



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:

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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

Equity Market review

The Equity market (KSE-100 index) witnessed a grueling year closing at 40,420.45 level losing 1,928 MoM / 4,176 YoY points (down 4.55% MoM / 9.36% YoY). The market faced major setbacks in the form of extensive monetary tightening by 625 bps, cataclysmic floods that caused losses estimated at more than USD 40 billion, soaring inflation to 19%, diminishing FX reserves, and an ever-expanding current account deficit (CAD). On the flipside, investors gained some comfort from removal of Pakistan from the FATF's grey list indeed a major achievement for the country, completion of IMF 8th review, and record 5.97% GDP growth.

On a 10Y period, the KSE -100 index yielded an annualized return of 9.11% (*-0.01% annualized in USD terms*), however, sadly for foreign investors, these gains were unable to withstand the PKR devaluation of -8.36% annualized. This is also reflected in the foreign investor sentiments as they have withdrawn USD 48.13 million in CY22 alone; however, while this number is the lowest in the past seven years notably foreigners have been on the sell side for several years now

During the month, investor participation declined as volumes contracted by 9% MoM to PKR 181.17 million from PKR 199.15 million recorded during November 2022. Furthermore, foreigners remained net sellers with outflows of USD 34 million. Major offloading was witnessed in Commercial Banks (USD 42.39 million) on the back of record interest rates and an imminent economic slowdown with expectations of a rise in Bank NPLs and cement stocks (USD0.66m) owing to demand contraction. On the local front, Banks/DFIs and Companies reported net buying of USD 43.88 and USD 13.16 million respectively whereas Mutual Funds and Brokers reported selling of USD 14.05 and 6.13 million respectively.

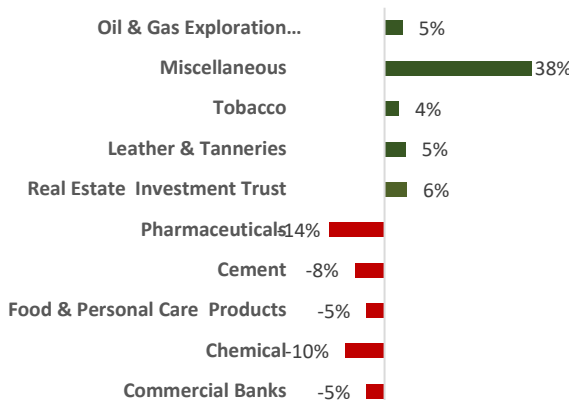
Some significant developments that affected investor sentiment during the month included:

- November 2022 CAD clocked in at USD 276 million, taking the 5MFY23 figure to USD 3.10 billion against USD 7.23 billion, down 57% YoY during the same period last year primarily due to decline in imports.
- The Country's outgoing Chief of Army Staff General Qamar Javed Bajwa handed over the baton of command to the newly-appointed Army Chief General Asim Munir.
- Pakistan successfully made USD 1 billion Eurobond Sukuk payment that matured on December 5, 2022.
- According to the data published by the State Bank of Pakistan (SBP), Remittances sent by Overseas Pakistanis declined by 10% YoY in 5MFY23 to USD 12 billion as compared to 13 billion SPLY.
- Pakistan and the ADB signed USD 775 million worth of five financing agreements to support recovery and reconstruction efforts in the flood-affected areas of Balochistan, KPK and Sindh.
- The Large scale manufacturing Index (LSMI) output declined by 7.75% YoY in 1QFY23 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 Government announced a reduction in the price of petrol and diesel by PKR 10 and PKR 7.5 per liter respectively, passing on the relief to the public as international oil prices declined.
- Pakistan's budget deficit in the first quarter of the current fiscal year increased by 43% to PKR 809 billion against PKR 483 billion in the same period last year due to an increase in ongoing expenditures, interest payments on local debt, and higher defense spending.
- Expectedly, Pakistan's overall development spending dropped by 38% to PKR 130.64 billion in the first five months of the current fiscal year from PKR 209.53 billion last year to create a cushion for rising current expenditures,
- The Foreign exchange Reserves held by SBP declined to an eight year low of USD 5.82 billion as at December 23, 2022,
- During the month, the PKR depreciated by 1.10% against the USD to close at PKR 226.43/USD.

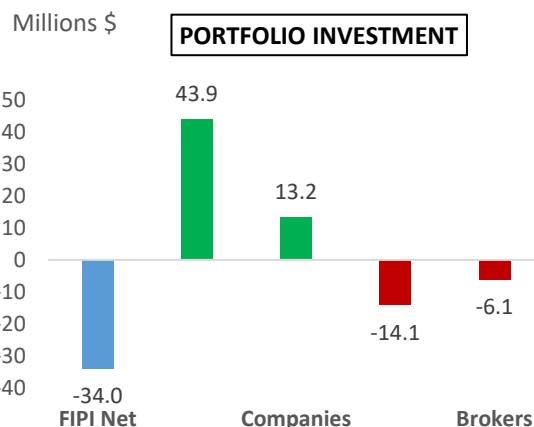
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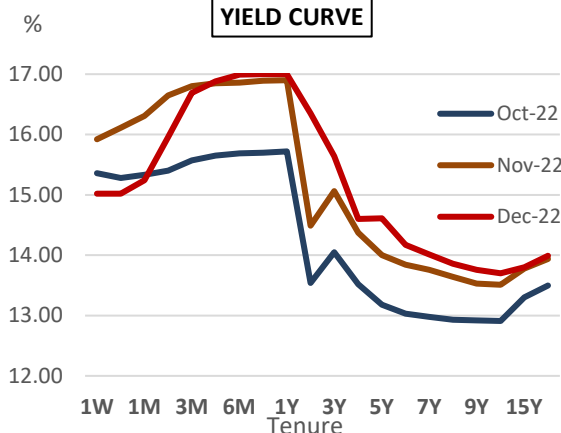
MARKET MOVERS



*Change in market capitalization during month



YIELD CURVE





The NCPI during the month of December 2022 clocked in at 24.5% YoY as compared to 23.8% YoY in November 2022 taking the 6MFY23 average NCPI to 25.02%. The Food Index witnessed a decline of 0.14% MoM due to decline in prices of perishable food items such as fruits and vegetables whereas the Housing Index remained flat. Inflation is expected to remain elevated during FY23 in the range of 21-23% owing to a likely increase in electricity/gas tariffs, GST, subsidies removal along with PKR depreciation in line with IMF program conditions.

Fixed Income review

During the month, the SBP conducted two MTB auctions with a realized amount of PKR 1.94 trillion. The Weighted average yields for 3 months, 6 months, and 12 months, MTB increased by 8bps, 29bps, and 4bps to 16.9623%, 16.8127%, and 16.8135% respectively as compared to the previous month.

Going forward with caution

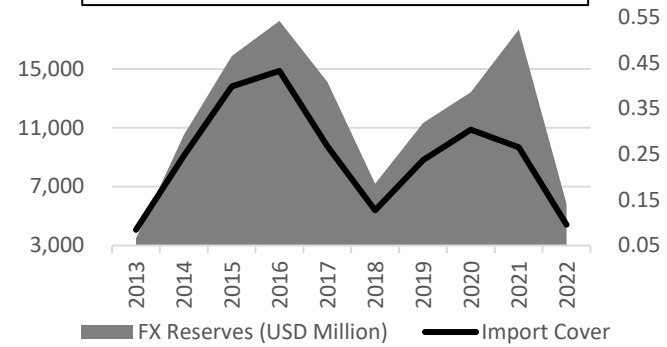
As we step in to CY23, underlying key themes expected to remain center stage will include the IMF's 9th review, geostrategic investment from bilateral partners, exchange rate volatility amid restricted imports and reversal in commodity super cycle prices specially energy/power related. On the political front, uncertainties are likely to subside as the current government draws closer to the end of its tenure and clarity on the timing of the next general elections are expected, following which political narratives should improve.

Reportedly GDP growth is still expected at around 2% for the current fiscal year despite a major economic slowdown. Moreover, as per central bank expectations Current Account and Fiscal deficits to be around 3% and 5% of GDP limits; while, analysts believe inflation will ease around to 11-14% levels in 3QCY23 potentially much lower than SBP's forecasts of 21-23%, as the high base affect plays out. However, high frequency indicators such as auto, cement and OMC sales may remain in pressure during 1HCY23.

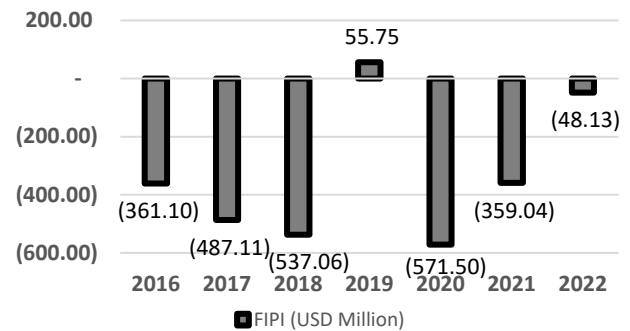
The Next Monetary Policy Committee is scheduled to be held on January 23, 2023 in which we expect the central bank to further increase the policy rate by 100-150 bps in 1HCY22 to counter un-abating inflation.

The market continues to trade at exceedingly attractive multiples with Forward PE and PB of 3.08x and 0.57x 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.

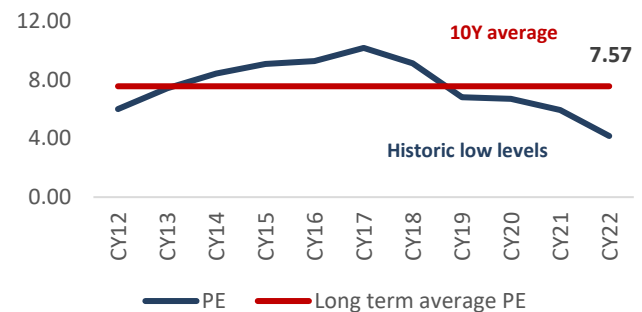
Historical SBP FX Reserves and Import Cover



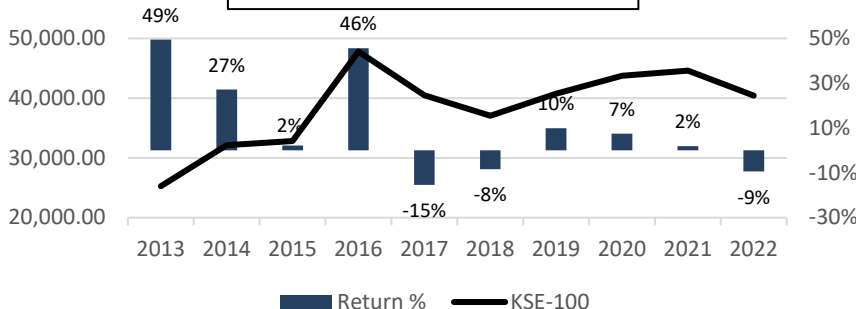
FIPI (USD Million)



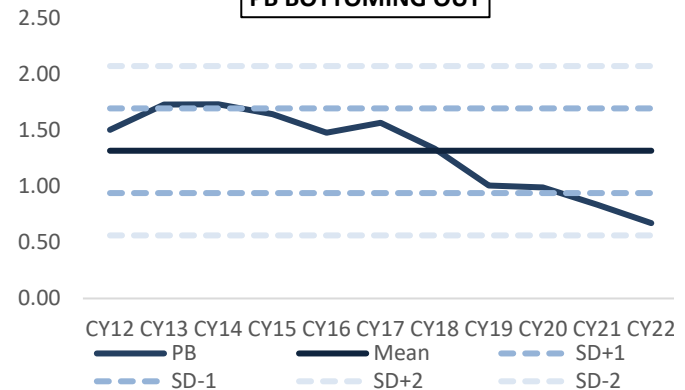
KSE - 100 PE AT ALL TIME LOW LEVELS



KSE-100 Index 10 Year Performance



PB BOTTOMING OUT



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AKD Cash Fund

Fund Manager's Comments

For the month of December'2022, AKD Cash Fund (AKDCF) posted an annualized return of 16.70% against the benchmark return of 15.87%. The exposure in T-bills was 78.48%, 20.19% in Commercial Papers / Short Term Sukuks (STS), and Cash was 0.67% at the end of December'2022. The weighted average maturity of the Fund was at 63 days.

In continuation to provide distinguished services to our Unit Holders, AKD Investment Management Limited has decided to charge Management Fee on the AKD Cash Fund once the Net Assets of the fund crosses Rs.0.5 billion and will continue charging Management Fee on following basis:

Net Asset of the Fund	Management Fee (p.a.)
• Up to Rs.1 billion	0.4%
• Rs. 1 Billion – Rs. 5 Billion	0.5%
• Over Rs. 5 Billion	1.25%

Fund Information

Investment Objective: The objective of AKD Cash Fund (AKDCF) is to provide optimum returns consistent with minimal risk from a portfolio constituted of high quality short term securities/instruments, which will provide liquidity. The Fund will exclusively invest in highly secure ('AA' and above) short-term debt instruments such that the weighted average maturity of its net assets will stay below 90 days.

Fund Type	Open-End
Category	Money Market Scheme
Risk Profile	Low
Risk of Principal Erosion	Principal at Low Risk
Net Assets (PKR)	1,639,005,930
NAV (PKR)	54.5787
Benchmark	BM CF*
Dealing Days	Monday to Friday
Cut-off Timings	9:00 am to 5:00 pm
Pricing Mechanism	Forward Pricing
Management Fee	0.50% per annum
Total Expense Ratio (Annualized)	MTD (0.97%), YTD (0.93%)
Government Levies (Annualized)	MTD (0.09%), YTD (0.09%)
Sales Load (Front end)	Nil
Sales Load (Back end)	Nil
Date of Fund Launch	January, 2012
Trustee	Central Depository Company (CDC)
Auditor	Yousuf Adil, Chartered Accountants
Stability Rating	AA+(f) by PACRA (07 Sep' 2022)
Asset Manager Rating	AM3++ by PACRA (30 Jun' 2022)
Weighted Average Maturity (Years)	0.17
Duration (Days)	63
Leverage	Nil

Fund Manager

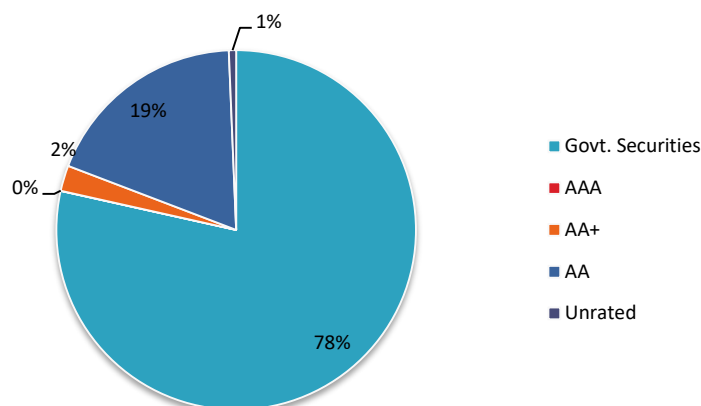
Mr. Danish Aslam

Investment Committee Members

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

	FYTD	MTD	1 Year	3 Year**	5 Year**	Since Inception***
BM*	14.91%	15.87%	13.05%	31.55%	55.87%	7.99%
AKDCF	14.98%	16.70%	13.43%	32.67%	55.44%	8.19%
	FY22	FY21	FY20	FY19	FY18	
BM*	9.29%	6.70%	11.69%	8.66%	5.35%	
AKDCF	9.64%	6.38%	12.24%	7.89%	4.77%	
*70% three (3) months PKRV rate + 30% three (3) months average deposit rate of three(3) AA rated scheduled Banks as selected by MUFAP.						
The Fund's returns are computed on NAV to NAV with dividends reinvested – (excluding sales load).						
Asset Allocation (% of Total Assets)	31-Dec-2022		30-Nov-2022			
Cash	0.67%		0.82%			
T-Bills	78.48%		81.08%			
Commercial Papers / Short Term Sukuks	20.19%		16.98%			
Placements with Banks and DFIs	0.00%		0.00%			
TFCs / Sukuks	0.00%		0.00%			
Others including receivables	0.65%		1.12%			

Credit Quality of Portfolio (% of Total Assets)



Sukuk Certificates	Rating	31-Dec-2022
K-Electric Limited STS – 26-Oct-2022	AA	9.12%
Lucky Electric Power Company Ltd. STS – 13-Oct-2022	AA	2.43%
China Power Hub Generation Co. Ltd. STS – 07-Dec-2022	AA+	1.82%
K-Electric Limited STS – 13-Dec-2022	AA	1.22%
Total		14.59%

** Cumulative Return
*** Geometric mean

Disclosure of Sindh Workers' Welfare Fund (SWWF): During the month of August 2021, provisioning against Sindh Workers Welfare Fund by AKDCF amounting to PKR 3.11 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 AKDCF (0.25/Unit) 0.49%. 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
K-Electric Limited	Short Term Sukuks	170,000,000	0	170,000,000	10.37%	10.34%
Investment Avenue	Commercial Papers/STS	332,041,836	0	332,041,836	20.26%	20.19%

Non-Compliance Disclaimer: AKDCF 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