

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 Aggressive Income Fund



Management Company

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

Trustee

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

Bankers

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

Rating-AKDAIF

PACRA: A+(f)

Legal Advisor

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

Registrar

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

Distributor

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

Auditors

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

FUND MANAGER'S REPORT

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

Open – end Aggressive Fixed Income Scheme.

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

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

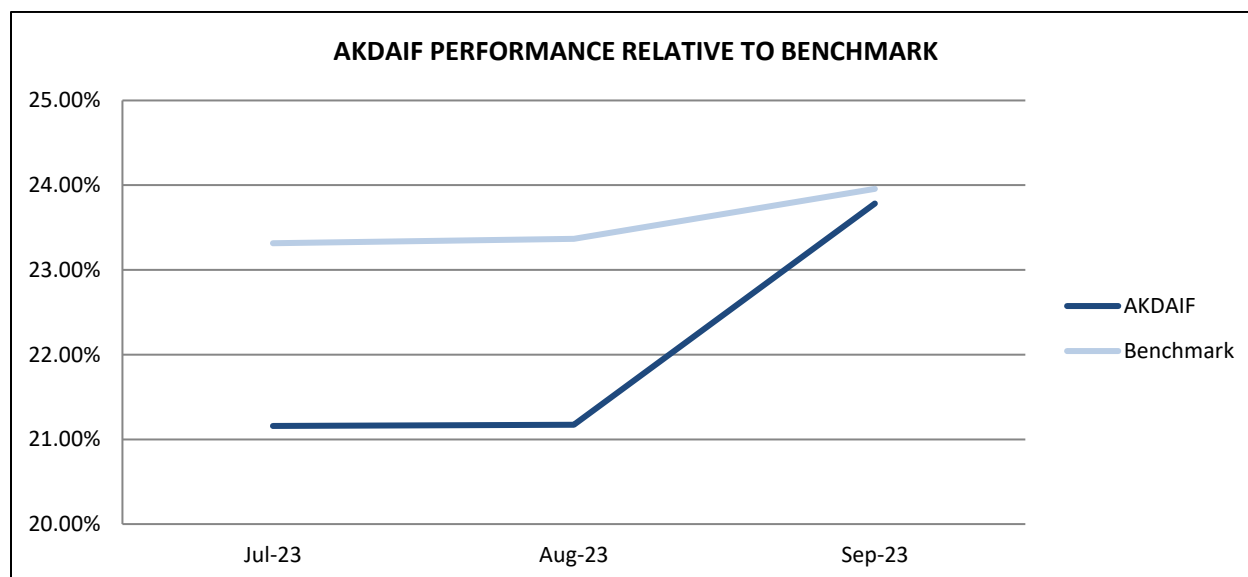
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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

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

1 Year KIBOR

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



Monthly yield (annualized)	Jul-23	Aug-23	Sep-23
AKDAIF	21.16%	21.17%	23.78%
Benchmark	23.31%	23.37%	23.96%

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

AKD Aggressive Income Fund is an Open - end Aggressive Fixed Income Scheme. The returns of the fund are generated through investment in T-Bills, PIBs, Margin Trading System, Spread Transactions, and Corporate Debt instruments.

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

Asset Allocation (% of Total Asset)	30-Sep-23	30-Jun-23
Cash and Cash Equivalent	34.35%	48.95%
TFCs / Sukuks	19.49%	19.43%
Commercial Papers / STS	16.45%	3.79%
Spread Transactions (Cost)	20.29%	19.72%
Margin Trading System	-	-
Other Assets including Receivables	9.42%	8.11%

viii) **Non-Compliant Investment**

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-----						
K-Electric Limited	Sukuk	87,000	Nil	87,000	13.47%	13.21%

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

1QFY24 Return (annualized)	22.43%
Benchmark Return (annualized)	23.54%

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

Net Asset Value			NAV per Unit	
30-Sep-23	30-Jun-23	Change in Net Assets	30-Sep-23	30-Jun-23
(Rupees in '000)			(Rs.)	
642,464	654,227	-1.80%	53.9422	51.2326

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

MACRO PERSPECTIVE

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

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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 .

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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 the manager’s report, not otherwise disclosed in the financial statements:

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

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

There were no unit splits during the period.

xiv) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	70
10000 to 49999	10
50,000 - 99,999	1
100,000 - 499,999	0
500,000 and above	2
	83

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

**AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2023**

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	128,460	108,809
Investments	6	468,131	516,988
Dividend and Profit receivable	7	14,546	4,607
Deposit, prepayments and other receivables	8	5,349	12,306
Receivable against sale of securities		<u>42,067</u>	<u>37,498</u>
Total assets		658,553	680,208
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	5,564	5,067
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	69	58
Payable to the Securities and Exchange Commission of Pakistan	11	51	135
Accrued expenses and other liabilities	12	3,499	13,815
Unclaimed dividend		<u>6,906</u>	<u>6,906</u>
Total liabilities		16,089	25,981
NET ASSETS		<u>642,464</u>	<u>654,227</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>642,464</u>	<u>654,227</u>
CONTINGENCIES AND COMMITMENTS	13		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		<u>11,910,215</u>	<u>12,769,750</u>
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		<u>53.9423</u>	<u>51.2326</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director

Chief Financial Officer

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

Note	Quarter ended September 30	
	2023	2022
	(Rupees in '000) -----	
INCOME		
	6,004	(2,906)
	114	(81)
	2,105	(10,413)
6.7	1,020	(133)
	3,803	887
	17,867	6,489
	7,952	9,246
	2,972	5,425
	487	44
	2,100	6,350
Total income	44,424	14,908
EXPENSES		
	2,711	2,750
	352	358
	723	275
	136	138
	23	18
	136	37
	524	519
	117	118
	42	35
	222	191
	107	104
Total expenses	5,093	4,543
Net income for the period before taxation	39,331	10,365
Taxation	-	-
Net income for the period after taxation	39,331	10,365
Allocation of net income for the period		
Net income for the period after taxation	39,331	10,365
Income already paid on units redeemed	-	(279)
	39,331	10,086
Accounting income available for distribution		
- Relating to capital gains	8,223	-
- Excluding capital gains	31,108	10,086
	39,331	10,086
Earnings per unit	15	

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended September 30	
	2023	2022
	----- (Rupees in '000) -----	
Net income for the period after taxation	39,331	10,365
Other comprehensive income for the period	-	-
Total comprehensive income for the period	39,331	10,365

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	624,078	30,149	654,227	710,527	28,102	738,629
Issue of 3,957,336 units (2022: 16,021 units)						
- Capital value (at Ex-Net asset value per unit at the beginning of period)	202,076	-	202,076	818	-	818
- Element of income	7,876	-	7,876	2	-	2
	209,952	-	209,952	820	-	820
Redemption of 4,816,871 units (2022: 735,797 units)						
- Capital value (at Ex-Net asset value per unit at the beginning of period)	245,967	-	245,967	(37,570)	-	(37,570)
- Element of income	12,921	-	12,921	(3)	(279)	(282)
	258,888	-	258,888	(37,573)	(279)	(37,852)
Total comprehensive income for the period	-	39,331	39,331	-	10,365	10,365
Distribution	-	(2,047)	(2,047)	-	-	-
Refund of capital	(111)	-	(111)	-	-	-
Net assets at end of the period	575,031	67,433	642,464	673,774	38,188	711,962
Undistributed income brought forward						
- Realised income		105,105			40,640	
- Unrealised income / (loss)		(74,956)			(12,538)	
		30,149			28,102	
Accounting income available for distribution						
- Relating to capital gains		8,223			-	
- Excluding capital gains		31,108			10,086	
		39,331			10,086	
Interim Cash Distribution		(2,047)			-	
Undistributed income carried forward		67,433			38,188	
Undistributed income carried forward						
- Realised income		64,308			48,734	
- Unrealised income		3,125			(10,546)	
		67,433			38,188	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		51.2326			51.0601	
Net assets value per unit at end of the period		53.9423			51.7937	

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

	Quarter ended September 30	
	2023	2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	39,331	10,365
Adjustments for non-cash and other items		
Net unrealised appreciation/(diminution) on remeasurement of investments 'at fair value through profit or loss'	(2,105)	10,413
Unrealised gain on future contracts	(1,020)	133
Capital loss on sale of investments	(114)	81
	36,092	20,992
Decrease / (increase) in assets		
Profit receivable	(9,939)	(8,875)
Deposits, prepayments and other receivables	6,957	(7,749)
Receivable against sale of securities	(4,569)	(106,882)
Receivable against Margin Trading System	-	3,930
	(7,551)	(119,576)
Increase / (decrease) in liabilities		
Payable to AKD Investment Management Limited - Management Company	497	(50)
Payable to the Central Depository Company of Pakistan Limited - Trustee	11	(5)
Payable to the Securities and Exchange Commission of Pakistan	(84)	(141)
Accrued expenses and other liabilities	(10,316)	173,348
	(9,892)	173,152
Investments - net	91,013	19,750
Net cash used in operating activities	109,662	94,318
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	209,841	820
Amount paid against redemption of units	(258,888)	(37,852)
Distribution paid during the period	(2,047)	-
Net cash generated from financing activities	(51,094)	(37,032)
Net increase / (decrease) in cash and cash equivalents during the period	58,568	57,286
Cash and cash equivalents at beginning of the period	108,809	103,659
Cash and cash equivalents at end of the period	17	160,945

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**AKD AGGRESSIVE INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (the Fund) was established under a Trust Deed dated October 2, 2006 executed between AKD Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules, through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi, in the province of Sindh.

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim 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 Standards) 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; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, 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, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.2 This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2023.
- 2.3 This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 2(f)V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2023.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2023,

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2023.

		Un-Audited September 30 2023	Audited June 30 2023
	Note	----- (Rupees in '000) -----	
5. BANK BALANCES			
In saving accounts	5.1	128,455	108,804
In current accounts		<u>5</u>	<u>5</u>
		<u>128,460</u>	<u>108,809</u>
5.1	Mark-up rate on these accounts is 20.50% (June 30, 2023: 13% to 19.5%) per annum.		
6. INVESTMENTS			
At fair value through profit or loss			
- Term Finance Certificates	6.1	43,026	41,137
- Sukuk Certificates	6.2	85,304	88,520
- Government securities	6.3	97,780	217,751
- Listed equity securities (spread transactions)	6.4	133,721	144,280
		<u>359,831</u>	<u>491,688</u>
At amortised cost			
- Commercial paper	6.5	21,300	21,300
- Short term Sukuk(STS)	6.6	87,000	4,000
		<u>468,131</u>	<u>516,988</u>

6.1 Term finance certificates

Name of investee company	Redeemed face value per certificate	As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at September 30, 2023	Balance as at September 30, 2023			Market value as a percentage of		Investment as a percentage of total issue size
						Carrying value	Market value	Unrealised appreciation / (diminution)	Investments	Net assets	
(Rupees)		----- Number of certificates -----				----- (Rupees in '000') -----			----- % -----		
Commercial Banks											
Summit Bank Limited - (note 6.1.2) Less: provision for impairment	5,000	5,000	-	-	5,000	24,925 (24,925)	-	-	-	-	-
Silk Bank Limited - (note 6.1.3) Less: provision for impairment	4,996	20,000	-	-	20,000	75,932 (75,932)	-	-	-	-	-
Technology & Communication											
Worldcall Telecom Limited - (note 6.1.4) Less: provision for impairment	5,000	20,000	-	-	20,000	31,648 (31,648)	-	-	-	-	-
TPL Corporation Limited - (note 6.1.5)	100,000	400	-	-	400	41,137	43,026	1,889	9.19	6.70	1.60
Cement											
Dewan Cement Limited - (note 6.1.6) Less: provision for impairment	5,000	20,000	-	-	20,000	100,000 (100,000)	-	-	-	-	-
Miscellaneous											
Pace Pakistan Limited - (note 6.1.7) Less: provision for impairment	5,000	115	-	-	115	574 (574)	-	-	-	-	-
September 30, 2023						41,137	43,026	1,889			
June 30, 2023						40,000	41,137	(74,795)			

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

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

6.1.2 The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity of October 27, 2018. An extra ordinary general meeting was called on November 19, 2018, where in it was resolved that the maturity date of these certificates be extended for one year (i.e. October 27, 2019) on the existing terms and conditions. (Since SBL defaulted on timely payment of its final installment, the management company has made 100 percent provision amounting to Rs. 24.925 million against the defaulted installment in line with the requirement of Circular 33 dated October 24, 2012). Furthermore, profit on installment due amounting to Rs. 1.23 million has also been suspended.

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

6.1.4 The Term Finance Certificates (TFCs) of Worldcall Telecom Limited (WTL) had an original maturity of October 07, 2013. WTL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f November 8, 2012. Accordingly the outstanding investment had been fully provided. However, in last years WTL paid Rs. 4.117 million to the Fund which represents the repayment of principal amounting to Rs. 2.587 million and markup amounting to Rs. 1.570 million.

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

6.1.6 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). Dewan Cement Limited (DCL) failed to complete the public offering within the said time and had also defaulted in payment of principal and profit for the said year. The Fund had made provision for the amount of the investment in accordance with the provisioning criteria specified in Circular No.1 of 2009 dated January 6, 2009 issued by the SECP.

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

6.2 Sukuk certificates

Name of investee company	Redeemed face value per certificate	As at July 01, 2022	Purchased during the year	Sold / redeemed during the year	As at September 30, 2023	Balance as at September 30, 2023			Market value as a percentage of		Investment as a percentage of total issue size
						Carrying value	Market value	Unrealised appreciation / (diminution)	Investments	Net assets	
						(Rupees in '000)			%		
Unlisted											
Power generation and distribution											
Hub Power Holdings Limited - (note 6.2.1)	100,000	580	-	-	580	59,525	59,048	(477)	12.61	9.19	0.97
Technology and Communication											
TPL Trakker Limited - (note 6.2.2)	611,111	30	-	-	30	17,015	16,915	(100)	3.61	2.63	2.14
Engineering											
Mughal Iron & Steel Industries Limited - (note 6.2.3)	687,500	15	-	-	15	9,375	9,341	(34)	2.00	1.45	0.50
New Allied Electronics Industries (Private) Limited - (note 6.2.4)	313	96,000	-	-	96,000	30,000	-	-	-	-	-
Less: provision for impairment						(30,000)	-	-			
September 30, 2023						85,915	85,304	(611)			
June 30, 2023						86,981	88,520	1,539			

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

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

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

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

6.3 Government securities - Market Treasury Bills

Tenor	Face Value				Balance as at September 30, 2023			Market value as a percentage of		
	At July 01, 2023	Purchased during the year	Sold / matured during the year	As at September 30, 2023	Carrying value	Market value	Unrealised appreciation / (diminution)	Investments	Net assets	
					(Rupee in '000)			%		
Market Treasury Bills - 3 months (note 6.3.1)	189,700	1,240,000	1,369,700	60,000	38,188	38,917	729	8.31	5.94	
Market Treasury Bills - 12 months (note 6.3.1)	40,000	200,000	200,000	40,000	58,859	58,863	4	12.57	9.16	
September 30, 2023					97,047	97,780	733	733		
June 30, 2023					219,155	217,751	(1,404)			

6.3.1 The Fund transferred Market Treasury Bills of Rs. 40 million, Rs. 60 million and Rs. 10 million (face value) having maturity of November 02, 2023, and November 16, 2023 into National Clearing Company Limited (NCCPL) exposure margin account maintained with National Clearing Company of Pakistan Limited in respect of exposure margin and mark to market losses in ready market, DFC market and MTS.

6.4 Listed equity securities - spread transactions

Sector / Companies	As at July 01, 2023	Purchased during the year	Sold during the year	As at June September, 2023	Market value as at September 30, 2023
Face value of Rs. 10 unless otherwise stated	----- (Number of Shares) -----				(Rupees'000')
Cement					
Lucky Cement Limited	-	80,000	80,000	-	-
Chemicals					
Ghani Global Holdings Limited	-	69,000	69,000	-	-
Commercial Banks					
Askari Bank Limited	1,570,000	-	1,570,000	-	-
Bank Alfalah Limited		700,000	700,000	-	-
Habib Bank Limited		1,012,500	400,000	612,500	55,395
National Bank of Pakistan Limited	-	500,000	-	500,000	11,510
Food And Personal Care Products					
Unity Foods Limited	4,000,000	72,000	4,072,000	-	-
Al Shaheer Corporation Limited	-	4,000,000	4,000,000	-	-
Oil & Gas Exploration Companies					
Oil & Gas Development Company Limited	-	1,300,000	700,000	600,000	57,876
Pakistan Petroleum Limited	70,000	178,000	248,000	-	-
Oil & Gas Marketing Companies					
Pakistan State Oil Company Limited	182,000	-	182,000	-	-
Power Generation And Distribution					
Lalpir Power Limited	2,479,500	-	2,479,500	-	-
Refinery					
Attock Refinery Limited	-	90,500	90,500	-	-
National Refinery Limited	-	2,000	2,000	-	-
Pakistan Refinery Limited	-	107,000	107,000	-	-
Pharmaceuticals					
Citi Pharma Limited	-	694,000	694,000	-	-
Technology & Communication					
TRG Pakistan Limited	-	213,500	213,500	-	-
Pakistan Telecommunication Company Ltd	-	1,500,000	-	1,500,000	8,940
Avanceon Limited	-	140,000	140,000	-	-
Air Link Communication Limited	-	572,500	572,500	-	-
September 30, 2023					<u><u>133,721</u></u>
June 30, 2023					<u><u>144,280</u></u>

6.5 Commercial paper

Name of investee company	Rate of return per annum	----- Face value -----				Carrying value	Maturity	Rating	Carrying value as percentage of	
		As at July 01, 2023	Purchased during the year	Matured / sold during the year	As at September 30, 2023				Investments	Net assets
-----Rupees in '000'-----										
Commercial papers:										
Mughal Iron & Steel Industries Limited	23.48%	25,000	-	-	25,000	21,300	January 1, 2024	A1	4.55	3.32
September 30, 2023					25,000	21,300				
June 30, 2023					<u>25,000</u>	<u>21,300</u>				

6.6 Short term sukuk (STS)

Name of investee company	Rate of return per annum	----- Face value -----				Carrying value	Maturity	Rating	Carrying value as	
		As at July 01, 2023	Purchased during the year	Matured / sold during the year	As at September 30, 2023				Investments	Net assets
-----Rupees in '000'-----										
K-Electric Limited	23.61%	-	62,000	-	62,000	62,000	February 28, 2024	A1+	13.24	9.65
K-Electric Limited	23.49%	-	25,000	-	25,000	25,000	March 22, 2024	A1+	5.34	3.89
K-Electric Limited	22.57%	4,000	-	4,000	-	-	September 21, 2023	A1+	-	-
September 30, 2023					87,000	87,000				
June 30, 2023					<u>4,000</u>	<u>4,000</u>				

Un-Audited Audited
September 30 June 30
2023 2023

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

Market value of investments	359,831	491,688
Carrying amount of investments	(357,726)	(553,653)
	2,105	(61,965)

	Note	Un-Audited September 30 2023	Audited June 30 2023
----- (Rupees in '000) -----			
7. DIVIDEND AND PROFIT RECEIVABLE			
Profit receivable on:			
- Term finance and sukuk certificates		9,583	2,242
- Commercial papers		3,947	1,429
- Bank deposits		1,016	936
		<u>14,546</u>	<u>4,607</u>

8. DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with:			
- National Clearing Company Pakistan Limited		2,750	2,750
- Central Depository Company Limited		100	100
Prepaid National Clearing Company Pakistan Limited annual fee		10	73
Security margin deposit		1,275	9,212
Receivable against forward contract settlement		1,020	-
Advance tax		171	171
Prepaid PSX Listing Fee		23	-
		<u>5,349</u>	<u>12,306</u>

	Note	Un-Audited September 30 2023	Audited June 30 2023
----- (Rupees in '000) -----			
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	9.1	1,019	753
Sindh sales tax on management fee	9.2	132	98
Expenses allocated by the Management Company	9.3	272	75
Federal exercise duty on Management fee	9.4	4,141	4,141
		<u>5,564</u>	<u>5,067</u>

9.1 The remuneration to the Management Company is been charged at 1.5% of the daily average net assets value and is payable in arrears.

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

9.3 The Management Company has charged expenses at the rate of 0.40% (June 30, 2023: 0.15%) per annum of the average annual net assets of the Fund.

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

On June 30, 2016, the SHC of Pakistan had passed a judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 4.14 million (June 30, 2023: Rs. 4.14 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at September 30, 2023 would have been higher by Re. 0.348 per unit (June 30, 2023: Re. 0.3243 per unit).

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

		Un-Audited September 30 2023	Audited June 30 2023
	Note	----- (Rupees in '000) -----	
10. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	10.1	51	38
Settlement charges payable to the trustee		10	13
Sindh sales tax on trustee fee and CDS charges	10.2	8	7
		<u>69</u>	<u>58</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and as per the tariff specified therein, based on 0.075% (June 30, 2023: 0.075%) of the daily net assets value of the Fund.
- 10.2** Sindh sales tax on services has been charged at the rate of 13% (June 30, 2023:13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.

		Un-Audited September 30 2023	Audited June 30 2023
	Note	----- (Rupees in '000) -----	
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Fee payable to SECP	11.1	<u>51</u>	<u>135</u>

- 11.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 all Collective Investment Scheme are required to pay 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) -----	
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditor's remuneration		513	396
National Clearing Company of Pakistan Limited clearing charges payable		35	45
Withholding tax payable		1,312	41
Payable against redemption/conversion of units		836	141
Future contract settlements		-	12,991
Others		803	201
		<u>3,499</u>	<u>13,815</u>

13. CONTINGENCIES AND COMMITMENTS

- 13.1 The commitment to sell equity securities at a future date under spread transactions amounts to Rs.135.971 million (June 30, 2023: 134.281)
- 13.2 Except as disclosed in note 13.1, there are no other contingencies and commitments outstanding as at September 30, 2023 and June 30, 2023.

14. 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 capital gains, whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (Minimum Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year, Management Company has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

15. 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.

16. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended September 30, 2023 is 2.82% (September 30, 2022:2.48%) which includes 0.31% (September 30, 2022: 0.26%) representing government levies such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Aggressive Fixed Income Scheme.

	Note	Un-Audited September 30 2023	Audited June 30 2023
----- (Rupees in '000) -----			
17. CASH AND CASH EQUIVALENTS			
Bank balances	5	128,460	108,809
Market treasury bills (having original maturity upto 3 months)	6.3	38,917	180,932
		<u>167,377</u>	<u>289,741</u>

18. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

18.1 Details of transactions with related parties / connected persons during the period are as follows:

	Un-Audited September 30 2023	Un-Audited September 30 2022
	----- (Rupees in '000) -----	
AKD Investment Management Limited - Management Company		
Management fee	2,711	2,750
Sindh sales tax on management fee	352	358
Allocated expenses	723	275
Sales load	-	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	136	138
CDC charges	43	17
Sindh sales tax on trustee remuneration	23	18
AKD Securities Limited		
Brokerage on purchase of listed equity securities for spread	293	-
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan - Employees Pension Fund		
Issue of 35,681 (2022: 734,042) units	1,822	-
Dividend paid	1,822	-
	Un-Audited September 30 2023	Audited June 30 2023
	----- (Rupees in '000) -----	

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

AKD Investment Management Limited - Management Company		
Management remuneration payable	1,019	753
Sindh sales tax payable on management remuneration	132	98
Federal excise duty payable on management remuneration	4,141	4,141
Payable against allocated expenses	272	75
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	51	38
Settlement charges payable	10	13
Sindh sales tax payable on trustee remuneration and settlement charges	8	7
Security deposit	100	100
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan Employees Pension Fund		
Outstanding 10,817,435 (June 30, 2023: 10,781,753) units	583,517	552,377

19. 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 September 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss				
- Term Finance Certificates	-	43,026	-	43,026
- Sukuk Certificates	-	85,304	-	85,304
- Government securities	-	97,780	-	97,780
- Listed equity securities (spread transactions)	133,721	-	-	133,721
	133,721	226,110	-	359,831

	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss				
- Term Finance Certificates	-	41,137	-	41,137
- Sukuk Certificates	-	88,520	-	88,520
- Government securities	-	217,751	-	217,751
- Listed equity securities (spread transactions)	144,280	-	-	144,280
	144,280	347,408	-	491,688

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

20. GENERAL

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

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

21. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised 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

Director

Chief Financial Officer



**AKD Investment
Management Ltd.**

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