

Funds Managed by:
AKD Investment Management Ltd.

Quarterly Report
September 30, 2021
(Un-Audited)



quarterly report



Partner with AKD
Profit from the Experience



**AKD Investment
Management Ltd.**

MANAGEMENT COMPANY

216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim

Director & Chief Executive Officer
Mr. Imran Motiwala

Director
Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob Sultan, CFA

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Muhammad Munir Abdullah

HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Saim Mustafa Zuberi (Member)
Ms. Tayyaba Masoom Ali (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

Ms. Aysha Ahmed (Chairman)
Mr. Abdul Karim (Member)
Mr. Imran Motiwala (Member)
Ms. Anum Dhedhi (Member)
Mr. Saim Mustafa Zuberi (Member)
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

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

CORPORATE INFORMATION

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



AKD Funds shall continuously strive to:

- ▶ *Keep primary focus on investing clients' interest*
- ▶ *Achieve highest standards of regulatory compliance and good governance*
- ▶ *Prioritize risk management while endeavoring 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 superior 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), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), Golden Arrow Stock Fund (GASF) and AKD Islamic Stock Fund (AKDISSF) presents its first quarter report along with the Funds' un-audited Financial Statements for the Quarter ended September 30, 2021.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY22, the return of AKD Opportunity Fund stood at -7.86% compared to the benchmark KSE-100 Index return of -5.19%.

Golden Arrow Stock Fund (GASF)

For the 1QFY22, the return of Golden Arrow Stock Fund stood at -5.04% compared to the benchmark KSE-100 Index return of -5.19%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY22, the return of AKD Index Tracker Fund stood at -4.50% compared to the benchmark KSE-100 Index return of -5.19%.

AKD Cash Fund (AKDCF)

For the 1QFY22, the annualized return of AKD Cash Fund stood at 8.12% compared to the benchmark return of 6.77%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY22, the annualized return of AKD Aggressive Income Fund stood at 11.23% compared to the benchmark return of 7.93%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY22, the annualized return of AKD Islamic Income Fund stood at 8.53% compared to the benchmark return of 3.13%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY22, the return of AKD Islamic Stock Fund stood at -7.18% compared to the benchmark KMI-30 Index return of -5.62%.

MACRO PERSPECTIVE

Pakistan's economy continued to witness robust recovery where pace of the economy has exceeded the expectations of the State Bank of Pakistan (SBP). However, rising domestic demand coupled with surging international commodity prices have led to a Current Account Deficit (CAD) of 4.1% of GDP, imported inflation and depreciation of the local currency. The SBP while remaining cognizant of inflationary pressures of the CAD, opted to lean towards a growth accommodating monetary stance; hence, nominally increasing the discount rate by 25bps to 7.25% in its September 2021 monetary policy meeting. Receipts of ~\$2.77bn provided by the IMF under its program to facilitate developing countries during the pandemic helped forex reserves to reach \$25.98bn.

The external account for 1QFY22 reported a CAD of \$3.4bn (4.1% of GDP) as compared to surplus of \$0.87 bn (1.2% of GDP) reported during same period last year (SPLY) owing to an increase in the Balance of Trade, as the imports remained under pressure due to higher commodity prices – crude oil in particular, coupled with the import of vaccines and disbursements against TERF related capital expenditure (SBP disbursement reportedly \$1.63bn during FY22). However, Remittances posted phenomenal growth of 12.49%YoY to \$8.04bn during 1QFY22. The Government's efforts to attract Non-Resident Pakistani money paid off, attracting \$2.41bn through Roshan Digital Accounts (RDA) with more than 245,000 accounts.

According to press reports, the Federal Board of Revenue (FBR) has made net revenue collection of PKR 1,395bn during 1QFY22, up by 38.3%YoY as compared to ~PKR 1,004bn recorded during SPLY. FBR has exceeded its given target of PKR 1,211bn by a margin of PKR 186 billion. In addition, FBR has also witnessed an impressive 45% growth in the filing of tax returns and 64% growth in tax collection as of closing date for filing income tax returns, despite FBR's avoidance this year of extending filing dates as observed in the past.

As per Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in 1QFY22 was recorded at 8.58%YoY as compared to 8.84%YoY. Core Inflation, calculated by excluding food and energy prices, clocked in at 6.53%YoY and 6.43% YoY for Urban and Rural areas respectively, as compared to 5.47%YoY and 7.73%YoY, SPLY.

The Large Scale Manufacturing (LSM) sector witnessed an increase of 7.26% for July-August FY22 as compared 3.66% reported during same period last year. During the period under review, major contribution towards the growth came from Automobiles, Food, Beverages & Tobacco, Iron & Steel Products, and Pharmaceuticals to name a few. However, overall growth during the period was kept in check by sectors that posted negative growth including Rubber Products and Fertilizers.

EQUITY MARKET REVIEW

During 1QFY22, KSE-100 Index declined by 2,456pts, down by 5.19% to close at 44,899.60pts. The Equity market remained under pressure owing to 1) setbacks on the foreign policy front following US withdrawal from Afghanistan, 2) weakness in macro indicators on the back of the CAD and 3) tightening monetary stance by the Central Bank, were a few key factors that kept investors cautious.

Average daily turnover also decreased by 38.4%QoQ and 18%YoY to 412.3 million shares as compared to 669.42mn shares and 500.23mn shares recorded during 4QFY21 and 1QFY21 respectively. Moreover, investor interest diverted to second and third tier stocks as depicted by a decrease in ratio of KSE-100 volumes over total turnover and value traded. Overwhelming response was witnessed for fresh equity issues where two new companies got listed during 1QFY22 in which a liking towards the technology sector was also affirmed by record participation.

Some of the negative news flows that kept investor sentiments abay included: 1) SBP increased interest rates by 25 bps to 7.25% after 15 months to contain the soaring CAD and higher inflation expectations. 2) US senators move draft bill seeking imposition of sanctions on Pakistan. 3) CAD rose to USD 1.5 billion in August 2021 and Rupee hits all-time low of PKR 172 against the USD. 4) MSCI downgrades Pakistan to a “Frontier” market from Emerging effective December and 5) FATF plenary meeting scheduled in October 2021. On the other hand, some of the positive news reports failed to revive investor interest included: 1) FBR collection up by 45%YoY to PKR 434bn during August 2021 exceeding the target by PKR 85bn 2) IMF 6th review to start in mid of October for release of \$1bn tranche 3) Fitch predicts Pakistan’s GDP to grow by 4.2% and 4) The receipt of \$~2.8bn from the IMF took forex reserves with the SBP to ~20 billion

Foreign investors continued to remain net sellers for the eighth consecutive quarters with net outflows of \$83.40mn taking cumulative outflows to \$778.95mn. Individuals, Other Organizations and Banks/DFI were the major net buyers with net buying of \$32.53mn, \$26.85mn and \$21.30mn respectively. Whereas Brokers and Mutual Funds were net sellers with net selling of \$14.95mn and \$7.42mn respectively.

The sectors that dragged the KSE-100 down included Cement, Tobacco, Oil & Gas Exploration, Refinery and Automobile Assembler with decrease in market capitalization by 17.5%, 19.1%, 8.6%, 33.5%, and 13.2% respectively. However, some of the losses were compensated by Technology & Communication, Miscellaneous, Commercial Banks, Modarabas and Real Estate Investment Trust with increase in market capitalization by 13.8%, 43.0%, 2.6%, 74.5% and 6.4% respectively.

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings multiple of 5.25x, which is a 63.18% discount as compared to MSCI Frontier Markets P/E of 14.27 and offering a healthy dividend yield of 6.91%.

MONEY MARKET REVIEW

During 1QFY22, six (6) MTB auctions were carried out by the SBP, where the government managed to raise PKR 3.50trn cumulatively. Weighted average yield of 3, 6 and 12 months MTB were 7.27%, 7.53%, and 7.65% respectively, up by 0.36%, 0.58%, and 0.60% as compared to 6.91%, 6.95%, and 7.05% same period last year.

SBP also conducted three (3) auctions of Fixed Rate Pakistan Investment Bonds (PIBs) and was successful in raising PKR 409.26bn during 1QFY22. Weighted average yield for 3, 5 and 10 years PIBs increased by 0.97%, 0.83%, and 0.93% to 8.78%, 9.18%, and 9.84% as compared to 7.81%, 8.35%, and 8.91% for same period last year.

The Monetary Policy Committee announced two (2) Monetary Policy Statements during the year where the Committee increased the policy rate by 25 bps to 7.25% in September 2021. The SBP conducted 25 Open Market Operations (OMO) of different maturities and injected average amount of PKR1.19trn at an average cut off yield of 7.13% and mopped-up PKR0.20trn at a cut off yield of 7.22%.

As per the auction target calendar for October – December 2021, the SBP targets to raise PKR5.05trn by issuing MTB against maturing amount of PKR 5.10trn. In addition, SBP targets to raise another PKR 300 bn through 3 – 30 years Fixed Rate PIBs during the period against maturing amount of PKR 55bn.

FUTURE OUTLOOK

Going forward, we remain optimistic about the economic outlook for FY22, where the SBP expects growth in upper end of 4 to 5 percent. Recent depreciation of local currency has helped to contain the external account as CAD for September has decreased by 24%MoM to \$1.11bn as compared to \$1.47bn. Reportedly, CAD is expected to go up to \$14bn (~4% of GDP). SBP's stance to raise interest rates in monetary policy of September will help contain inflationary pressures. As per the staff level agreement, reportedly Pakistan has agreed to further increase interest rates by 100 bps to 8.25%. The Real Effective Exchange Rate (REER) of 95.86 by end of September 2021 implies a very low likelihood of further Rupee depreciation.

We believe the reclassification of Pakistan to MSCI Frontier market will reduce foreign selling which has been recorded since FY16 as the local bourse would have a more significant weight of a much smaller fund allocated to frontier markets, unlike the case in the emerging markets.

On the Fixed Income front, expected increase in interest rates as agreed with International Monetary Fund in staff level agreement, will bode well for yields of fixed income instruments.

We expect the stock market to remain positive due to expansionary fiscal policy by the Government where the country has posted a provisional GDP growth of ~4.40% in FY21. We reiterate our positive market outlook for FY22 based on (i) expected growth in GDP owing to robust corporate earnings and agriculture growth (ii) compelling Price to Earnings multiple of 5.25x, (iii) Healthy dividend yield of 6.91% (iv) negative real interest rates, (v) reduction in capital gains tax rate from 15.00% to 12.50% for capital market transactions.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim Memon
Chairman

Karachi: October 29, 2021

AKD Aggressive Income Fund



MANAGEMENT COMPANY

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

TRUSTEE

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

BANKERS

Apna Microfinance Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Moblink Microfinance Bank Limited
MCB Bank Limited
NRSP Microfinance Bank Limited
Summit Bank Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited

AUDITORS

Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU Shahr-e-Faisal,
Karachi-75350

LEGAL ADVISER

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

REGISTRAR

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

DISTRIBUTORS

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

RATING

AKD Aggressive Income Fund
PACRA: A(f)

FUND MANAGER'S REPORT

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

Open – end Aggressive Fixed Income Scheme.

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

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

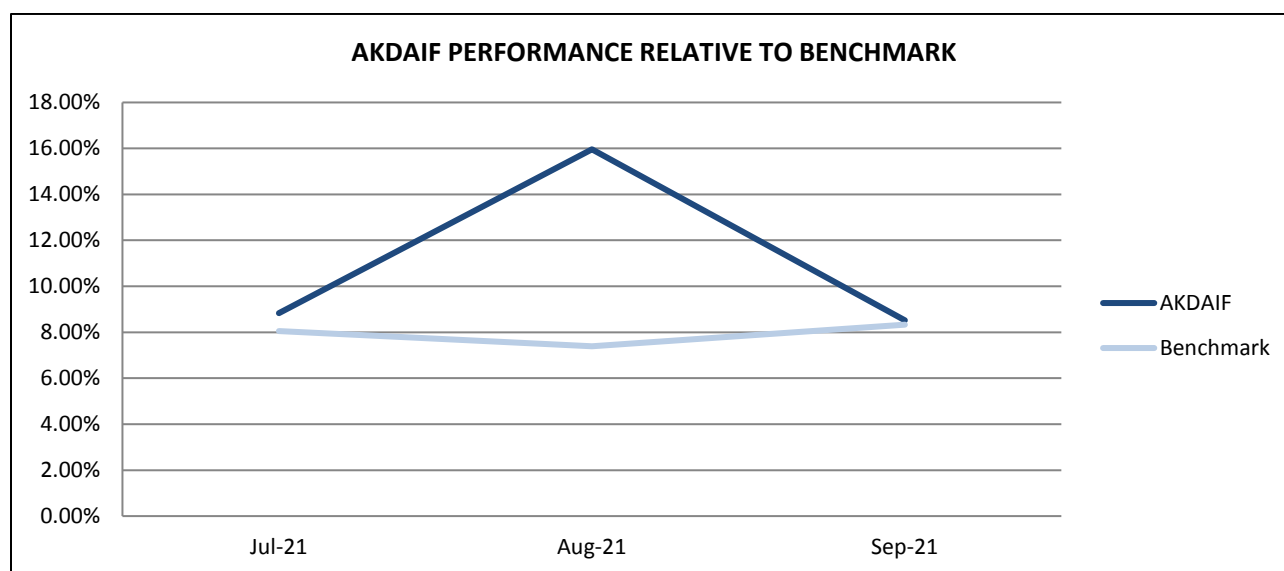
iii) **Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 1QFY22, the annualized return of AKD Aggressive Income Fund stood at 11.23% as compared to the benchmark return of 7.93%.

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

1 Year KIBOR

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



Monthly yield (annualized)	Jul-21	Aug-21	Sep-21
AKDAIF	8.83%	15.96%	8.52%
Benchmark	8.05%	7.39%	8.33%

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

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

Corporate Debt instruments. AKDAIF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Asset)	30-Sep-21	30-Jun-21
Cash and Cash Equivalent	24.83%	15.54%
TFCs / Sukuks	28.00%	32.59%
Commercial Papers	7.31%	8.55%
Spread Transactions (Cost)	36.63%	38.89%
Margin Trading System	-	2.88%
Other Assets including Receivables	3.23%	1.55%

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

1QFY22 Return (annualized)	11.23%
Benchmark Return (annualized)	7.93%

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

Net Asset Value			NAV per Unit	
30-Sep-21	30-Jun-21	Change in Net Assets	30-Sep-21	30-Jun-21
(Rupees in '000)			(Rupees)	
938,838	813,869	15.35%	52.6110	51.1626

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

MACRO PERSPECTIVE:

Pakistan's economy continued to witness robust recovery where pace of the economy has exceeded the expectations of the State Bank of Pakistan (SBP). However, rising domestic demand coupled with surging international commodity prices have led to a Current Account Deficit (CAD) of 4.1% of GDP, imported inflation and depreciation of the local currency. The SBP while remaining cognizant of inflationary pressures of the CAD, opted to lean towards a growth accommodating monetary stance; hence, nominally increasing the discount rate by 25bps to 7.25% in its September 2021 monetary policy meeting. Receipts of ~\$2.77bn provided by the IMF under its program to facilitate developing countries during the pandemic helped forex reserves to reach \$25.98bn.

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

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

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

There were no unit splits during the period.

xiii) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	26
10,000 - 49,999	17
50,000 - 99,999	13
100,000 - 499,999	26
500,000 and above	62
	144

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

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2021

		Un-audited September 30, 2021	Audited June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	38,867	45,303
Investments	6	899,195	747,161
Profit receivable	7	11,292	8,830
Receivable against Margin Trading System		-	24,011
Deposit, prepayments and other receivables	8	26,886	8,657
Total assets		976,240	833,962
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	5,657	5,504
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	97	118
Payable to the Securities and Exchange Commission of Pakistan	11	44	152
Accrued expenses and other liabilities	12	25,315	8,030
Unclaimed dividend		6,289	6,289
Total liabilities		37,402	20,093
NET ASSETS		938,838	813,869
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		938,838	813,869
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		17,844,885	15,907,501
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		52.6110	51.1626

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

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Director


Chief Financial Officer

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended September 30	
	2021	2020
Note	(Rupees in '000)	
INCOME		
Income/(loss) from spread transactions-net	7,237	144
Capital loss on sale of investment	(110)	(1,342)
Net unrealised appreciation/(diminution) on remeasurement of investments 'at fair value through profit or loss'	(5,068)	(10,178)
Unrealised gain on forward contracts	7,370	8,716
Profit on bank deposits	450	314
Income from:		
- Government securities	4,129	9,180
- Term finance certificates and sukuk certificates	7,182	4,607
- Commercial papers	1,871	634
- Margin Trading System	427	-
Dividend income	-	184
Reversal of provision against Sindh Workers' Welfare Fund	5,784	-
Reversal of impairment on investments	729	-
Total income	30,001	12,259
EXPENSES		
Remuneration of AKD Investment Management Limited - Management Company	3,283	2,579
Sindh sales tax on the remuneration of Management Company	427	335
Expenses allocated by Management Company	328	258
Remuneration of Central Depository Company of Pakistan Limited - Trustee	164	129
Sindh sales tax on the remuneration of Trustee	31	18
Annual fee to the Securities and Exchange Commission of Pakistan	44	34
Security transaction costs	1,109	196
Provision against Sindh Workers' Welfare Fund	-	166
Auditor's remuneration	108	108
Bank charges	31	23
Fee and subscriptions	251	96
Legal and professional	315	130
Printing and related costs	38	38
Total expenses	6,129	4,110
Net income for the period before taxation	23,872	8,149
Taxation	14	-
Net income for the period after taxation	23,872	8,149
Allocation of net income for the period		
Net income for the period after taxation	23,872	8,149
Income already paid on units redeemed	(917)	(24)
	22,955	8,125
Accounting income available for distribution		
- Relating to capital gains	9,429	-
- Excluding capital gains	13,526	8,125
	22,955	8,125
Earnings per unit		

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


Chief Executive Officer

For AKD Investment Management Limited
(Management Company)


Chief Financial Officer


Director

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended September 30	
	2021	2020
	----- (Rupees in '000) -----	
Net income for the period after taxation	23,872	8,149
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>23,872</u>	<u>8,149</u>

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

For AKD Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



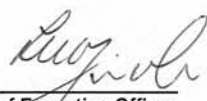
Director

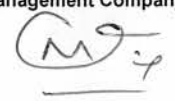
AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	784,069	29,800	813,869	624,257	28,226	652,483
Issue of 4,885,466 units (2020: 2,045,523 units)						
- Capital value (at Ex-Net asset value per unit at the beginning of period)	249,953	-	249,953	104,441	-	104,441
- Element of income	4,654	-	4,654	983	-	983
	254,607	-	254,607	105,424	-	105,424
Redemption of 2,948,082 units (2020: 313,363 units)						
- Capital value (at Ex-Net asset value per unit at the beginning of period)	(150,832)	-	(150,832)	16,000	-	16,000
- Element of income	(1,761)	(917)	(2,678)	123	24	147
	(152,593)	(917)	(153,510)	16,123	24	16,147
Total comprehensive income for the period	-	23,872	23,872	-	8,149	8,149
Refund of capital	-	-	-	-	-	-
Net assets at end of the period	886,083	52,755	938,838	713,558	36,351	749,909
Undistributed income brought forward						
- Realised income		27,519			26,869	
- Unrealised income / (loss)		2,281			1,357	
		29,800			28,226	
Accounting income available for distribution						
- Relating to capital gains	9,429			-		
- Excluding capital gains	13,526			8,125		
	22,955			8,125		
Undistributed income carried forward		52,755			36,351	
Undistributed income carried forward						
- Realised income		50,453			37,813	
- Unrealised income		2,302			(1,462)	
		52,755			36,351	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period	51.1626			51.0586		
Net assets value per unit at end of the period	52.6110			51.6777		

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

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD AGGRESSIVE INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended September 30	
	2021	2020
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	23,872	8,149
Adjustments for non-cash and other items		
Net unrealised appreciation/(diminution) on remeasurement of investments 'at fair value through profit or loss'	5,068	10,178
Unrealised gain on forward contracts	(7,370)	(8,716)
Provision against Sindh Workers' Welfare Fund	-	166
Capital loss on sale of investments	110	1,342
	21,680	11,119
Decrease / (increase) in assets		
Profit receivable	(2,462)	6,664
Deposits, prepayments and other receivables	(18,229)	(17,845)
Receivable against Margin Trading System	24,011	-
	3,320	(11,181)
Increase / (decrease) in liabilities		
Payable to AKD Investment Management Limited - Management Company	153	255
Payable to the Central Depository Company of Pakistan Limited - Trustee	(21)	12
Payable to the Securities and Exchange Commission of Pakistan	(108)	(89)
Accrued expenses and other liabilities	17,285	(9,161)
	17,309	(8,983)
Investments - net	(42,442)	4,005
Net cash used in operating activities	(133)	(5,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	254,607	105,424
Amount paid against redemption of units	(153,510)	(16,147)
	-	-
Net cash generated from financing activities	101,097	89,277
Net increase / (decrease) in cash and cash equivalents during the period	100,964	84,237
Cash and cash equivalents at beginning of the period	67,122	28,126
Cash and cash equivalents at end of the period	168,086	112,363

17

168,086

112,363

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

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD AGGRESSIVE INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

The Management Company has been assigned a quality rating of "AM3++" by the Pakistan Credit Rating Agency Limited (PACRA) on February 8, 2021. The Fund has been given stability rating of 'A(f)' by PACRA on September 04, 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2** This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2021.
- 2.3** This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2021.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2021.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2021.

		Un-Audited September 30 2021 ----- (Rupees in '000) -----	Audited June 30 2021 -----
5. BANK BALANCES	Note		
In saving accounts	5.1	38,800	45,236
In current accounts		<u>67</u>	<u>67</u>
		<u>38,867</u>	<u>45,303</u>
5.1	Mark-up rate on these accounts is 5.50% (June 30, 2021: 5.50%) per annum.		
6. INVESTMENTS			
At fair value through profit or loss			
- Term Finance Certificates	6.1	165,505	164,168
- Sukuk Certificates	6.2	107,858	107,607
- Government securities	6.3.1	203,490	84,300
- Listed equity securities (spread transactions)	6.4	<u>351,001</u>	<u>319,758</u>
		<u>827,854</u>	<u>675,833</u>
At amortised cost			
- Commercial paper	6.6	<u>71,341</u>	<u>71,328</u>
		<u>899,195</u>	<u>747,161</u>

6.1

Term Finance Certificates

Name of investee company	Face value per certificate	Number of certificates			Balance as at September 30, 2021			Market value as a percentage of			Investment as a percentage of total issue size		
		As at July 1, 2021	Purchased during the period	Sold / matured during the period	As at September 30, 2021	Carrying value	Market value	Unrealised appreciation/ (diminution) as at September 30, 2021	Investments	Net assets			
(Rupees)													
-----Rupees in '000'----- % -----													
Commercial Banks													
Summit Bank Limited - (note 6.1.2)	5,000	5,000	-	-	5,000	24,925 (24,925)	-	-	-	-	-	-	-
Less: provision for impairment													
Technology & Communication													
Worldcall Telecom Limited - (note 6.1.3)	5,000	20,000	-	-	20,000	33,506 (33,506)	-	-	-	-	-	-	-
Less: provision for impairment													
Cement													
Dewan Cement Limited - (note 6.1.4)	5,000	20,000	-	-	20,000	100,000 (100,000)	-	-	-	-	-	-	-
Less: provision for impairment													
Miscellaneous													
Pace Pakistan Limited - (note 6.1.5)	5,000	115	-	-	115	574 (574)	-	-	-	-	-	-	-
Less: provision for impairment													
Commercial Banks													
Silk Bank Limited - (note 6.1.1)	5,000	20,000	-	-	20,000	88,545	89,143	598	9.91	9.50	4.49		
The Bank of Punjab - (note 6.1.1)	100,000	750	-	-	750	75,614	76,362	748	8.49	8.13	2.94		
Total - September 30, 2021						164,159	165,505	1,346					
Total - June 30, 2021						163,151	164,168	1,017					

6.1.1 Significant terms and conditions of term finance certificate are as follows:

Name of investee company	Face value per certificate	Redeemed face value per certificate	Mark-up rate (per annum)	Maturity	Rating
	(Rupees)	(Rupees)			
Silk Bank Limited	5,000	4,997	6 month KIBOR + 1.85%	August 10, 2025	BBB+
The Bank of Punjab	100,000	99,820	6 month KIBOR + 1.00%	December 23, 2026	AA-

6.1.2 The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity of October 27, 2018. An extra ordinary general meeting was called on November 19, 2018, where in it was resolved that the maturity date of these certificates be extended for one year (i.e October 27, 2019) on the existing terms and conditions. Since SBL defaulted on timely payment of its final installment, the management company has made 100 percent provision amounting to Rs. 24,925 million against the defaulted installment in line with the requirement of Circular 33 dated October 24, 2012. Furthermore, profit on installment due amounting to Rs. 1.23 million has also been suspended.

- 6.1.3

The Term Finance Certificates (TFCs) of Worldcall Telecom Limited (WTL) had an original maturity of October 07, 2013. WTL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f November 8, 2012. Accordingly, the outstanding investment had been fully provided.
- 6.1.4

The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). Dewan Cement Limited (DCL) failed to complete the public offering within the said time period and had also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund had made provision for the amount of the investment in accordance with the provisioning criteria specified in Circular No. 1 of 2009 dated January 6, 2009 issued by the SECP.
- 6.1.5

The Term Finance Certificates (TFCs) of Pace (Pakistan) Limited (PPL) had an original maturity of February 15, 2017. PPL had defaulted on timely repayment of principal, therefore, the TFC has been classified as non-performing by Mutual Funds Association of Pakistan w.e.f September 5, 2011. Accordingly, the outstanding investment had been fully provided.

6.2

Sukuk Certificates

Name of investee company	Redeemed face value per certificate	Number of certificates			Balance as at September 30, 2021			Market value as a percentage of		Investment as a percentage of total issue size
		As at July 1, 2021	Purchased during the period	Sold / redeemed during the period	As at September 30, 2021	Carrying value	Market value	Unrealised appreciation as at September 30, 2021	Investments	
----- (Rupees in '000) ----- % -----										
Sukuk certificates - unlisted										
Hub Power Holdings Limited - (note 6.2.1)	5,000	750	-	-	750	61,844	61,844	-	6.88	6.59
TPL Trakker Limited - (note 6.2.2)	1,000,000	30	-	-	30	30,711	30,880	169	3.43	3.29
Mughal Iron & Steel Industries Limited - (note 6.2.3)	1,000,000	15	-	-	15	15,053	15,134	81	1.68	1.61
New Allied Electronics Industries (Private) Limited - (note 6.2.4)	313	96,000	-	-	96,000	30,000	-	-	-	-
Less: provision for impairment						(30,000)	-	-	-	-

Total - September 30, 2021						107,608	107,858	250		

Total - June 30, 2021						106,844	107,607	763		

- 6.2.1

The Hub Power Holdings Limited issued sukuk certificates on November 12, 2020, which will be matured on November 12, 2025. It carries mark up at the rate 6 month KIBOR plus 2.50% per annum.
- 6.2.2

The TPL Trakker Limited has issued sukuk certificates on December 31, 2020, which will be matured on December 31, 2025. It carries mark up at the rate 3 months KIBOR plus 3.00% per annum.
- 6.2.3

The Mughal Iron & Steel Industries Limited has issued sukuk certificates on March 02, 2021, which will be matured on March 02, 2026. It carries mark up at the rate 3 months KIBOR plus 1.30% per annum.
- 6.2.4

New Allied Electronics Industries (Private) Limited defaulted on the amount of principal and mark-up due on the scheduled redemption dates i.e. October 25, 2008, January 25, 2009, April 25, 2009, July 25, 2009, October 25, 2009, January 25, 2010 and April 25, 2010. Hence, the Fund had been fully provided for the amount of the Investment in accordance with the requirements of Circular No. 1 of 2009 dated January 6, 2009.
- 6.3

Government securities
- 6.3.1

Market Treasury Bills

Issue Date	Tenor	Face Value				Balance as at September 30, 2021			Market value as a percentage of	
		At July 1, 2021	Purchased during the period	Sold / matured during the period	As at September 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution) as at September 30, 2021	Investments	Net assets
------(Rupee in '000)----- % -----										
Market Treasury Bills - 3 months		22,000	308,000	200,000	130,000	129,249	129,219	(30)	14.37	13.76
Market Treasury Bills - 6 months		63,000	205,000	193,000	75,000	74,299	74,271	(28)	8.26	7.91
Total as on September 30, 2021						203,548	203,490	(58)		
Total as on June 30, 2021						84,293	84,300	7		

6.3.1.1

On June 03, 2021, the Fund transferred Market Treasury Bills of Rs. 85 million (face value) into National Clearing Company Limited (NCCPL) Exposure margin account maintained with Bank Al-Falah Limited in respect of Exposure Margin and Mark-to-Market losses in Ready Market and DFC Market.

6.4 Listed equity securities (spread transactions)

Sectors / Companies	As at July 01, 2021	Purchased during the period	Sold during the period	As at September 30, 2021	Carrying Value value as at September 30, 2021	Market Value value as at September 30, 2021
	(Number of shares)				(Rupees in 000)	
AUTOMOBILE ASSEMBLER						
Ghandhara Industries Limited	-	2,000	-	2,000	402	390
Ghandhara Nissan Limited	4,000	73,500	29,000	48,500	4,630	4,226
Sazgar Engineering Works Limited	-	14,500	14,500	-	-	-
CEMENT						
D.G Khan Cement Company Limited	204,000	220,000	424,000	-	-	-
Lucky Cement Limited	-	51,000	-	51,000	37,689	36,868
Maple Leaf Cement Factory Limited	-	50,000	50,000	-	-	-
Pioneer Cement Limited	261,000	150,000	411,000	-	-	-
Power Cement Limited	-	924,500	924,500	-	-	-
CHEMICALS						
Enaro Polymer & Chemicals Limited	100,000	-	100,000	-	-	-
Ghani Global Holding Limited	188,000	-	188,000	-	-	-
ENGINEERING						
Aisha Steel Mills Limited	20,000	299,000	20,000	299,000	6,620	6,222
Amreli Steels Limited	12,000	-	12,000	-	-	-
International Steels Limited	7,500	250,000	157,500	100,000	8,070	7,621
International Industries Limited	15,000	54,500	26,000	43,500	7,459	7,254
FERTILIZERS						
Fauji Fertilizer Bin Qasim Limited	-	155,500	99,500	56,000	1,229	1,260
COMMERCIAL BANKS						
National Bank Of Pakistan	-	200,000	-	200,000	6,780	6,688
FOOD AND PERSONAL CARE PRODUCTS						
Al Shaheer Corporation Limited	47,000	-	47,000	-	-	-
Univ Foods Limited	1,645,500	2,811,500	3,269,500	1,187,500	38,998	37,074
Treet Corporation Limited	-	1,812,000	216,500	1,595,500	67,032	67,952
OIL & GAS EXPLORATION COMPANIES						
Oil & Gas Development Company Limited	300,000	-	300,000	-	-	-
OIL & GAS MARKETING COMPANIES						
Pakistan State Oil Company Limited	55,000	-	55,000	-	-	-
Sui Northern Gas Pipelines Limited	-	25,000	25,000	-	-	-
POWER GENERATION AND DISTRIBUTION						
Hub Power Company Limited	-	34,000	34,000	-	-	-
Kot Addu Power Company Limited	-	10,000	10,000	-	-	-
K-Electric Limited	-	1,650,000	1,650,000	-	-	-
REFINERY						
Attock Refinery Limited	95,500	155,000	135,500	115,000	22,556	20,560
Bvco Petroleum Pakistan Limited	419,000	4,901,500	1,418,000	3,902,500	29,687	31,922
Pakistan Refinery Limited	-	777,500	277,500	500,000	8,625	8,390
CABLE AND ELECTRICAL GOODS						
Pak Elektron Limited	20,000	144,000	20,000	144,000	3,884	3,967
GLASS AND CERAMICS						
Tariq Glass Industries Limited	32,500	-	32,500	-	-	-
Ghani Global Glass Limited	-	25,000	25,000	-	-	-
TEXTILE COMPOSITE						
Nishat Mills Limited	150,000	170,000	150,000	170,000	15,453	15,446
Nishat Chunian Limited	160,000	-	160,000	-	-	-
Gul Ahmed Textile Mills Limited	-	150,000	150,000	-	-	-
TECHNOLOGY & COMMUNICATION						
Avanceon Limited	-	112,000	45,000	67,000	8,786	8,265
Telecard Limited	-	106,500	106,500	-	-	-
Netsol Technologies Limited	-	17,000	17,000	-	-	-
TRG Pakistan Limited	430,000	1,130,500	1,060,000	500,500	82,832	80,916
Hum Network Limited	-	11,208,000	10,208,000	1,000,000	6,880	5,980
Investment as at September 30, 2021					<u>357,612</u>	<u>351,001</u>
Investment as at June 30, 2021					<u>324,340</u>	<u>319,758</u>

6.5 Preference shares of Security Leasing Corporation Limited

In view of adverse financial position, Security Leasing Corporation Limited had deferred the payment of 3rd redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2010. As per the terms of the preference shares, the preference shareholders have preference over ordinary shareholders in the event of liquidation of the Company. The management had fully provided for its investment during the year ended June 30, 2018.

6.6 Commercial paper

Name of investee company	Rate of return per annum	Face value				Carrying value	Maturity	Rating	Carrying value as percentage of		
		As at July 01, 2021	Purchased during the period	Matured / sold during the period	As at September 30, 2021				Investments	Net assets	
Rupees in '000'											
TPL Corporation Limited	10.4%	75,000	-	-	75,000	71,341	January 11, 2022	A+	7.93	7.60	
Total - September 30, 2021						71,341					
Total - June 30, 2021						71,328					

6.7 Details of non-compliant investment

The Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

Name of non compliant investment	Note	Issue date	Type of investment	Value of investment	Provision held if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
Rupees in 000								
Non-compliance under via circular no.7 of 2009	6.4.1	-	Preference shares	10,663	(10,663)	-	-	-
Security Leasing Corporation Limited								

		Un-Audited September 30 2021	Audited June 30 2021
	Note	----- (Rupees in '000) -----	
7. PROFIT RECEIVABLE			
Profit receivable on:			
- Term finance and sukuk certificates		9,517	8,598
- Commercial papers		1,586	61
- Bank deposits		189	171
		<u>11,292</u>	<u>8,830</u>

8. DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with:			
- National Clearing Company Pakistan Limited		2,750	2,750
- Central Depository Company Limited		100	100
Prepaid National Clearing Company Pakistan Limited annual fee		10	73
Security margin deposit		4,172	406
Receivable against forward contract settlement		7,370	5,077
Receivable against conversion of units		12,342	
Income receivable against Margin Trading System		-	155
Advance tax		121	96
Prepaid PSX Listing Fee		21	-
		<u>26,886</u>	<u>8,657</u>

		Un-Audited September 30 2021	Audited June 30 2021
	Note	----- (Rupees in '000) -----	
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	9.1	1,148	1,016
Sindh sales tax on management fee	9.2	149	132
Expenses allocated by the Management Company	9.3	117	103
Federal exercise duty on Management fee	9.4	4,141	4,141
Sales load payable		54	64
Others		48	48
		<u>5,657</u>	<u>5,504</u>

- 9.1 The remuneration to the Management Company is been charged at 1.5% of the daily average net assets value and is payable in arrears.
- 9.2 Sindh sales tax on services at the rate of 13% on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.
- 9.3 The Management Company has charged expenses at the rate of 0.15% (June 30, 2021: 0.1%) per annum of the average annual net assets of the Fund.
- 9.4 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On June 30, 2016, the SHC of Pakistan had passed a judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 4.14 million (June 30, 2021: Rs. 4.14 million) until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at September 30, 2021 would have been higher by Re. 0.232 per unit (June 30, 2021: Re. 0.260 per unit).

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

		Un-Audited September 30 2021	Audited June 30 2021
		----- (Rupees in '000) -----	
10.	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	
	Trustee fee	10.1	58
	Settlement charges payable to the trustee		28
	Sindh sales tax on trustee fee and CDS charges	10.2	11
			97
			118
10.1	The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and as per the tariff specified therein, based on 0.075% (June 30, 2021: 0.075%) of the daily net assets value of the Fund.		
10.2	Sindh sales tax on services has been charged at the rate of 13% (June 30, 2021: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.		
		Un-Audited September 30 2021	Audited June 30 2021
		----- (Rupees in '000) -----	
11.	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	
	Annual fee payable to SECP	11.1	44
11.1	Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 all Collective Investment Scheme are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (June 30, 2021: 0.02%) of the average annual net assets of the scheme.		
		Un-Audited September 30 2021	Audited June 30 2021
		----- (Rupees in '000) -----	
12.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	
	Auditor's remuneration		411
	National Clearing Company of Pakistan Limited clearing charges payable		-
	Withholding tax payable		57
	Provision against Sindh Workers Welfare Fund		19
	Others	12.1	-
			24,828
			25,315
			8,030

12.1 Provision for Sindh Workers' Welfare Fund (SWWF)

During the year Sindh Revenue Board (SRB) through its letter dated August 12, 2021 to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the SWWF Act, 2014 and are therefore, subject to SWWF charge whereas the Mutual Funds managed by those AMCs do not qualify as "Financial Institutions" as per SWWF Act, 2014 and are therefore, not liable to pay SWWF contributions. The development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies. In consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

13. CONTINGENCIES AND COMMITMENTS

13.1 The commitment to sell equity securities at a future date under spread transactions amounts to Rs. 361.218 million (June 30, 2021: 328.225)

13.2 Except as disclosed in note 13.1, there are no other contingencies and commitments outstanding as at September 30, 2021 and June 30, 2021.

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (Minimum Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year, Management Company has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

15. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

16. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended September 30, 2021 is 2.80% (September 30, 2020: 2.39%) which includes 0.28% (September 30, 2020: 0.33%) representing government levies such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Aggressive Fixed Income Scheme.

	Note	Un-Audited September 30 2021	Audited June 30 2021
		----- (Rupees in '000) -----	
17. CASH AND CASH EQUIVALENTS			
Bank balances	5	38,867	45,303
Market treasury bills (having original maturity upto 3 months)	6.3.1	129,219	21,819
		<u>168,086</u>	<u>67,122</u>

18. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

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

	Un-Audited September 30 2021	Un-Audited September 30 2020
	----- (Rupees in '000) -----	
AKD Investment Management Limited - Management Company		
Management fee	3,283	2,579
Sindh sales tax on management fee	427	335
Allocated expenses	328	258
Sales load	54	8
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	164	129
CDC charges	75	10
Sindh sales tax on trustee remuneration	31	17
AKD Securities Limited		
Brokerage on purchase of listed equity securities for spread	94	-
	Un-Audited September 30 2021	Audited June 30 2021
	----- (Rupees in '000) -----	

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

AKD Investment Management Limited - Management Company		
Management remuneration payable	1,148	1,016
Sales load payable	54	64
Sindh sales tax payable on management remuneration	149	132
Federal excise duty payable on management remuneration	4,141	4,141
Payable against allocated expenses	117	103
Others	48	48
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	58	51
Settlement charges payable	28	53
Sindh sales tax payable on trustee remuneration and settlement charges	11	14
Security deposit	100	100
AKD Securities Limited		
Brokerage on purchase of listed equity securities for spread	202	95
Receivable / Payable against Conversion of units - AKD Funds		
Receivable against Conversion of units - AKD Opportunity Fund	6,320	-
Receivable against Conversion of units - AKD Islamic Stock Fund	1,200	-
Receivable against Conversion of units - Golden Arrow Stock Fund	4,822	-
Payable against Conversion of units - Golden Arrow Stock Fund	194	-
Payable against Conversion of units - AKD Opportunity Fund	300	-
Unit holder holding 10% or more of the units in issue		
National Bank of Pakistan Employees Pension Fund		
Outstanding 9,855,367 (June 30, 2021: 9,855,367) units	518,502	504,227
Sindh Province Pension Fund*		
Outstanding NIL (June 30, 2021: 1,664,213) units	-	85,146

* Prior period connected party, current figures not shown

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at September 30, 2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss				
- Term Finance Certificates	-	165,505	-	165,505
- Sukuk Certificates	-	107,858	-	107,858
- Government securities	-	203,490	-	203,490
- Listed equity securities (spread transactions)	351,001	-	-	351,001
	351,001	476,853	-	827,854

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - at fair value through profit or loss				
- Term Finance Certificates	-	164,168	-	164,168
- Sukuk Certificates	-	107,607	-	107,607
- Government securities	-	84,300	-	84,300
- Listed equity securities (spread transactions)	319,758	-	-	319,758
	319,758	356,075	-	675,833

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

20. GENERAL

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

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

21. DATE OF AUTHORISATION FOR ISSUE

29 OCT 2021

These condensed interim financial statements were authorised for issue on _____ 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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