

# Quarterly Report

## December 31, 2023

(un-audited)



Funds Managed by:  
AKD Investment Management Ltd

**Partner with AKD**  
Profit form the Experience



## **CORPORATE INFORMATION**

### **MANAGEMENT COMPANY**

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

### **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

#### **Chairman**

Mr. 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 Stock 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

#### 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-AKDISSF

By PACRA  
Performance Ranking  
LT Rating: 1-Star  
ST Rating: 1-Star

## FUND MANAGER'S REPORT

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

Open – end Islamic Equity Scheme.

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

AKD Islamic Stock Fund (AKDISSF) is designed to earn competitive returns by investing in the stock market. The objective of AKD Islamic Stock Fund is to invest in the capital markets through an optimal combination of strategies in Shariah compliant equities providing growth and dividends.

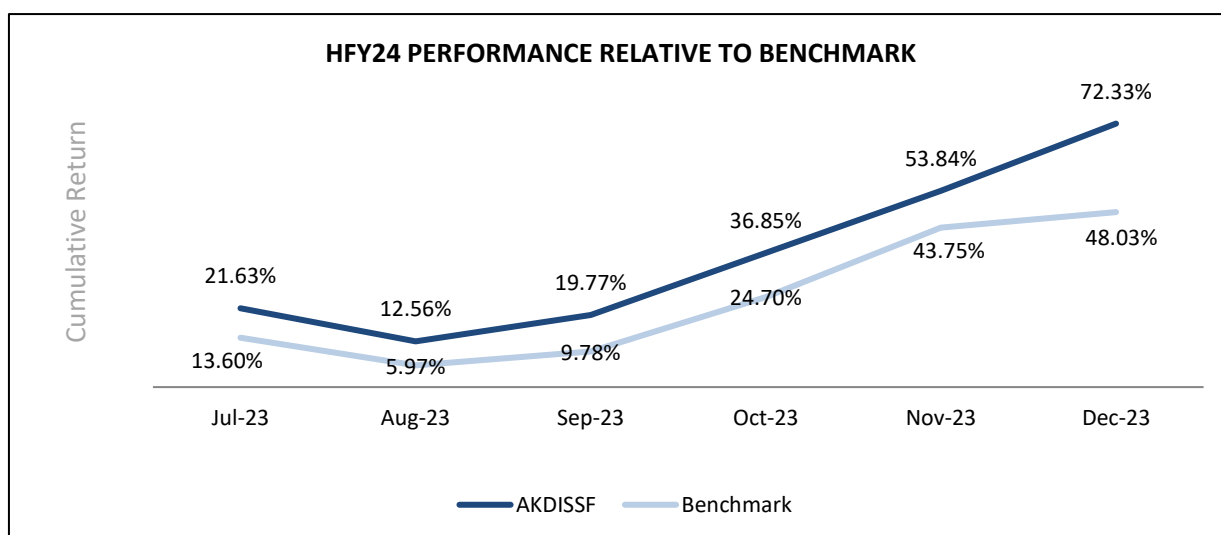
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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%.

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

KMI-30 Index.

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



Monthly return	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
AKDISSF	21.63%	-7.46%	6.41%	14.26%	12.42%	12.02%
Benchmark	13.60%	-6.72%	3.60%	13.59%	15.27%	2.98%

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

AKD Islamic Stock Fund is an Open – end Islamic Equity Scheme; the returns of the Fund are generated through investment in Islamic stocks which have strong growth potential.

- 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
Equities	86.59%	89.88%
Cash	4.52%	1.19%
Other Assets including Receivables	8.89%	8.92%

- viii) Non-Compliant Investments:

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision held if any	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
-----Rupees in '000-----						
Faysal Bank Limited	Equity	33,137	Nil	33,137	17.32%	15.30%

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

1HFY24 Return	72.33%
Benchmark Return	48.03%

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

Net Asset Value			NAV Per Unit	
31-Dec-23	30-Sep-23	Change in Net Assets	31-Dec-23	30-Sep-23
(Rupees In "000")			Rs.	Rs.
191,283	124,882	53.17%	57.2504	39.791

- xi) Disclosure on the markets that the Collective Investment Scheme has invested in including – review of the market (s) invested in and returns 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.

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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.

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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.

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.

## EQUITY MARKET REVIEW

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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.

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

There were no significant changes in the state of affairs during the period and up till the date of Fund Manager's report under review.

**xiii) Disclosure of any split (if any), comprising:**

There were no unit splits during the period.

**xiv) Break down of unit holding size:**

<b>Range (Units)</b>	<b>No. of Investors</b>
0.0001 - 9,999	347
10,000 - 49,999	34
50,000 - 99,999	8
100,000 - 499,999	5
500,000 and above	1
<b>Total</b>	<b>395</b>

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

Investments are subject to credit and market risk.

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

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

**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS**

**AKD ISLAMIC STOCK FUND**

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

AKD Islamic Stock 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 Stock Fund has, in all material respects, managed AKD Islamic Stock Fund during the period ended December 31<sup>st</sup>, 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 31<sup>st</sup>, 2023.

*DKL*

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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

**AKD INVESTMENT MANAGEMENT LIMITED  
AKD ISLAMIC STOCK FUND**

**CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE SIX-MONTHS PERIOD ENDED  
31 DECEMBER 2023**

The Board of Directors  
AKD Investment Management Limited  
Management Company of AKD Islamic Stock Fund  
2<sup>nd</sup> Floor Continental Trade Centre  
Block 8, Clifton  
KARACHI

22 March 2024  
Our reference: AKDIML-ISF-01- 334

Dear Board Members

## FINANCIAL INFORMATION OF AKD ISLAMIC STOCK 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 Stock 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	1,697
- Remuneration charges of Trustees and related taxes	102
- Investment made during the period (cost)	91,560
- Proceeds from sale of investments	80,134
- Proceeds on issuance of units	278,305
- Payment on redemption of units	271,309
- 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
- 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.

# Riaz Ahmad & Company

Chartered Accountants

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.

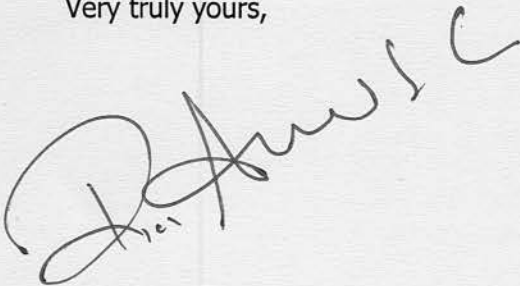
02.2 We inform the Board that unless we have signed the review report to the unit holders on the condensed interim financial information, the same shall not be deemed to have been reviewed by us.

## **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 STOCK 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) -----	
<b>ASSETS</b>			
Bank balances	5	9,792	989
Investments	6	187,593	102,820
Profit receivable on bank deposits		335	9
Deposits and prepayments	7	2,719	2,747
Preliminary expenses and floatation cost	8	-	-
Receivable against sale of securities		-	8,035
Receivable against sale / conversion of units		16,209	141
<b>Total assets</b>		<b>216,648</b>	<b>114,741</b>
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	9	697	424
Payable to Digital Custodian Company Limited - Trustee	10	25	14
Payable to the Securities and Exchange Commission of Pakistan	11	17	38
Accrued expenses and other liabilities	12	2,810	923
Payable against purchase of securities		-	8,477
Payable against redemption / conversion of units		21,816	1
<b>Total liabilities</b>		<b>25,365</b>	<b>9,877</b>
<b>NET ASSETS</b>		<b>191,283</b>	<b>104,864</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>191,283</b>	<b>104,864</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>3,341,163</b>	<b>3,156,421</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>57.2504</b>	<b>33.2222</b>

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

INCOME	Note	Six-Months Period Ended		Three-Months Period Ended	
		31 December		31 December	
		2023	2022	2023	2022
----- (Rupees in '000) -----					
Capital gain / (loss) on sale of investments classified as 'at fair value through profit or loss'		27,068	(3,498)	22,958	(3,153)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	6.2	46,280	(27,697)	33,069	(17,669)
Dividend income		8,612	10,615	4,155	8,372
Profit on bank deposits		1,099	297	788	159
<b>Total income / (loss)</b>		<b>83,059</b>	<b>(20,283)</b>	<b>60,970</b>	<b>(12,291)</b>
<b>EXPENSES</b>					
Remuneration of AKD Investment Management Limited - Management Company	9.1	1,502	2,349	862	1,136
Sindh sales tax on remuneration of the Management Company	9.2	195	305	112	147
Expenses allocated by the Management Company	9.3	451	644	259	341
Remuneration of Digital Custodian Company Limited - Trustee	10.1	90	141	52	68
Sindh sales tax on remuneration of Trustee	10.2	12	18	7	9
Annual fee to Securities and Exchange Commission of Pakistan	11.1	71	23	41	11
Securities transaction costs		459	308	377	71
Auditor's remuneration		126	126	63	63
Settlement and bank charges		17	19	15	9
Amortisation of preliminary expenses and floatation costs		-	103	-	52
Fee and subscription		382	412	200	208
Legal and professional charges		109	108	49	-
Charity		222	229	204	130
<b>Total expenses</b>		<b>3,636</b>	<b>4,785</b>	<b>2,241</b>	<b>2,245</b>
<b>Net income / (loss) for the period before taxation</b>		<b>79,423</b>	<b>(25,068)</b>	<b>58,729</b>	<b>(14,536)</b>
Taxation	15	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>79,423</b>	<b>(25,068)</b>	<b>58,729</b>	<b>(14,536)</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		79,423	-	58,729	-
Income already paid on units redeemed		(20,474)	-	(20,474)	-
		<b>58,949</b>	<b>-</b>	<b>38,255</b>	<b>-</b>
<b>Accounting income available for distribution:</b>					
Relating to capital gains		58,949	-	38,255	-
Excluding capital gains		-	-	(3,372)	-
		<b>58,949</b>	<b>-</b>	<b>38,255</b>	<b>-</b>

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

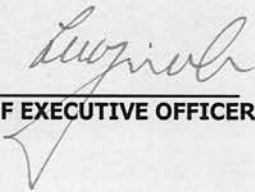
  
CHIEF FINANCIAL OFFICER

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

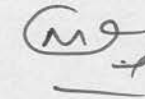
	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	79,423	(25,068)	58,729	(14,536)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>79,423</b>	<b>(25,068)</b>	<b>58,729</b>	<b>(14,536)</b>

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 STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

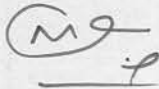
	Six-Months Period Ended 31 December 2023			Six-Months Period Ended 31 December 2022		
	Capital value	Accumulated profit/(loss)	Total	Capital value	Accumulated loss	Total
	----- (Rupees in '000) -----					
<b>Net assets at the beginning of the period</b>	<b>251,306</b>	<b>(146,442)</b>	<b>104,864</b>	360,948	(107,620)	253,328
Issuance of 6,038,769 (2022: 3,945,820) units						
- Capital value (at Ex-net asset value per unit at the beginning of period)	<b>200,621</b>	-	<b>200,621</b>	159,700	-	159,700
- Element of income / (loss)	<b>77,684</b>	-	<b>77,684</b>	(1,909)	-	(1,909)
Total proceeds on issuance of units	<b>278,305</b>	-	<b>278,305</b>	157,791	-	157,791
Redemption of 5,854,027 (2022: 4,856,243) units						
- Capital value (at Ex-net asset value per unit at the beginning of period)	<b>(194,484)</b>	-	<b>(194,484)</b>	(196,548)	-	(196,548)
- Element of (loss) / income	<b>(56,351)</b>	<b>(20,474)</b>	<b>(76,825)</b>	2,833	-	2,833
Total comprehensive income for the period	-	<b>79,423</b>	<b>79,423</b>	-	(25,068)	(25,068)
<b>Net assets at the end of the period</b>	<b>278,776</b>	<b>(87,493)</b>	<b>191,283</b>	325,024	(132,688)	192,336
<b>Accumulated loss brought forward</b>						
- Realised loss		<b>(115,622)</b>			(20,943)	
- Unrealised loss		<b>(30,820)</b>			(86,677)	
		<b>(146,442)</b>			(107,620)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		<b>58,949</b>			-	
- Excluding capital gains		-			-	
<b>Net income / (loss) for the period after taxation</b>		<b>58,949</b>			(25,068)	
<b>Accumulated loss carried forward</b>		<b>(87,493)</b>			(132,688)	
<b>Accumulated loss carried forward</b>						
- Realised loss		<b>(133,773)</b>			(104,991)	
- Unrealised income / (loss)		<b>46,280</b>			(27,697)	
		<b>(87,493)</b>			(132,688)	
			<b>(Rupees)</b>			<b>(Rupees)</b>
<b>Net assets value per unit at the beginning of the period</b>			<b>33.2222</b>			40.4732
<b>Net assets value per unit at the end of the period</b>			<b>57.2504</b>			35.9592

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 STOCK FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2023**

	Six-Months Period Ended		Three-Months Period Ended	
	31 December 2023	2022	31 December 2023	2022
Note	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	79,423	(25,068)	58,729	(14,536)
<b>Adjustments for non cash and other items:</b>				
Dividend income	(8,612)	(10,615)	(4,155)	(8,372)
Amortisation of preliminary expenses and floatation costs	-	103	-	52
Net unrealised diminution on remeasurement of investments 'at fair value through profit or loss'	(46,280)	27,697	(33,069)	17,669
	<b>24,531</b>	<b>(7,883)</b>	<b>21,505</b>	<b>(5,187)</b>
<b>(Increase) / decrease in assets</b>				
Profit receivable on bank deposits	(326)	30	(254)	1,331
Receivable against sale securities	8,035	-	-	-
Deposits and prepayments	28	91	102	36
<b>Net decrease / (increase) in assets</b>	<b>7,737</b>	<b>121</b>	<b>(152)</b>	<b>1,367</b>
<b>Increase / (decrease) in liabilities</b>				
Payable to AKD Investment Management Limited - Management Company	273	(261)	277	(37)
Payable to Digital Custodian Company Limited - Trustee	11	(3)	7	(2)
Accrued expenses and other liabilities	(21)	(42)	8	11
Payable against purchase of securities	(8,477)	-	-	-
Accrued expenses and other liabilities	1,887	71	1,746	(1,332)
<b>Net (decrease) / increase in liabilities</b>	<b>(6,327)</b>	<b>(235)</b>	<b>2,038</b>	<b>(1,360)</b>
Dividend received	8,612	10,615	4,155	8,372
Investments - net	(38,493)	33,049	(40,864)	16,026
<b>Net cash (used in) / generated from operating activities</b>	<b>(3,940)</b>	<b>35,667</b>	<b>(13,318)</b>	<b>19,218</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amount received on issue of units	262,237	158,365	180,178	84,771
Payment against redemption of units	(249,494)	(193,758)	(158,579)	(104,849)
<b>Net cash generated from / (used in) financing activities</b>	<b>12,743</b>	<b>(35,393)</b>	<b>21,599</b>	<b>(20,078)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,803</b>	<b>274</b>	<b>8,281</b>	<b>(860)</b>
Cash and cash equivalents at the beginning of the period	989	994	1,511	2,128
<b>Cash and cash equivalents at the end of the period</b>	<b>9,792</b>	<b>1,268</b>	<b>9,792</b>	<b>1,268</b>

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 STOCK FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2023**

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

AKD Islamic Stock 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 (DCCL) 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 (PSX).

The Fund is categorised as an open end Shariah Compliant (Islamic) Equity 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 Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated 27 June 2023. PACRA has also assigned long term / short term performance ranking of the Fund "4-star / 1-star" as on 15 August 2023.

The Fund is 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 Standard (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 VIII A of the repealed Companies Ordinance 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulation and 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 and 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 are measured at fair value.

**2.3 Functional and presentation currency**

This condensed interim financial information has been presented in Pak 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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT 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 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 standards and interpretations on approved 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 are therefore not disclosed in this condensed interim financial information.

**4. FINANCIAL RISK MANAGEMENT**

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.

<b>5. BANK BALANCES</b>	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>31 December 2023</b>	<b>30 June 2023</b>
		----- (Rupees in '000) -----	
Savings accounts	5.1	<u>9,792</u>	<u>989</u>
<b>5.1</b>	Mark-up rates on these accounts range between 19% to 20.5% (30 June 2023: 13% to 19.75% ) per annum.		

**6. INVESTMENTS**

**Fair value through profit or loss**

Listed equity securities	6.1	<u>187,593</u>	<u>102,820</u>
--------------------------	-----	----------------	----------------

6.1 Listed equity securities

Name of the investee company	Face value per share (Rupees)	(Number of shares)						Balance as at 31 December 2023			Percentage in relation to						
		As at 01 July 2023	Purchased during the period	Bonus / right share	Sold/ Disposed	As at 31 December 2023	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company					
----- (Rupees in '000) -----													----- (%) -----				
<b>Fully paid ordinary shares (unless otherwise stated)</b>																	
<b>Automobile Assembler</b>																	
Ghandhara Nissan Limited	10	999	-	-	-	999	36	66	30		0.04	0.03		0.00	0.00		
Millat Tractors Limited	10	34	1,713	-	-	1,747	880	1,015	135		0.54	0.53		0.00	0.00		
							<b>916</b>	<b>1,082</b>	<b>166</b>								
<b>Automobile Parts &amp; Accessories</b>																	
Thal Limited	5	54,000	2,900	-	-	56,900	9,356	16,786	7,430		8.95	8.78		0.07	0.07		
<b>Cable &amp; Electrical Goods</b>																	
Pakistan Cables Limited	10	39,105	-	-	-	39,105	3,243	4,731	1,488		2.52	2.47		0.08	0.08		
<b>Commercial Banks</b>																	
Faysal Bank Limited	10	-	1,017,099	-	-	1,017,099	30,397	33,137	2,740		17.66	17.32		0.07	0.07		
<b>Engineering</b>																	
International Steel Limited	10	-	32,475	-	-	32,475	-	-	-		-	-		-	-		
<b>Fertilizers</b>																	
Fauji Fertilizer Bin Qasim Limited	10	100,000	-	-	-	100,000	-	-	-		-	-		-	-		
<b>Food &amp; Personal Care Products</b>																	
Al Shaheer Corporation Limited	10	2,342,625	-	-	-	1,700,000	12,291	21,097	8,806		11.25	11.03		0.45	0.45		
Frieslandcampina Engro Pakistan Limited	10	24,001	-	-	-	24,001	1,417	1,965	548		1.05	1.03		0.00	0.00		
							<b>13,708</b>	<b>23,062</b>	<b>9,354</b>								
<b>Miscellaneous</b>																	
Pakistan Aluminium Beverage Cans	10	-	100,000	-	-	65,000	3,186	4,912	1,726		2.62	2.57		0.02	0.02		
<b>Oil &amp; Gas Exploration Companies</b>																	
Oil & Gas Development Company Limited	10	50,000	50,000	-	-	50,000	5,550	5,623	73		3.00	2.94		0.00	0.00		
Pakistan Petroleum Limited	10	50,000	100,000	-	-	100,000	9,209	11,503	2,294		6.13	6.01		0.00	0.00		
							<b>14,759</b>	<b>17,126</b>	<b>2,367</b>								
<b>Oil &amp; Gas Marketing Companies</b>																	
Pakistan State Oil Company Limited (PSO)	10	50,000	90,000	-	-	115,000	13,510	20,322	6,812		10.83	10.62		0.02	0.02		
<b>Paper and Board</b>																	
Pakistan Paper Products Limited	10	666	-	-	-	666	25	36	11		0.02	0.02		0.01	0.01		

Name of the investee company	Face value per share (Rupees)	(Number of shares)						Balance as at 31 December 2023			Percentage in relation to		
		As at 01 July 2023	Purchased during the period	Bonus / right share	Sold/ Disposed	As at 31 December 2023	Carrying cost	Market value	Appreciation / (diminution)	Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company	

**Fully paid ordinary shares (unless otherwise stated)**

----- (Rupees in '000) ----- (%)													
<b>Power Generation &amp; Distribution</b>													
The Hub Power Company Limited (6.1.1)	10	210,000	-	-	20,000	190,000	13,220	22,247	9,027	11.86	11.63	0.01	
K-Electric Limited	3.5	3,500,000	-	-	3,500,000	-	-	-	-	-	-	-	
Lalpir Power Limited	10	372,000	-	-	272,000	100,000	1,495	2,258	763	1.20	1.18	0.03	
							<b>14,715</b>	<b>24,505</b>	<b>9,790</b>				
<b>Refinery</b>													
Energyco PK Limited	10	3,700,000	-	-	3,700,000	-	-	-	-	-	-	-	
National Refinery Limited	10	-	25,000	-	25,000	-	-	-	-	-	-	-	
<b>Synthetics &amp; Rayon</b>													
Pakistan Synthetics Limited	10	57,250	9,500	-	1,500	65,250	1,869	1,661	(208)	0.87	0.86	0.05	
<b>Textile Composite</b>													
Interloop Limited	10	-	191,696	-	-	191,696	12,841	13,802	961	7.26	7.18	0.01	
<b>Textile Spinning</b>													
Tata Textile Mills Limited	10	294,500	-	-	45,000	249,500	16,582	19,960	3,378	10.51	10.38	0.45	
<b>Vanaspati &amp; Allied Industries</b>													
Punjab Oil Mills Limited	10	8,928	65,000	-	20,000	53,928	6,206	6,472	266	3.41	3.36	0.69	
<b>Total as at 31 December 2023</b>							<b>141,313</b>	<b>187,593</b>	<b>46,280</b>				
Total as at 30 June 2023							133,640	102,820	(30,820)				

**6.1.1** This includes 190,000 (June 2023: 210,000) shares of HUBC having market value of Rs. 22,247 million (June 2023: Rs. 14,612 million), which have been pledged with National Clearing Company of Pakistan Limited (NCCPL), for guaranteeing settlement of the Fund's trades accordance with Circular No. 11 dated 23 October 2007 issued by the SECP.

**6.1.2** The exposure limit of investment in Faysal Bank Limited as a percentage of net assets exceeds by 2.32%. The prescribed limit is 15% of the total net assets as per Section 55(6) of the NBFC Regulations, 2008.

		(Unaudited) 31 December 2023	(Audited) 30 June 2023
		----- (Rupees in '000) -----	
<b>6.2</b>	<b>NET UNREALISED DIMINUTION ON RE-MEASUREMENT OF INVESTMENT CLASSIFIED AT 'FAIR VALUE THROUGH PROFIT OR LOSS</b>		
	Market value of investments	6.1 <b>187,593</b>	102,820
	Carrying amount of investments	6.1 <b>(141,313)</b>	(133,640)
		<b>46,280</b>	<b>(30,820)</b>

**7. DEPOSITS AND PREPAYMENTS**

	Security deposit with		
	- National Clearing Company of Pakistan Limited	<b>2,500</b>	2,500
	- Central Depository Company of Pakistan Limited	<b>100</b>	100
	Prepaid annual listing fee of PSX	<b>15</b>	-
	Prepaid rating fee	<b>73</b>	-
	Prepaid shariah advisory fee	<b>31</b>	147
		<b>2,719</b>	<b>2,747</b>

**8. PRELIMINARY EXPENSES AND FLOATATION COST**

	Preliminary expenses and floatation cost	<b>1,024</b>	1,024
	<b>Accumulated amortisation</b>		
	Opening balance	<b>(1,024)</b>	(893)
	Amortised during the year	-	(131)
	Closing balance	8.1 <b>(1,024)</b>	(1,024)
		-	-

**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.

**9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**

	Management fee	9.1 <b>366</b>	203
	Sindh sales tax on management fee	9.2 <b>48</b>	26
	Allocated expenses payable	9.3 <b>110</b>	61
	Formation cost	<b>131</b>	131
	Sales load payable	<b>42</b>	3
		<b>697</b>	<b>424</b>

**9.1** The Management Company charged remuneration at the rate of 2% (30 June 2023: 2%) per annum of the 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 0.6% (30 June 2023: 0.6%) per annum of the daily average annual net assets of the Fund.

**10. PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE**

	Trustee fee	10.1 <b>22</b>	12
	Sindh sales tax on Trustee fee	10.2 <b>3</b>	2
		<b>25</b>	<b>14</b>
			10

- 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 the amount exceeding Rs. 1 billion.
Net assets exceeding Rs. 5 billion	Rs. 3.8 million plus 0.06% per annum of the daily average net assets of the Fund exceeding Rs. 5 billion.

- 10.2** Sindh sales tax at the rate of 13% (30 June 2023: 13%) on gross value of Trustee fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

		(Unaudited) 31 December 2023	(Audited) 30 June 2023
	Note	----- (Rupees in '000) -----	
<b>11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to SECP	11.1	<u>17</u>	<u>38</u>

- 11.1** All Collective Investment Schemes are required to pay annual fee at an amount equal to 0.095% (30 June 2022: 0.02%) of the daily average annual net assets of the scheme. The fee is payable annually in arrears.

**12. ACCRUED AND OTHER LIABILITIES**

Brokerage payable	382	168
Auditor's remuneration	289	163
Printing charges payable	-	150
Expense payable	151	-
Charity payable	489	267
Credit rating fee payable	132	132
Withholding tax payable	1,318	2
Others	49	41
	<u>2,810</u>	<u>923</u>

**13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at 31 December 2023 and 30 June 2023.

**14. TOTAL EXPENSE RATIO**

The annualised total expense ratio of the Fund is 4.38% (31 December 2022: 3.74%) excluding 0.46% (31 December 2022: 0.34%) representing Government levy and SECP fee. This ratio is within the maximum limit of 4.5% (31 December 2022: 4.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

**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. Further, 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, AKD Securities Limited, directors, officers, key management personnel, other associated undertakings and unit holders holding more than 10% units 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.

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.

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:

	(Unaudited)	
	31 December 2023	31 December 2022
	----- (Rupees in '000) -----	
<b>Transactions during the period</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration to Management Company	1,502	2,349
Expenses allocated by the Management Company	451	644
Sindh sales tax on management remuneration	27	305
Sales load	53	1
Issue of Nil units (2022: 77,080) units	-	1,319
<b>Digital Custodian Company Limited - Trustee</b>		
Trustee fee	90	141
Sindh sales tax on trustee fee	27	18
<b>AKD Securities Limited</b>		
Brokerage expense	76	-
<b>AKD Opportunity Fund- Common Management Company</b>		
Shares purchased by AKD Opportunity Fund from AKD Islamic Stock Fund	1,380	-
Shares purchased by AKD Opportunity Fund from AKD Islamic Stock Fund	2,101	-
Shares purchased by AKD Islamic Stock Fund from AKD Opportunity Fund	4,060	-
Shares purchased by AKD Islamic Stock Fund from AKD Opportunity Fund	3,540	-
Shares purchased by AKD Islamic Stock Fund from AKD Opportunity Fund	608	-
<b>Golden Arrow Stock Fund</b>		
Shares purchased by Golden Arrow Stock Fund from AKD Islamic Stock Fund	2,880	16,680
Shares purchased by AKD Islamic Stock Fund from Golden Arrow Stock Fund	9,057	-
<b>Imran Motiwala - Chief Executive Officer of the Management Company</b>		
Redemption of Nil units (2022: 2,237 Units)	-	92
<b>Sehr Imran Motiwala - Spouse - CEO of the Management Company</b>		
Redemption of Nil (2022: 22,415 Units)	-	906
<b>Anum Dhedhi - Chief Investment Officer &amp; Director of the Management Company</b>		
Issue of Nil units (2022: 104,968 Units)	-	4,183
<b>Muhammad Farid Alam - Chief Executive Officer of AKD Securities Limited</b>		
Redemption of 30,000 Units (2022: Nil Units)	1,191	-

	(Unaudited) 31 December 2023	(Audited) 30 June 2023
	----- (Rupees in '000) -----	
<b>Balances outstanding at the period / year end</b>		
<b>AKD Investment Management Limited - Management Company</b>		
Remuneration payable	348	203
Sindh sales tax on management remuneration	45	26
Expenses allocated by the management company	104	61
Payable against formation cost	131	131
Sales load payable	42	3
<b>Digital Custodian company Limited - Trustee</b>		
Remuneration payable	21	12
Sales tax on trustee remuneration payable	3	2
<b>AKD Securities Limited</b>		
<b>Receivable / Payable against conversion of Units</b>		
Receivable against conversion of units - AKD Islamic Income Fund	-	484
Receivable against Conversion of units - AKD Aggressive Income Fund	-	141
Payable to AKD Cash Fund	4,750	-
Payable to AKD Islamic Income Fund	16,919	-
<b>Imran Motiwala - CEO of the Management Company</b>		
Outstanding Nil (30 June 2023: Nil Units)	-	-
<b>Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund</b>		
Outstanding 200,000 (30 June 2023: 200,000 Units)	9,787	6,644
<b>Muhammad Farid Alam - Key Management Personnel of Associated Company</b>		
Outstanding Nil Units (30 June 2023: 30,000 Units)	-	997
<b>Toqir Hussain - Key Management Personnel of the Management Company</b>		
Outstanding 600 (30 June 2023: 600) units	34	20
<b>Hina Aqeel -</b>		
<b>Close Family member of the Chairman of the Group</b>		
Outstanding 70,386 Units (30 June 2023: 70,386 Units)	4,112	2,338
<b>Connected person due to more than 10% holding</b>		
<b>TPL Insurance Limited</b>		
Outstanding 839,883 (30 June 2023: 839,883) units	48,084	27,903

#### 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 IFRS. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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).

Note	(Unaudited)			Total
	As at 31 December 2023			
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Investments in securities- at fair value through profit or loss</b>				
Listed equity securities	<b>187,593</b>	-	-	<b>187,593</b>

	(Audited)			Total
	As at 30 June 2023			
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>Investments in securities- at fair value through profit or loss</b>				
Listed equity securities	102,820	-	-	102,820

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

**18. GENERAL**

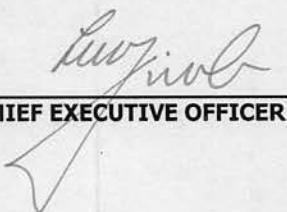
**18.1** This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended 31 December 2023 and 31 December 2022 in this condensed interim financial information, has not been subject to limited scope review by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

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