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

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.

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

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.

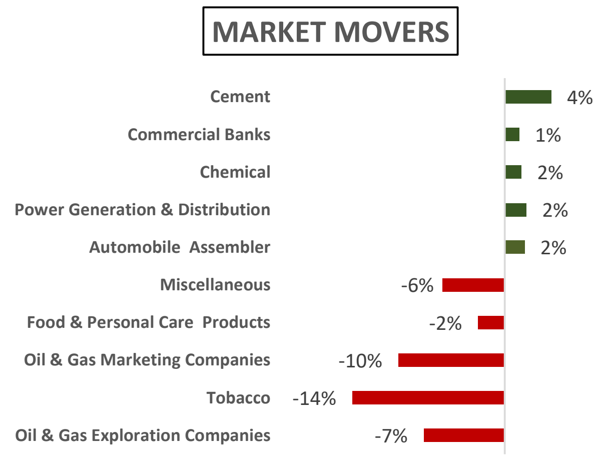
Needless to say, despite difficult economic conditions with political uncertainty the stock market has more than priced in broadly all factors and continues to trade at exceedingly attractive valuations with a PE and PB of 3.3x and 0.7x respectively which incidentally is a discount of more than 55% as 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.

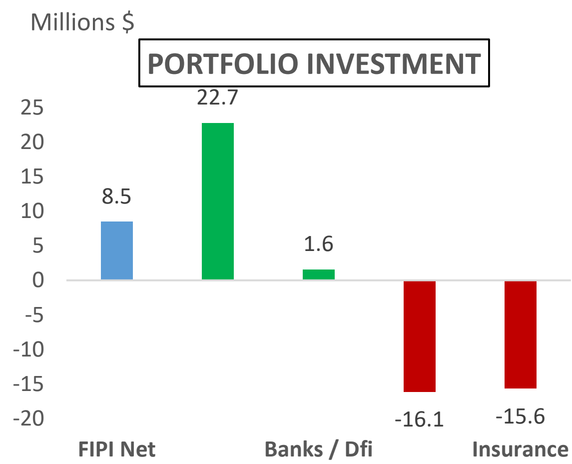
Other significant developments and reports that affected market sentiment during the month included:

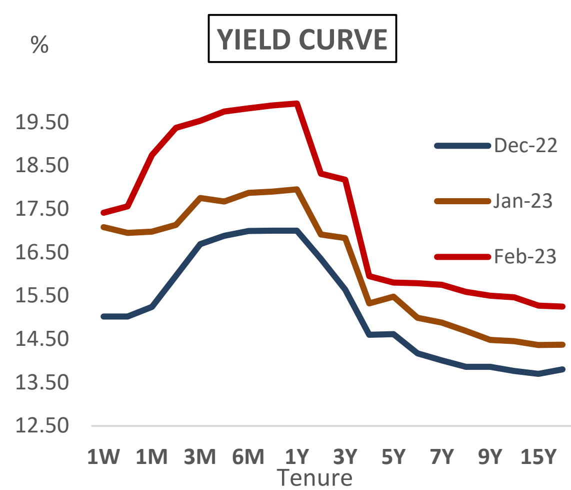
- The National Assembly passed the Finance (Supplementary) Bill, 2023 presented by the Federal Government proposing additional taxes and duties of PKR 170 billion including increase in GST by 1% to 18%, increasing FED on cigarettes, various sugary drinks, cement and international air travel, along with 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.



*Change in market capitalization during month





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.

AKD Islamic Daily Dividend Fund

Fund Manager's Comments

For the month of February'2023, AKD Islamic Daily Dividend Fund (AKDIDDF) posted an annualized return of 13.25% against the benchmark return of 6.38%. The exposure in Commercial Papers / Short Term Sukuks (STS) was 14.51% and Cash was 84.13% at the end of February'2023. The weighted average maturity of the Fund was at 27 days.

Fund Information

Investment Objective: The objective of AKD Islamic Daily Dividend Fund (AKDIDDF) is to provide competitive return in the form of daily dividend by investing in low risk and highly liquid Shariah Compliant money market instruments.

Fund Type	Open-End
Category	Shariah Compliant Money Market
Risk Profile	Low
Risk of Principal Erosion	Principal at Low Risk
Net Assets (PKR)	205,508,656
NAV (PKR) (Ex Div.)	50.0000
Benchmark	BM*
Dealing Days	Monday to Friday
Cut-off Timings	9:00 am to 5:00 pm
Pricing Mechanism	Backward Pricing
Management Fee	0.40% per annum
Sales Load (Front end)	Nil
Sales Load (Back end)	Nil
Total Expense Ratio (Annualized)	MTD (1.47%), YTD (1.47%)
Government Levies (Annualized)	MTD (0.08%), YTD (0.08%)
Date of Fund Launch	February 17, 2023
Trustee	Central Depository Company of Pakistan Limited (CDC)
Auditor	Yousuf Adil, Chartered Accountants
Stability Rating	In Process
Asset Manager Rating	AM3++ by PACRA (30 Jun'2022)
Weighted Average Maturity (Days)	27
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

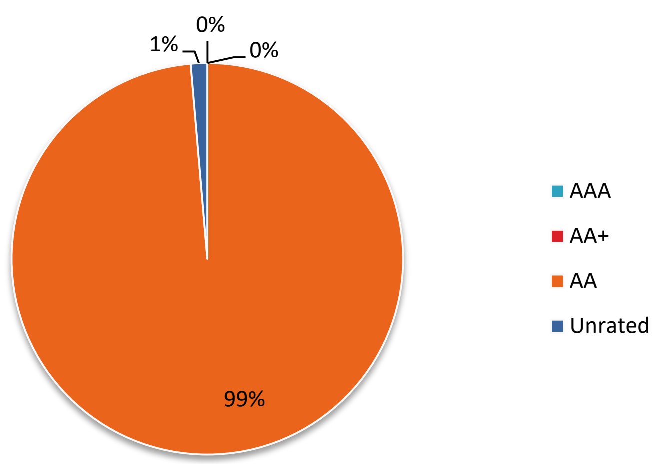
	FYTD	MTD	1 Year	3 Year	5 Year	Since Inception***
BM*	6.38%	6.38%	-	-	-	6.38%
AKDIDDF**	13.25%	13.25%	-	-	-	13.25%
		FY22	FY21	FY20	FY19	FY18
BM*		-	-	-	-	-
AKDIDDF		-	-	-	-	-

*Three (3) months average deposit rates of Three (3) AA rated Scheduled Islamic Banks or Islamic Banking windows of Conventional Bank as selected by MUFAP.
** Returns are from February 17, 2023 till February 28, 2023.
*** Geometric Mean

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

Asset Allocation (% of Total Assets)	28-Feb-2023
Cash	84.13%
Commercial Papers / Short Term Sukuks	14.51%
Placements with Banks and DFIs	0.00%
Others including receivables	1.36%

Credit Quality of Portfolio (% of Total Assets)



Sukuk Certificates	Rating	28-Feb-2023
K-Electric Limited – 27-Feb-2023	AA	14.51%
Total		**14.51%**

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