

FUND MANAGER REPORT

for the month of

FEBRUARY 2023



DISCLAIMER:

All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Documents to understand the investment policies and risk involved.

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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.



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

During the month of February, the incumbent KSE – 100 index started off on a positive note and touched a high of 42,467 points followed by a sharp decline towards the end to close at 40,510.37 (down 0.40% MoM) plummeting 163 points for the month. The Government's efforts to conclude a long-awaited stalled staff level agreement with the IMF remained key focus for investors amidst a volatile month. The government initiated executing pre-requisite conditions of the IMF compromising on its political capital on the back of unpopulous measures, including additional taxes and an unprecedented increase in energy tariffs to rejuvenate the IMF program.

Considering almost record high levels of inflation since Pakistan's independence a trajectory over +30% levels, the State Bank of Pakistan took a policy response and jacked up the interest rates by 300bps on March 2, 2023 to 20% (all-time high since 1990s), taking the market by surprise by almost 100bps above consensus. From the outset of the ruling government which has been marred by political tensions, uncertainties continue to drag investor sentiment, as key electoral issues still hang in the balance. While the government struggles to address these impasses, the necessity of restarting the IMF program has fortunately not been undermined, as reportedly most matters concerning the program have been complied with and a staff level agreement with the Fund is expected shortly.

Needless to say, despite difficult economic conditions with political uncertainty the stock market has more than priced in broadly all factors and continues to trade at exceedingly attractive valuations with a PE and PB of 3.3x and 0.7x respectively which incidentally is a discount of more than 55% as compared to their long-term averages. In addition, the market is also offering a healthy dividend yield of 9% which is the highest compared to its regional peers. Moreover, we believe that timely materialization of funding from the IMF and other friendly countries will provide some respite to the country's deteriorating financial state and external payments vulnerability which is expected to boost investor confidence, as bargain hunters are now seen returning to the equity market.

During the month, investor participation remained dull during the month, rising marginally by 0.23% to 253.13 million. Notably, foreigners remained net buyers with inflows of USD 8.48 million. Major Buying was witnessed in E&Ps (USD 7.21 million) and Commercial Banks (USD 2.52 million). On the local front, Companies and Banks/DFIs remained net buyers with buying of USD 22.75 million and USD 1.59 million respectively. Whereas, Mutual Funds and Insurance Companies reported net selling of USD 16.09 million and USD 15.64 million, respectively.

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

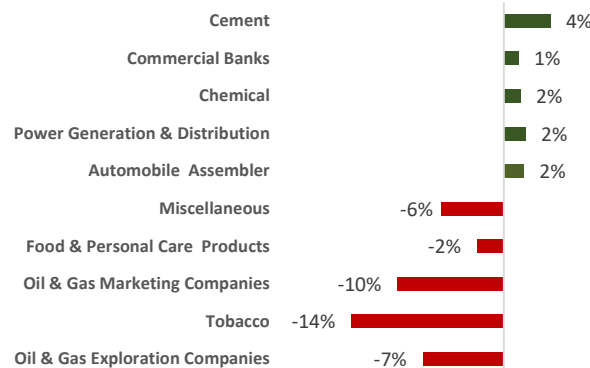
- The National Assembly passed the Finance (Supplementary) Bill, 2023 presented by the Federal Government proposing additional taxes and duties of PKR 170 billion including increase in GST by 1% to 18%, increasing FED on cigarettes, various sugary drinks, cement and international air travel, along with imposing 10% income tax on sale/purchase of unlisted securities and gatherings such as marriage halls, marquee, concerts, shows to name a few key measures.
- The Current Account Deficit (CAD) for the month of January 2023 clocked in at USD 242 million, down -17% MoM from USD 290 million in December 2022 taking the 7MFY23 CAD to USD 3.80 billion against USD 11.56 billion, down -67% YoY primarily due to an unprecedented prioritizing of imports.
- The Large scale manufacturing Index (LSMI) output declined by -3.68% in 1HFY23 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 federal cabinet approved a revised circular debt management plan through which the Government will jack up power prices by PKR 7.91 per unit in four quarterly adjustments, while also conceding to end electricity subsidy of Rs65 billion provided to exporters, with effect from 1st March 2023.
- Fitch Ratings agency further downgraded Pakistan's Long-Term Foreign-Currency Issuer Default Rating (IDR) to "CCC-", from "CCC+".
- Commercial banks hiked interest rates aggressively by almost two percentage points to a 26-year high close to 20% on financing to the cash-strapped government, which signalled the central bank would inevitably follow suit.
- During February 2023, the Foreign exchange reserves held by SBP inched up by USD 0.70 billion to USD 3.81 billion.
- After several months of depreciating to recurring new historic lows, the month recorded a low of PKR 276.58/USD as the exchange rate appreciated by 5.76% to close at PKR 261.50 against the USD.
- The NCPI during the month of February 2023 clocked in at 31.55% YoY as compared to 27.55% YoY in January 2023, taking 8MFY23 average NCPI to 26.19% compared to 10.50% during the SPLY. On a regional basis, the Urban CPI clocked in at 28.8% YoY, while the Rural CPI clocked in at 35.6%. Reportedly, prime contributors to the increase in inflation were Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 3.7% MoM / 13.58% YoY because of the high 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 4.05% MoM / 45.07% YoY due to increase in prices of tomato, pulses, vegetables, and cooking oil during the month.

During the month of February 2023, the SBP conducted two MTB auctions with a realized amount of PKR 0.69 trillion. The Weighted average yields for 3 months, 6 months and 12 months MTB increased by 145bps, 275bps and 296bps to 19.2652%, 19.5706%, and 19.7697% respectively. The upward movement in yields came on the back of the much anticipated increase in policy rate by SBP to counter un-abating inflationary pressures. As per the auction target calendar for February – April 2023, the SBP targets to raise PKR 5.70 trillion against maturing amount of PKR 5.707 trillion in MTBs. The next MPC meeting is set to hold on April 4, 2023.

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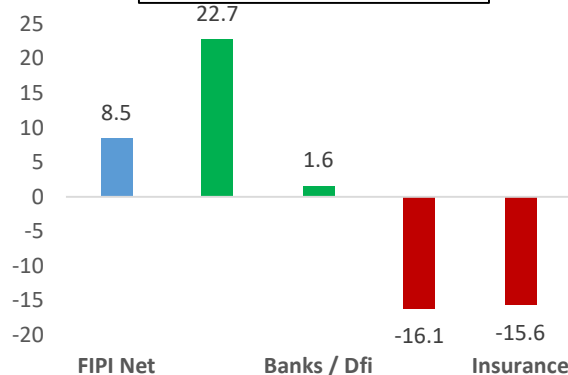
MARKET MOVERS



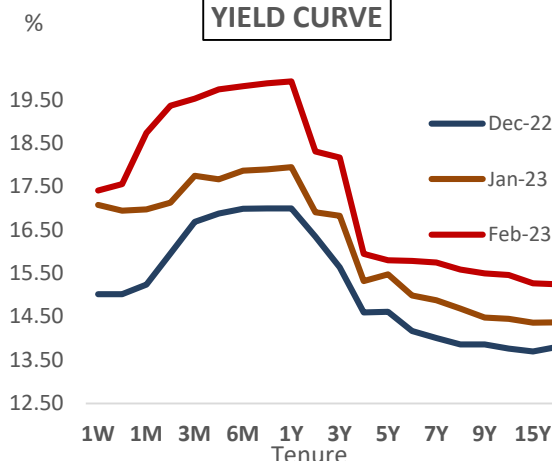
*Change in market capitalization during month

Millions \$

PORTFOLIO INVESTMENT



YIELD CURVE





AKD Cash Fund

Fund Manager's Comments

For the month of February'2023, AKD Cash Fund (AKDCF) posted an annualized return of 14.03% against the benchmark return of 17.33%. The exposure in T-bills was 76.91%, 20.59% in Commercial Papers / Short Term Sukuks (STS), and Cash was 1.18% at the end of February'2023. The weighted average maturity of the Fund was at 54 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)	1,291,458,048
NAV (PKR)	55.8789
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 (0.99%), YTD (0.94%)
Government Levies (Annualized)	MTD (0.09%), YTD (0.09%)
Sales Load (Front end)	Nil
Sales Load (Back end)	Nil
Date of Fund Launch	January 20, 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)	0.15
Duration (Days)	54
Leverage	Nil

Fund Manager

Mr. Danish Aslam

Investment Committee Members

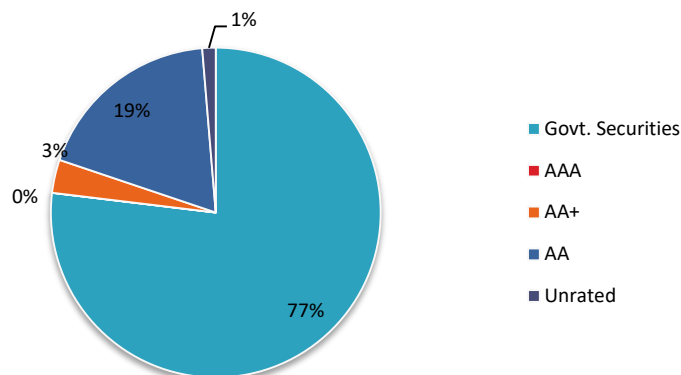
Mr. Imran Motiwala	Ms. Anum Dhedhi
Mr. Muhammad Yaqoob, CFA	Mr. Ali Abbas, CFA
Mr. Sheikh Usman Haroon	Mr. Danish Aslam

	FYTD	MTD	1 Year	3 Year**	5 Year**	Since Inception***
BM*	15.39%	17.33%	14.28%	32.32%	58.56%	8.13%
AKDCF	15.19%	14.03%	14.33%	33.13%	58.00%	8.29%

*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)	28-Feb-2023	31-Jan-2023
Cash	1.18%	2.64%
T-Bills	76.91%	76.85%
Commercial Papers / Short Term Sukuks	20.59%	19.39%
Placements with Banks and DFIs	0.00%	0.00%
TFCs / Sukuks	0.00%	0.00%
Others including receivables	1.31%	1.12%

Credit Quality of Portfolio (% of Total Assets)



Sukuk Certificates	Rating	28-Feb-2023
K-Electric Limited STS – 26-Oct-2022	AA	6.55%
Lucky Electric Power Company Ltd. STS – 13-Oct-2022	AA	3.08%
China Power Hub Generation Co. Ltd. STS – 07-Dec-2022	AA+	2.31%
K-Electric Limited STS – 13-Dec-2022	AA	1.54%
Total		13.50%

** 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
Lucky Electric Power Company Ltd.	Commercial Papers/STS	132,041,836	0	132,041,836	10.22%	10.18%
Investment Avenue	Commercial Papers/STS	267,041,836	0	267,041,836	20.68%	20.59%

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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Performance data does not include the cost incurred directly by an investor in the form of sales load.

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