

# 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 Islamic Daily Dividend 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

Dubai Islamic Bank Pakistan Limited

#### Auditors

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

#### Legal Advisor

Siddiqui & Raza  
Barristers and Legal Consultants  
Office # 301, 3rd Floor, The Plaza  
Block No. 9, Clifton, Karachi.

#### Registrar

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

#### Distributor

Al-Hilal Securities Advisors (Pvt.) Ltd.  
ITMinds Limited.  
YPay Financial Services (Pvt.) Ltd.

#### Rating-AKDIDDF

BY PACRA: AA(f)

## FUND MANAGER'S REPORT

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

Open – end Islamic Money Market Scheme

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

AKD Islamic Daily Dividend Fund (AKDIDDF) is a fund that primarily focuses on Shariah compliant money market securities and instruments. The objective of AKDIDDF is to provide competitive return in the form of daily dividend by investing in low risk and highly liquid Shariah Compliant money market instruments.

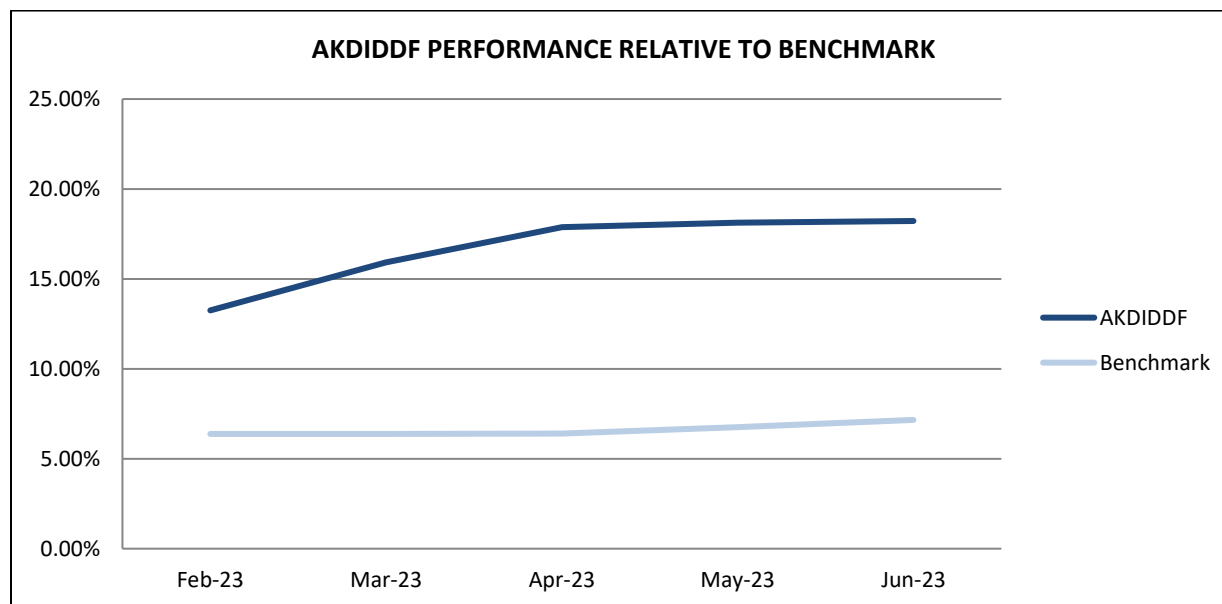
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

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

Three (3) months average deposit rates of Three (3) AA rated Scheduled Islamic Banks or Islamic Banking windows of Conventional Bank as selected by MUFAP.

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



Monthly yield (annualized)	Feb-23	Mar-23	Apr-23	May-23	Jun-23
<b>AKDIDDF</b>	13.25%	15.92%	17.88%	18.13%	18.22%
<b>Benchmark</b>	6.38%	6.38%	6.41%	6.75%	7.16%

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

AKD Islamic Daily Dividend Fund is an Open – end Islamic Money Market Scheme. The returns of the fund are generated primarily through investment in Shariah Complaint debt instruments and Islamic bank deposits. AKDIDDF is fully complied with the relevant policies and procedures as per fund’s regulatory requirement.

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

<b>Asset Allocation (% of Total Assets)</b>	<b>30-Jun-23</b>	<b>31-Mar-23</b>
<b>Cash and Cash Equivalents</b>	89.59%	77.07%
<b>Commercial Papers / Short Term Sukuk</b>	8.25%	20.39%
<b>Placements with Banks and DFIs</b>	-	-
<b>Other Assets including Receivables</b>	2.16%	2.54%

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

<b>AKDIDDF Return (annualized)*</b>	<b>17.60%</b>
<b>Benchmark Return (annualized)*</b>	<b>6.62%</b>

\*Since inception returns

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

<b>Net Assets Value</b>		<b>Change in Net Assets</b>	<b>NAV Per Unit</b>	
<b>30-Jun-23</b>	<b>31-Mar-23</b>		<b>30-Jun-23</b>	<b>31-Mar-23</b>
<b>(Rupees in 000)</b>			<b>(Rupees)</b>	
<b>216,510</b>	<b>145,788</b>	<b>48.51%</b>	<b>50.0000</b>	<b>50.0000</b>

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

**MACRO PERSPECTIVE**

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

history, averting a sovereign default and securing a nine-month Standby Arrangement of US\$3bn with the IMF.

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

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

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

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

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

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

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

in inflation as noticed by the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 0.23% MoM / 38.51% YoY.

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

## **FIXED INCOME REVIEW**

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

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

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

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

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

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

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



## FUTURE OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

**xii) Break down of unit holding by size:**

<b>Range (Units)</b>	<b>No. of Investors</b>
0.0001 to 9,999	1
10000 to 49999	1
50,000 - 99,999	3
100,000 - 499,999	5
500,000 and above	4
<b>Total</b>	<b>14</b>

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

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

**AKD Islamic Daily Dividend 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	8	1,603,404	37.03%
Insurance Companies	2	1,524,926	35.22%
Banks/DFIs	-	-	-
Retirement funds	2	125,071	2.89%
Public Limited Companies	-	-	0.00%
Others	2	1,076,795	24.86%
	<b>14</b>	<b>4,330,196</b>	<b>100.00%</b>

**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 ISLAMIC DAILY DIVIDEND 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**

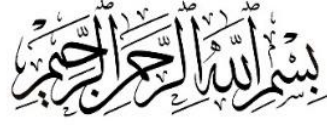
We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Islamic Daily Dividend Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from February 17, 2023 to 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

September 27, 2023



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2023 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in AKD Islamic Daily Dividend Fund (AKD-IDDF) managed by AKD Investment Management Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmad Aijaz  
Member Shariah Council



Faraz Younus Bandukda, CFA  
Chief Executive



**AKD Islamic Daily  
Dividend Fund**

Financial Statements for  
the year ended  
June 30, 2023

## INDEPENDENT AUDITOR'S REPORT To the Unit Holders of AKD Islamic Daily Dividend Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **AKD Islamic Daily Dividend 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 period from February 17, 2023 to June 30, 2023 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 period from February 17, 2023 to June 30, 2023 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. We have determined that there are no key audit matters to communicate in our report.

#### 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: AR202310186JwdOesCHq

AKD ISLAMIC DAILY DIVIDEND FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2023

	2023
	Note      Rupees in '000
<b>ASSETS</b>	
Bank balances	5      195,592
Investments	6      18,000
Profit receivable	7      3,322
Security deposit and prepayments	8      438
Preliminary expenses and floatation cost	9      955
<b>Total assets</b>	<u>218,307</u>
<b>LIABILITIES</b>	
Payable to AKD Investment Management Limited -Management Company	10      1,122
Payable to Central Depository Company of Pakistan Limited - Trustee	11      8
Payable to the Securities and Exchange Commission of Pakistan	12      10
Accrued expenses and other liabilities	13      657
<b>Total liabilities</b>	<u>1,797</u>
<b>NET ASSETS</b>	<u>216,510</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<u>216,510</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	
	15      Number of units
<b>NUMBER OF UNITS IN ISSUE</b>	16 <u>4,330,196</u>
	Rupees
<b>NET ASSETS VALUE PER UNIT</b>	<u>50.0000</u>

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

MA

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**AKD ISLAMIC DAILY DIVIDEND FUND  
INCOME STATEMENT  
FOR THE PERIOD FROM FEBRUARY 17, 2023 TO JUNE 30, 2023**

	Note	From February 17, 2023 to June 30, 2023 Rupees in '000
<b>INCOME</b>		
Income from short term sukuk		1,903
Profit on bank deposit		7,475
<b>Total income</b>		<u>9,378</u>
<b>EXPENSES</b>		
Remuneration of AKD Investment Management Limited - Management Company	14.1	78
Sindh sales tax on the remuneration of Management Company	14.2	10
Expenses allocated by Management Company	14.3	49
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	28
Sindh sales tax on the remuneration of Trustee	11.2	4
Annual fee to the Securities and Exchange Commission of Pakistan	12.1	10
Amortisation of preliminary expenses and floatation costs	9.1	75
Auditor's remuneration	17	211
Bank and settlement charges		22
Fees and subscription		28
Legal and professional		170
<b>Total expenses</b>		<u>685</u>
<b>Net income for the period before taxation</b>		<u>8,693</u>
Taxation	18	-
<b>Net income for the period</b>		<u>8,693</u>
<b>Allocation of net income for the period</b>		
Net income for the period after taxation		8,693
Income already paid on units redeemed		-
		<u>8,693</u>
<b>Accounting income available for distribution</b>		
- Relating to capital gains		-
- Excluding capital gains		8,693
		<u>8,693</u>
<b>Earnings per unit</b>	19	

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



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

  
Chief Executive Officer



Chief Financial Officer

  
Director

AKD ISLAMIC DAILY DIVIDEND FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM FEBRUARY 17, 2023 TO JUNE 30, 2023

From February  
17, 2023 to  
June 30, 2023

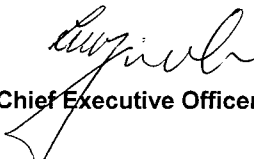
Rupees in '000

Net income for the period	8,693
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>8,693</u>

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

*MA*

For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**AKD ISLAMIC DAILY DIVIDEND FUND  
CASH FLOW STATEMENT  
FOR THE PERIOD FROM FEBRUARY 17, 2023 TO JUNE 30, 2023**

From February  
17, 2023 to June  
30, 2023

Rupees in '000

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income for the period before taxation	8,693
<b>Adjustments for non - cash and other items</b>	
Amortisation of preliminary expenses and floatation costs	75
Income from short term sukuk	(1,903)
Profit on bank deposits	(7,475)
	(610)
<b>(Increase) / decrease in assets</b>	
Security deposit and prepayments	(438)
<b>Increase / (decrease) in liabilities</b>	
Payable to AKD Investment Management Limited -Management Company	92
Payable to Central Depository Company of Pakistan Limited - Trustee	8
Payable to the Securities and Exchange Commission of Pakistan	10
Accrued expenses and other liabilities	657
	767
Investments - net	(18,000)
Profit received	6,056
<b>Net cash used in operating activities</b>	(12,225)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Amount received against issuance of units	527,863
Amount paid against redemption of units	(311,353)
Dividend paid	(8,693)
<b>Net cash generated from financing activities</b>	207,817
<b>Net increase in cash and cash equivalents during the period</b>	195,592
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	195,592

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



For AKD Investment Management Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**AKD ISLAMIC DAILY DIVIDEND FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE PERIOD FROM FEBRUARY 17, 2023 TO JUNE 30, 2023**

From February 17, 2023 to June 30, 2023  
Capital value      Undistributed income      Total  
-----  
-----  
(Rupees in '000)-----

<b>Net assets at beginning of the period</b>	-	-	-
Issue of 10,557,265 units			
- Capital value	527,863	-	527,863
- Element of income	-	-	-
	527,863	-	527,863
Redemption of 6,227,069 units			
- Capital value	(311,353)	-	(311,353)
- Element of income	-	-	-
	(311,353)	-	(311,353)
Total comprehensive income for the period	-	8,693	8,693
Distribution during the period	-	(8,693)	(8,693)
<b>Net assets at end of the year</b>	216,510	-	216,510
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		8,693	
		8,693	
Distribution during the period		(8,693)	
Undistributed income carried forward		-	
Undistributed income carried forward			
- Realised income		-	
- Unrealised income		-	
		-	
			<b>Rupees</b>
Net assets value per unit at beginning of the period			50.0000
Net assets value per unit at end of the period			50.0000

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

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

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**AKD ISLAMIC DAILY DIVIDEND FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

AKD Islamic Daily Dividend Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on November 10, 2021 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Initial Public Offering (IPO) of the Fund was made on February 17, 2023. The Fund commenced operations from February 18, 2023. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. February 18, 2023.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

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

The Fund is categorised as 'Money Market Fund' as per circular 7 of 2008 by SECP. The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, deposits with banks, certificate of deposits, certificate of musharakas, commercial papers and reverse repos.

The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a 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 initial stability rating of 'AA(f)' by PACRA on March 20, 2023.

The AKD Islamic Daily Dividend Fund (the Fund) is established through a Trust Deed (the Deed) registration # KAR/ST/194-2021 dated November 10, 2021 under 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 VIIIA of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984, 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, along with Part VIIIA 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 measured 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. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

- (i) Classification and valuation of financial assets (Note 4.1.1);
- (ii) Impairment of financial assets (Note 4.1.5); and
- (iii) Provisions (Note 4.4)

## **3. AMENDMENTS TO ACCOUNTING STANDARDS**

### **3.1 Amendments to accounting standards that are effective for the period June 30, 2023**

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

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

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

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

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

### **3.2 Amendments to accounting standards that are not yet effective**

The following amendments to accounting standards are only effective for accounting period, beginning on or after the date mentioned against each of them. These amendments to accounting standards 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 IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments Disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associate and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than amendments, the International Accounting Standards Board (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.

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### **Financial assets at FVOCI**

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

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

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

### **Financial assets at FVTPL**

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

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements 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 already recognised in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

### **Financial assets at FVTPL**

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

## **4.1.4 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:



## **Basis of valuation of debt securities**

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

### **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 losses 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 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

#### **4.4 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.

#### **4.5 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 capital gains, whether realised or unrealised, to its unit holders.

#### **4.6 Dividend distribution and appropriations**

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

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

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

#### **4.7 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.

#### 4.8 Element of income / (loss) included in prices of units issued less those in units redeemed

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

#### 4.9 Net assets value per unit

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

#### 4.10 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 classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Profit on bank deposits, security margin, commercial paper and sukuks are recognised on a time proportionate basis using the effective yield method.

#### 4.11 Expenses

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

	Note	2023 Rupees in '000
<b>5. BANK BALANCES</b>		
In saving accounts	5.1	<u>195,592</u>

5.1 These represent profit and loss sharing accounts maintained with various banks carrying profit at the rate of 19% per annum.

	Note	2023 Rupees in '000
<b>6. INVESTMENTS</b>		
<b>At amortised cost</b>		
Short Term Sukuk	6.1	<u>18,000</u>



6.1 Short Term Sukuk

Name of investee Company	Rate of return per annum	Issue date	Maturity date				Carrying value as at June 30, 2023	Rating	Carrying value as a percentage of	
				Purchased during the period	Sold / matured during the period	As at June 30, 2023			Investments	Net assets
	(%)								-----	(%) -----
<b>Power Generation and Distribution</b>										
K-Electric Limited	22.82	Feb 27, 2023	Aug 28, 2023	30,000	(12,000)	18,000	18,000	AA	100%	8.31%

7. PROFIT RECEIVABLE

Profit receivable on:

- Bank deposits	1,951
- Short term sukuk	1,371
	<u>3,322</u>

8. SECURITY DEPOSIT AND PREPAYMENTS

Security deposit with Central Depository Company of Pakistan Limited 200

Prepaid fee:

- Central depository system	18
- Shariah Advisory	105
- Rating	115
	<u>438</u>

9. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost	9.1	1,030
Less: amortised during the period		<u>(75)</u>
		<u>955</u>

9.1 Preliminary expenses and floatation cost represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from February 18, 2023.

10. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Payable against formation cost	1,030
Other expenses paid by Management Company on behalf of the Fund	92
	<u>1,122</u>

11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee	11.1	6
Sindh sales tax payable on trustee fee	11.2	1
CDS charges		1
		<u>8</u>

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee at 0.055% per annum of net assets on monthly basis in arrears.

11.2 Sindh sales tax on services has charged at the rate of 13% on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	2023 Rupees in '000
<b>12. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
Annual fee payable to the SECP	12.1	<u>10</u>

12.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, all collective investment scheme are required to pay as annual fee to the SECP, an amount equal to 0.02% per annum of the average annual net assets of the Scheme.

	2023 Rupees in '000
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	
Auditor's remuneration	211
Withholding tax payable	<u>446</u>
	<u>657</u>

**14. MANAGEMENT FEE**

14.1 The Management Company has charged remuneration at the 0.4% per annum of the average net assets of the Fund from February 18, 2023 to March 31, 2023. The remuneration is paid to the management on a monthly basis in arrears.

14.2 Sindh Sales Tax on services at the rate of 13% on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.

14.3 The Management Company has charged expenses at the rate of 0.25% per annum of the average net assets of the Fund from February 18, 2023 to March 31, 2023.

**15. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2023.

	2023 Number of Units
<b>16. NUMBER OF UNITS IN ISSUE</b>	
Units issued during the period	10,557,265
Less: Units redeemed during the period	<u>(6,227,069)</u>
<b>Total units in issue at the end of the period</b>	<u>4,330,196</u>

For the period  
from February  
17, 2023 to  
June 30, 2023  
Rupees in '000

**17. AUDITOR'S REMUNERATION**

Annual audit	150
Other certification	30
Out of pocket	<u>15</u>
	195
Sindh sales tax	<u>16</u>
	<u>211</u>

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## 18. 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 amongst the unit holders by way of cash dividend.

Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) and section 113 C (Alternate Corporate tax) under clause 11A of Part IV of the second Schedule to the income Tax Ordinance, 2001. Since the management has distributed the income earned by the Fund during the period to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these financial statements.

## 19. 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.

## 20. TOTAL EXPENSE RATIO

The total expense ratio of the Fund from February 18, 2023 to June 30, 2023 is 1.34% annualised, which includes 0.05% representing government levies on the Fund such as sales taxes and annual fee to the SECP. This ratio is within the maximum limit of 2.0% prescribed under the NBFC Regulations.

## 21. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons of the Fund include AKD Investment Management Limited (being the Management Company) and its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the net assets of the Fund, directors and their close relatives and key management personnel of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

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

	From February 17, 2023 to June 30, 2023 Rupees in '000
<b>21.1 Details of transactions with related parties / connected persons during the period</b>	
<b>AKD Investment Management Limited - Management Company</b>	
Management fee	78
Sales Tax on Management fee	10
Expenses allocated by Management Company	49
Payable against formation cost	1,030
Other expenses paid by Management Company on behalf of the Fund	92
Issue of 86,163 Units	4,308
Redemption of 86,163 Units	4,308
Dividend paid (gross)	11

From February  
17, 2023 to  
June 30, 2023  
Rupees in '000

**Central Depository Company of Pakistan Limited - Trustee**

Trustee fee	28
Sindh Sales Tax on trustee fee	4
CDS charges	16

**Hina Aqeel - Close Relative of the Sponsor of the Management Company**

Issue of 4,010 Units	200
Redemption of 4,010 Units	200

**Unit holders holding 10% or more of the units in issue**

**Askari General Insurance Company Ltd Window Takaful Operations OPF Investment**

Issue of 622,958 Units	31,148
Dividend paid (gross)	157

**Abdul Wahab Ghaffar Kodvavi**

Issue of 635,335 Units	31,767
Dividend paid (gross)	1,938

**National Management and Consultancy Services Pvt Limited**

Issue of 1,034,650 Units	51,732
Dividend paid (gross)	2,038

**Askari General Insurance Company Ltd Window Takaful Operations PTF Investment**

Issue of 901,967 Units	45,098
Dividend paid (gross)	228

**21.2 Details of balances with related parties / connected persons as at period end**

2023  
Rupees in '000

**AKD Investment Management Limited - Management Company**

Payable against formation cost	1,030
Other expenses paid by Management Company on behalf of Fund	92

**Central Depository Company of Pakistan Limited - Trustee**

Trustee fee payable	6
Sindh Sales Tax payable on trustee fee	1
CDS charges payable	1

**Unit holders holding 10% or more of the units in issue**

**Askari General Insurance Company Ltd Window Takaful Operations OPF Investment**

Outstanding units: 622,958	31,148
----------------------------	--------

**Abdul Wahab Ghaffar Kodvavi**

Outstanding units: 635,335	31,767
----------------------------	--------

**National Management and Consultancy Services Pvt Limited**

Outstanding units: 1,034,650	51,732
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**Askari General Insurance Company Ltd Window Takaful Operations PTF Investment**

Outstanding units: 901,967	45,098
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## 22. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2023 Rupees in '000
<b>Financial assets</b>	
<b>At amortised cost</b>	
Bank balances	195,592
Investments	18,000
Profit receivable	3,322
Deposits	200
	<u>217,114</u>
<b>Financial liabilities</b>	
<b>At amortised cost</b>	
Payable to AKD Investment Management Limited - Management Company	1,122
Payable to the Central Depository Company of Pakistan Limited - Trustee	8
Accrued expenses and other liabilities	211
	<u>1,341</u>

## 23. FINANCIAL RISK MANAGEMENT

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

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

The Fund's financial assets primarily comprise of balances with banks, short term sukuk classified at 'amortised cost'. The Fund also has profit receivable and deposits. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee and accrued and other liabilities.

### 23.1 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, profit rate risk and other price risk.

#### 23.1.1 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.

#### 23.1.2 Profit / Yield rate risk

Profit / yield 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 profit / yield rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with bank balances and investments in short term sukuk. 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:

**Variable rate instrument (financial assets)**

Balances with banks

195,592

**Fixed rate instruments (financial assets)**

Short term sukuk

18,000

**a) Sensitivity analysis for variable rate instruments**

At the reporting date the Fund has balances in saving bank accounts on which profit ranges from 14.5% - 19% that could expose the Fund to cash flow profit rate risk. The net income for the period would have increased / decreased by Rs. 1.956 million had the profit rates on saving accounts with the banks increased / decreased by 100 basis points. The analysis assumes that all other variables remain constant.

**b) Sensitivity analysis for fixed rate instruments**

The Fund is exposed to fair value profit rate risk for investment in short term sukuk. In case of 100 basis points increase / decrease in profit rates on June 30, 2023, with all other variables held constant, the net income for the year and the net assets would have been lower / higher by Rs. 0.180 million.

**Exposure to profit rate risk and maturity**

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

As at June 30, 2023

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

%

Rupees in '000

**On-balance sheet financial instruments**

**Financial assets at amortized cost**

Bank balances	14.5 - 19	195,592	-	-	-	195,592
Investments	22.82	18,000	-	-	-	18,000
Profit receivable		-	-	-	3,322	3,322
Deposits		-	-	-	200	200
		213,592	-	-	3,522	217,114
<b>Sub total</b>		<b>213,592</b>	<b>-</b>	<b>-</b>	<b>3,522</b>	<b>217,114</b>

**Financial liabilities at amortised cost**

Payable to AKD Investment Management Limited - Management Company		-	-	-	1,122	1,122
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	8	8
Accrued expenses and other liabilities		-	-	-	211	211
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,341</b>	<b>1,341</b>

**On-balance sheet gap**

213,592      -      -      2,181      215,773

**Total profit rate sensitivity gap**

213,592      -      -      2,181

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### 23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate as a result of changes in market prices (other than those arising from 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. Currently, the Fund does not hold any security which exposes the Fund to price risk.

### 23.2 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.

#### Management of credit risk

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

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

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

	2023	
	Balance as per statement of assets and liabilities	Maximum exposure
	----- (Rupees in '000) -----	
Bank balances	195,592	195,592
Profit receivable	3,322	3,322
Deposit	200	200
Short term sukuk	18,000	18,000
	<u>217,114</u>	<u>217,114</u>

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

	Rating Agency	2023	
		Rupees in '000	%
<b>Bank balances and profit receivable by rating category</b>			
<b>Bank balances</b>			
AA / A-1+	VIS	195,592	100
<b>Profit receivable on bank deposits and short term sukuk</b>			
AA	PACRA	1,371	41
AA / A-1+	VIS	1,951	59
		<u>3,322</u>	<u>100</u>

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

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

	Rating Agency	2023	
		Rupees in '000	%
<b>Short term Sukuk</b>			
AA	PACRA	<u>18,000</u>	<u>100</u>

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

#### Concentration of credit risk

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

#### Settlement risk

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

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

### 23.3 Liquidity risk

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

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

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

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

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As at June 30, 2023

	Within one Month	Over one to three months	Over three to twelve months	Over one to five years	Total
----- (Rupees in '000) -----					
<b>Financial liabilities</b>					
Payable to AKD Investment Management Limited - Management Company	1,122	-	-	-	1,122
Payable to Central Depository Company of Pakistan Limited - Trustee	8	-	-	-	8
Accrued expenses and other liabilities	211	-	-	-	211
	<b>1,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,341</b>

#### 24. UNIT HOLDERS' FUND (UHF) RISK MANAGEMENT

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

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

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

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

#### 25. 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, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Short term sukuk	-	-	18,000	18,000

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

## 26. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

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

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

## 27. PATTERN OF UNIT HOLDING

	As at June 30, 2023		
	Number of unit holders	Number of units held	% of total units
Individuals	8	1,603,404	37
Insurance Companies	2	1,524,926	35
Retirement funds	2	125,071	3
Others	2	1,076,795	25
	<b>14</b>	<b>4,330,196</b>	<b>100</b>

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28. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the period 95th and 96th board meetings were held on February 24, 2023 and April 28, 2023 respectively. Information in respect of attendance by Directors in these meetings is given below:

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

29. GENERAL

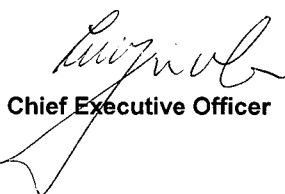
Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

30. DATE OF AUTHORISATION FOR ISSUE

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



For AKD Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**AKD ISLAMIC DAILY DIVIDEND FUND  
PERFORMANCE TABLE**

**2023**

Total net assets value (Rs '000)	216,510
Net assets value per unit - (Rs)	50.0000
Selling price as at June 30 (Rs)	50.0000
Repurchase price as at June 30 (Rs)	50.0000
Highest selling price (Rs)	50.0000
Lowest selling price (Rs)	50.0000
Highest repurchase price (Rs)	50.0000
Lowest repurchase price (Rs)	50.0000
<b>Return of the Fund</b>	
- capital growth (Rs '000)	216,510
- income distribution (Rs '000)	8,693
<b>Distribution per unit</b>	
<b>Interim</b>	3.1338
<b>Final</b>	
<b>Average Annual Return</b>	
- One year	17.60
<i>Note: The FY23 return of AKDIDDF is from February 17, 2023 to June 30, 2023.</i>	
Weighted Average Portfolio Duration	6

Note: The portfolio composition of the fund has been disclosed in note 6 to the financial statements.  
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.



**AKD Investment  
Management Ltd.**

**Head Office:**

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

**Gulshan-e-Iqbal Branch:**

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

**Abbottabad Branch:**

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

**Lahore Branch:**

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

E-mail : [info@akdinvestment.com](mailto:info@akdinvestment.com)  
Website : [www.akdinvestment.com](http://www.akdinvestment.com)