a future date under spread transactions amounts to Rs. 134.281 million (2022: Rs.172.309 million).

13.2 Except as disclosed in note 13.1, there are no other contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

14. NUMBER OF UNITS IN ISSUE

	2023 ----- (Number of units) -----	2022
Opening units in issue	14,465,887	15,907,501
Units issued during the year	2,204,305	16,655,646
Less: Units redeemed	(3,900,442)	(18,097,260)
Total units in issue at the end of the year	<u>12,769,750</u>	<u>14,465,887</u>

15. AUDITOR'S REMUNERATION

	2023 ----- (Rupees in '000) -----	2022
Annual audit fee	261	261
Half year fee	87	87
Income certification	60	30
COCG certification	20	20
Out of pocket expenses	35	35
	<u>463</u>	<u>433</u>
Sindh sales tax	37	35
	<u>500</u>	<u>468</u>

16. 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 losses 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.

17. 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.

18. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended June 30, 2023 is 2.36% (2022: 2.65%) which includes 0.24% (2022: 0.29%) representing government levies such as sales taxes and annual fee payable to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Aggressive Fixed Income Scheme.

19. CASH AND CASH EQUIVALENTS

	Note	2023 ----- (Rupees in '000) -----	2022
Bank balances	5	108,809	24,678
Market treasury bills (having maturity upto 3 months)	6.3	180,932	78,981
		<u>289,741</u>	<u>103,659</u>

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b) Sensitivity analysis for fixed rate instruments

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the profit before taxation and total comprehensive income by Rs. 2.178 million (2022: Rs. 0.789 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the effect on the Fund's net assets and net income due to future movements in interest rates.

As at June 30, 2023

Particular	Effective interest rate	Exposed to interest rate risk			Not exposed to interest 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

- Term finance certificates	17.82 - 25.41	-	-	41,137	-	41,137
- Sukuk certificates	15.79 - 25.91	-	-	88,520	-	88,520
- Government securities	22.54 - 22.84	180,932	36,819	-	-	217,751
- Listed equity securities (spread transactions)		-	-	-	144,280	144,280
		180,932	36,819	129,657	144,280	491,688

Financial assets at amortised cost

Bank balances	13 - 19.5	108,804	-	-	5	108,809
Commercial papers	23.48	-	21,300	-	-	21,300
Short term sukuk (STS)	22.57	4,000	-	-	-	4,000
Profit receivable		-	-	-	4,607	4,607
Deposits and other receivables		-	-	-	12,062	12,062
Receivable against sale of securities		-	-	-	37,498	37,498
		112,804	21,300	-	54,172	188,276
Sub total		293,736	58,119	129,657	198,452	679,964

Financial liabilities at amortised cost

Payable to AKD Investment Management Limited - Management Company		-	-	-	5,067	5,067
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	58	58
Accrued expenses and other liabilities		-	-	-	13,774	13,774
Dividend payable		-	-	-	6,906	6,906
Sub total		-	-	-	25,805	25,805

On-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

	293,736	58,119	129,657	172,647	654,159
	293,736	58,119	129,657	172,647	
	293,736	58,119	129,657	172,647	

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As at June 30, 2022

Particular	Effective interest rate	Exposed to interest rate risk			Not exposed to interest 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

- Term finance certificates	8.69 - 17.28	-	-	191,066	-	191,066
- Sukuk certificates	8.69 - 17.28	-	-	101,242	-	101,242
- Government securities	7.60 - 15	78,981	-	-	-	78,981
- Listed equity securities (spread transactions)		-	-	-	167,030	167,030
		78,981	-	292,308	167,030	538,319

Financial assets at amortised cost

Bank balances	5.5 - 13	24,662	-	-	17	24,678
Investments -Commercial papers	10.40 - 16.21	-	156,038	-	-	156,038
Profit receivable		-	-	-	20,223	20,223
Deposits		-	-	-	7,505	7,505
Receivable against Margin Trading System		-	-	-	3,930	3,930
Receivable against sale of securities		-	-	-	1,668	1,668
		24,662	156,038	-	33,343	214,042

Sub total

103,643 156,038 292,308 200,373 752,361

Financial liabilities at amortised cost

Payable to AKD Investment Management Limited

- Management Company

Payable to the Central Depository Company of

Pakistan Limited - Trustee

Accrued expenses and other liabilities

Dividend payable

-	-	-	5,274	5,274
-	-	-	67	67
-	-	-	825	825
-	-	-	6,727	6,727

Sub total

- - - 12,893 12,893

On-balance sheet gap

103,643 156,038 292,308 187,480 739,468

Total interest rate sensitivity gap

103,643 156,038 292,308 187,480

Cumulative interest rate sensitivity gap

103,643 156,038 292,308 187,480

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20. TRANSACTIONS WITH 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.

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 are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

20.1 Details of transactions with related parties / connected persons during the year are as follows:

	2023	2022
	----- (Rupees in '000) -----	
AKD Investment Management Limited - Management Company		
Management fee	10,106	13,353
Sindh sales tax on management fee	1,314	1,736
Allocated expenses	1,011	1,332
Sales load	-	152
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	505	667
CDC charges	72	206
Sindh sales tax on trustee remuneration	75	113
AKD Securities Limited		
Brokerage on purchase of listed equity securities for spread transactions	128	84
AKD Islamic Income Fund		
Sale of 170 units of Hub Power Holdings Limited-Sukuk	18,380	-
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan - Employees Pension Fund		
Issue of 192,344 (2022: 734,042) units	9,822	37,566
Dividend paid	9,822	37,566
Sindh Province Pension Fund *		
Issue of Nil (2022: 123,953) units	-	6,344
Dividend paid	-	6,344

20.2 Details of balances with related parties / connected persons as at year end

AKD Investment Management Limited - Management Company		
Management remuneration payable	753	921
Sindh sales tax payable on management remuneration	98	120
Federal excise duty payable on management remuneration	4,141	4,141
Payable against allocated expenses	75	92

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	2023	2022
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	38	46
Settlement charges payable	13	13
Sindh sales tax payable on trustee remuneration and settlement charges	7	8
Security deposit	100	100

Unit holder holding 10% or more of the units in issue

National Bank of Pakistan Employees Pension Fund		
Outstanding 10,781,753 (2022: 10,589,409) units	552,377	540,695
Sindh Province Pension Fund *		
Outstanding Nil (2022: 1,788,166) units	-	91,304

* Prior period connected party, current figures not shown

21. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2023 and June 30, 2022, 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	491,688	538,319
At amortised cost		
Bank balances	108,809	24,678
Investment in commercial paper	21,300	156,038
Investment in short term sukuk (STS)	4,000	-
Profit receivable	4,607	20,223
Deposits and other receivables	12,062	7,505
Receivable against Margin Trading System	-	3,930
Receivable against sale of securities	37,498	1,668
	<u>679,964</u>	<u>752,361</u>
Financial liabilities		
At amortised cost		
Payable to AKD Investment Management Limited - Management Company	5,067	5,274
Payable to the Central Depository Company of Pakistan Limited - Trustee	58	67
Accrued expenses and other liabilities	13,774	825
Dividend payable	6,906	6,727
	<u>25,805</u>	<u>12,893</u>

22. 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.

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

22.1 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 price risk.

22.1.1 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.

22.1.2 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 and investments in government securities, TFC, sukuk 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:

	Note	2023 (Rupees in '000)	2022
Variable rate instrument (financial assets)			
- Bank balances	5	108,804	24,662
- Term finance certificates and sukuk certificates	6.1	41,137	191,066
- Sukuk certificates	6.2	88,520	101,242
- Short term sukuk (STS)	6.6	4,000	-
		<u>242,461</u>	<u>316,970</u>
Fixed rate instruments (financial assets)			
- Commercial papers	6.5	21,300	156,038
- Government securities - Market treasury bills	6.3	217,751	78,981
		<u>239,051</u>	<u>235,019</u>

a) Sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / decreased profit before taxation and total comprehensive income by Rs. 2.638 million (2022: Rs. 4.730 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

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22.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as result of changes in market prices (other than those arising from profit 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. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk. Fund has invested in spread transactions during the year, which are secured against pledged listed equity securities.

22.2 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 investments except for government securities.

Management of credit risk

The Fund keeps deposits and performs transactions with reputed financial institutions with reasonably high credit ratings. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the Regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any collateral as at June 30, 2023 and June 30, 2022 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'. Investment in government securities 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	108,809	108,809	24,678	24,678
Investments	516,988	299,237	694,357	615,376
Profit receivable	4,607	4,607	20,223	20,223
Receivable against Margin Trading System	-	-	3,930	3,930
Deposits and other receivables	12,062	12,062	7,505	7,505
Receivable against sale of securities	37,498	37,498	1,668	1,668
	679,964	462,213	752,361	673,380

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in government securities of Rs. 217.751 million (2022: Rs. 78.891 million) are not exposed to credit risk.

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2023 and June 30, 2022:

Bank balances by rating category

	Rating Agency	2023		2022	
		Rupees in '000	%	Rupees in '000	%
AAA / A1+	PACRA / VIS	189	0.17	105	0.43
AA+ / A1+	PACRA	107,536	98.83	23,708	96.07
AA / A1+	PACRA	792	0.73	598	2.42
AA- / A1	PACRA	83	0.08	38	0.15
A+ / A1	PACRA	17	0.02	16	0.07
A / A1	PACRA	20	0.02	79	0.32
A- / A2	PACRA	25	0.02	-	-
BBB+ / A3	PACRA	73	0.07	71	0.29
BBB+ / A2	PACRA	12	0.01	-	-
Suspended	VIS	62	0.06	63	0.26
		108,809	100	24,678	100

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

Balance with banks are assessed to have low credit risk of default since the banks are highly regulated by the State Bank of Pakistan. Accordingly, management of 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 banks 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 banks, the management of the Fund have assessed that there is no impairment, and hence have not recorded any loss allowance on this balance.

	Rating	2023 -----(Rupee in 000)----	2022
Investment in variable income securities			
Term Finance Certificates and Sukuk			
Silk Bank of Pakistan	B	-	75,932
The Bank of Punjab	AA	-	75,134
Hub Power Holdings Limited	A1+	59,525	61,844
TPL Trakker Limited	A2	18,682	25,125
Mughal Iron & Steel Industries Limited	A1	10,313	14,273
TPL Corporation Limited	A1	41,137	40,000
		129,657	292,308
Short term sukuk (STS)			
K-Electric Limited	A1+	4,000	-
		4,000	-
Commercial paper			
Mughal Iron & Steel Industries Limited	A1	21,300	-
Waves Singer Pakistan limited	A1	-	24,042
China Power Hub Generation Company (Private) Limited	A1+	-	51,436
Lucky Electric Power Co. Ltd	A1+	-	80,560
		21,300	156,038

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in debt securities which are diversified and relate to various sectors. The Fund's portfolio of other financial assets is broadly diversified and 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.

22.3 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

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's 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 10% 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 10% 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 instruments into relevant maturity groupings based on the remaining period at the statement of assets and liabilities 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
----- Rupee in 000) -----					
Financial liabilities					
(excluding unit holders fund)					
Payable to AKD Investment Management Limited - Management Company	5,067	-	-	-	5,067
Payable to Central Depository Company of Pakistan Limited - Trustee	58	-	-	-	58
Accrued expenses and other liabilities	13,774	-	-	-	13,774
Dividend payable	6,906	-	-	-	6,906
	25,805	-	-	-	25,805

As at June 30, 2022					
	Within one month	Over one to three months	Over three to twelve months	Over one to five years	Total
----- Rupee in 000) -----					
Financial liabilities					
(excluding unit holders fund)					
Payable to AKD Investment Management Limited - Management Company	5,274	-	-	-	5,274
Payable to Central Depository Company of Pakistan Limited - Trustee	67	-	-	-	67
Accrued expenses and other liabilities	825	-	-	-	825
Dividend payable	6,727	-	-	-	6,727
	12,893	-	-	-	12,893

23. 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:

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- 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.

24. 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				
- Term finance certificates	-	41,137	-	41,137
- Sukuk certificates	-	88,520	-	88,520
- Government securities	-	217,751	-	217,751
- Listed equity securities (spread transactions)	144,280	-	-	144,280
	<u>144,280</u>	<u>347,408</u>	<u>-</u>	<u>491,688</u>

	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
- Term finance Certificates	-	191,066	-	191,066
- Sukuk certificates	-	101,242	-	101,242
- Government securities	-	78,981	-	78,981
- Listed equity securities (spread transactions)	167,030	-	-	167,030
	<u>167,030</u>	<u>371,289</u>	<u>-</u>	<u>538,319</u>

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

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25. PARTICULARS OF INVESTMENT COMMITTEE AND 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	Risk Manager	ACCA, CFA Charterholder	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

25.1 Mr. Danish Aslam is the Manager of the Fund. He is also managing AKD Cash Fund, AKD Islamic Daily Dividend Fund and AKD Islamic Income Fund.

26. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

S. No.	Particulars	June 30, 2023 ----- % -----
1	Topline Securities Limited	63.24
2	AKD Securities Limited	15.81
3	Vector Securities (Pvt.) Limited	12.26
4	Investment Managers Securities (Pvt.) Limited	5.47
5	Next Capital Limited	2.31
6	Arif Habib Limited	0.47
7	Alfalah CLSA Securities (Private) Limited	0.36
8	Pearl Securities Limited	0.04
9	BMA Capital Management Limited	0.04

S. No.	Particulars	June 30, 2022 ----- % -----
1	AKD Securities Private Limited	39.1390
2	Topline Securities (Private) Limited	18.4250
3	Spectrum Securities Limited	14.8590
4	BMA Capital Management Limited	11.0210
5	Multiline securities limited	9.2080
6	Next Capital Limited	3.1610
7	Investment managers private limited	2.7450
8	Vector Securities (Private) Limited	0.0969
9	FDM securities private limited	0.0450
10	Pearl Securities (Private) Limited	0.0020

27. **PATTERN OF UNIT HOLDINGS**

As at June 30, 2023			
	Number of unit holders	Number of units held	% of total units
Individuals	75	186,962	1.46
Corporates	1	2	0.00
Banks and development financial institutions	2	988,282	7.74
Retirement funds	2	11,550,174	90.45
Others	2	44,330	0.35
	82	12,769,750	100

As at June 30, 2022			
	Number of unit holders	Number of units held	% of total units
Individuals	103	943,836	6.52
Corporates	2	39,607	0.27
Banks and development financial institutions	1	11,285	0.08
Retirement funds	7	13,466,494	93.09
Others	1	4,665	0.03
	114	14,465,887	100

28. **ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

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:

Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
Mr. Abdul Karim Memon	4	4	-	-
Mr. Imran Motiwala	4	4	-	-
Ms. Anum Aqeel Dhedhi	4	4	-	-
Mr. Saim Mustafa Zuberi*	4	2	-	-
Mr. Ali Wahab Siddiqui	4	4	-	-
Mr. Hasan Ahmed	4	4	-	-
Ms. Aysha Ahmed	4	4	-	-

*Resigned on Feb 21, 2023.

29. **EVENTS AFTER REPORTING DATE**

The Board of Directors of the Management Company approved a final distribution on July 05, 2023 of Rs. 0.16899 per unit on the face value of Rs. 50 each amounting to Rs. 2.0469 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.

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30. GENERAL

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


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

31. 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.

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**For AKD Investment Management Limited
(Management Company)**



[Handwritten signature]
Chief Executive Officer

[Handwritten signature]
Chief Financial Officer

Director

**AKD AGGRESSIVE INCOME FUND
PERFORMANCE TABLE**

	2023	2022	2021
Total net assets value (Rs '000)*	652,180	738,629	813,869
Net assets value per unit - (Rs)*	51.0636	51.0601	51.1626
Selling price as at June 30 (Rs)*	51.5759	51.5707	51.6743
Repurchase price as at June 30 (Rs)*	51.0635	51.0601	51.1626
Highest selling price (Rs)	55.9204	55.5392	55.1134
Lowest selling price (Rs)	51.5816	51.7294	51.4905
Highest repurchase price (Rs)	55.3667	54.9892	54.5676
Lowest repurchase price (Rs)	51.0708	51.2172	50.9806
Return of the Fund			
- capital growth (Rs '000)	(84,402)	(75,240)	161,386
- income distribution (including refund of capital) (Rs '000)*	12,905	51,403	52,325
Distribution per unit			
Interim	0.9275	3.8118	3.5040
- Gross (2023: announced on June 26, 2023)			
- Gross (2022: announced on June 30, 2022)			
- Gross (2021: announced on June 30, 2021)			
Final	0.1690	-	-
- Gross (2023: announced on July 6, 2023)			
Average Annual Return (Percentage)			
- Last one year	2.16	7.23	7.08
- Last two years	4.67	7.16	10.06
- Last three years	5.46	9.11	7.75
Weighted Average Portfolio Duration	183	489	526

* Final distributions for the year 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 Aggressive Income Fund
Proxy details issued by Fund
For the year ended June 30, 2023

As per the requirement of Non-Banking Finance Companies and Notified Entities Regulations, 2008, The Board of Directors of AKD Investment Management Limited (the Management Company of the Fund) has formulated Proxy Voting Policy, which is available on Management Company's website (www.akdinvestment.com).

During the year, the Management Company on behalf of the Fund participated in 1 shareholders' meetings. Moreover, details of summarized proxies voted are as follows:

AKDAIF	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	2	1	0	1	The Investment Committee had decided to abstain from voting in favor of extension in the maturity date of TFC issued by Summit Bank Limited, until the Bank provides a compelling plan to make the scheduled payments.
(%ages)	100	50	0	50	

Detailed information regarding actual proxies voted by the Management Company on behalf of the Fund will be provided to the unit holders without any charges upon request.



**AKD Investment
Management Ltd.**

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U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

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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:

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