



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
8	AKD Islamic Daily Dividend Fund	Shariah Compliant Money Market	Low	Principal at Low risk

DISPUTE RESOLUTION/ COMPLAINTS HANDLING:

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DISCLAIMER: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and risks involved. Performance data does not include the cost incurred directly by an investor in the form of sales loads etc.

Message from CIO's Desk

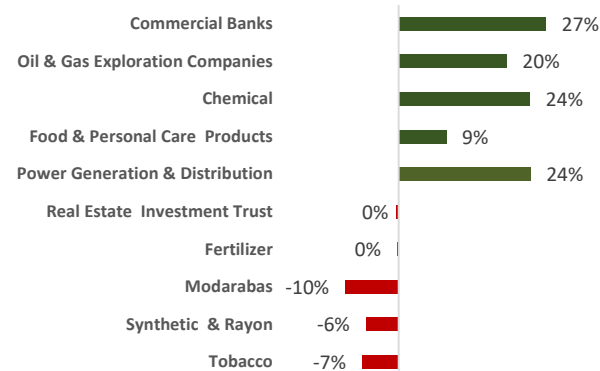
The Equity market recorded an aggressive bull run during the month of July, on the back of the much awaited IMF agreement paving the way for economic reforms and stability. Understandably the support the Country has received from friendly countries and the IMF, offered investors alike to celebrate after one of the most difficult economic situations in recent history as cash strapped Pakistan secures foreign inflows averting an imminent sovereign default. With rejuvenated investor confidence the index closed at 48,034.60 level increasing 6,582 points (+15.88% MoM) on improved trading volumes, probably one of the best performing months on record. With an improvement in investor outlook, optimism has been notably with caution as tough IMF conditions with difficult reforms ahead of general elections have kept celebrations in check. Perhaps this is why investors were pleasantly surprised when the Central Bank in its last Monetary Policy Meeting decided to keep the discount rate unchanged despite an overwhelming market consensus of a further hike, signaling that monetary tightening may be at an end.

The volumes during the month of July 2023 increased from 169 million shares to 384 million shares (up 1.28x MoM). Foreigners remained net buyers with inflows of USD 18.15 million as major buying was witnessed in Commercial Banks (USD 10.67 million), Technology and Communication (USD 2.99 million), and Cement (USD 2.49 million), very encouraging indeed for the market to see more regular flows from off-shore investors. On the local front, Corporates and Individuals were major buyers with USD 3.47 million and USD 2.32 million, respectively while Mutual Funds and Banks / DFIs were net sellers with outflows of USD 17.39 million and USD 6.29 million, respectively.

Other significant developments that impacted the Equity market during the month included:

- The Federal Board of Revenue (FBR) revenue collection for the month of July stood at PKR 538 billion against the target of PKR 534 billion with robust growth of 16.6% YoY. Notably, direct taxes continue to show remarkable growth with 30% during the current month.
- The Current Account Surplus for the month of June 2023 clocked in at USD 334 million, versus a Current Account Surplus of USD 220 million (revised) in May 2023 taking the FY23 CAD to USD 2.56 billion (-0.7% of GDP) against USD 17.48 billion (-4.7% of GDP), down -85% YoY during the same period last year primarily due to constrained imports.
- The Large scale manufacturing Index (LSMI) output declined by -14.37% YoY in May 2023 compared to the same period last year which was the 11th consecutive decline as a result of expensive raw material costs in the light of currency devaluation amid restricted imports, high interest rates, and a global slowdown.
- During July 2023, the Foreign exchange reserves held by SBP increased by USD 3.69 billion (up 83%) to USD 8.15 billion due to external support reaching a healthy import cover of 9 weeks.
- For the month of July, the exchange rate declined by 0.23% MoM against the USD at PKR 286.64/USD.
- The Government's resilient efforts to attract investments from Non-Resident Pakistanis continue to bear fruit, with an impressive inflow of USD 6.35 billion through Roshan Digital Accounts (RDA) with more than 585,000 accounts till June 2023.
- Pakistan entered in to a 9 month Stand-by Agreement with the IMF to receive USD 3 billion. Reportedly, Pakistan has already received USD 1.2 billion (SDR 894 million) and the remaining amount shall be subject to two quarterly reviews.
- Fitch upgrades Pakistan's rating to 'CCC' after securing IMF deal.
- The Kingdom of Saudi Arabia (KSA) has approved an additional USD 2 billion in deposits to the SBP to support FX reserves.
- China has rolled over another USD 600 million, USD 1 billion in SAFE deposits and USD 2.4 billion debt rescheduling to help increase Pakistan's FX Reserves.
- The Federal government has decided to hike the base tariff by PKR 3-7.50/unit for FY23-24 including KEL customers announced by NEPRA.

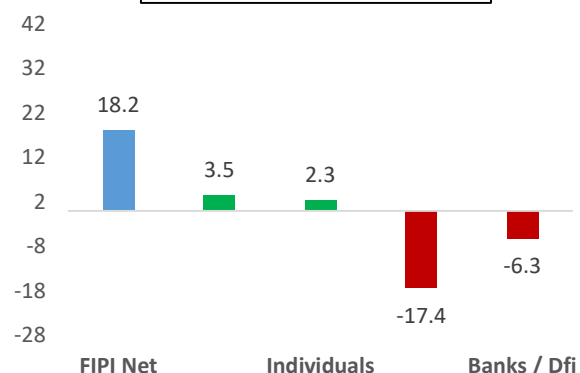
MARKET MOVERS



*Change in market capitalization during month

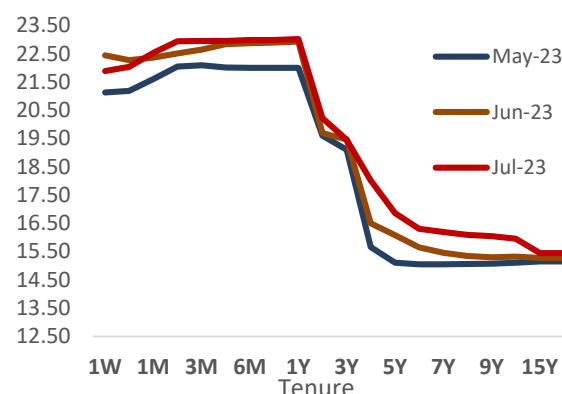
Millions \$

PORTFOLIO INVESTMENT



%

YIELD CURVE



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Message from CIO's Desk

The NCPI during the month of July 2023 clocked in at 28.30% YoY as compared to 29.40% YoY in June 2023 above market consensus. On a regional basis, the Urban CPI clocked in at 26.26% YoY, whereas, the Rural CPI clocked in at 31.29%. The main contributors to the increase in inflation are Housing, Water, Electricity, Gas, and Fuel (*weight in CPI 23.63%*) with an impact of 1.48% MoM / 10.84% YoY because of the increasing fuel and utility prices and exchange devaluation. Furthermore, a heavy increase was observed in the Food and Non-alcoholic Beverages Index (*weight in CPI 34.58%*) with an impact of 1.62% MoM / 39.52% YoY due to an increase in prices of essential foods.

During the month of July 2023, the SBP conducted two MTB auctions with a realized amount of PKR 1.18 trillion. The Weighted average yields for 3 months, 6 months and 12 months increased by 91bps, 95bps, and 99bps to 22.8974%, 22.8701%, and 22.9647%, respectively.

The SBP in its Monetary Policy Committee (MPC) on July 31, 2023, decided to keep the policy rate unchanged at 22% against market consensus of a 100 bps hike. The MPC noted that the country has safely avoided sovereign default which has led to improved investor confidence. More importantly, the MPC expected improved economic activity given the relaxation in import restrictions and was also encouraged by agricultural crop reports to date.

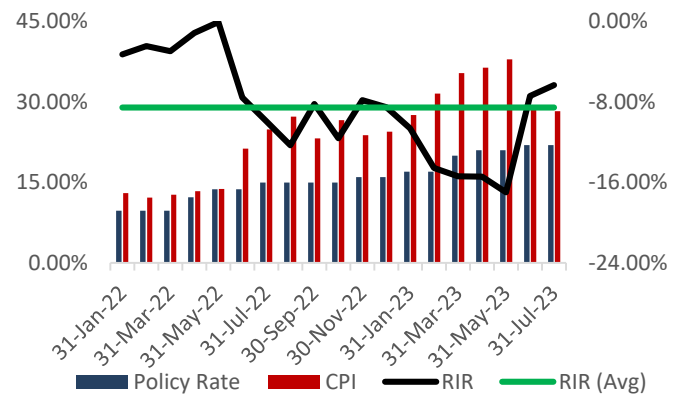
In addition, the FX reserves also increased to USD 8.15 billion as of July 27, 2023, with the help of the IMF and other external support. The MPC also noted that implementing electricity tariffs as per IMF conditions, will very likely fuel inflation in the coming months. Furthermore, the committee also predicts the inflation to be around 20-22 percent in FY24 keeping the real rate in neutral to positive territory. Notably, global commodity prices have somewhat increased but still remain much lower than their recent peak levels. The next MPC meeting is due to be held on September 14, 2023, where we expect the interest rates to remain unchanged despite earlier expectations of a rate cut.

Key global events that are expected to affect world markets as per a BlackRock study, is that while geopolitical events historically have had a smaller impact since 1962, this paradigm has evidentially shifted since post Covid-19 and the aftermath of Russia Ukraine war. In the foreseeable future, these events could transpire into major turning points for the capital markets as US and China compete head to head for global supremacy. A few of the top risks include China's military retaliation on Taiwan or asserts its claim in the South China Seas and Russia-NATO conflict draws out longer than anticipated leading to unaffordable high energy prices. As Pakistan sits geographically in the center of these global powerhouses, the impact on our capital markets and monetary policy can understandably be paramount.

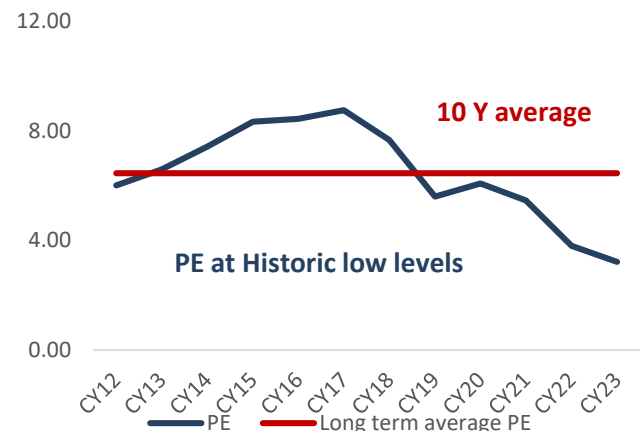
Going forward, we believe that structural changes and reforms are unavoidable to turn around the current economic state with it addressing fiscal imbalances and external vulnerabilities with more sustainable stability. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government through this fiscal year. On the other hand, notably inflation is expected to come off sharply as the high base affect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains a key concern.

Dull performance since the last couple of years combined with high economic uncertainty amid cash crunch swayed investors away from the Equity markets. However, we expect that the recent Bull Run comprising around of more than 9,500 points outpacing all the regional counterparts will help gain some traction in the Equity market. We firmly believe that inflation adjusted real value over the long term will be secured in Equities as the index continues to trade at exceedingly attractive multiples with PE and PB of 4.72x and 0.6x with a healthy dividend yield of 10%.

REAL INTEREST RATES

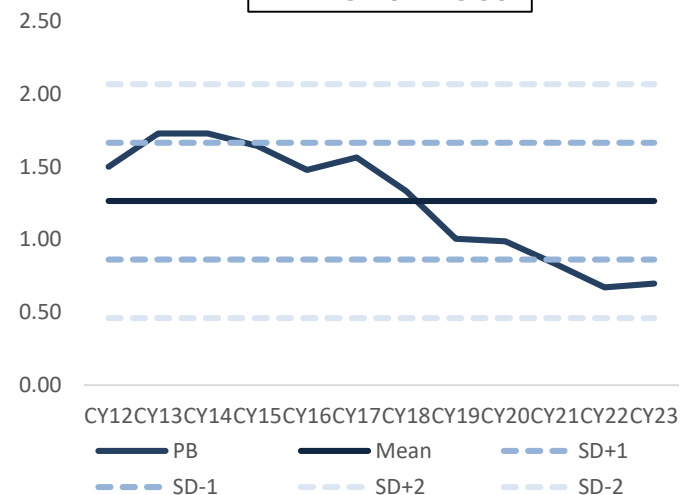


KSE - 100 PE AT ALL TIME LOW LEVELS



PE at Historic low levels

PB AT BOTTOMING OUT



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AKD Aggressive Income Fund

Fund Manager's Comments

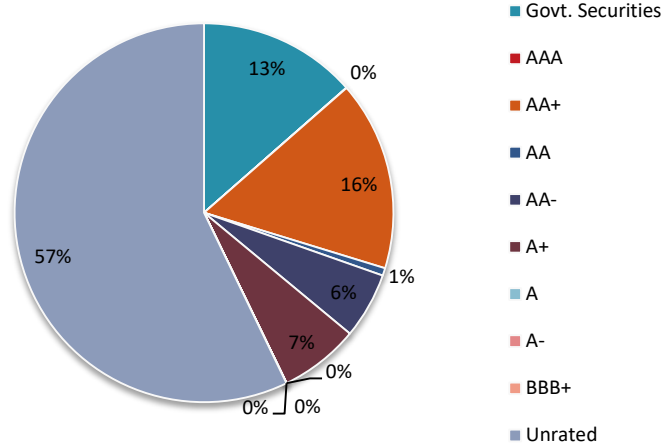
For the month of July 2023, AKD Aggressive Income Fund (AKDAIF) posted an annualized return of 21.16% against the benchmark return of 23.31%. The exposure in Spread Transactions was 23.90%, 17.53% in TFCs/Sukuk, T-Bills was 13.53%, 3.42% in Commercial Papers / Short Term Sukuk (STS), 2.35% in Margin Trading System (MTS) and Cash was 8.36% at the end of July 2023. The weighted average maturity of the Fund was at 157 days.

Fund Information		FYTD	MTD	1 Year	3 Year*	5 Year*	Since Inception**																							
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.		1 Year Kibor	23.31%	23.31%	19.14%	43.75%	78.56%	10.04%																						
		AKDAIF	21.16%	21.16%	3.51%	19.57%	39.19%	7.40%																						
		The Fund's returns are computed on NAV to NAV with dividends reinvested – (excluding sales load).																												
			FY23	FY22	FY21	FY20	FY19																							
		1 Year Kibor	18.60%	11.31%	7.76%	12.31%	10.69%																							
		AKDAIF	2.16%	7.23%	7.08%	13.12%	3.28%																							
		BM changed from 6-month Kibor to 1-year Kibor from September 2011 onwards.																												
		Asset Allocation (% of Total Assets)		31-Jul-2023		30-Jun-2023																								
Fund Type		Open-End		Cash		8.36%																								
Category		Aggressive Fixed Income		PIBs		0.00%																								
Risk Profile		Medium		T-Bills		13.53%																								
Risk of Principal Erosion		Principal at medium risk		Placements with Banks and DFIs		0.00%																								
Net Assets (PKR)		665,538,501		MTS		2.35%																								
NAV (PKR) (Ex Div.)		51.9787		TFCs/Sukuk		17.53%																								
Benchmark		1 Year KIBOR		Commercial Papers / Short Term Sukuk		3.42%																								
Dealing Days		Monday to Friday		Spread transactions		23.90%																								
Cut-off Timings		9:00 am to 5:00 pm		Others including receivables		30.91%																								
Pricing Mechanism		Forward Pricing				8.11%																								
Management Fee		1.50%		Credit Quality of Portfolio (% of Total Assets) <table><thead><tr><th>Credit Rating</th><th>Percentage</th></tr></thead><tbody><tr><td>Govt. Securities</td><td>13%</td></tr><tr><td>AAA</td><td>0%</td></tr><tr><td>AA+</td><td>16%</td></tr><tr><td>AA</td><td>1%</td></tr><tr><td>AA-</td><td>6%</td></tr><tr><td>A+</td><td>7%</td></tr><tr><td>A</td><td>0%</td></tr><tr><td>A-</td><td>0%</td></tr><tr><td>BBB+</td><td>0%</td></tr><tr><td>Unrated</td><td>57%</td></tr></tbody></table>					Credit Rating	Percentage	Govt. Securities	13%	AAA	0%	AA+	16%	AA	1%	AA-	6%	A+	7%	A	0%	A-	0%	BBB+	0%	Unrated	57%
Credit Rating	Percentage																													
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AA-	6%																													
A+	7%																													
A	0%																													
A-	0%																													
BBB+	0%																													
Unrated	57%																													
Sales Load (Front end)		1%																												
Sales Load (Back end)		Nil																												
Total Expense Ratio (Annualized)		MTD (2.98%), YTD (2.98%)																												
Government Levies (Annualized)		MTD (0.33%), YTD (0.33%)																												
Date of Fund Launch		March, 2007																												
Trustee		Central Depository Company (CDC)																												
Auditor		Yousuf Adil, Chartered Accountants																												
Stability Rating		A+(f) by PACRA (08 Mar' 2023)																												
Asset Manager Rating		AM3++ by PACRA (27 Jun' 2023)																												
Weighted Average Maturity (Days)		157																												
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, CFA, ACCA	Mr. Danish Aslam																													

TFCs/Sukuk Certificates		Rating	31-Jul-2023
Hub Power Holdings Limited – 12-Nov-2020		AA+	7.99%
TPL Corporation Limited – 28-Jun-2022		AA-	5.62%
Mughal Iron & Steel Industries Limited STS – 06-Apr-2023		A+	2.88%
TPL Trakker Limited – 30-Mar-2021		A+	2.53%
Mughal Iron & Steel Industries Limited – 02-Mar-2021		A+	1.39%
K-Electric Limited STS – 21-Mar-2023		AA	0.54%
Total			20.95%

*Cumulative Return **Geometric Mean

Credit Quality of Portfolio (% of Total Assets)



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K-Electric Limited STS – 21-Mar-2023	AA	0.54%
Total		20.95%

*Cumulative Return **Geometric Mean

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	99,920,000	0	0.00%	0.00%

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

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MUFAP's Recommended Format