

Quarterly Report

December 31, 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 Mehmood

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. Abid Hussain (Chairman)
Ms. Aysha Ahmed (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Hasan Ahmed (Member)
Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW) (Secretary)

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

Mr. Khalid Mahmood (Chairman)
Mr. Imran Motiwala (Member)
Mr. Abid Hussain (Member)
Ms. Aysha Ahmed (Member)
Ms. Anum Dhedhi (Member)
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

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

VISION

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

MISSION STATEMENT

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), Golden Arrow Stock Fund (GASF), AKD Index Tracker Fund (AKDITF), AKD Islamic Stock Fund (AKDISSF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its annual report along with the Funds' audited Financial Statements for the half year ended December 31, 2023.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY24, the return of AKD Opportunity Fund stood at 21.80% compared to the benchmark KSE-100 Index return of 50.66%.

Golden Arrow Stock Fund (GASF)

For the 1HFY24, the return of Golden Arrow Stock Fund at 42.59% compared to the benchmark KSE-100 Index return of 50.66%.

AKD Islamic Stock Fund (AKDISSF)

For the 1HFY24, the return of AKD Islamic Stock Fund stood at 72.33% compared to the benchmark KMI-30 Index return of 48.03%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY24, the return of AKD Index Tracker Fund at 48.03% compared to the benchmark KSE-100 Index return of 50.66%.

AKD Cash Fund (AKDCF)

For the 1HFY24, the return of AKD Cash Fund stood at 21.88% compared to the benchmark return of 21.44%.

AKD Islamic Income Fund (AKDISIF)

For the 1HFY24, the return of AKD Islamic Income Fund stood at 19.84% compared to the benchmark return of 9.10%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY24, the return of AKD Aggressive Income Fund stood at 19.67% as compared to the benchmark return of 22.81%.

AKD Islamic Daily Dividend Fund (AKDIDDF)

For the 1HFY24, the return of AKD Islamic Daily Dividend Fund stood at 19.17% as compared to the benchmark return of 9.37%.

MACRO PERSPECTIVE

The First Half of FY24 brought fresh tides of hope for Pakistan's economy but not without its own set of challenges. Pakistan saw a major decline in imports as high inflation along with record high interest rates inevitably led to demand compression, coupled with progressive efforts to ensure parity to the exchange rate via blockade of illegal channels. However, the continuous improvement on the External Front while encouraging has been offset by dwindling figures of the Real Sector with LSMI output for Jul-Nov 23 period showing a decline of 0.8% when compared to SPLY. In light of these figures and slower-than-expected moderation in inflation, SBP has kept its GDP Growth rate forecasts at a moderate 2-3% for FY24 despite negative growth rate in FY23 (-0.475%). Further complicating issues were the uncertainties around General Election results which understandably dampened any hope of an amicable and peaceful transition of power. Ongoing and growing instability in the region has further impeded the already slow-paced economic recovery amid high cost of doing business, evident through more than twice the increase in freight costs from Asia to Northern Europe since the start of attacks by Houthi rebels on commercial vessels in the Red Sea further aggravating inflationary pressures.

On the Fiscal Front, there was positive news as both tax and non-tax revenues showed strong growth. Non-tax revenues increased amidst substantial growth in petroleum development levy and transfer of sizable SBP profit while Tax revenues grew as FBR achieved its Target for the first six months of Rs.4425 billion (as agreed with the IMF) by recording collection of Rs.4468 billion. FBR in the corresponding six months of the previous year collected Rs.3428 billion, thus registering an increase of more than 1 Trillion. Furthermore, on January 17th, 2024 Pakistan received a USD 700 Million 2nd loan tranche from the International Monetary Fund (IMF) under the nine-month Stand-By Arrangement (SBA), this development came shortly after the Executive Board of the IMF completed the first review of Pakistan's economic reform program under the SBA. Pakistan to date has received \$1.9 billion disbursements out of the total \$3 billion under the nine-month SBA with further progress strongly dependent on the successful and peaceful transfer of power to a democratically elected government through the general elections.

The prolonged monetary and fiscal tightening took its toll on the real sector with LSMI output for Jul to Nov 23 declining by 0.8% compared to SPLY. The sectors majorly contributing to the overall decline included Textile, Automobiles, Furniture and Tobacco. Agriculture output, however, saw some positive developments as yield on Kharif crops already turned out better than last year while the prospects for Rabi crops also appeared promising amid better input conditions.

On the monetary front, the Monetary Policy Committee (MPC) in its meeting on January 29th 2024, kept the policy rate unchanged at 22%, contrary to market expectations of a nominal cut, created by lower cutoff yields of recently concluded T-Bills and Ijarah Sukuk auctions. The decision took into account the impact of sizable adjustments in administered energy prices from Nov 23 onwards on inflation, despite the presence of some offsetting developments like the recent stability in international oil prices and improved availability of agricultural produce. The Committee also noted that core inflation continues to moderate in line with the Committee's expectations. Further, the Committee assessed that the real interest rate continues to be positive on a 12-month forward-looking basis while inflation was expected to recede in the foreseeable future.

The NCPI during January 2024 clocked in at 28.34% YoY as compared to 29.66% in December 2023 and 27.55% in January 2023, taking 7MFY24 average NCPI to 28.73% compared to 25.40% during the SPLY. On a regional basis, Urban and Rural CPI was recorded at 30.23% and 25.69% respectively. The slow pace of decline in inflation can be attributed to frequent and sizeable adjustments in administered energy prices which has also impeded expectations of a sustained decrease in inflation. On the other hand, notably non-energy inflation continues to moderate, in line with SBP's projections.

On the external front Current Account recorded a surplus for the month of Dec 2023 of USD 397 million, the first since Jun 23, compared to a deficit of USD 15 million (revised) in Nov 2023 taking the HFY24 Current Account Deficit (CAD) to USD 831 million against CAD of USD 3.63 billion SPLY, down 77% on the back of decline in imports, increase in exports and other current transfers. The HFY24 total Imports stood at 30.44 billion USD down by 10% SPLY, total exports stood at 19.06 billion USD up by 10% SPLY, while a steady exchange rate also boosted workers' remittances as the 2nd QFY24 recorded remittances of 7.10 billion USD up by 10% when compared to the corresponding quarter last year.

SBP foreign exchange reserves also saw massive improvement with a remarkable increase of 85% since the start of FY24, clocking in at USD 8.22 billion at the end of Jan 2024. The gains were attributable to the unlocking of the 1st and 2nd Tranche under the IMF SBA through which Pakistan received USD 1.9 billion and was further augmented by relatively higher export earnings and workers' remittances.

EQUITY MARKET REVIEW

During HFY24, after two years of relative underperformance, the equity market staged a massive comeback reaching new heights and making new records. The index KSE 100 increased by 20,998 points, generating a huge return of 50.66% with elevated levels of average daily volume of 476.60 million compared to 217.83 million shares SPLY. During the period, investors celebrated improving macros with an appreciating currency while weathering through hard but essential steps taken by the caretaker setup to ensure sustainability for the country. Despite these impressive feats; however, as CY24 approached new challenges emerged which threaten to derail the momentum gained throughout FY24. Of the foremost concern was the smooth and peaceful transition of democratic power, the expectations of which have fallen severely short following which sentiment has once again been marred by the uncertainty and indecisiveness surrounding the announced election results. Further, this growing political unrest is taking place against the background of increasing international tensions and widening fronts of conflict in the region coupled with Pakistan's fiscal position and the dire need to initiate talks with the IMF for a subsequent support program illustrates our precarious state.

Investor participation during HFY24 increased significantly by 119% with 476.60 million average daily volume compared to 217.83 million shares SPLY. Foreign Portfolio Investment also saw a huge increase with net buying of USD 71.01 million compared to net selling of USD 0.96 million SPLY. Major net buying was recorded in sectors of Commercial Banks--USD 24.13 M, Power Generation & Distribution --USD 15.714 M and Cement -- USD 14.77 M. On the local front, only Insurance and Corporations remained net buyers with buying of USD 60.32 M and USD 52.45 M respectively.

Breaking down the performance sector-wise showed all sectors in green with Refinery (94.74%), Close End Mutual Fund (90.16%), Power Generation & Distribution (87.01%), Transport (77.59%) and Leather & Tanneries (73.60%) among top performers during HFY24. Weak Performers included Real Estate Investment Trust (0.27%), Vanaspati & Allied Industries (3.0%), Textile Spinning (6.72%), Woollen (7.24%) and Modarabas (8.76%).

During the 10-year period, the KSE - 100 index yielded an annualized return of 9.47% while in the same period, the USD appreciated by 10.27% annually against PKR which has caused foreign investors to stave off from Pakistan Equity Market. The situation, however, has changed since the start of FY24, with USD depreciating 2% against PKR to close at 280.97 as at 31st Dec 23, the relative stability in exchange rates has piqued foreign interest with net buying of USD 71.01 million putting a brake on the continuous net selling of past few years. It is imperative for the current caretaker and then the incumbent government to enact and implement policies that continue to facilitate the relative stability in exchange rates, if the equity market is to continue the path it charted in HFY24.

Despite vast gains recorded during the period, the market continues to trade at exceedingly attractive PE and PB multiples of 4.72x (Earnings Yield of 21.19%) and 0.78x respectively, along with a healthy dividend yield of 10.29% as at 31st Dec 23. Our pro-equity stance is based on expectations of continued macroeconomic improvement through fiscal consolidation and timely realization of planned external inflows which shall help in bringing down the current elevated levels of inflation to the SBP target of 5-7 percent by mid-CY25. This in turn should bring down the Risk-Free Return and Earnings Yield to their historical average of 10% and 12.5% respectively.

FIXED INCOME REVIEW

During HFY24, the State Bank of Pakistan maintained the policy rate at all-time high levels of 22% in response to un-abating inflationary pressures, with the average NCPI for HFY24 soaring to 28.79%, and the pressing need to fortify the country's volatile external account.

The heightened policy rate played a significant role in maintenance of elevated rates of government securities, attracting substantial investments into these instruments as investors sought improved returns offered by government debt securities despite having an alternative in the face of high performing equity market.

During the period HFY24, the State Bank of Pakistan conducted a total of thirteen (13) Market Treasury Bill (MTB) auctions, where the government managed to raise PKR 15.78 trillion against the auction target of PKR 16.34 trillion. Notably, the weighted average yields for 3, 6 and 12-month MTBs were 21.32%, 21.36% and 21.34%, respectively, down by 67 bps, 56 bps, and 64 bps compared to the end of FY23.

To further address the need for liquidity, SBP also conducted six (6) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 0.95 trillion. The weighted average yields for 3Y, 5Y and 10Y PIBs stood at 16.92%, 15.81% and 14.97% down by 255 bps, 27bps and 35bps respectively, since the start of FY24.

In the market for Shariah Compliant instruments, the SBP conducted a total of six (6) auctions of GOP Ijara Sukuk, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR). These auctions successfully raised PKR 1.24 Trillion against the auction target of PKR 1.22 Trillion.

Moreover, during HFY24 the State Bank of Pakistan carried out 61 Open Market Operations (OMOs) with varying maturities, injecting PKR 45.39 trillion into the market at an average cut-off yield of 22.08% and mopped up PKR 4.38 trillion at an average cut-off yield of 21.99%.

Looking ahead to the auction target calendars for February through April 2024, the State Bank of Pakistan aims to raise PKR 1.53 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 1.731 trillion. Additionally, the SBP targets to raise PKR 505 billion through 3 to 30-year fixed-rate PIBs and PKR 810 billion through floating-rate bonds.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Khalid Mahmood
Chairman

Karachi: March 29, 2024

FUND INFORMATION

AKD Islamic Income Fund



Management Company

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

Trustee

Digital Custodian Company Limited (DCCL)
[Formerly: MCB Financial Services Limited (MCBFSL)]
4th Floor, Perdesi House, 2/1 R-Y Old Queens Road
Karachi-74200

Bankers

Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

Auditors

Riaz Ahmad and Company
Chartered Accountants
Office No. 5, 20th Floor, Bahria Town Tower
Block 2, P.E.C.H.S.
Karachi, Pakistan

Legal Advisor

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

Registrar

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

Distributor

Al-Hilal Securities Advisors (Pvt.) Ltd.
Financial Investments Mart (Pvt) Ltd.
Investlink Advisor (Private) Limited.
Investomate (Private) Limited
YPay Financial Services (Pvt.) Ltd.

Rating-AKDISIF

PACRA: AA-(f)

FUND MANAGER'S REPORT

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

Open – end Islamic Income Scheme

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

AKD Islamic Income Fund (AKDISIF) is a fund that primarily focuses on Shariah compliant income securities and instruments. The objective of AKDISIF is to provide investors with an investment vehicle that strives to enhance capital coupled with regular halal income by investing in Shariah compliant income investments.

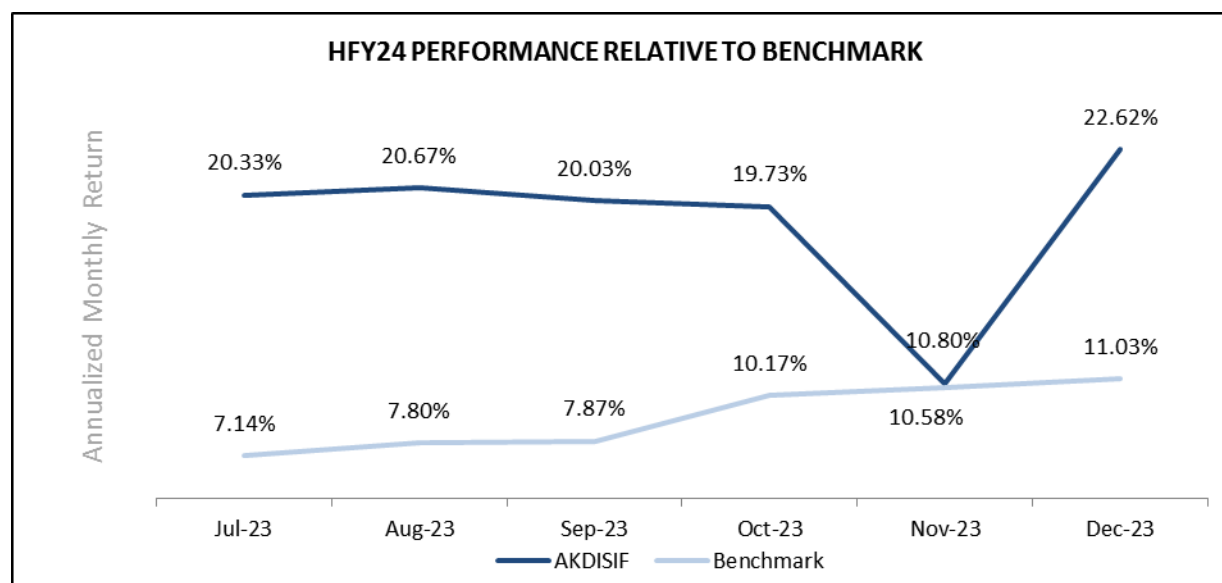
iii) **Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 1HFY24, the annualized return of AKD Islamic Income Fund stood at 19.84% compared to the benchmark return of 09.10%.

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

Six (6) months average deposit rates of three (3) A Rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.

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



Monthly return *	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
AKDISIF	20.33%	20.67%	20.03%	19.73%	10.80%	22.62%
Benchmark	7.14%	7.80%	7.87%	10.17%	10.58%	11.03%

* Annualized

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

AKD Islamic Income Fund is an Open – end Islamic Income Scheme. The returns of the fund are generated primarily through investment in Shariah Complaint debt securities and Islamic bank deposits. AKDISIF 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)	31-Dec-23	30-Sep-23
Cash and Cash Equivalents	37.75%	45.86%
Sukuk	27.96%	17.82%
Commercial Papers / STS	17.11%	31.69%
Govt. Backed/Guaranteed Securities	0.59%	0.63%
Spread Transactions	2.90%	-
Other Assets including Receivables	13.68%	4.00%

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

1HY24 Return (annualized)	19.84%
Benchmark Return (annualized)	9.10%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
31-Dec-23	30-Sep-23		31-Dec-23	30-Sep-23
(Rupees in 000)			(Rupees)	
1,630,697	1,606,252	1.52%	55.8878	53.4624

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

MACRO PERSPECTIVE

The First Half of FY24 brought fresh tides of hope for Pakistan's economy but not without its own set of challenges. Pakistan saw a major decline in imports as high inflation along with record high interest rates inevitably led to demand compression, coupled with progressive efforts to ensure parity to the exchange rate via blockade of illegal channels. However, the continuous improvement on the External Front while encouraging has been offset by dwindling figures of the Real Sector with LSMI output for Jul-Nov 23 period showing a decline of 0.8% when compared to SPLY. In light of these figures and slower-than-expected moderation in inflation, SBP has kept its GDP Growth rate forecasts at a moderate 2-3% for FY24 despite negative growth rate in FY23 (-0.475%). Further complicating issues were the uncertainties around General Election results which understandably dampened any hope of an amicable and peaceful transition of power. Ongoing and growing instability in the region has further impeded the already slow-paced economic recovery amid high cost of doing business, evident through more than twice the increase in freight costs from Asia to Northern Europe since the start of attacks by Houthi rebels on commercial vessels in the Red Sea further aggravating inflationary pressures.

On the Fiscal Front, there was positive news as both tax and non-tax revenues showed strong growth. Non-tax revenues increased amidst substantial growth in petroleum development levy and transfer of sizable SBP profit while Tax revenues grew as FBR achieved its Target for the first six months of Rs.4425 billion (as agreed with the IMF) by recording collection of Rs.4468 billion. FBR in the corresponding six months of the previous year collected Rs.3428 billion, thus registering an increase of more than 1 Trillion. Furthermore, on January 17th, 2024 Pakistan received a USD 700 Million 2nd loan tranche from the International Monetary Fund (IMF) under the nine-month Stand-By Arrangement (SBA), this development came shortly after the Executive Board of the IMF completed the first review of Pakistan's economic reform program under the SBA. Pakistan to date has received \$1.9 billion disbursements out of the total \$3 billion under the nine-month SBA with further progress strongly dependent on the successful and peaceful transfer of power to a democratically elected government through the general elections.

The prolonged monetary and fiscal tightening took its toll on the real sector with LSMI output for Jul to Nov 23 declining by 0.8% compared to SPLY. The sectors majorly contributing to the overall decline included Textile, Automobiles, Furniture and Tobacco. Agriculture output, however, saw some positive developments as yield on Kharif crops already turned out better than last year while the prospects for Rabi crops also appeared promising amid better input conditions.

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SBP foreign exchange reserves also saw massive improvement with a remarkable increase of 85% since the start of FY24, clocking in at USD 8.22 billion at the end of Jan 2024. The gains were attributable to the unlocking of the 1st and 2nd Tranche under the IMF SBA through which Pakistan received USD 1.9 billion and was further augmented by relatively higher export earnings and workers' remittances.

The Government's resilient efforts to attract foreign investment combined with relative stability in exchange rates also yielded encouraging results, with total foreign private investments in HFY24 increasing by 49% compared to SPLY. Out of total investments of USD 933 million, USD 484 million (52%) were attributable to China & Hong Kong while other major investments came from the United States (USD 128 million -14%) and the United Kingdom (USD 121 million-13%) respectively.

FIXED INCOME REVIEW

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To further address the need for liquidity, SBP also conducted six (6) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 0.95 trillion. The weighted average yields for 3Y, 5Y and 10Y PIBs stood at 16.92%, 15.81% and 14.97% down by 255 bps, 27bps and 35bps respectively, since the start of FY24.

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Looking ahead to the auction target calendars for February through April 2024, the State Bank of Pakistan aims to raise PKR 1.53 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 1.731 trillion. Additionally, the SBP targets to raise PKR 505 billion through 3 to 30-year fixed-rate PIBs and PKR 810 billion through floating-rate bonds.

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

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

xii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.0001 to 9,999	1,947
10000 to 49999	84
50,000 - 99,999	28
100,000 - 499,999	36
500,000 and above	10
Total	2,105

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

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

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

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

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD ISLAMIC INCOME FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

AKD Islamic Income Fund, an open-end Scheme established under a Trust Deed dated August 30, 2017 executed between AKD Investment Management Limited, as the Management Company and Digital Custodian Company Limited, as the Trustee. The Fund commenced its operations on February 21, 2018.

1. AKD Investment Management Limited, the Management Company of AKD Islamic Income Fund has, in all material respects, managed AKD Islamic Income Fund during the period ended December 31st, 2023 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement.
2. Statement on the shortcoming(s) that may have impact on the decision of the existing or the potential unit holders remaining or investing in the Collective Investment Scheme;

Statement

No short coming has been addressed during the period ended December 31st, 2023.

D.K.

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3. Disclosure of the steps taken to address the shortcoming(s) or to prevent the recurrence of the shortcoming(s).

Disclosure of the steps

We have critically examine the fund in accordance with circulars, directives, NBFC Regulations 2008 and its constitutive documents. However, no short coming has been addressed.

- 4 Trustee's opinion regarding the calculation of the management fee, CIS Monthly Fee Payable to the Commission and other expenses in accordance with the applicable regulatory framework.

Trustee Opinion

"The Management fee, CIS monthly fee payable to the Commission and other expenses has been accurately calculated in accordance with the NBFC Regulations, 2008 and its constitutive documents".




Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: March 25, 2024

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Riaz Ahmad & Company

Chartered Accountants

4/2

**AKD INVESTMENT MANAGEMENT LIMITED
AKD ISLAMIC INCOME FUND**

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX-MONTHS PERIOD ENDED

31 DECEMBER 2023

Riaz Ahmad & Company

Chartered Accountants

Office No. 5, 20th Floor
Bahria Town Tower, Block 2
P.E.C.H.S., Karachi, Pakistan
T: +92 (21) 3431 08 26 - 7
racokhi@racopk.com
www.racopk.com

The Board of Directors
AKD Investments Management Limited
Management Company of AKD Islamic Income Fund
2nd Floor Continental Trade Centre
Block 8, Clifton
KARACHI

22 March 2024
Our reference: AKDIML- IIF-01-336

Dear Board Members

FINANCIAL INFORMATION OF AKD ISLAMIC INCOME FUND FOR THE PERIOD ENDED 31 DECEMBER 2023

We are pleased to enclose four copies of the draft condensed interim financial information of the AKD Islamic Income Fund ("the Fund") for the six-months period ended 31 December 2023 duly initialled by us for identification purpose along with our draft auditors' review report to the unit holders. **We shall be pleased to sign our auditors' review report in its present or amended form after:**

- the enclosed financial information of the Fund have been approved by you and signed by the Chief Executive Officer, one Director nominated for this purpose and the Chief Financial Officer;
- we have seen your specific approval in respect of the following transactions / adjustments incorporated in the books of account:

	Rupees in (000)
- Remuneration charges of Management Company and related indirect taxes	4,468
- Remuneration charges of Trustees and related taxes	893
- Investment made during the period (cost)	290,000
- Proceeds from sale of investments	545,000
- Proceeds on issuance of units	1,273,279
- Payments on redemption of units	1,099,526
- Payments for ready purchases	257,979
- Proceeds from future sale	263,200
- Transactions with connected persons / related parties (disclosed in note 16 to the financial information)	

- we have received copy of other information (including trustee's report) and Shariah Compliance Certificate to be printed with the condensed interim financial information of the Fund;
- we have seen the minutes of the meeting of the board of directors where the condensed interim financial information of the Fund are placed for approval; and

Riaz Ahmad & Company

Chartered Accountants

- we have received the management representation letter duly signed by the Chief Executive Officer and Chief Financial Officer of the Management Company, on the lines of the draft being provided to the management.

We take this opportunity to draw your attention to the following accounting and related matters in addition to those covered in our auditors' report to the unit holders:

02. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE CONDENSED INTERIM FINANCIAL INFORMATION

02.1 We have conducted the review of the condensed interim financial information of the respective Funds in accordance with the International Standard on Review Engagements 2410. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our responsibility is to express a conclusion on the condensed interim financial information based on our review. The responsibility for preparation and presentation of condensed interim financial information in accordance with the approved accounting standards is primarily that of the Management Company. This includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the respective Funds and prevention and detection of frauds and irregularities. The review of the condensed interim financial information does not relieve the management of its responsibilities.

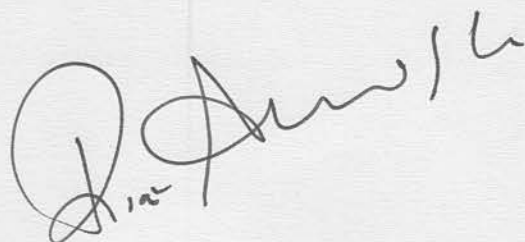
02.2 We inform the Board that unless we have signed the review report to the unit holders on the condensed interim financial information, the same shall not be deemed to have been reviewed by us.

03. CONTINGENCIES AND COMMITMENTS

03.1 We have been informed by the management that there were no contingencies and commitments as at the reporting date.

03.2 Finally, we wish to place on record our appreciation for the courtesy and co-operation extended to us by the management in accomplishing our task.

Very truly yours,



AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2023

		(Unaudited) 31 December 2023	(Audited) 30 June 2023
	Note	----- (Rupees in 000) -----	
ASSETS			
Bank balances	4	639,779	267,958
Investments	5	826,558	944,909
Profit receivable	6	61,483	45,066
Deposits, prepayments and other receivables	7	30,234	33,203
Preliminary expenses and floatation cost	8	-	-
Receivable against sale of investments		114,003	33,016
Receivable against sale / conversion of units		26,038	7,265
Total Assets		1,698,095	1,331,417
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	1,646	1,346
Payable to the Digital Custodian Company Limited -Trustee	10	150	149
Payable to Securities and Exchange Commission of Pakistan	11	198	229
Accrued expenses and other liabilities	12	6,610	20,744
Payable against purchase of securities		49,059	-
Payable against redemption / conversion of units		9,734	18
Total liabilities		67,397	22,486
NET ASSETS		1,630,698	1,308,931
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,630,698	1,308,931
CONTINGENCIES AND COMMITMENTS			
	13		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		29,178,080	25,719,078
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		55.8878	50.8934

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR

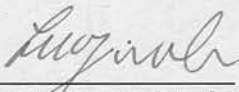

CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2023

		Six Months Period Ended		Three Months Period Ended	
		31 December		31 December	
		2023	2022	2023	2022
Note		(Rupees in 000)			
Income					
Capital gain / (loss) on sale of investments classified as 'at fair value through profit or loss'		5,301	(2,857)	2,161	(2,857)
Net unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss'	5.5	(2,988)	(586)	(2,286)	(122)
Unrealised loss on future contract		(3,480)	-	(3,480)	-
Income from sukuk certificates		36,938	28,470	16,616	14,678
Income from security margin		123	16	-	16
Income from GoP ijara sukuks		2,328	-	2,328	-
Income from commercial paper		51,580	18,465	19,189	8,518
Dividend income		-	3,259	-	3,259
Profit on bank deposits		70,294	23,590	42,217	11,439
Total income		160,096	70,357	76,745	34,931
Expenses					
Remuneration of the AKD Investment Management Limited - Management company	9.1	3,954	1,807	2,012	859
Sindh sales tax on remuneration of the Management Company	9.2	514	235	262	112
Remuneration of Digital Custodian Company Limited - Trustee	10.1	790	542	399	258
Sindh sales tax on the remuneration of trustee	10.2	103	70	52	33
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	593	90	302	43
Expenses allocated by the Management Company	9.3	3,163	892	1,609	536
Auditor's remuneration		126	126	63	63
Settlement and bank charges		69	37	33	30
Amortisation of preliminary expenses and floatation costs		-	144	-	73
Brokerage fee		262	100	188	100
Fee and subscription		479	417	287	247
Legal and professional charges		108	109	13	21
Charity		-	175	-	175
Total expenses		10,161	4,744	5,220	2,550
Net income for the period before taxation		149,935	65,613	71,525	32,381
Taxation	15	-	-	-	-
Net income for the period after taxation		149,935	65,613	71,525	32,381
Allocation of net income for the period					
Net income for the period after taxation		149,935	65,613	71,525	32,381
Income already paid on units redeemed		(39,636)	(14,072)	(8,824)	(11,141)
		110,299	51,541	62,701	21,240
Accounting income available for distribution					
Relating to capital gains		-	-	-	-
Excluding capital gains		110,299	51,541	62,701	21,240
		110,299	51,541	62,701	21,240

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR

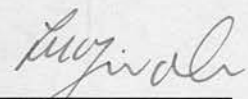

CHIEF FINANCIAL OFFICER
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AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2023

	Six Months Period Ended 31 December		Three Months Period Ended 31 December	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net income for the period after taxation	149,935	65,613	71,525	32,381
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	149,935	65,613	71,525	32,381

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

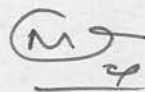
For AKD Investment Management Limited
(Management Company)



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023

	Six Months Period Ended 31 December 2023			Six Months Period Ended 31 December 2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	1,296,661	12,270	1,308,931	886,157	6,716	892,873
Issue of 23,915,066 (2022: 13,307,949) units						
- Capital value (at Ex-net asset value per unit at the beginning of period)	1,215,333	-	1,215,333	673,330	-	673,330
- Element of income	57,946	-	57,946	25,537	-	25,537
Total proceeds on issuance of units	1,273,279	-	1,273,279	698,867	-	698,867
Redemption of 20,456,063 (2022: 14,724,921) units						
- Capital value (at Ex-net asset value per unit at the beginning of period)	(1,039,550)	-	(1,039,550)	(745,023)	-	(745,023)
- Element of loss	(20,340)	(39,636)	(59,976)	(14,499)	(14,072)	(28,571)
Total payments on redemption of units	(1,059,890)	(39,636)	(1,099,526)	(759,522)	(14,072)	(773,594)
Total comprehensive income for the period	-	149,935	149,935	-	65,613	65,613
Distribution during the period	-	(1,921)	(1,921)	-	-	-
	-	148,014	148,014	-	65,613	65,613
Net assets at end of the period	1,510,050	120,648	1,630,698	825,502	58,257	883,759
Undistributed income brought forward						
- Realised income		11,463			9,488	
- Unrealised income / (loss)		807			(2,772)	
		12,270			6,716	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		110,299			51,541	
Net profit for the period		110,299			51,541	
Distribution during the period of Rs. 0.07468 per unit on 05 July 2023 (2022: Nil)		(1,921)			-	
Undistributed income carried forward		120,648			58,257	
Undistributed income carried forward						
- Realised income		127,116			58,843	
- Unrealised loss		(6,468)			(586)	
		120,648			58,257	
Net assets value per unit at beginning of the period		50.8934			50.5961	
Net assets value per unit at end of the period		55.8878			54.4518	

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023


		Six Months Period Ended 31 December		Three Months Period Ended 31 December	
		2023	2022	2023	2022
Note		----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES					
	Net income for the period before taxation	149,935	65,613	71,525	32,381
Adjustments for non cash and other items:					
	Dividend income	-	(3,259)	-	(3,259)
	Amortisation of preliminary expenses and floatation costs	-	144	-	73
	Net unrealised diminution on re-measurement of investment classified as 'at fair value through profit or loss'	2,988	586	2,286	122
		152,923	63,084	73,811	29,317
(Increase) / decrease in assets					
	Profit and dividend receivable	(16,417)	4,802	(6,188)	15,327
	Deposits, prepayments and other receivables	2,969	79	(27,296)	6,444
	Receivable against sale of investments	(80,987)	-	(88,242)	-
	Receivable against sale / conversion of units	(18,773)	-	(45,401)	-
	Net (increase) / decrease in assets during the period	(113,208)	4,881	(167,127)	21,771
Increase / (decrease) in liabilities					
	Payable to AKD Investment Management Limited - Management Company	300	(216)	128	66
	Payable to the Digital Custodian Company Limited -Trustee	1	4	2	(5)
	Payable to Securities and Exchange Commission of Pakistan	(31)	(69)	99	42
	Accrued expenses and other liabilities	(14,134)	(3,383)	5,057	121
	Payable against purchase of securities	49,059	-	49,059	-
	Payable against redemption / conversion of units	9,716	-	2,186	-
	Net increase / (decrease) in liabilities	44,911	(3,664)	56,531	224
	Dividend received	-	3,259	-	3,259
	Investment - net	115,363	(3,484)	(17,983)	57,105
	Net cash flows from / (used in) operating activities	199,989	64,076	(54,768)	111,676
CASH FLOWS FROM FINANCING ACTIVITIES					
	Amount received on issue of units	1,273,279	705,254	570,918	414,385
	Dividend paid	(1,921)	-	-	-
	Payment against redemption of units	(1,099,526)	(767,747)	(617,997)	(519,203)
	Net cash (used in) / generated from financing activities	171,832	(62,493)	(47,079)	(104,818)
	Net increase / (decrease) in cash and cash equivalents	371,821	1,583	(101,847)	6,858
	Cash and cash equivalents at beginning of the period	267,958	336,944	741,626	331,669
	Cash and cash equivalents at end of the period	639,779	338,527	639,779	338,527

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD ISLAMIC INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Income Fund (the Fund) was established under a Trust Deed, executed between AKD Investment Management Limited (AKDIML) as the Management Company and Digital Custodian Company limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on 30 May 2017. The Initial Public Offering (IPO) of the Fund was made during the period from 19 February 2018 to 20 February 2018 and the Fund commenced operations from 21 February 2018. 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. 19 February 2018.

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 collective investment scheme 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 an open ended Shariah Compliant (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.

Title to the assets of the Fund are held in the name of Digital Custodian Company Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated 27 June 2023. The Fund has been given performance ranking of 'AA-(f)' by PACRA on 07 September 2023.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (IAS-34), Interim Financial Reporting, 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, part VIIIA of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the IAS-34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 30 June 2023.

2.1.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at 31 December 2023.

2.2 Basis of measurement

This financial information has been prepared under the historical cost convention, except that investments, other than commercial papers, are measured at fair value.

2.3 Functional and presentation currency

This condensed interim financial information are presented in Pakistani Rupees which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS, FINANCIAL RISK MANAGEMENT AND CHANGES THEREIN

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

3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards and requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 30 June 2023.

3.3 There are certain amended existing standards and interpretations on accounting and reporting standards that are effective during the period but are considered not to be relevant to the Fund's operations and do not have any significant impact on the Fund's operations and therefore not disclosed in this condensed interim financial information.

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

	Note	(Unaudited) 31 December 2023 ----- (Rupees in '000) -----	(Audited) 30 June 2023
4. BANK BALANCES			
Savings accounts	4.1	639,779	267,958

4.1 Mark-up rates on these accounts range between 18.5% to 23.25% (30 June 2023: 19% to 21%) per annum.

5. INVESTMENTS

At fair value through profit or loss

- Sukuk certificates	5.1	473,894	303,363
- Government securities	5.2	10,059	10,006
- Listed equity securities (spread transactions)	5.3	52,605	86,540

At amortised cost

- Commercial paper - unlisted / short term sukuk (STS)	5.4	290,000	545,000
		826,558	944,909

5.1 Sukuk certificates

Name of investee company	Rate of return per annum	Number of certificates				Carrying value as at 31 December 2023	Market value as at 31 December 2023	Unrealised appreciation / (diminution) as at 31 December 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchased during the period			Sold / matured during the period					
		As at 01 July 2023	As at 31 December 2023	As at 31 December 2023						
(%)										
Sukuk certificates - listed										
TPL Trakker Limited	24.46	115	-	-	115	58,836	58,566	(270)	3.59	7.09
TPL Corporation Limited	23.62	1,150	-	-	1,150	115,000	108,980	(6,020)	6.68	13.18
Sukuk certificates - unlisted										
Hub Power Company Limited	23.35	250	-	-	250	6,313	6,260	(53)	0.38	0.76
Hub Power Holdings Limited	24.19	470	-	-	470	48,236	47,935	(301)	2.94	5.80
Mughal Iron & Steel Industries Limited	22.79	10	-	-	10	5,625	5,634	9	0.35	0.68
Pakistan International Airlines Corporation Limited	23.10	10,000	-	-	10,000	46,471	46,519	48	2.85	5.63
Mughal Iron & Steel Industries Limited	22.79	-	200	-	200	200,000	200,000	-	12.26	24.20
Total as at 31 December 2023						480,481	473,894	(6,587)		
Total as at 30 June 2023						302,512	303,363	851		

5.1.1 Significant terms and conditions of listed sukuk certificates are as follows:

Name of investee company	Face value per certificate (Rupees)	Redeemed Face value per certificate (Rupees)	Markup rate	Issue date	Maturity date	Secured / Unsecured	Rating
Sukuk certificates - listed							
TPL Trakker Limited	1,000,000	500,000	3 months KIBOR + 300 bps	30-Mar-21	30-Mar-26	Secured	A+
TPL Corporation Limited	100,000	100,000	3 months KIBOR + 225 bps	23-Jun-22	23-Jun-27	Secured	AA-
Sukuk certificates - unlisted							
Mughal Iron & Steels Industries Limited	1,000,000	562,500	3 months KIBOR + 130 bps	02-Mar-21	02-Mar-26	Secured	A+
Hub Power Company Limited	100,000	25,000	1 year KIBOR + 190 bps	19-Mar-20	19-Mar-24	Secured	AA+
Hub Power Holdings Limited	100,000	100,000	6 months KIBOR + 250 bps	12-Nov-20	12-Nov-25	Secured	AA+
Pakistan International Airlines Corporation Limited	5,000	4,740	1 months KIBOR + 100 bps	26-Jul-21	26-Jul-31	GoP Guaranteed	GoP Guaranteed
Mughal Iron & Steels Industries Limited	1,000,000	1,000,000	3 months KIBOR + 145 bps	12-Dec-23	27-Mar-25	Secured	AA-

5.2

Name of investee company	Rate of return per annum	Profit payments / principal redemptions	Issue Date	Maturity Date	Face Value Rupees in '000								-%	
					As at 01 July 2023	Purchased during the year	Sold / Matured during the year	As at 31 December 2023	Carrying value as at 31 December 2023	Market value as at 31 December 2023	Unrealised appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	
GoP Ijara Sukuk Certificate VRR	23.60	At Maturity	17-Apr-23	17-Apr-24	10,000	-	-	10,000	10,006	10,059	53	0.62	1.22	
GoP Ijara Sukuk Certificate VRR	23.71	At Maturity	7-Aug-23	7-Aug-24	-	100,000	(100,000)	-	-	-	-	-	-	
Total as at 31 December 2023					10,006				10,059	53				
Total as at 30 June 2023					10,000				10,006	6				

5.3 Listed equity securities (spread transactions)

Name of investee company	Face value per share (Rupees)	As at 01 July 2023	Purchased during the year	Right / bonus shares	Sold / disposed	As at 31 December 2023	Balance as at 31 December 2023			Percentage in relation to						
							Carrying Value	Market value	Unrealised appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment	Paid up value of shares as a percentage of total paid up capital of the investee company				
----- (Rupees in '000) -----													----- (%) -----			
Cement																
Maple Leaf Cement Factory Limited	10	-	1,000,000	-	-	1,000,000	36,650	38,920	2,270		2.39	4.71			0.01	
							36,650	38,920	2,270							
Fertilizer																
Fauji Fertilizer Bin Qasim Limited	10	-	429,000	-	-	429,000	12,409	13,685	1,276		0.84	1.66			0.00	
							12,409	13,685	1,276							
Food & personal care products																
Unity Foods Limited	10	2,778,000	782,000	-	3,560,000	-	-	-	-		-	-			-	
Al Shaheer Corporation Limited	10	4,000,000	9,300,000	-	13,300,000	-	-	-	-		-	-			-	
Oil & Gas Exploration Companies																
Oil & Gas Development Company Limited		-	722,000	-	722,000	-	-	-	-		-	-			-	
Pakistan Petroleum Limited		-	264,500	-	264,500	-	-	-	-		-	-			-	
Oil & Gas Marketing Companies																
Pakistan State Oil Company Limited	10	-	170,000	-	170,000	-	-	-	-		-	-			-	
Refinery																
Attock Refinery Limited	10	-	21,500	-	21,500	-	-	-	-		-	-			-	
Energyco	10	5,000,000	-	-	5,000,000	-	-	-	-		-	-			-	
							-	-	-		-	-			-	
Total as at 31 December 2023							49,059	52,605	3,546							
Total as at 30 June 2023							81,764	86,540	4,776							

5.3.1 The above equity securities were purchased in ready market and simultaneously sold in future market during the period.

5.4 Commercial paper - Unlisted / short term sukuk (STS)

Name of investee company	Profit rate	Issue date	Maturity date	Face value	Carrying value	Markup rate	Carrying value as percentage of net assets	Carrying value as percentage of total investment	Rating
	%			(Rupees in '000)	%		%		
Lucky Electric Power Company Limited	23.55	15-Aug-23	16-Feb-24	65,000	65,000	6 Month KIBOR + 45 bps	3.99	7.86	A1+
K-Electric Limited	23.61	28-Aug-23	28-Feb-24	128,000	128,000	6 Month KIBOR + 45 bps	7.85	15.49	A1+
The Hub Power Company Limited	21.96	8-Nov-23	8-May-24	50,000	50,000	6 Month KIBOR + 25 bps	3.07	6.05	A1+
Lucky Electric Power Company Limited	21.74	28-Dec-23	28-Jun-24	47,000	47,000	6 Month KIBOR + 30 bps	2.88	5.69	A1+
Total as at 31 December 2023				290,000	290,000				
Total as at 30 June 2023				545,000	545,000				

5.4.1 The nominal value of these commercial papers is Rs 1,000,000 each.

		(Unaudited) 31 December 2023	(Audited) 30 June 2023
		----- (Rupees in '000) -----	
5.5	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	Note	
	Market value of investments		
	- Sukuk certificates	5.1	473,894
	- Government securities	5.2	10,059
	- Listed equity securities	5.3	52,605
			536,558
	Less: Carrying amount of investments		
	- Sukuk certificates	5.4	480,481
	- Government securities	5.5	10,006
	- Listed equity securities	5.6	49,059
			539,546
			(2,988)
6.	PROFIT RECEIVABLE		
	Profit receivable on:		
	- Sukuk certificates		3,630
	- Commercial paper / Short Term Sukuks (STS)		17,998
	- GoP Ijara sukuk		487
	- Bank deposits		39,368
			61,483
7.	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Security deposits with:		
	- National Clearing Company of Pakistan Limited		2,500
	- Central Depository Company of Pakistan Limited		100
	Security margin deposit	7.1	27,435
	Prepaid annual listing fee		15
	Prepaid shariah advisor fee		51
	Prepaid rating fee		79
	Advance tax	7.2	54
			30,234
			33,203
7.1	Spread transactions are subject to deposit of exposure margin as per regulation 12.5 of NCCPL Regulations.		
7.2	As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, uptill period ended 31 December 2020, withholding tax on profit on debt and dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not presented before him by the withholder.		
8.	PRELIMINARY EXPENSES AND FLOATATION COST		
	Cost		1,433
	Accumulated amortisation		
	Opening balance	8.1	(1,433)
	Amortisation during the period / year		-
	Closing balance		(1,433)
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.		

		(Unaudited) 31 December 2023	(Audited) 30 June 2023
		----- (Rupees in '000) -----	
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note		
Management fee	9.1	666	533
Sindh sales tax on management fee	9.2	87	69
Expenses allocated by the management company	9.3	533	533
Formation cost		184	184
Others		176	27
		<u>1,646</u>	<u>1,346</u>

9.1 The Management Company charged remuneration at the rate of 0.5% (30 June 2023: 0.4%) per annum of the daily average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

9.2 Sindh sales tax at the rate of 13% (30 June 2023: 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 0.4% (30 June 2023: 0.4%) per annum of the daily average annual net assets of the Fund.

10. PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE

Trustee fee	10.1	133	132
Sindh sales tax on trustee fee	10.2	17	17
		<u>150</u>	<u>149</u>

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

The tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs 1 billion	0.12% of Net Assets
Exceeding Rs 1 billion and up to Rs.5 billion	Rs. 1.2 million plus 0.065% per annum of daily average net assets of the Fund exceeding Rs. 1 billion.

10.2 Sindh sales tax at the rate of 13% (30 June 2023: 13%) on gross value of management fee under the provisions of Sindh sales tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee payable to SECP	11.1	<u>198</u>	<u>229</u>
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11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, all Collective Investment Schemes are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% (30 June 2023: 0.02%) of the average annual net assets of the scheme.

12. ACCRUED AND OTHER LIABILITIES

Auditor's remuneration	321	195
Brokerage payable	196	250
NCC fee payable	99	42
Withholding tax payable	1,607	14,546
Others	183	173
Sales load payable	39	27
Charity payable	198	198
Payable against time barred cheques	487	487
Unrealised loss of future transaction	3,480	4,826
	<u>6,610</u>	<u>20,744</u>

13. CONTINGENCIES AND COMMITMENTS

Except as disclosed in 13.1, there were no contingencies and commitments outstanding as at 31 December 2023 and 30 June 2023.

- 13.1** The commitment to sell equity securities at a future date under spread transactions amounts to Rs. 49.995 million (30 June 2023: 83.6 million).

14. TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund is 1.28% (annualised) (30 June 2023: 1.07%) which includes 0.16% (30 June 2023: 0.09%) representing government levies on the Fund such as sales tax, annual fees to SECP etc.

15. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by 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. Since the management intends to distribute 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. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

16.1 Transactions during the period	Note	(Unaudited) 31 December	
		2023	2022
		----- (Rupees in '000) -----	-----
AKD Investment Management Limited - Management Company			
Remuneration to Management Company		3,954	1,807
Sindh sales tax on Management remuneration		514	235
Expenses allocated by the Management Company		3,163	892
Sales load		135	103
Issue of 51,182 (2022: 321,424) units		2,680	16,867
Redemption of 51,924 (2022: 321,666) units		2,728	17,033
Digital Custodian Company Limited - Trustee			
Trustee fee		790	542
Sindh sales tax on trustee fee		103	70
M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship			
Issue of 271 (2022: Nil) units		14	-
Dividend paid		16	-

	(Unaudited) 31 December	
	2023	2022
	----- (Rupees in '000) -----	
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)		
Issue of 3 (2022: 1,116) units	1	58
Redemption of 1,272 (2022: Nil) units	65	-
Chief Executive Officer of the Management Company		
Issue of 79,750 (2022: 19,782) units	4,257	1,021
Redemption of 79,750 (2022: 19,782) units	4,289	1,029
Spouse of the Chief Executive Officer of the Management Company		
Issue of 320,195 (2022: 388,692) units	16,989	20,540
Redemption of 281,447 (2022: 298,706) units	15,134	15,858
Spouse of the Director and Chief Investment Officer of the Management Company		
Issue of 1 (2022: Nil) unit	1	-
Redemption of Nil (2022: 282,997) units	-	14,679
Director and Chief Investment Officer of the Management Company		
Issue of 1 (2022: Nil) units	1	-
Redemption of Nil (2022: 82,504) units	-	4,186
Ali Wahab Siddiqui - Director of the Management Company		
Issue of 179,030 (2022: Nil) units	9,513	-
Dividend Paid	15	-
Redemption of 93,530 (2022: Nil) units	5,000	-
Hasan Ahmed - Director of the Management Company		
Issue of 1 (2022: 107) units	1	6
Hina Aqeel - Close relative of the Sponsor of the Management Company		
Issue of 354 (2022: Nil) units	18	-
Afsheen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company		
Issue of 1 (2022: Nil) unit	1	-
Khalid Mahmood - Director of the Management Company		
Redemption of 108,257 (2022: Nil) units	5,953	-
Close relative of Director of the Management Company		
Redemption of 32,522 (2022: Nil) units	1,788	-
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Issue of 555 (2022: 29) units	30	2
Pak Qatar Investment Account - Connected person due to holding of more than 10% units		
Redemption of Nil (2022: 2,857,415) units	-	150,000

16.2 Balances outstanding at the period / year end	Note	Unaudited	Audited
		31 December 2023	30 June 2023
		----- (Rupees in '000) -----	
AKD Investment Management Limited - Management Company			
Remuneration payable		666	533
Sindh sales tax on Management remuneration		87	69
Payable against expenses allocated by the Management Company		533	533
Payable against formation cost		184	184
Sales load payable		39	27
Units held Nil (30 June 2023: 742)		-	38
Digital Custodian Company Limited - Trustee			
Remuneration payable		133	132
Sindh sales tax on trustee remuneration payable		17	17
Receivable / Payable against conversion of units between Funds under Management Company			
Receivable against Conversion of units - AKD Cash Fund		67	500
Receivable against Conversion of units - AKD Opportunity Fund		450	-
Receivable against Conversion of units - AKD Islamic Stock Fund		16,919	-
Receivable against Conversion of units - AKD Islamic Stock Fund		8,602	-
Receivable against Conversion of units - AKD Index Tracker Fund		-	6,765
Payable against Conversion of units - AKD Islamic Stock Fund		9,008	-
Payable against Conversion of units - AKD Opportunity Fund		699	-
Director and Chief Investment Officer of the Management Company			
Units held 47 (30 June 2023: 47)		3	2
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)			
units held 2 (30 June 2023: 1,270)		1	65
Spouse of the Director and Chief Investment Officer of the Management Company			
units held 997 (30 June 2023: 995)		53	51
AKD Securities Limited - Associated Company			
Brokerage payable		-	153
Hasan Ahmed - Director of the Management Company			
Units held 123 (30 June 2023: 123)		7	6
Ali Wahab Siddiqui - Director of Management Company			
Units held 288,874 (30 June 2023: 203,373)		16,145	10,350
Muhammad Farid Alam - Key Management Personnel of Associated Company			
Units held 555 (30 June 2023: Nil)		31	-
Afsheen Aqeel Dhedhi - Close relative of Sponsor of Management Company			
Units held 36 (30 June 2023: 36)		2	2
Hina Aqeel- Close relative of Sponsor of Management Company			
Units held 354 (30 June 2023: Nil)		20	-
			14

4

	Unaudited 31 December 2023	Audited 30 June 2023
Yasmeen Dhedhi- Close relative of Sponsor of Management Company	----- (Rupees in '000) -----	
Units held 18,844 (30 June 2023: 18,821)	1,053	958
M3 Technologies Pakistan Private Limited Employees' Provident fund - Common Directorship		
Units held 216,868 (30 June 2023: 216,598)	12,120	11,023
Durain Cassim - Connected person due to holding of more than 10% units**		
Units held 5,636,137 (30 June 2023: 6,552,129)	314,991	333,460
* Prior period connected party		
** Current period connected party		

17. 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 recognized 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).

Unaudited			
31 December 2023			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

Investment in securities - at fair value through profit or loss

Investments	62,664	473,894	-	536,558
	62,664	473,894	-	536,558

Audited			
30 June 2023			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

Investment in securities - at fair value through profit or loss

Investments	96,546	303,363	-	399,909
	96,546	303,363	-	399,909

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

18. GENERAL

18.1 This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended 31 December 2023 and 31 December 2022 in this condensed interim financial information, has not been subject to limited scope review by the auditors.

18.2 No reclassification to the corresponding figures have been made during the period.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on 29 MAR 2024 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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