

Quarterly Report

September 30, 2023

(un-audited)



Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit from the Experience

CORPORATE INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY*

Chairman

Mr. Khalid Mahmood

Chief Executive Officer*

Mr. Imran Motiwala

Director(s)

Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqi
Mr. Hasan Ahmed
Mr. Abid Hussain

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

**Election of Directors was held on October 10, 2023.*

Approval is pending from SECP.

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 Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), AKD Islamic Stock Fund (AKDISSF) and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its first quarter report along with the Funds' un-audited Financial Statements for the quarter ended September 30, 2023.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY24, the return of AKD Opportunity Fund stood at 4.38% compared to the benchmark KSE-100 Index return of 11.53%.

Golden Arrow Stock Fund (GASF)

For the 1QFY24, the return of Golden Arrow Stock Fund stood at 9.11% compared to the benchmark KSE-100 Index return of 11.53%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY24, the return of AKD Islamic Stock Fund stood at 19.77% compared to the benchmark KMI-30 Index return of 9.78%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY24, the return of AKD Index Tracker Fund stood at 10.91% compared to the benchmark KSE-100 Index return of 11.53%.

AKD Cash Fund (AKDCF)

For the 1QFY24, the annualized return of AKD Cash Fund stood at 21.69% compared to the benchmark return of 21.94%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY24, the annualized return of AKD Islamic Income Fund stood at 20.70% compared to the benchmark return of 7.60%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY24, the annualized return of AKD Aggressive Income Fund stood at 22.43% as compared to the benchmark return of 23.54%.

AKD Islamic Daily Dividend Fund (AKDIDDF)

For the 1QFY24, the annualized return of AKD Islamic Daily Dividend Fund stood at 18.79% as compared to the benchmark return of 8.35%.

MACRO PERSPECTIVE

The year FY24 brought fresh tides of hope for Pakistan as the economy stepped on the path to recovery. Pakistan saw a major decline in imports as high inflation coupled with record interest rates led to demand compression coupled with progressive efforts like restoring the balance to the exchange rate via stopping illegal channels. On the monetary front, SBP kept the policy rate status quo reaffirming market consensus that the monetary tightening cycle had perhaps come to an end, while relaying optimism of monetary easing during 2HFY24 on the back of high base effect and average inflation peaking at 29% levels. Pakistan is also likely to receive the remaining two tranches in line with the IMF Stand-by Agreement following key measures undertaken as required under the said Program. In addition, Reportedly, Pakistan is also scheduled to hold National Elections in January 2024 which will fill the void created by political uncertainty over the past couple of years, ensuring much needed political clarity.

The Current Account Deficit for the month of September 2023 clocked in at USD 8 million, from a Current Account Deficit of USD 164 million (*revised*) in August 2023 taking the 1QFY24 CAD to USD 0.95 billion against USD 2.26 billion, down -58% YoY during the same period last year primarily due to a decline in imports.

The total Imports witnessed a hefty decline of -19% YoY from USD 18.38 billion to USD 14.86 billion during 3MFY24 whereas the total exports also declined by -4% YoY from USD 8.73 billion to USD 9.10 billion. Furthermore, foreign workers continued to support the external account which also declined -20% YoY from USD 7.90 billion to USD 6.33 billion. The decline is achieved mostly due to the import restrictions that were placed during most of the year.

The SBP in its Monetary Policy Committee on October 30, 2023, decided to keep the policy rate unchanged at 22% which was in line with the market consensus. The SBP premised their decision based on the forward looking inflation projections and the already on-going declining inflationary trend from 29%>28%>27% in the months June>July>August considering September's 31% as an outlier. Moreover, the SBP believes that despite global oil prices soaring recently, its impact will in principle be passed onto the consumers through subsequent price increases, while inflation is like to remain overall on a downward trajectory from 2HFY24. Additionally, the expected ease in supply constraints owing to better agriculture output and the recent administrative measures against speculative activity in the FX and commodity markets would also support the inflation outlook.

The SBP's medium term target for inflation is 5-7% by FY25. The next MPC meeting is due to be held on December 12, 2023, where we expect the interest rates to remain unchanged despite early expectations of rate cuts. The change in our stance from declining interest rates to holding the interest rates at record high levels of 22% is that the incumbent government continues facing economic headwinds despite improvement in CAD and FX reserves.

The Government's resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.76 billion through Roshan Digital Accounts (RDA) with more than 610,000 accounts till September 2023.

Moreover, the FBR collected revenues worth PKR 2.04 trillion during 1QFY24 against the target of 1.98 trillion during same period last year exceeding the target by PKR 63 billion. Moreover, FBR also achieved the target for the month of September 2023 by collecting PKR 834 billion (*PKR 688 billion SPLY*) against a target of PKR 794 billion.

As per the SBP Country-wise Remittances data for FY24, Pakistan has received remittances of USD 767 million from USA, USD 947 million from UK, USD 1,516 million from KSA and USD 1,024 million from UAE. The SBP reserves currently stands at USD 7.49 billion (*total liquid FX reserves USD 12.66 billion*) as at October 20, 2023 representing an import cover of mere 7 weeks.

The NCPI during the month of September 2023 clocked in at 31.44% YoY as compared to 27.38% YoY in July 2023 and 23.18% in September 2022. This took the 3MFY24 average NCPI to 29.04% compared to 25.11% during the SPLY.

The Large Scale Manufacturing (*LSMI*) sector, which accounts for about 80% of the country's industrial output, increased by 2.52% YoY in August 2023 compared to same period last year after 13 months of consecutive decline as a result of expensive raw material costs in the light of currency devaluation, high interest rates, and global recession.

EQUITY MARKET REVIEW

The Equity market witnessed an aggressive come back during 1QFY24 closing in at 46,232.59 level, gaining 4,779.90 points (*11.53% YoY*). During the quarter, investors celebrated improving macros with an appreciating currency while withering hard but necessary steps taken by the caretaker setup to ensure sustainability for the country. In addition, the market also celebrated the unchanged interest rate stance of the SBP which is signaling the end of the tightening era.

During 1QFY24, investor participation improved as volumes increased by 29% YoY to 280 million shares from 217 million shares recorded during last year. Surprisingly, after five years of outflows from FY18 to FY22, foreigners were net buyers in FY23 with USD 1.53 million and another massive USD 22 million was attracted in 1QFY24. Foreigner's interest was majorly caught in Commercial Banks (*USD 16 million*) and Technology and Communication (*USD 8 million*).

The sectors that performed during 1QFY24 are Commercial Banks (*19.58%*), Oil & Gas Exploration Companies (*15.10%*), Chemical (*11.21%*), Power Generation & Distribution (*17.10%*), and Food & Personal Care Products (*4.11%*). While the sectors that kept the bulls in check are Fertilizer (*-7.61%*),

Synthetic & Rayon (-5.30%), Pharmaceuticals (-2.08%), Modarabas (-15.41%), Paper & Board (-4.23%) 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 7.79% (-2.48% *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.

The KSE-100 index continues to trade at exceedingly attractive multiples with PE and PB of 4.21x and 0.67x with a healthy dividend yield of 10.54%. Pakistan is witnessing perhaps one of the highest interest rate environments since independence with yields on government securities crossing 22%. Our pro-equity stance stems from the fact that the government in lieu with the newly appointed COAS have dedicated their tireless efforts towards combating corruption, hoarding of gold/dollars, banning of items under Afghan Transit Trade and have remarkably managed to control exchange devaluation and default risk till now. In the future, we may see inflation tipping off due to high base effect in 2HFY24 and expect monetary easing eventually. Looking ahead the caretaker's performance in stabilizing the currency and economy broadly while staying in line with the IMF Program is indeed encouraging and positioned the market for a likely re-rating.

FIXED INCOME REVIEW

During 1QFY24, the State Bank of Pakistan maintained the interest rate at decade high levels of 22% in response to un-abating inflationary pressures, with the average NCPI for 1QFY24 soaring to 29.04%, 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.

During the quarter, the State Bank of Pakistan conducted a total of six (6) Market Treasury Bill (MTB) auctions, where the government managed to raise PKR 7.84 trillion against the auction target of PKR 8.70 trillion. Notably, the weighted average yields for 3, 6 and 12 month MTBs were 22.81%, 22.99% and 23.12%, respectively, up by 717 bps, 735 bps, and 736 bps compared to the same period last year.

To further address the need for liquidity, SBP also conducted three (3) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 0.19 trillion. The weighted average yields for 3Y, 5Y and 10Y PIBs increased by 541 bps, 68 bps, whereas, the weighted average yield of 10Y PIB decreased by 8 bps, respectively, to stand at 19.33%, 13.98% and 12.99%.

In the market for Shariah Compliant instruments, the SBP conducted a total of five (5) auctions of GOP Ijara Sukuk, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR). These auctions successfully raised PKR 579.70 billion against the auction target of PKR 540.00 billion.

Moreover, the State Bank of Pakistan carried out 24 Open Market Operations (OMOs) with varying maturities, injecting PKR 10.85 trillion into the market at an average cut-off yield of 22.10% and mopped up PKR 4.38 trillion at an average cut-off yield of 21.99%.

Looking ahead to the auction target calendars for October through December 2023, the State Bank of Pakistan aims to raise PKR 7.91 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 8.95 trillion. Additionally, the SBP targets to raise PKR 480 billion through 3 to 30-year fixed-rate PIBs and PKR 2,280 billion.

FUTURE OUTLOOK

As the Country paves its way through FY24, the caretaker government has introduced essential reforms that will help the economy get back on track to stability. Some of these steps include increase of gas tariffs to address the issue of burgeoning gas sector circular debt, privatize loss making SOEs such as PSM and PIA, and improve the governance in the power sector especially the DISCOs. Moreover, the Caretaker setup has also been making continuous efforts to bring Foreign Investments in different sectors of the economy under the forum of Special Investment Facilitation Centre (SIFC). We believe that all these structural changes and reforms are necessary to turn around the current economic state and back to a path of sustainable growth. 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 starting from 2HFY24 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 challenging .

We believe that the support from IMF under the new agreement has largely subsided the default risk that the country was adamantly facing and has also ensured inflows in the form of grants and aids from other bilateral and multilateral partners.

Pakistan's first IMF review under the new Standby Arrangement reached with the Fund in June 2023 scheduled in early November is likely to be one of the key drivers of the market direction ahead. Notably, the Government has carefully chalked out an economic revival plan and is envisaging massive fiscal consolidation to bring down its expenditures to record a primary balance surplus for the fiscal year 2024 for which the Government is contemplating a cut in the Public Sector Development Programme (PSDP) or imposing additional taxes. On the political front, developments regarding the holding of general elections in January 2024 will also be particularly eyed by market participants.

Lastly, we believe that the market continues to trade at attractive multiples with a PE of 4.41x while offering a healthy dividend yield of 11.28% as at September 28, 2023.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Khalid Mehmood
Chairman

Karachi: October 31, 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.

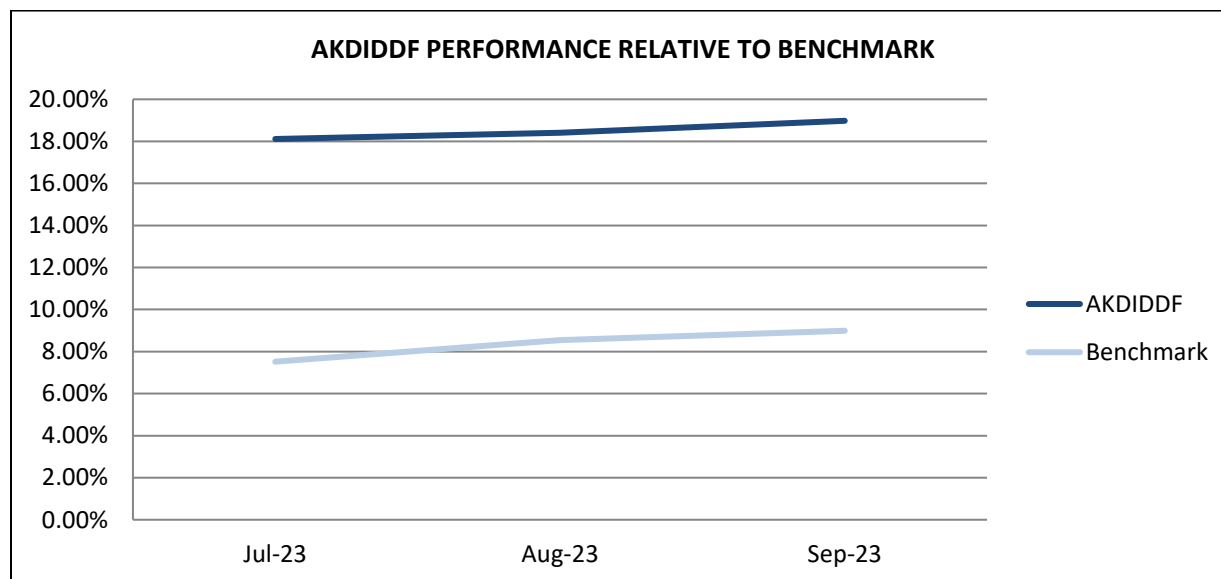
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY24, the annualized return of AKD Islamic Daily Dividend Fund stood at 18.79% compared to benchmark return of 8.35%.

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)	Jul-23	Aug-23	Sep-23
AKDIDDF	18.11%	18.42%	18.98%
Benchmark	7.52%	8.54%	8.99%

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:**

Asset Allocation (% of Total Assets)	30-Sep-23	30-Jun-23
Cash and Cash Equivalents	75.92%	89.59%
Commercial Papers / Short Term Sukuk	21.54%	8.25%
Placements with Banks and DFIs	-	-
Other Assets including Receivables	2.54%	2.16%

viii) **Non-Compliant Investments:**

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
Commercial Paper	Short Term Sukuk	40,000	Nil	40,000	21.81%	21.54%
K-Electric	Short Term Sukuk	30,000	Nil	30,000	16.36%	16.36%

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

AKDIDDF 1QFY24 Return (annualized)	18.79%
Benchmark Return (annualized)	8.35%

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

Net Assets Value			NAV Per Unit	
30-Sep-23	30-Jun-23	Change in Net Assets	30-Sep-23	30-Jun-23
(Rupees in 000)			(Rupees)	
183,380	216,510	-15.30%	50.0000	50.0000

xi) **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

The year FY24 brought fresh tides of hope for Pakistan as the economy stepped on the path to recovery. Pakistan saw a major decline in imports as high inflation coupled with record interest rates led to demand compression coupled with progressive efforts like restoring the balance to the exchange rate via stopping illegal channels. On the monetary front, SBP kept the policy rate status quo reaffirming market consensus that the monetary tightening cycle had perhaps come to an end, while relaying optimism of monetary easing during 2HFY24 on the back of high base effect and average inflation peaking at 29% levels. Pakistan is also likely to receive the remaining two tranches in line with the IMF Stand-by Agreement following key measures undertaken as required under the said Program. In addition, Reportedly, Pakistan is also scheduled to hold National Elections in January 2024 which will fill the void created by political uncertainty over the past couple of years, ensuring much needed political clarity.

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We believe that the support from IMF under the new agreement has largely subsided the default risk that the country was adamantly facing and has also ensured inflows in the form of grants and aids from other bilateral and multilateral partners.

Pakistan's first IMF review under the new Standby Arrangement reached with the Fund in June 2023 scheduled in early November is likely to be one of the key drivers of the market direction ahead. Notably, the Government has carefully chalked out an economic revival plan and is envisaging massive fiscal consolidation to bring down its expenditures to record a primary balance surplus for the fiscal year 2024 for which the Government is contemplating a cut in the Public Sector Development Programme (*PSDP*) or imposing additional taxes. On the political front, developments regarding the holding of general elections in January 2024 will also be particularly eyed by market participants.

Lastly, we believe that the market continues to trade at attractive multiples with a PE of 4.41x while offering a healthy dividend yield of 11.28% as at September 28, 2023.

xii) 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.

xiii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	1
10000 to 49999	0
50,000 - 99,999	2
100,000 - 499,999	3
500,000 and above	3
Total	9

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

xvi) 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
Interim Statement of Assets and Liabilities (Unaudited)
As at September 30, 2023

	Note	September 2023 (Rupees in '000)	June 2023 (Rupees in '000)
ASSETS			
Bank balances	5	141,021	195,592
Investments	6	40,000	18,000
Profit receivable	7	3,403	3,322
Security Deposit & Prepayments	8	410	438
Preliminary Expenses and Floatation Cost	9	903	955
Total assets		185,737	218,307
LIABILITIES			
Payable to AKD Investments Management Limited -Management Compan	10	1,122	1,122
Payable to Central Depository Company of Pakistan Limited - Trustee	11	11	8
Payable to the Securities and Exchange Commission of Pakistan	12	12	10
Accrued expenses and other liabilities	13	1,212	657
Total liabilities		2,357	1,797
NET ASSETS		183,380	216,510
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		183,380	216,510
CONTINGENCIES AND COMMITMENTS	14		
NUMBER OF UNITS IN ISSUE		3,667,608	4,330,196
NET ASSET VALUE PER UNIT		50.0000	50.0000

The annexed notes 1 to 20 form an integral part of these interim financial statements.

For AKD Investment Management Limited
[Management Company]

Chief Executive Officer

Chief Financial Officer

Director

AKD Islamic Daily Dividend Fund
Interim Income Statement (Unaudited)
For the period from July 01, 2023 to September 30, 2023

	Note	2023 (Rupees in '000)
INCOME		
Income from short term sukuk		1,757
Profit on Bank deposit		7,850
Total income		9,607
EXPENSES		
Remuneration to the Management Company	10.1	-
Sindh sales tax on remuneration of the Management Company	10.2	-
Remuneration of the Trustee	11.1	28
Annual Fee Securities and Exchange Commission of Pakistan	12.1	38
Sindh Sales tax on remuneration of the Trustee	11.2	4
Amortisation of preliminary expenses and floatation costs	9.1	52
Auditors' remuneration		75
Allocated Expenses	10.3	-
Bank Charges		2
Other Expense		128
Total expenses		327
Net income for the year before taxation		9,280
Taxation	16	-
Net income for the year after taxation		9,280
Allocation of net income for the period:		
Net income for the period after taxation		9,280
Income already paid on units redeemed		-
		9,280
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		9,280
		9,280

The annexed notes 1 to 20 form an integral part of these interim financial statements.

For AKD Investment Management Limited
[Management Company]

Chief Executive Officer

Chief Financial Officer

Director

AKD Islamic Daily Dividend Fund
Interim Statement of comprehensive income (unaudited)
For the period from July 01, 2023 to September 30, 2023

	2023 (Rupees in '000)
Net income for the period after taxation	9,280
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>9,280</u>

The annexed notes 1 to 20 form an integral part of these interim financial statements.

For AKD Investment Management Limited
[Management Company]

Chief Executive Officer

Chief Financial Officer

Director

AKD Islamic Daily Dividend Fund
Interim Cash Flow Statement (Unaudited)
For the period from July 01, 2023 to September 30, 2023

2023
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year before taxation 9,280

Adjustments for:

Amortisation of preliminary expenses and floatation costs 52
9,332

(Increase) / decrease in assets

Investments	(22,000)
Profit receivable	(81)
Security Deposit & Prepayments	28
	-
	(22,053)

Increase / (decrease) in liabilities

Payable to AKD Investments Management Limited -Management Company	-
Payable to Central Depository Company of Pakistan Limited - Trustee	3
Payable to the Securities and Exchange Commission of Pakistan	2
Accrued expenses and other liabilities	555
	560

Net cash flows from operating activities (12,161)

CASH FLOWS FROM FINANCING ACTIVITIES

Amount received against issuance of units	8,025
Amount paid against redemption of units	(41,155)
Dividend Paid	(9,280)
Net cash flows from financing activities	(42,410)

Net increase in cash and cash equivalents during the period (54,571)

Cash and cash equivalents at the beginning of the period 195,592

Cash and cash equivalents at the end of the period 141,021

The annexed notes 1 to 20 form an integral part of these interim financial statements.

For AKD Investment Management Limited
[Management Company]

Chief Executive Officer

Chief Financial Officer

Director

AKD Islamic Daily Dividend Fund
Interim Statement of Movement In Unit Holders' Fund (Un-audited)
For the period from July 01, 2023 to September 30, 2023

	2023		
	----- (Rupees in '000) -----		
	Capital value	Undistributed income	Total
Net assets at beginning of the period	216,510	-	216,510
Issue of - 160,512 units			
- Capital value (at par i.e. Rs. 50 per unit)	8,025	-	8,025
- Element of income	-	-	-
Total proceeds on issuance of units	8,025	-	8,025
Redemption of 823,100 units			
- Capital value (at par i.e. Rs. 50 per unit)	41,155	-	41,155
- Element of income	-	-	-
Total payments on redemption of units	41,155	-	41,155
Total comprehensive income for the period	-	9,280	9,280
Distribution during the period	-	(9,280)	(9,280)
Net income for the period less distribution	-	-	-
	183,380	-	183,380
Undistributed income brought forward			
- Realised income		-	
- Unrealised income		-	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		9,280	
Distribution during the period		9,280	
		(9,280)	
Undistributed gain carried forward		-	
Undistributed gain carried forward			
- Realised income		-	
- Unrealised (loss) / income		-	
		-	
			(Rupees)
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 1 to 20 form an integral part of these interim financial statements.

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 PERIOD ENDED SEPTEMBER 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 September 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.

The Fund is categorised as an open ended Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Private) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

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

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 sukuk 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.

5 **BANK BALANCES**
saving accounts

Note	Un-Audited September 30 2023 (Rupees in '000)	Audited June 30 2023 (Rupees in '000)
5.1	141,021	195,592
	<u>141,021</u>	<u>195,592</u>

5.1 These represents profit and loss sharing accounts maintained with various banks carrying profit at the rate ranging from 18.5% (June 30, 2023: 19%) per annum.

6 **INVESTMENTS**

At amortised cost
Short Term Sukuk

Note	Un-Audited September 30 2023 (Rupees in '000)	Audited June 30 2023 (Rupees in '000)
6.1	40,000	18,000
	<u>40,000</u>	<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 September 30, 2023	Rating	Carrying value as a percentage of	
				Opening balance	Purchased during the period	Sold / matured during the period	As at September 30, 2023			Investments	Net assets
	(%)									----- (%) -----	

Power Generation and Distribution

K-Electric Limited	22.82	Monday, February 27, 2023	Monday, August 28, 2023	18,000	-	18,000	-	-	AA	-	-
K-Electric Limited	23.24	Wednesday, August 9, 2023	Friday, February 9, 2024	-	12,000	-	12,000	12,000	AA	30%	6.54%
Lucky Electric Power Company Limited	23.55	Wednesday, August 16, 2023	Friday, February 16, 2024	-	10,000	-	10,000	10,000	AA	25%	5.45%
K-Electric Limited	23.61	Monday, August 28, 2023	Wednesday, February 28, 2024	-	18,000	-	18,000	18,000	AA	45%	9.82%
				<u>18,000</u>	<u>40,000</u>	<u>18,000</u>	<u>40,000</u>	<u>40,000</u>		<u>100%</u>	
							<u>June 30, 2023</u>	<u>18,000</u>	<u>18,000</u>		

		Un-Audited September 30 2023	Audited June 30 2023
		----- (Rupees in '000) -----	
7	PROFIT RECEIVABLE	Note	
	Profit receivable on Bank balances (in saving accounts)	2,299	1,951
	Income Receivable on Commercial Paper / STS	1,104	1,371
		<u>3,403</u>	<u>3,322</u>
		Un-Audited September 30 2023	Audited June 30 2023
		----- (Rupees in '000) -----	
8	SECURITY DEPOSIT AND PREPAYMENTS		
	Security deposit with Central Depository Company of Pakistan Limited	200	200
	Prepaid CDS Annual Fee	11	18
	Prepaid Shariah Advisory Fee	64	105
	Prepaid Rating Fee	72	115
	Prepaid Exemption Fee	40	-
	Prepaid KSE Annual Listing Fee	23	-
		<u>410</u>	<u>438</u>
9	PRELIMINARY EXPENSES AND FLOATATION COST		
	Preliminary Expenses and Floatation Cost	9.1	955
	Less: amortised during the period		1,030
		<u>(52)</u>	<u>(75)</u>
		<u>903</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.		
		Un-Audited September 30 2023	Audited June 30 2023
		----- (Rupees in '000) -----	
10	PAYABLE TO AKD INVESTMENTS LIMITED - MANAGEMENT COMPANY		
	Payable against Formation Cost	1,030	1,030
	Other Payables to Management Company	92	92
		<u>1,122</u>	<u>1,122</u>
10.1	The Management Company has charged remuneration at the 0.0% from July 01, 2023 to September 30, 2023 of the average net assets of the Fund. The remuneration is paid to the management on a monthly basis in arrears		
10.2	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.		
10.3	The Management Company has charged expenses at the rate of 0.0% per annum from July 01, 2023 to September 30, 2023 of the average net assets of the Fund		
		Un-Audited September 30 2023	Audited June 30 2023
		----- (Rupees in '000) -----	
11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee remuneration payable	Note	
	CDS Charges Payable	11.1	9
	Sindh Sales Tax payable on trustee remuneration	11.2	6
			1
			<u>1</u>
			<u>11</u>
			<u>8</u>
11.1	The Trustee is entitled to a remuneration to be paid monthly for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee at 0.055% per annum of net assets on monthly basis in arrears		
11.2	Sindh Sales Tax at 13% is charged on Trustee fee.		
11.3	The remuneration is paid to the Trustee on a monthly basis in arrears.		

		Un-Audited September 30 2023	Audited June 30 2023
		----- (Rupees in '000) -----	
12	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
			Note

Annual fee payable to the SECP	12.1	<u>12</u>	<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 monthly fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 % (June 30, 2023: 0.02%) of the average annual net assets of the scheme.

		Un-Audited September 30 2023	Audited June 30 2023
		----- (Rupees in '000) -----	
13	ACCRUED EXPENSES AND OTHER LIABILITIES		
			Note
	Auditors Remuneration Payable	285	211
	Withholding Tax Payable	911	446
	Others	16	-
		<u>1,212</u>	<u>657</u>

14 **CONTINGENCIES & COMMITMENTS**

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

15 **TOTAL EXPENSE RATIO**

The total expense ratio of the Fund from July 01, 2023 to September 30, 2023 is 0.44% annualised, which includes 0.06% representing government levy and SECP fee.

16 **TAXATION**

The Fund's income is exempt from Income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed 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 this condensed interim financial information

17 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 capital of the Management Company or 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 interim financial information, are as follows:

	Un-Audited	Audited
	September 30	June 30
	2023	2023
	----- (Rupees in '000) -----	
17.1 Details of balances with related parties / connected persons as at period end		
AKD Investment Management Limited - Management Company		
Management remuneration payable	-	-
Sales Tax Payable on Management Remuneration	-	-
Payable against Allocated Expenses	-	-
Payable against Formation Cost	1,030	1,030
Other Payables to Management Company	92	92
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	9	6
Sindh Sales Tax on trustee fee	1	1
CDS charges	1	1
Unit holders holding 10% or more of the units in issue		
ABDUL WAHAB GHAFAR KODVAVI		
Outstanding units: 398,026 (June 30: 635,335)	19,901	31,767
NATIONAL MANAGEMENT AND CONSULTANCY SERVICES PVT LIMITED		
Outstanding units: 1,076,069 (June 30: 1,034,650)	53,803	51,732
ASKARI GENERAL INSURANCE COMPANY LTD WINDOW TAKAFUL OPERATIONS OPF INVESTMENT		
Outstanding units: 647,896 (June 30: 622,958)	32,395	31,148
ASKARI GENERAL INSURANCE COMPANY LTD WINDOW TAKAFUL OPERATIONS PTF INVESTMENT		
Outstanding units: 938,074 (June 30: 901,967)	46,904	45,098

17.2 Details of transactions with related parties / connected persons during the period	2023 (Rupees in '000)
AKD Investment Management Limited - Management Company	
Management remuneration	-
Sales Tax on Management Remuneration	-
Allocated Expenses	-
Formation Cost paid by Management Company	955
Amount paid by Management Company on behalf of the Fund	92
Central Depository Company of Pakistan Limited - Trustee	
Trustee remuneration	28
CDS Charges	7
Sindh Sales Tax on trustee remuneration and CDS Charges	5
Unit holders holding 10% or more of the units in issue	
ABDUL WAHAB GHAFFAR KODVAVI	
units issued: 22,690	1,135
Dividend Paid	1,335
Redemption of units : 260,000	13,000
NATIONAL MANAGEMENT AND CONSULTANCY SERVICES PVT LIMITED	
units issued: 41,419	2,071
Dividend Paid	2,436
ASKARI GENERAL INSURANCE COMPANY LTD WINDOW TAKAFUL OPERATIONS OPF INVESTMENT	
units issued: 24,938	1,247
Dividend Paid	1,467
ASKARI GENERAL INSURANCE COMPANY LTD WINDOW TAKAFUL OPERATIONS PTF INVESTMENT	
units issued: 36,107	1,805
Dividend Paid	2,124

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

18.1 IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurement are required as permitted by other IFRS. 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). Adoption of IFRS 13 has not affected the interim financial information.

18.2 Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

18.3 The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

- Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Fair value measurements using inputs other than quoted included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurements are categorized:

	----- As at September 30, 2023 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Short term sukuk	-	-	40,000	40,000

19 GENERAL

19.1 These interim financial information are unaudited.

19.2 These interim financial information are presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of thousand rupees.

20 DATE OF AUTHORIZATION OF ISSUE

These interim financial information were authorized for issue on October 31, 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 Investment
Management Ltd.**

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