AKD Investment Management Ltd.
Asset manager Rating AM3++by PACRA

FUND MANAGER REPORT

for the month of

JANUARY 2023

Please read the Offering Documents to understand the investment policies and risk involved.

AKD Investment Management Ltd.

Partner with AKD
Profit from the Experience

Risk Profile of Collective Investment Schemes/Plans

Sr. No	Name of Collective Investment Scheme	Category	Risk Profile	Risk Of Principal Erosion
1	AKD Aggressive Income Fund (Formerly: AKD Income Fund)	Aggressive Fixed Income	Medium	Principal at Medium risk
2	AKD Cash Fund	Money Market	Low	Principal at Low risk
3	AKD Islamic Income Fund	Shariah Compliant Income	Medium	Principal at Medium risk
4	AKD Index Tracker Fund	Index Tracker	High	Principal at High risk
5	AKD Islamic Stock Fund	Shariah Compliant Equity	High	Principal at High risk
6	AKD Opportunity Fund	Equity	High	Principal at High risk
7	Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited)	Equity	High	Principal at High risk

DISPUTE RESOLUTION/ COMPLAINTS HANDLING:
Investors may lodge their complaints to our Investor Services Department through any of the following options where our dedicated staff is available 24/7 to provide assistance: Call at (+92-21) 111-AKD-IML (253465), Toll-free # 0800-25346, Email at info@akdinvestment.com, complaints@akdinvestment.com, Sales@akdinvestment.com. In case your complaint has not been properly redressed by us, you may lodge your complaint with SECP at the link https://sdms.secp.gov.pk/. However, please note that SECP will entertain only those complaints which were at first directly requested to be redressed by the Company and the Company has failed to redress the same. Further, the complaints that are not relevant to SECP's regulatory domain/competence shall not be entertained by the SECP.

Message from CIO's Desk

The market remained uneasy for the month of January as the benchmark index fell during the first half of the month reaching a low of 38,443 points (-1,977 points) in the wake of political chaos and depleting FX reserves. However, with some positive news flow regarding the resumption of IMF negotiations and the government conceding to reforms associated with the IMF 9th review, the benchmark index bounced back to settle at 40,673 points with a marginal gain of 253 points (0.62% MoM).

Following the government decision to implement a free float exchange rate, the currency settled at PKR 268/USD at the end of the month, losing 15.47% on a MoM basis. The decline in FX reserves continued during the month as it fell to USD 3.09 billion down from USD 5.59 billion at the end of December 2022. Also, after the announcement of the MPS to raise the policy rate by 100 bps to 17%, the benchmark index rallied 2,403 points (6.3%) in the subsequent three sessions as the announcement was in line with the expectations and notably illustrated the governments resolve to address the economic crisis.

The market continues to trade at exceedingly attractive multiples with PE and PB of 3.9x and 0.6x with a discount of more than 40% as compared to their long-term averages. The market is also offering a healthy dividend yield of 11% which is the highest compared to its regional counterparts.

During the month, investor participation declined as volumes contracted by 2.36% MoM to PKR 176.90 million. Furthermore, foreigners remained net buyers with inflows of USD 8.74 million, certainly a key IMF condition of a "Free Float" currency is expected to bode well for foreign investors. Major buying was witnessed in Commercial Banks (USD 3.87 million) on the back of record interest rates and an imminent economic slowdown with expectations of a rise in Bank NPLs, and E&Ps *(USD 2.97 million)* on the back of Circular Debt Resolution Plan. On the local front, Individuals and Banks/DFIs remained net buyers with buying of USD 15.70 million and USD 5.54 million respectively. Whereas, Mutual Funds and Insurance Companies reported net selling of USD 20.99 million and USD 17.62 million, respectively.

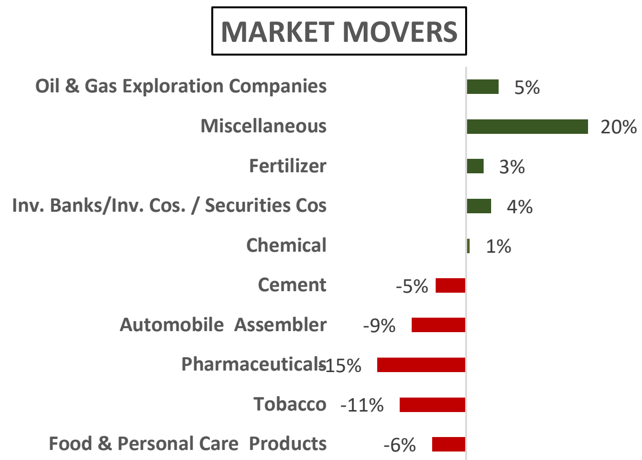
Other significant developments and reports that affected investor sentiment during the month included:

- The Federal Board of Revenue (FBR) missed the collection target by almost 24% or PKR 225 billion due to a sharp decline in imports and delays in the collection of super tax from maximum taxpayers.
- Foreign currency inflows from overseas Pakistanis through Roshan Digital Account *(RDA)* were recorded at USD 140 million in December 2022, the lowest since December 2020.
- Pakistan was able to secure over USD 10 billion from different international financial institutions, donor agencies and development partners at the international conference on Climate Resilient Pakistan in Geneva.
- The Large scale manufacturing Index *(LSMI)* output declined by -5.49% in 5MFY23 compared to the SPLY as a result of expensive raw material costs in the light of currency devaluation, high interest rates, and global recession.
- The Current Account Deficit *(CAD)* for the month of December 2022 clocked in at USD 400 million, up +59% MoM from USD 252 million in November 2022 taking the 1HFY23 CAD to USD 3.67 billion against USD 9.09 billion, down -60% YoY during the same period last year primarily due to decline in imports.
- IMF announced to visit from January 31, 2023 to February 9, 2023 for 9th IMF EEF review.
- SBP reserves plunges to USD 3.7 billion with an import cover of only 3 weeks left.

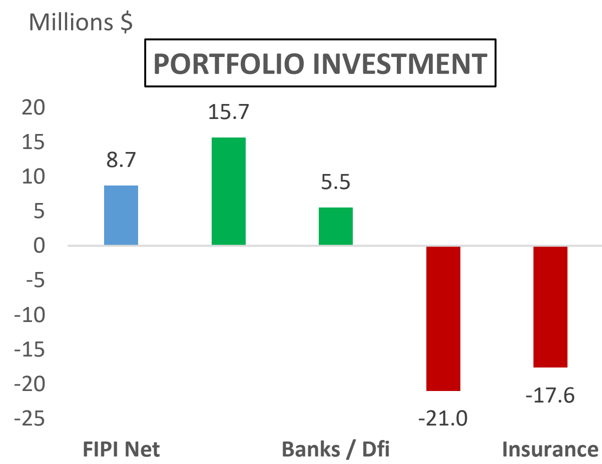
We believe that implementing key reforms required for rejuvenating the stalled IMF program, will be positive for the economy and capital markets as a whole; especially, resolution of circular debt will inevitably unlock much needed liquidity and stock values.

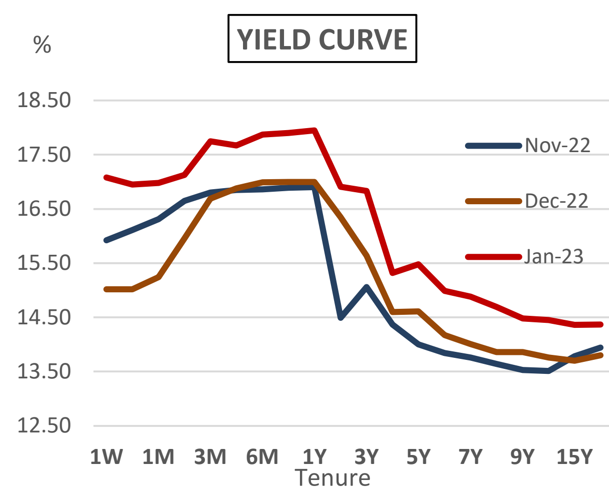
The NCPI during the month of January 2023 clocked in at 27.55% YoY as compared to 24.47% YoY in December 2022. This took the 7MFY23 average NCPI to 25.40% compared to 10.26% during the SPLY. On a regional basis, the Urban CPI clocked in at 23.29% YoY, whereas, the Rural CPI was recorded at 28.54%. Reportedly, prime contributors to the increase in inflation were Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.36% MoM / 7.83% YoY on the back of higher energy prices. Furthermore, a heavy increase was observed in the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 1.94% MoM / 42.94% YoY due to the increase in prices of tomato, pulses, vegetables, and cooking oil during the month.

During the month of January 2023, the SBP conducted three MTB auctions with a realized amount of PKR 1.75 trillion. The Weighted average yields for 3 months increased by 86bps to 17.8194% while bids were rejected for 6 months and 12 months. The upward movement in yields is a result of an increase in the discount rate by SBP to 17% in the Monetary Policy Committee held on January 23, 2023 to almost record levels, signaling that economic conditions would remain difficult at least in the near term. As per the auction target calendar for February – April 2023, the SBP targets to raise PKR 1.10 trillion against maturing amount of PKR 1.14 trillion in MTBs. The Next Monetary Policy Committee is scheduled to be held on March 16, 2023 in which we expect the central bank to further increase the policy rate by 50-100 bps to counter un-abating inflation.



Change in market capitalization during month





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AKD Aggressive Income Fund

Fund Manager's Comments

For the month of January'2023, AKD Aggressive Income Fund (AKDAIF) posted an annualized return of 8.51% against the benchmark return of 17.68%. The exposure in TFCs/Sukuks was 41.42%, 36.18% in T-Bills, 17.79% in Commercial Papers / Short Term Sukuks (STS), and Cash was 2.63% at the end of January'2023. The weighted average maturity of the Fund was at 399 days.

Fund Information

Investment Objective: 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.

Fund Type	Open-End
Category	Aggressive Fixed Income
Risk Profile	Medium
Risk of Principal Erosion	Principal at medium risk
Net Assets (PKR)	633,675,364
NAV (PKR)	53.2976
Benchmark	1 Year KIBOR
Dealing Days	Monday to Friday
Cut-off Timings	9:00 am to 5:00 pm
Pricing Mechanism	Forward Pricing
Management Fee	1.50%
Sales Load (Front end)	1%
Sales Load (Back end)	Nil
Total Expense Ratio (Annualized)	MTD (2.17%), YTD (2.41%)
Government Levies (Annualized)	MTD (0.22%), YTD (0.25%)
Date of Fund Launch	March, 2007
Trustee	Central Depository Company (CDC)
Auditor	Yousuf Adil, Chartered Accountants
Stability Rating	A+(f) by PACRA (07 Sep' 2022)
Asset Manager Rating	AM3++ by PACRA (30 Jun' 2022)
Weighted Average Maturity (Days)	399
Leverage	Nil

Fund Manager

Mr. Danish Aslam

Investment Committee Members

Mr. Imran Motiwala	Ms. Anum Dhedhi
Mr. Muhammad Yaqoob, CFA	Mr. Ali Abbas, CFA
Mr. Sheikh Usman Haroon	Mr. Danish Aslam

*Cumulative Return **Geometric Mean

	FYTD	MTD	1 Year	3 Year*	5 Year*	Since Inception**
1 Year Kibor	16.60%	17.68%	15.35%	36.56%	67.76%	9.49%
AKDAIF	7.44%	8.51%	5.85%	27.24%	42.42%	7.94%

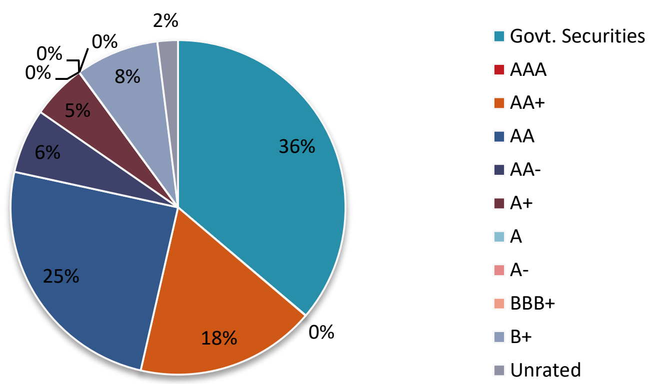
The Fund's returns are computed on NAV to NAV with dividends reinvested – (excluding sales load).

	FY22	FY21	FY20	FY19	FY18
1 Year Kibor	11.31%	7.76%	12.31%	10.69%	6.69%
AKDAIF	7.23%	7.08%	13.12%	3.28%	3.62%

BM changed from 6-month Kibor to 1-year Kibor from September 2011 onwards.

Asset Allocation (% of Total Assets)	31-Jan-2023	31-Dec-2022
Cash	2.63%	3.78%
PIBs	0.00%	0.00%
T-Bills	36.18%	24.41%
Placements with Banks and DFIs	0.00%	0.00%
MTS	0.00%	0.00%
TFCs/Sukuks	41.42%	32.41%
Commercial Papers / Short Term Sukuks	17.79%	13.81%
Spread transactions	0.00%	11.51%
Others including receivables	1.97%	14.08%

Credit Quality of Portfolio (% of Total Assets)



TFCs/Sukuk Certificates	Rating	31-Jan-2023
Hub Power Holdings Limited –12-Nov-2020	AA+	11.82%
The Bank of Punjab - 23-Dec-2016	AA	10.03%
Silk Bank Limited – 10-Aug-2017	B+	8.05%
TPL Corporation Limited – 28-Jun-2022	AA-	6.24%
K-Electric Limited STS – 13-Dec-2022	AA	6.19%
Lucky Electric Power Company Ltd. STS – 14-Dec-2022	AA	4.64%
Nishat Mills Limited STS – 01-Nov-2022	AA	3.87%
TPL Trakker Limited – 30-Mar-2021	A+	3.39%
China Power Hub Generation Co. Ltd. STS – 07-Dec-2022	AA+	3.09%
Mughal Iron & Steel Industries Limited – 2-Mar-2021	A+	1.88%
Total		**59.21%**

Disclosure of Sindh Workers' Welfare Fund (SWWF):

During the month of August 2021, provisioning against Sindh Workers Welfare Fund by AKDAIF amounting to PKR 5.95 million has been reversed on the basis of clarification received from Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan, received on August 13, 2021. This reversal of provision has contributed towards an unusual increase in NAV of the AKDAIF (0.38/unit) 0.73%. This is one-off event and is not likely to be repeated in the future.

Details of Non-Compliant Investment

Name of non-compliant investment	Type of Investment	Value of investment before provision	Provision held if any	Value of investment after provision	Percentage(%) of Net Assets	Percentage(%) of Gross Assets
Dewan Cement Limited – NPA	TFC	100,000,000	100,000,000	0	0.00%	0.00%
Pace Pakistan Limited – NPA	TFC	574,310	574,310	0	0.00%	0.00%
Summit Bank Limited – NPA	TFC	24,925,250	24,925,250	0	0.00%	0.00%
Worldcall Telecom Limited – NPA	TFC	31,648,403	31,648,403	0	0.00%	0.00%
New Allied Electronics Industries (Pvt.) Ltd. - NPA	Sukuk	30,000,000	30,000,000	0	0.00%	0.00%
Security Leasing Corporation Limited – NPA	Preference Shares	11,352,099	11,352,099	0	0.00%	0.00%
Silk Bank Limited – NPA	TFC	99,920,000	47,861,000	52,059,000	8.22%	8.05%
Hub Power Holdings Limited	Sukuk	76,364,100	0	76,364,100	12.05%	11.82%
The Bank of Punjab	TFC	64,844,000	0	64,844,000	10.23%	10.03%

Non-Compliance Disclaimer: AKDAIF holds above mentioned non-compliant investment. Before making any investment decision, investors should review this document and latest Financial Statements.