AKD Investment Management Ltd.

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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 Opportunity Fund	Equity	High	Principal at High risk
2	Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited)	Equity	High	Principal at High risk
3	AKD Index Tracker Fund	Index Tracker	High	Principal at High risk
4	AKD Islamic Stock Fund	Shariah Compliant Equity	High	Principal at High risk
5	AKD Cash Fund	Money Market	Low	Principal at Low risk
6	AKD Aggressive Income Fund (Formerly: AKD Income Fund)	Aggressive Fixed Income	Medium	Principal at Medium risk
7	AKD Islamic Income Fund	Shariah Compliant Income	Medium	Principal at Medium risk
8	AKD Islamic Daily Dividend Fund	Shariah Compliant Money Market	Low	Principal at Low risk

Message from CIO's Desk

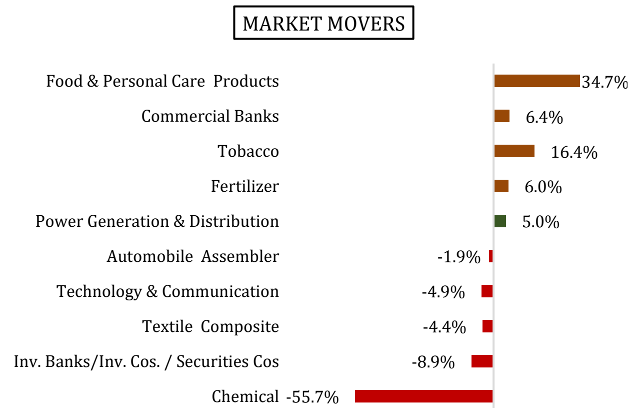
The Pakistan equity market was recognized as 'Asia's best-performing market' in fiscal year 2024, with the KSE-100 Index delivering an impressive return of 89.24%. The sustained bullish trend can be attributed to several key factors: the successful completion of the IMF Stand-by Arrangement, timely formation of a new government, and a notable decline in inflation reaching a 29-month low in May 2024. The external account also showed improvement, with a substantial 88% YoY reduction in the Current Account Deficit (CAD), alongside record high overseas workers' remittances of USD 3.24 billion in May 2024. Additionally, a ~3% appreciation of the rupee against the US dollar, the initiation of a reversal in the monetary cycle, and albeit tough budgetary measures pathing the way to continuity in IMF funding boded well for market sentiment. In June 2024, the market continued its robust performance, with the benchmark KSE-100 Index closing at 78,445 points, reflecting a monthly rally of 2,566 points (+3.38% MTD / +89.24% FYTD).

During the month, the investor participation was lower as compared to last month, with average traded volume declining by 28% to 403 million shares, as compared to the preceding month's 563 million shares. However, foreigners' interest remained steadfast, with net buying totaling USD 1.83 million, although lower than the USD 15.85 million shares recorded in the previous month. Notable sectors attracted foreign capital included Commercial Banks (USD 8.15 million), Power Generation and Distribution (USD 2.74 million), and Technology and Communication (USD 2.02 million). On the domestic front, Corporates, Insurance Companies, and Mutual Funds emerged as major net buyers, with net buying of USD 13.31 million, USD 6.06 million, and USD 5.85 million, respectively. Conversely, Individuals and Banks/DFI were major net sellers, with respective divestments of USD 16.79 million and USD 10.55 million.

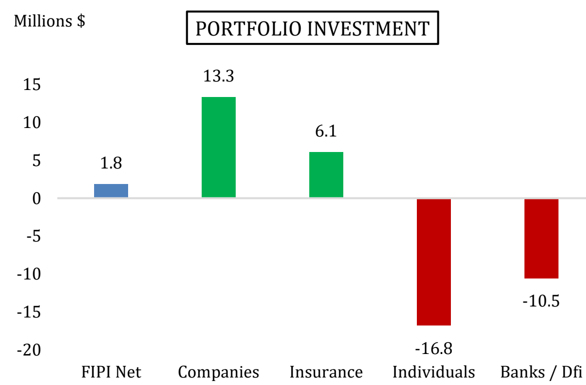
Some other key developments during the month that led the market were:

- According to Pakistan Economic Survey (PES) 2023-24, the Country's real GDP posted a growth of 2.38% in FY24, recovering from a contraction of 0.21% in FY23.
- The current account posted a deficit of USD 270 million as compared to a surplus of 499 million reorded during the previous month. This took the 11MFY24 CAD to USD 464 million, significantly lower than a deficit of USD 3.77 billion in the same period last year.
- In May 2024, remittances from overseas Pakistanis surged by 54% YoY to a monthly record high of USD 3.24 billion. On a MoM basis, they grew by 15% as compared to USD 2.81 billion recorded in April 2024.
- According to the data published by PBS, the Large Scale Manufacturing Industries (LSMI) posted an increase of 5.76% for April 2024 as compared to the same period last year. However, decreased by 8.14% when compared with March 2024.
- During the financial year 2023-24, the Federal Board of Revenue (FBR) collected PKR 9.31 trillion against the target of PKR 9.25 trillion thereby exceeding the yearly target by a significant margin of PKR 54 billion.
- The foreign exchange reserves held by SBP were recorded at USD 9.39 billion, increasing by USD 280 million (+3.1% MoM) during June 2024. Total liquid foreign exchange reserves held by the Country stood at USD 14.57 billion.

At its meeting on June 10, 2024, the Monetary Policy Committee of the State Bank of Pakistan decided to reduce the policy rate by 150 bps to 20.50%, marking the first cut since June 2020. This decision was driven by a significant decline in inflation since February 2024, which was broadly aligned with the SBP's expectations. The inflationary pressures continued to ease amidst stringent monetary and fiscal consolidation efforts, leading the real interest rate to remain significantly positive.



Source: PSX, AKDIML Research



Source: NCCPL, AKDIML Research

Message from CIO's Desk

The Committee also evaluated the potential impacts of recent budgetary measures and upward adjustments in energy prices, leading them to cautiously begin monetary easing. They noted that the cumulative effects of previous monetary tightening measures are expected to keep inflationary pressures in check. However, the committee also emphasized that future policy decisions would be data-driven and responsive to any developments relating to the inflation outlook.

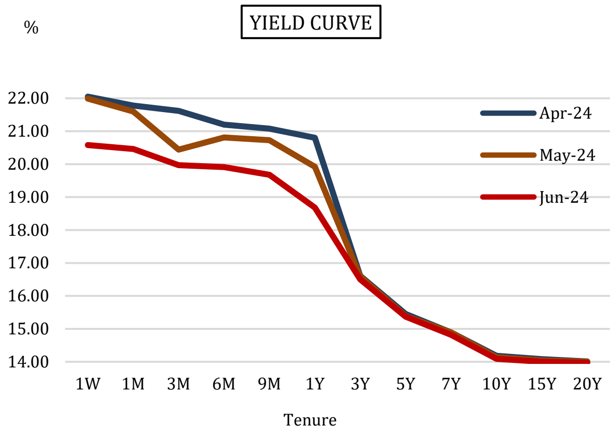
NCPI during the month clocked in at 12.57% YoY, up from 11.76% in May 2024 but significantly lower than 29.40% recorded in June 2023, taking FY24 average NCPI to 23.41%, lower than 29.18% recorded in the same period last year. On MoM basis, the NCPI increased by 0.46%, driven primarily by a 1.49% rise in the housing index and a 0.12% increase in the food index, attributed to higher electricity charges within the housing index and rising food prices. Regionally, Urban and Rural CPI were recorded at 14.89% and 9.31%, respectively. Looking ahead, inflation is expected to continue its downward trend. However, recent fiscal measures introduced under the FY25 budget, such as the imposition of an 18% GST on packaged milk, increase in Petroleum Development Levy (PDL), and hikes in electricity and gas tariffs, are likely to dampen the pace of this decline.

On the fixed income side, the State Bank of Pakistan conducted two (2) MTB auctions during the month, with a realized amount of PKR 1.79 trillion. The weighted average yields for 3-month, 6-month, and 12-month plunged by 92 bps, 92 bps, and 149 bps to 20.0145%, 19.9427%, and 18.4900%, respectively, as compared to the previous month. In the market for Shariah Compliant instruments, one (1) auction for the sale of GOP Ijara Sukuk was carried out through the PSX, resulting in a total of PKR 38.30 billion raised by the Government as compared to the auction target of PKR 50 billion.

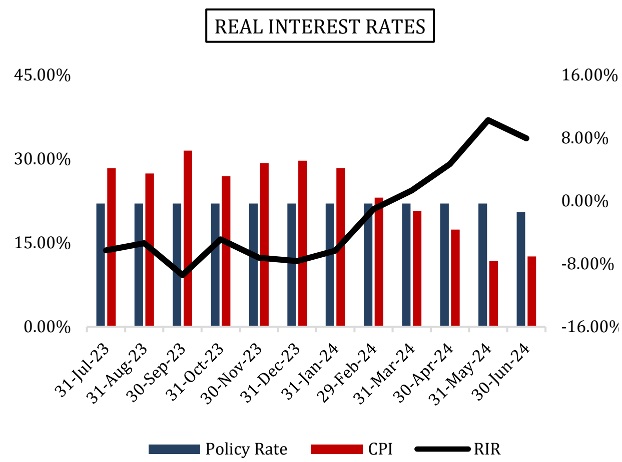
The Federal Budget for the fiscal year 2024-25 which was considered significantly important in terms of reaching an agreement with IMF for the new EFF program was announced on June 12, 2024 and was later approved with some amendments on June 28, 2024. In the budget, the Government has mainly focused on increasing its revenues through removing tax exemptions, expanding the tax base, imposing higher taxes on non-filers, and targeting untaxed sectors like real estate to meet its ambitious revenue targets for FY25. After the approval of the budget, reportedly Pakistan is finally said to have met all of the IMF's requirements for striking a staff level agreement on a longer term bailout program of more than USD 6 billion.

According to the Government's Annual Plan 2024-25, the economy is expected to achieve a growth rate of 3.6%. This growth will be driven by robust performances in the industrial and services sectors, projected to grow by 4.4% and 4.1% respectively, while the agriculture sector is anticipated to grow at 2.0%. Looking ahead, key drivers of market performance that will retain investor confidence includes progress in securing approval for a larger IMF program and potential inflows from other sources. Implementing structural reforms and adopting a cautious monetary policy stance approach would alleviate concerns over external account stability. Moreover, potential privatization of State-Owned Enterprise will also be eyed by many investors.

Furthermore, the market continues to trade at a relatively low forward PE of 3.8x compared to the long term average of 8x and is also offering an attractive dividend yield 11.5% while suggesting a likely re-rating of the market.



Source: MUFAP, AKDIML Research



Source: PBS, AKDIML Research

AKD Islamic Daily Dividend Fund

Fund Manager's Comments

For the month of June 2024, AKD Islamic Daily Dividend Fund (AKDIDDF) posted an annualized return of 19.98% against the benchmark return of 11.22%. The exposure in Government Securities was 37.11%, 14.63% in Commercial Papers / Short Term Sukuk (STS), and Cash was 44.45% at the end of June 2024. The weighted average maturity of the Fund was at 45 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)	532,732,502
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	0.00% per annum
Sales Load (Front end)	Nil
Sales Load (Back end)	Nil
Total Expense Ratio (Annualized)	MTD (0.57%), YTD (0.51%)
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	AA(f) by PACRA (07 Mar'2024)
Asset Manager Rating	AM3++ by PACRA (27 Jun'2024)
Weighted Average Maturity (Days)	45
Leverage	Nil

Fund Manager

Mr. Danish Aslam

Investment Committee Members

Mr. Imran Motiwala	Ms. Anum Dhedhi
Mr. Muhammad Yaqoob, CFA	Mr. Raheel Farooque
Mr. Danish Aslam	

	FYTD	MTD	1 Year	3 Year	5 Year	Since Inception**
BM*	10.28%	11.22%	10.28%	-	-	8.43%
AKDIDDF	20.31%	19.98%	20.31%	-	-	18.94%

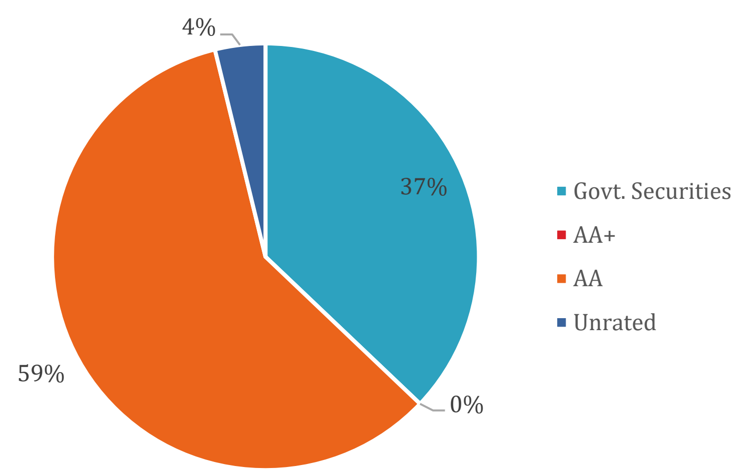
	FY24	FY23	FY22	FY21	FY20
BM*	10.28%	6.62%	-	-	-
AKDIDDF	20.31%	17.60%	-	-	-

*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.
** Geometric mean

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

Asset Allocation (% of Total Assets)	30-Jun-2024	31-May-2024
Cash	44.45%	42.99%
Government Securities	37.11%	37.10%
Commercial Papers / Short Term Sukuk	14.63%	16.69%
Placements with Banks and DFIs	0.00%	0.00%
Others including receivables	3.81%	3.22%

Credit Quality of Portfolio (% of Total Assets)



Sukuk Certificates (% of Total Assets)	Rating	30-Jun-2024
K-Electric Limited STS – 02-May-2024	AA	13.89%
K-Electric Limited STS – 04-Jun-2024	AA	0.74%
Total		**14.63%**

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