# Quarterly Report
September 30, 2024
(Un-audited)

AKD
Islamic Income Fund

Funds Managed by:
AKD Investment Management Ltd

Partner with AKD
Profit form the Experience

AKD Investment
Management Ltd.

# CORPORATE INFORMATION

**MANAGEMENT COMPANY**
AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000.

**BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**
**Chairman**
Mr. Khalid Mehmood

**Chief Executive Officer**
Mr. Imran Motiwala

**Director(s)**
Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqi
Mr. Hasan Ahmed
Mr. Abid Hussain
Mr. Khalid Mehmood
Mr. Imran Motiwala

**CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY**
Mr. Muhammad Yaqoob Sultan, CFA

**CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY**
Mr. Muhammad Munir Abdullah

**HEAD OF INERNAT AUDIT OF THE MANAGEMENT COMPANY**
Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW)

**AUDIT AND RISK MANAGEMENT COMMITTEE**
Mr. Abid Hussain (Chairman)
Ms. Aysha Ahmed (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Hasan Ahmed (Member)
Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW) (Secretary)

**HUMAN RESOURCE AND REMUNERATION (HR & R) AND NOMINATION COMMITTEE**
Mr.Khalid Mahmood (Chairman)
Mr. Imran Motiwala (Member)
Mr. Abid Hussain (Member)
Ms. Aysha Ahmed (Member)
Ms. Anum Dhedhi (Member)
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

**RATING**
AKD Investment Management Limited AM3++ (AM Three Plus Plus) issued by PACRA

# VISION

To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.

# MISSION STATEMENT

» Keep primary focus on investing clients' interest

» Achieve highest standards of regulatory compliance and good governance

» Prioritize risk management while endeavouring to provide inflation adjusted returns on original investment

» Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy

» Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent leading performance

» Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), Golden Arrow Stock Fund (GASF), AKD Index Tracker Fund (AKDITF), AKD Islamic Stock Fund (AKDISSF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its first quarter report along with the Funds' un-audited Financial Statements for the quarter ended September 30, 2024.

### FUNDS' FINANCIAL PERFORMANCE

**AKD Opportunity Fund (AKDOF)**
For the 1QFY25, the return of AKD Opportunity Fund stood at -1.45% compared to the benchmark KSE–100 Index return of 3.40%.

**Golden Arrow Stock Fund (GASF)**
For the 1QFY25, the return of Golden Arrow Stock Fund stood at -3.92% compared to the benchmark KSE–100 Index return of 3.40%.

**AKD Islamic Stock Fund (AKDISSF)**
For the 1QFY25, the return of AKD Islamic Stock Fund stood at -0.90% compared to the benchmark KMI–30 Index return of -1.32%.

**AKD Index Tracker Fund (AKDITF)**
For the 1QFY25, the return of AKD Index Tracker Fund stood at 2.76% compared to the benchmark KSE–100 Index return of 3.40%.

**AKD Cash Fund (AKDCF)**
For the 1QFY25, the annualized return of AKD Cash Fund stood at 20.00% compared to the benchmark return of 18.43%.

**AKD Islamic Income Fund (AKDISIF)**
For the 1QFY25, the annualized return of AKD Islamic Income Fund stood at 19.80% compared to the benchmark return of 10.82%.

**AKD Aggressive Income Fund (AKDAIF)**
For the 1QFY25, the annualized return of AKD Aggressive Income Fund stood at 22.63% compared to the benchmark return of 17.79%.

**AKD Islamic Daily Dividend Fund (AKDIDDF)**
For the 1QFY25, the annualized return of AKD Islamic Daily Dividend Fund stood at 18.66% compared to the benchmark return of 10.65%.

Distribution for the year ended June 30, 2024:

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs. 2.31 per unit to the unit holders during the quarter ended September 30, 2024.

**MACRO PERSPECTIVE**

As we embark on FY25, Pakistan's economic landscape continues to show promising signs of recovery, driven by strategic government policies and the successful transition to a new long-term Extended Fund Facility (EFF) program of USD 7 billion with the IMF. This development has renewed investor confidence and secured essential foreign inflows, further alleviating pressures on the current account. Additionally, the effects of contained demand, improved supply chains for essential food items, ongoing fiscal and monetary consolidation, favorable global commodity prices, and a positive base effect have significantly lowered inflation. In response to these favorable conditions, the State Bank of Pakistan has proactively reduced the policy rate, aiming to stimulate investment and drive sustainable economic growth.

In its last meeting on September 12, 2024, the Monetary Policy Committee (MPC) of the SBP decided to further reduce the policy rate by 200 bps to 17.50%, taking the cumulative reduction to 450 bps since June 2024. The SBP premised its decision on sharp decline in inflation over preceding two months, which has somewhat outpaced the Committee's earlier expectations. This decline is primarily attributed to delays in implementing planned increases in administered energy prices, as well as favorable trends in global oil and food prices. Given these recent developments, the MPC assessed that the real interest rate remains adequately positive, positioning it to guide inflation toward the medium-term target of 5–7% and ensure macroeconomic stability.

In September 2024, the National Consumer Price Index (NCPI) fell to 6.93% YoY—the lowest rate since January 2021—down from 9.64% in August 2024 and significantly lower than 31.44% in September 2023. This brings the average inflation for the first quarter of FY25 to 9.19%. On a MoM basis, the NCPI decreased by 0.52%, driven primarily by a 1.38% decline in the Food Index, attributed to lower prices of perishable items. Regionally, the Urban and Rural CPI were recorded at 9.29% and 3.65%, respectively.

On the external front, the current account recorded a surplus of USD 119 million in September 2024, a significant increase from a revised surplus of USD 29 million the prior month. This shift brings the Current Account Deficit (CAD) for the first quarter of FY25 to USD 98 million, reflecting an impressive 92% reduction from USD 1,241 million during the same period last year. Furthermore, the revised CAD for FY24 was reported at USD 1,695 million, down substantially from USD 3.28 billion, marking a 48% YoY decline.

This reduction in the CAD can be attributed largely to a substantial rise in overseas workers' remittances and increased other current transfers. Total imports for the first quarter of FY25 reached USD 16.83 billion, reflecting a 12% increase compared to the same period last year. However, this rise was largely offset by a marked increase in workers' remittances. A stable exchange rate has further supported this growth, with remittances soaring to USD 8.79 billion in 1QFY25, up 39% from USD 6.33 billion in the same quarter last year. Overall, this positive momentum in the external sector indicates robust growth in trade and remittances, enhancing the country's balance of payments and contributing to overall economic stability.

According to the data released by the SBP, the foreign exchange reserves held by the central bank stood at USD 10.74 billion by the end of 1QFY25, with the Country's liquid foreign exchange reserves reaching USD 15.40 billion. This marks a 10% increase since the beginning of the fiscal year. This surge can be primarily attributed to the disbursement of tranche under the IMF's EFF program. This increase in reserves not only enhances the Country's ability to meet its external obligations but is also likely to strengthen investor confidence in Pakistan's economic prospects. Currently, the total liquid foreign exchange reserves are USD 16.02 billion as on October 18, 2024.

Recent data indicates that the LSMI output increased by 4.68% in August 2024 compared to July 2024. However, it decreased by 2.65% when compared to August 2023. For the first two months of FY25, the LSM sector registered a modest contraction of 0.19% relative to the same period last year. The sectors contributing most significantly to this overall growth include Wearing Apparel (2.15%), Textiles (0.63%), Coke and Petroleum Products (0.51%), Tobacco (0.39%), Automobiles (0.39%), and Food (0.32%). In contrast, notable declines were observed in Furniture (-1.85%), Non-Metallic Mineral Products (-1.38%), Iron and Steel Products (-0.71%), and Electrical Equipment (-0.63%). Looking ahead, the LSMI is poised for positive growth in FY25, supported by a potential reversal in interest rates that may enhance corporate profitability through lower debt burdens, alongside improving aggregate demand as the economy recovers.

**EQUITY MARKET REVIEW**

In the first quarter of FY25, the equity market gained 2,669 points for a return of 3.40%, with the benchmark KSE-100 Index closing at 81,114 points. The market continued its positive momentum on the back of improving macroeconomic indicators, amid essential measures taken by the Government to ensure the country's long-term sustainability. Investor sentiment was further bolstered by successful negotiations with the IMF regarding the Extended Fund Facility (EFF) program, culminating in approval from the IMF Board at the end of September 2024 and release of first tranche of USD 1.03 billion. Additionally, a significant decline in inflation, followed by reversal in the monetary cycle, fostered a more stable economic environment.

The external account also showed notable improvement, featuring a 92% QoQ reduction in the current account deficit, alongside workers' remittances reaching USD 8.79 billion in 1QFY25. This stability, coupled with a stable exchange rate has positively influenced market sentiment.

During 1QFY25, investor participation surged by 74% compared to the same period last year, with an average daily trading volume of 487 million shares, up from 280 million shares. Foreign investors emerged as net sellers during the quarter, reporting net outflows of USD 21.73 million, a stark contrast to net inflows of USD 21.96 million in the previous year. Notable selling was observed in the Fertilizer sector

(USD 24.24 million), followed by Cement (USD 10.54 million), Oil and Gas Exploration Companies (USD 8.18 million), and Commercial Banks (USD 3.07 million). Conversely, domestic investors, including Individuals, Mutual Funds, Banks/DFIs, and NBFCs, were net buyers, with net purchases of USD 47.38 million, USD 18.80 million, USD 7.71 million, and USD 0.75 million, respectively. However, other domestic participants, such as Insurance Companies, Corporations, and Brokers, were major net sellers, with respective divestments of USD 19.21 million, USD 14.01 million, USD 10.46 million, and USD 8.56 million.

In terms of sector performance, the top gainers during the period included Oil & Gas Exploration Companies (+13.84%), Fertilizer (+16.71%), Pharmaceuticals (+21.05%), Commercial Banks (+1.59%), and Automobile Assemblers (+6.13%). In contrast, sectors that experienced declines were Power Generation & Distribution (-20.52%), Tobacco (-20.60%), Textile Composite (-7.05%), Engineering (-15.35%), and Synthetic & Rayon (-10.57%).

Looking ahead, the equity market outlook appears promising, supported by the Country's stable and improving macroeconomic conditions as stock valuations remain attractive. Strong corporate profits are surpassing expectations, further contributing to positive investor sentiment. However, political uncertainty remains the most significant downside risk which could adversely affect economic and market performance. While the overall sentiment is optimistic, investors should stay cautious and responsive to these challenges. In terms of valuation, the KSE-100 Index closed quarter at a forward Price to Earnings multiple of 3.91x, which is a 60% discount as compared to MSCI Frontier Markets P/E of 9.68x and offering a dividend yield of 10.80% still illustrating a compelling case to invest.

**FIXED INCOME REVIEW**

Since the SBP has started lowering policy rate in June 2024, the yields on government securities have seen a substantial reduction in both primary and secondary markets. This environment has generated heightened interest from both domestic and foreign investors seeking attractive returns on government debt securities, despite the allure of a robust equity market.

During the period, SBP conducted a total of six (6) Market Treasury Bills (MTB) auctions, where the Government managed to raise PKR 2.25 trillion against the auction target of PKR 1.84 trillion. Notably, the weighted average yields for 3, 6, and 12-month MTB were 18.61%, 18.61%, and 17.57% respectively, significantly down by 419 bps, 439 bps, and 555 bps as compared to 22.81%, 22.99%, and 23.12% during the same period last year.

To further address the need for liquidity, SBP also conducted three (3) auctions of fixed-rate Pakistan Investment Bonds (PIB) and was successful in raising PKR 334.46 billion. The weighted average yield for 3 and 5 years PIB decreased by 345 bps and 9 bps to 15.88% and 15.10%, respectively, as compared to 19.33% and 15.19% during the same period last year. Whereas, weighted average yield for 10 year PIB increased by 89 bps to 14.11% as compared to 13.22% in the same period last year.

In the market for Shariah Compliant instruments, a total of three (3) auctions were held for GOP Ijara Sukuk through the Pakistan Stock Exchange. These auctions, covering Variable Rental Rate (VRR), Fixed

Rental Rate (FRR), and Fixed Rate Discounted (FRD) instruments, successfully raised PKR 388.36 billion, against the target of PKR 400 billion.

Looking ahead to the auction target calendars for October through December 2024, the State Bank of Pakistan aims to raise PKR 5.20 trillion by issuing 3 to 12-month MTB against the maturing amount of PKR 8.82 trillion. Additionally, the SBP targets to raise PKR 650 billion through 2 to 10-year fixed-rate PIB whereas, PKR 3.80 trillion is targeted to be raised through 2 to 10-year floating-rate PIB. Moreover, the Pakistan Stock Exchange issued a notice announcing auctions for the sale of GOP Ijara Sukuk, with the target of raising PKR 610 billion in the two upcoming auction during October through November 2024.

**FUTURE OUTLOOK**

After extensive negotiations, the incumbent government has successfully secured the IMF board's approval for the USD 7 billion Extended Fund Facility (EFF), marking a pivotal achievement in our economic strategy. The program aims to capitalize on the macroeconomic stability achieved over the past year under the SBA by continuing efforts to strengthen public finances, reduce inflation, restore foreign exchange reserves, and eliminate economic distortions to foster growth. Key focus areas of the program includes implementing energy sector reforms, maintain a flexible exchange rate, strengthen fiscal and monetary policy, reforms to broaden the tax base, and improve State Owned Enterprises (SOE) management. Investors are closely watching these developments for insights into the future economic landscape and likewise market performance.

The Monetary Policy Committee embarked on a monetary easing stance in June 2024 and since then has reduced the policy rate by a substantial 450 bps to 17.50%, down from a historical high of 22%. This was in response to better than earlier anticipated decline in inflation which dropped to 9.64% YoY in August 2024, signaling a transition to single-digit inflation for the first time in a considerable period.

This pace of disinflation can be attributed to the impact of contained demand, reinforced by improved supply chain for essential food items, ongoing fiscal and monetary consolidation efforts, favorable global commodity prices, delays in upward adjustments in administered energy prices, and a favorable base effect. While inflation is on a downward trend and is expected to continue this trajectory, it remains vulnerable to risks such as the timing and magnitude of future adjustments in administered energy prices, volatility in global commodity markets, and potential new taxation measures to address revenue shortfalls. The central bank projects that average inflation for FY25 will fall below the previously estimated range of 11.5% to 13.5%. However, this outlook is contingent upon achieving targeted fiscal consolidation and the timely realization of anticipated external inflows.

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 are likely to sustain investor confidence include progress in securing board's approval for a larger IMF program and potential inflows from other sources. However, political uncertainty and any further delays in inflows from foreign partners pose significant downside risks to the market's performance.

For and on behalf of the board

| | |
|---|---|
| **Imran Motiwala** | **Khalid Mahmood** |
| Chief Executive Officer | Chairman |

**FUNDINFORMATION**

**AKD Islamic Income Fund**

**Management Company**
AKD Investment Management Limited
216-217, Continental Trade Centre,
Block 8, Clifton, Karach - 74000

**Legal Advisor**
Sattar & Sattar
Attorneys-at-Law
3rd Floor, UBL Building
I.I Chundrigar Road, Karachi.

**Trustee**
Digital Custodian Company Limited (DCCL)
[Formerly: MCB Financial Services Limited (MCBFSL)]
4th Floor, Perdesi House, 2/1 R-Y Old Queens Road
Karachi-74200

**Registrar**
ITMinds Limited
Central Depository Company of Pakistan Limited,
CDC House, 99B, Block B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi.

**Bankers**
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited

**Distributor**
Al-Hilal Securities Advisors (Pvt.) Ltd.
Financial Investments Mart (Pvt) Ltd.
Investlink Advisor (Private) Limited.
Investomate (Private) Limited
YPay Financial Services (Pvt.) Ltd.

**Auditors**
Riaz Ahmad and Company
Chartered Accountants
Office No. 5, 20th Floor, Bahria Town Tower
Block 2, P.E.C.H.S.
Karachi, Pakistan

**Rating-AKDISIF**
PACRA: AA-(f)

# FUND MANAGER'S REPORT

**i) Description of the Collective Investment Scheme Category and types:**

Open – end Shariah Compliant Income Scheme

**ii) Statement of Collective Investment Scheme's Investment objective:**

AKD Islamic Income Fund (AKDISIF) is a fund that primarily focuses on Shariah compliant income securities and instruments. The objective of AKDISIF is to provide investors with an investment vehicle that strives to enhance capital coupled with regular halal income by investing in Shariah compliant income investments.

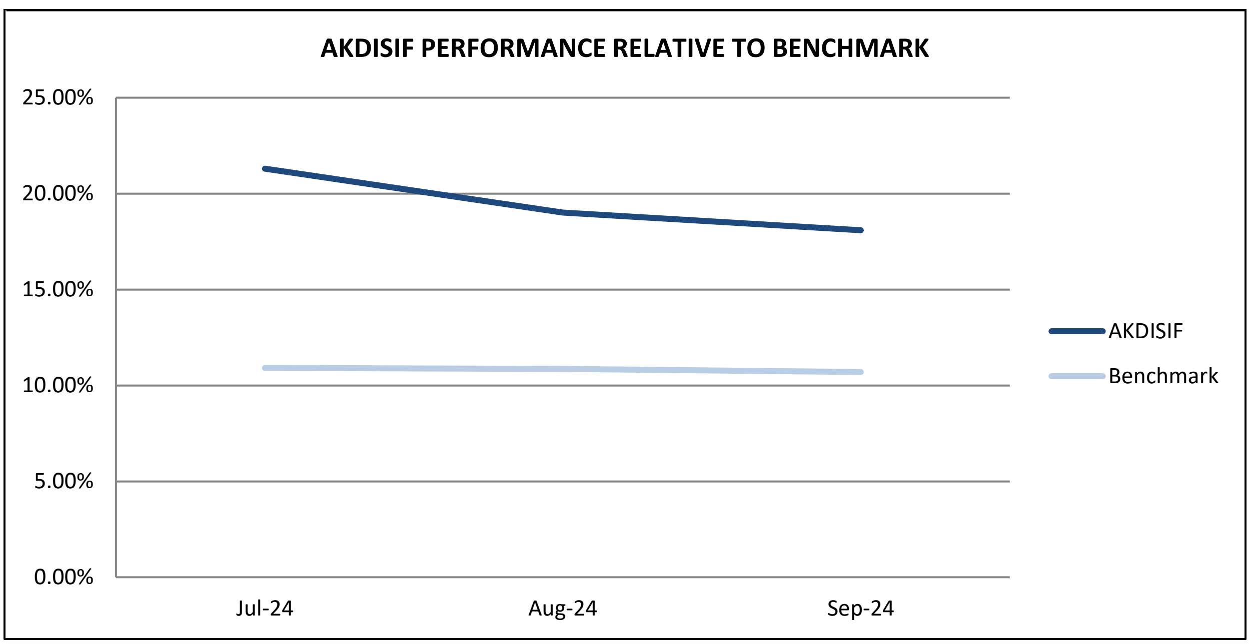
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 1QFY25, the annualized return of AKD Islamic Income Fund stood at 19.80% compared to the benchmark return of 10.82%.

**iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:**

Six (6) months average deposit rates of three (3) A Rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.

**v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:**




| Monthly Return (annualized) | Jul-24 | Aug-24 | Sep-24 |
|---|---|---|---|
| **AKDISIF** | 21.30% | 19.02% | 18.09% |
| **Benchmark** | 10.91% | 10.86% | 10.70% |

**vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:**

AKD Islamic Income Fund is an open – end Shariah Compliant Income Scheme. The returns of the fund are generated primarily through investment in government securities, Shariah Complaint corporate debt instruments, and Islamic bank deposits.

**vii) Disclosure of Collective Investment Scheme's asset allocation as the date of report and particulars of significant changes in asset allocation:**

| Asset Allocation (% of Total Assets) | 30-Sep-24 | 30-Jun-24 |
|---|---|---|
| Cash and Cash Equivalents | 30.85% | 39.67% |
| Sukuk | 23.16% | 24.81% |
| Commercial Papers / Short Term Sukuk | 5.75% | 12.85% |
| Govt. Backed/Guaranteed Securities | 28.96% | 18.88% |
| Spread Transactions | - | - |
| Other Assets including Receivables | 11.27% | 3.79% |

**viii) Analysis of the Collective Investment Scheme's performance:**

| 1QFY25 Return (annualized) | 19.80% |
|---|---|
| Benchmark Return (annualized) | 10.82% |

**ix) Changes in NAV and NAV per unit since the last reviewed period:**

| Net Assets Value | | | NAV Per Unit | |
|---|---|---|---|---|
| 30-Sep-24 | 30-Jun-24 | Change in Net Assets | 30-Sep-24 | 30-Jun-24 |
| (Rupees in 000) | | | (Rupees) | |
| 1,839,810 | 1,707,773 | 7.73% | 53.9231 | 51.3594 |

**x) Disclosure on the markets that the Collective Investment Scheme has invested in including review of the market (s) invested in and return during the period:**

**MACRO PERSPECTIVE**

As we embark on FY25, Pakistan's economic landscape continues to show promising signs of recovery, driven by strategic government policies and the successful transition to a new long-term Extended Fund Facility (EFF) program of USD 7 billion with the IMF. This development has renewed investor confidence and secured essential foreign inflows, further alleviating pressures on the current account. Additionally, the effects of contained demand, improved supply chains for essential food items, ongoing fiscal and monetary consolidation, favorable global commodity prices, and a positive base effect have significantly lowered inflation. In response to these favorable conditions, the State Bank of Pakistan has proactively reduced the policy rate, aiming to stimulate investment and drive sustainable economic growth.

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**FIXED INCOME REVIEW:**

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To further address the need for liquidity, SBP also conducted three (3) auctions of fixed-rate Pakistan Investment Bonds (PIB) and was successful in raising PKR 334.46 billion. The weighted average yield for 3 and 5 years PIB decreased by 345 bps and 9 bps to 15.88% and 15.10%, respectively, as compared to 19.33% and 15.19% during the same period last year. Whereas, weighted average yield for 10 year PIB increased by 89 bps to 14.11% as compared to 13.22% in the same period last year.

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The Monetary Policy Committee embarked on a monetary easing stance in June 2024 and since then has reduced the policy rate by a substantial 450 bps to 17.50%, down from a historical high of 22%. This was in response to better than earlier anticipated decline in inflation which dropped to 9.64% YoY in August 2024, signaling a transition to single-digit inflation for the first time in a considerable period.

This pace of disinflation can be attributed to the impact of contained demand, reinforced by improved supply chain for essential food items, ongoing fiscal and monetary consolidation efforts, favorable global commodity prices, delays in upward adjustments in administered energy prices, and a favorable base effect. While inflation is on a downward trend and is expected to continue this trajectory, it remains vulnerable to risks such as the timing and magnitude of future adjustments in administered energy prices, volatility in global commodity markets, and potential new taxation measures to address revenue shortfalls. The central bank projects that average inflation for FY25 will fall below the previously estimated range of 11.5% to 13.5%. However, this outlook is contingent upon achieving targeted fiscal consolidation and the timely realization of anticipated external inflows.

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 are likely to sustain investor confidence include progress in securing board's approval for a larger IMF program and potential inflows from other sources. However, political uncertainty and any further delays in inflows from foreign partners pose significant downside risks to the market's performance.

**xi) Description and explanation of any significant changes in the state of the affairs of the Collective Investment Scheme during the period and up till the date of Fund Manager's report, not otherwise disclosed in the financial statements:**

There was no significant change in the state of affairs during the period under review.

**xii) Break down of unit holding by size:**

| Range (Units) | No. of Investors |
|---|---|
| 0.0001 to 9,999 | 2,320 |
| 10000 to 49999 | 83 |
| 50,000 - 99,999 | 21 |
| 100,000 - 499,999 | 28 |
| 500,000 and above | 13 |
| **Total** | **2,465** |

**xiii) Disclosure on unit split (if any), comprising:**

There were no unit splits during the period.

**xiv) Disclosure of circumstances that materially affect any interest of unit holders:**

Investments are subject to credit and market risk.

**xv) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:**

No soft commission has been received by the AMC from its broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

**AKD ISLAMIC INCOME FUND**
**Condensed Interim Statement of Assets and Liabilities**
**As at September 30, 2024**

| | Note | (Un-Audited) September 30, 2024 Rupees in '000 | (Audited) June 30, 2024 Rupees in '000 |
|---|---|---|---|
| **Assets** | | | |
| Bank balances | 5 | **960,317** | 701,259 |
| Investments | 6 | **1,094,727** | 999,167 |
| Profit receivable on bank deposits and sukuk certificates | 7 | **99,026** | 30,500 |
| Deposits, prepayments and other receivables | 8 | **38,667** | 12,514 |
| Receivable against sale/conversion of units | | **81,872** | - |
| **Total Assets** | | **2,274,609** | 1,743,440 |
| **Liabilities** | | | |
| Payable to AKD Investment Management Limited - Management Company | 10 | **3,974** | 1,816 |
| Payable to Digital Custodian Company Limited - Trustee | 11 | **757** | 142 |
| Payable to Securities and Exchange Commission of Pakistan | 12 | **396** | 94 |
| Payable against redemption /conversion of units | | **11,701** | 5,843 |
| Payable against purchase of investments | | **401,117** | - |
| Accrued expenses and other liabilities | 13 | **14,071** | 25,148 |
| Dividend payable | | **2,783** | 2,783 |
| **Total Liabilities** | | **434,799** | 35,826 |
| **Net Assets** | | **1,839,810** | 1,707,614 |
| **Unit Holders' Fund (as per statement attached)** | | **1,839,810** | 1,707,614 |
| **Contingencies and Commitments** | 14 | | |
| | | **Number of units** | |
| **Number of units in issue** | | **34,119,156** | 33,251,448 |
| | | **Rupees** | |
| **Net assets value per unit** | | **53.9231** | 51.3546 |

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited**
**(Management Company)**

**Chief Executive Officer** **Director** **Acting Chief Financial Officer**

**AKD ISLAMIC INCOME FUND**
**Condensed Interim Income Statement (un-audited)**
**For the first quarter ended September 30, 2024**

| | Quarter ended September 30 | |
|---|---|---|
| | **2024** | **2023** |
| | **(Rupees in '000)** | |
| **Income** | | |
| Net unrealised appreciation / (dminution) on remeasurement of investments classified as 'financial assets at fair value through profit and loss' | **4,877** | (702) |
| Capital gain on sale of investment (Income from Spread transaction) | **2,550** | 3,140 |
| Income from government securities and sukuk certificates | **40,746** | 20,322 |
| Income from Islamic commercial papers / STS | **9,615** | 32,391 |
| Income from security margin | **-** | 123 |
| Dividend Income | **3,014** | - |
| Profit on bank deposits | **16,956** | 28,077 |
| Reversal of Provision against Sindh Workers' Welfare Fund | **-** | - |
| **Total Income** | **77,758** | 83,351 |
| **Expenses** | | |
| Remuneration of AKD Investment Management Limited - Management Company | **2,933** | 1,942 |
| Sales tax on the remuneration of the Management Company | **404** | 252 |
| Remuneration of Digital Custodian Comapny Limited - Trustee | **489** | 391 |
| Sales tax on the Trustee remuneration | **73** | 51 |
| Annual fee to the Securities and Exchange Commission of Pakistan | **306** | 291 |
| Transaction charges | **252** | - |
| Expenses allocated by the Management Company | **1,098** | 1,554 |
| Amortization of premium on government securities | **120** | - |
| Auditors' remuneration | **64** | 63 |
| Settlement and bank charges | **-** | 36 |
| Security transaction Cost | **-** | 74 |
| Amortisation of preliminary expenses and floatation costs | **-** | - |
| Fee and subscription | **49** | 192 |
| Printing and related cost | **-** | - |
| Legal and professional charges | **55** | 95 |
| Charity | **-** | - |
| **Total expenses** | **5,843** | 4,941 |
| **Net income for the period before taxation** | **71,915** | 78,410 |
| Taxation | **-** | **-** |
| **Net Profit for the period after taxation** | **71,915** | 78,410 |
| **Allocation of net income for the period** | | |
| Net income for the period after taxation | **71,915** | 78,410 |
| Income already paid on units redeemed | **-** | - |
| | **71,915** | 78,410 |
| **Accounting income available for distribution** | | |
| Relating to capital gains | **7,427** | 2,438 |
| Excluding capital gains | **64,488** | 75,972 |
| | **71,915** | 78,410 |

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited**
**(Management Company)**

**Chief Executive Officer** **Director** **Acting Chief Financial Officer**

**AKD ISLAMIC INCOME FUND**
**Condensed Interim Statement of Comprehensive Income (un-audited)**
**For the first quarter ended September 30, 2024**

| | **2024** | 2023 |
|---|---|---|
| | **(Rupees in '000)** | |
| **Net Profit for the period after taxation** | **71,915** | 78,410 |
| Other comprehensive income for the period | **-** | **-** |
| **Total comprehensive income for the period** | **71,915** | 78,410 |

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited**
**(Management Company)**

**Chief Executive Officer** **Director** **Acting Chief Financial Officer**

**AKD ISLAMIC INCOME FUND**
**Condensed Interim Statement of Movement In Unit Holders' Fund (un-audited)**
**For the first quarter ended September 30, 2024**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Capital value | Undistributed income | Net assets | Capital value | Undistributed income | Net assets |
| | ---------------------- | (Rupees in '000) | ---------------------- | ---------------------- | (Rupees in '000) | ---------------------- |
| **Net assets at beginning of the period** | **1,685,212** | **22,402** | **1,707,614** | 1,296,661 | 12,270 | 1,308,931 |
| Issuance of 12,500,817 units (2023: 5,638,282 units) | | | | | | |
| - Capital value (at Ex-Nav at the beginning of the period) | **642,254** | **-** | **642,254** | 686,471 | - | 686,471 |
| - Element of income | **25,895** | **-** | **25,895** | 15,890 | - | 15,890 |
| Total proceeds on issuance of units | **668,149** | **-** | **668,149** | 702,361 | - | 702,361 |
| Redemption of 11,633,109 units (2023: 4,809,119 units) | | | | | | |
| - Capital value (at Ex-Nav at the beginning of the period) | **(592,591)** | **-** | **(592,591)** | 466,657 | - | 466,657 |
| - Element of income | **(3,696)** | **(11,581)** | **(15,277)** | 14,872 | - | 14,872 |
| Total payments on redemption of units | **(596,287)** | **(11,581)** | **(607,868)** | 481,529 | 0 | 481,529 |
| Total comprehensive income / (loss) for the period | **-** | **71,915** | **71,915** | - | 78,410 | 78,410 |
| Distribution during the period | **-** | **-** | **-** | - | (1,921.00) | (1,921.00) |
| Refund of Capital | **-** | **-** | **-** | - | - | - |
| Net (loss) / income for the period less distribution | **-** | **71,915** | **71,915** | - | 76,489 | 76,489 |
| **Net assets at end of the period** | **1,757,074** | **82,736** | **1,839,810** | 1,517,493 | 88,759 | 1,606,252 |
| Undistributed income brought forward | | | | | | |
| - Realised | | **29,569** | | | 11,463 | |
| - Unrealised | | **(7,167)** | | | 807 | |
| | | **22,402** | | | 12,270 | |
| Accounting (loss) / income available for distribution | | | | | | |
| - Relating to capital gains | | **7,427** | | | 2,438 | |
| - Excluding capital gains | | **64,488** | | | 75,972 | |
| | | **71,915** | | | 78,410 | |
| Distribution during the period | | **(11,581)** | | | **(1,921)** | |
| Undistributed gain carried forward | | **82,736** | | | 88,759 | |
| Undistributed gain carried forward | | | | | | |
| - Realised income | | **77,859** | | | 89,461 | |
| - Unrealised income / (loss) | | **4,877** | | | (702) | |
| | | **82,736** | | | 88,759 | |
| | | | **(Rupees)** | | | (Rupees) |
| Net assets value per unit at beginning of the period | | | **51.3546** | | | 50.8934 |
| Net assets value per unit at end of the period | | | **53.9231** | | | 53.4624 |

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited**
**(Management Company)**

**Chief Executive Officer** **Director** **Acting Chief Financial Officer**

**AKD ISLAMIC INCOME FUND**
**Condensed Interim Cash Flow Statement (un-audited)**
**For the first quarter ended September 30, 2024**

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net Profit for the period before taxation | | **71,915** | 78,410 |
| **Adjustments** | | | |
| Amortisation of preliminary expenses and floatation costs | | **-** | - |
| Net unrealised (appreciation) / dminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss' | | **(4,877)** | 702 |
| | | **67,038** | 79,112 |
| **(Increase) / decrease in assets** | | | |
| Investments | | **(90,684)** | 133,346 |
| Profit receivable on bank deposits and sukuk certificates | | **(68,526)** | (10,229) |
| Deposits, prepayments and other receivables | | **(26,153)** | 30,265 |
| Receivable against sale/conversion of units | | **(81,872)** | 7,255 |
| Receivable against sale of Investments | | **-** | 26,628 |
| | | **(267,235)** | 187,265 |
| **Increase / (decrease) in liabilities** | | | |
| Payable to AKD Investment Management Limited - Management Company | | **2,158** | 172 |
| Payable to Digital Custodian Company Limited - Trustee | | **615** | (1) |
| Payable to Securities and Exchange Commission of Pakistan | | **302** | (130) |
| Payable against purchase of investments | | **401,117** | - |
| Payable against redemption /conversion of units | | **5,858** | 7,530 |
| Accrued expenses and other liabilities | | **(11,077)** | (19,191) |
| | | **398,973** | (11,620) |
| **Net cash (used in) / generated from operating activities** | | **198,776** | 254,757 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Amount received on issue of units | | **668,149** | 702,361 |
| Payment against redemption of units | | **(607,868)** | (481,529) |
| **Net cash generated from / (used in) financing activities** | | **60,282** | 218,911 |
| **Net increase / (decrease) in cash and cash equivalents** | | **259,058** | 473,668 |
| Cash and cash equivalents at beginning of the period | | **701,259** | 267,958 |
| **Cash and cash equivalents at end of the period** | 5 | **960,317** | 741,626 |

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited**
**(Management Company)**

**Chief Executive Officer** **Director** **Acting Chief Financial Officer**

**AKD ISLAMIC INCOME FUND**
**Notes to the condensed Interim financial statements (un-audited)**
**For the first quarter ended September 30, 2024**

## 1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Income Fund (the Fund) was established under a Trust Deed, dated August 30, 2017, executed between AKD Investment Management Limited (AKDIML) as the Management Company and Digital Custodian Comapany Limited (DCCL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on May 30, 2017. The initial Public Offering (IPO) of the Fund was made during the period from February 19, 2018 to February 20, 2018 and the Fund commenced operations from February 21, 2018. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. February 19, 2018.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open-ended collective investment scheme and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund is categorised as an open end Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Private) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated 27 June 2024. The Fund has been given long term stability rating of 'AA- (f)' by PACRA on 30 September 2024.

Title to the assets of the Fund are held in the name of Digital Custodian Comapny Limited as Trustee of the Fund.

The Fund is registered on August 23, 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under Section 12 of the Sindh Trusts Act, 2020.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) rules, 2003 (The NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations) and requirement of the Trust Deed

Where provisions of and directives issued under the Companies Act, 2017 , part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulation and requirements of the Trust Deed have been followed.

**2.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial

**2.3** These condensed interim financial statements are unaudited. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as

## 3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2024.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2024.

## 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2024

| | Note | (Un-audited) September 30, 2024 | Audited June 30, 2024 |
|---|---|---|---|
| | | Rupees in '000 | |
| **5. BANK BALANCES** | | | |
| In saving accounts | 5.1 | **657,600** | 701,259 |

**5.1** This represent bank accounts held with different banks. Mark-up rates on these accounts range between 16.00% (June 30, 2024:19% to 21%) per annum.

## 6. INVESTMENTS

| | Note | (Un-audited) September 30, 2024 | Audited June 30, 2024 |
|---|---|---|---|
| **Financial assets at Fair value through profit or loss** | | | |
| - Sukuk certificates | 6.1.1 | **431,170** | 438,504 |
| -Government securities | 6.1.2 | - | 333,663 |
| GOP Ijara Sukuk | | **539,067** | - |
| -Listed equity securities(spread transactions) | | **17,491** | - |
| | | **987,727** | 772,167 |
| **At amortised cost** | | | |
| - Commercial paper-unlisted / Short Term Sukuk (STS) | 6.1.3 | **107,000** | 227,000 |
| | | **1,094,727** | 999,167 |

**6.1.1 Sukuk certificates**

| Name of investee company | Rate of return per annum | Number of certificates | | | | Carrying value as at 30 September 2024 | Market value as at 30 September 2024 | Unrealised appreciation / (diminution) as at 30 | Market value as a percentage of net assets | Market value as a percentage of total investments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 01 July 2024 | Purchased during the period | Sold / matured during the period | As at 30 September 2024 | | | | | |
| | (%) | | | | | ------------------- (Rupees in '000) ------------------- | | | -------------------- (%) -------------------- | |
| **Sukuk certificates - listed** | | | | | | | | | | |
| TPL Trakker Limited | 23.24 | 115 | - | - | 115 | 39,199,238.40 | 38,909,247.11 | (289,991) | 2,386.05 | 4,707.38 |
| TPL Corporation Limited | 22.45 | 1,150 | - | - | 1,150 | 108,100,000.00 | 108,100,000.00 | - | 6,629.06 | 13,078.33 |
| **Sukuk certificates - unlisted** | | | | | | | | | | |
| Hub Power Holdings Limited | 24.08 | 470 | - | - | 470 | 35,937,375.00 | 35,922,887.25 | (14,488) | 2,202.91 | 4,346.08 |
| Mughal Iron & Steel Industries Limited | 22.34 | 10 | - | - | 10 | 3,779,264.23 | 3,763,027.50 | (16,237) | 230.76 | 455.26 |
| Pakistan International Airlines Corporation Limited | 21.81 | 10,000 | - | - | 10,000 | 44,474,448.88 | 44,474,382.00 | (67) | 2,727.32 | 5,380.67 |
| Mughal Iron & Steel Industries Limited | 21.71 | 200 | - | - | 200 | 200,000,000.00 | 200,000,000.00 | - | 12,264.69 | 24,196.73 |
| | | | | **Total as at 30 September 2024** | | **431,490,327** | **431,169,544** | **(320,783)** | | |
| | | | | Total as at 30 June 2024 | | 446,307 | 438,504 | (7,803) | | |

**6.1.1 Significant terms and conditions of listed sukuk certificates are as follows:**

| Name of investee company | | | Face value per certificate (Rupees) | Redeemed Face value per certificate (Rupees) | Markup rate | Issue ate | Maturity date | Secured / Unsecured | Rating |
|---|---|---|---|---|---|---|---|---|---|
| **Sukuk certificates - listed** | | | | | | | | | |
| TPL Trakker Limited | | | 1,000,000 | 388,889 | 3 months KIBOR + 300 bps | | 30-Mar-26 | Secured | A+ |
| TPL Corporation Limited | | | 100,000 | 100,000 | 3 months KIBOR + 225 bps | | 23-Jun-27 | Secured | AA- |
| **Sukuk certificates - unlisted** | | | | | | | | | |
| Mughal Iron & Steels Industries Limited | | | 1,000,000 | 437,500 | 3 months KIBOR + 130 bps | | 02-Mar-26 | Secured | A+ |
| Hub Power Holdings Limited | | | 100,000 | 75,000 | 6 months KIBOR + 250 bps | | 12-Nov-25 | Secured | AA+ |
| Pakistan International Airlines Corporation Limited | | | 5,000 | 4,427.00 | 1 months KIBOR + 100 bps | | 26-Jul-31 | GoP Guaranteed | GoP Guaranteed |
| Mughal Iron & Steels Industries Limited | | | 1,000,000 | 1,000,000 | 3 months KIBOR + 145 bps | 27-Dec-23 | 27-Mar-25 | Secured | AA- |
| K-Electric Limited | | | 1,000,000 | 1,000,000 | 6 Month KIBOR + 15 bps | 02-May-24 | 01-Nov-24 | Unsecured | AA |
| K-Electric Limited | | | 1,000,000 | 1,000,000 | 6 Month KIBOR + 15 bps | 04-Jun-24 | 04-Dec-24 | Unsecured | AA |
| K-Electric Limited | | | 1,000,000 | 1,000,000 | 6 Month KIBOR + 15 bps | 14-Feb-24 | 15-Aug-24 | Unsecured | AA |
| K-Electric Limited | | | 1,000,000 | 1,000,000 | 6 Month KIBOR + 15 bps | 05-Jul-24 | 05-Jan-25 | Unsecured | AA |

## 6.1.2 GOP Ijara Sukuk

| *Particulars* | | *Face Value "Rupees"* | | | | *Carrying Cost* | *Market Value* | *Unrealized appreciation / (diminution)* |
|---|---|---|---|---|---|---|---|---|
| | | *As at July 01, 2024* | *Purchased during the period* | *Sold/Maturity during the period* | *As At September 2024* | | | |
| | | | | | | *(Rupees)* | | |
| *GOP ijara Sukuk* | | *75,395* | *68,000* | *31,681* | *111,714* | *533,869,361* | *539,066,970* | 5,197,608.80 |
| | | ***75,395*** | ***68,000*** | ***31,681*** | ***111,714*** | ***533,869,361*** | ***539,066,970*** | ***5,197,609*** |
| | | | Total as at 30 June 2024 | | | 333,027 | 333,663 | 636 |

**6.1.3 Commercial paper - Unlisted / short term sukuks (STS)**

| Name of investee company | Profit rate | Issue date | Maturity date | Face Value | Carrying Value | Markup rate | Carrying value as a percentage of net assets | Carrying value as percentage of total investments | Rating |
|---|---|---|---|---|---|---|---|---|---|
| | | | | ----------- (Rupees) -------- | | | -------------------- (%) ------------------- | | |
| K-Electric Limited STS 25 | 21.69% | 02-May-24 | 01-Nov-24 | 70,000,000 | 70,000,000 | 6 Month KIBOR + 15 bps | | | AA |
| K-Electric Limited STS 26 | 21.06% | 04-Jun-24 | 04-Dec-24 | 12,000,000 | 12,000,000 | 6 Month KIBOR + 15 bps | | | AA |
| K-Electric Limited | 21.51% | 14-Feb-24 | 15-Aug-24 | - | - | 6 Month KIBOR + 10 bps | | | AA |
| K-Electric Limited STS 27 | 20.25% | 05-Jul-24 | 05-Jan-25 | 25,000,000 | 25,000,000 | 6 Month KIBOR + 10 bps | | | AA |
| **Total as at 30 September 2024** | | | | **107,000,000** | **107,000,000** | | | | |
| | Total as at 30 June 2024 | | | 227,000 | 227,000 | | | | |

**6.2** The nominal value of these commercial papers is Rs 1,000,000 each.

| | | (Un-Audited) 30-Sep-2024 | (Audited) 30-Jun-2024 |
|---|---|---|---|
| | | Rupees in '000 | |

**7 PROFIT RECEIVABLE ON BANK AND SUKUK CERTIFICATES**

| | (Un-Audited) 30-Sep-2024 | (Audited) 30-Jun-2024 |
|---|---|---|
| Bank Deposits | **42,847** | 12,007 |
| Sukuk Certificates | **22,410** | 2,442 |
| GOP Ijara Sukuk | **14,690** | 1,576 |
| Commercial Paper / STS | **19,079** | 14,475 |
| | **99,026** | 30,500 |

**8 DEPOSITS AND PREPAYMENTS AND OTHER RECEIVABLES**

| | (Un-Audited) 30-Sep-2024 | (Audited) 30-Jun-2024 |
|---|---|---|
| Security deposits with | | |
| - National Clearing Company of Pakistan Limited | **37,935** | 2,500 |
| - Central Depository Company of Pakistan Limited | **100** | 100 |
| Prepaid Rating Fee | **32** | |
| Security margin deposit | **-** | 9,025 |
| Prepaid PSX Listing Fee | **6** | - |
| Prepaid Shairah Advisor fee | **-** | 295 |
| Advance Tax | **594** | 594 |
| | **38,667** | 12,514 |

**10 PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**

| | Note | (Un-Audited) 30-Sep-2024 | (Audited) 30-Jun-2024 |
|---|---|---|---|
| Management Fee | 10.1 | **3,250** | 626 |
| Sales tax on management fees | 10.2 | **724** | 81 |
| Expenses allocated by the management company | 10.3 | **-** | 501 |
| Formation cost | | **-** | 184 |
| Others | | **-** | 424 |
| | | **3,974** | 1,816 |

**10.1** During the period the Management Company has charged 0.8%(2023: 0.8%) p.a. management fee from July 01, 2024 to September 30, 2024 on the daily net assets of the Fund.

**10.2** Sindh sales rax at the rate of 15% (June 30, 2024: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

**10.3** The Management Company has charged expenses at the rate of 0.20% (June 30, 2024: 0.4%) per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to Fund, from July 01, 2024 to September 30, 2024.

**11 PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE**

| | Note | (Un-Audited) 30-Sep-2024 | (Audited) 30-Jun-2024 |
|---|---|---|---|
| Trustee fee | 11.1 | **610** | 126 |
| Sindh Sales Tax | 11.2 | **147** | 16 |
| | | **757** | 142 |

**11.1** The Trustee is entitled to a monthly remuneration to be paid monthly in arrears for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

The tariff structure applicable to the fund is as follows:

| **Amount of Funds Under Management [Average Net Assets Value (NAV)]** | **Tariff per annum** |
|---|---|
| Upto Rs 1 bilion | 0.12% of Net Assets |
| Exceeding Rs 1 billion | Rs. 1.2 million plus 0.065% per anum of the amount exceeding Rs. 1 billion |

**11.2** Sindh Sales Tax is charged at 15% (June 30, 2024: 13%) on Trustee fee.

**12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

| | | | |
|---|---|---|---|
| Annual fee payable to SECP | 12.1 | **396** | 94 |

**12.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme is required to pay as monthly fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% (June 30, 2024: 0.075%) percent of the average annual net assets of the scheme. The fee is payable monthly in arrears.

**13 ACCRUED AND OTHER LIABLITIES**

| | | |
|---|---|---|
| Auditors remuneration | **345** | 282 |
| Brokerage Payable | **-** | 501 |
| NCC fee Payable | **-** | 63 |
| Expenses Payable | **-** | - |
| Withhoding tax payables | **8,814** | 23,258 |
| Transaction charges payable | **2,197** | - |
| Selling and Marketing Expense | **1,358** | - |
| Capital gain tax payable | **514** | - |
| Zakat payable | **19** | - |
| Legal and professional charges payable | **98** | - |
| Fund rating \ ranking fee payable | **86** | |
| Sales load payale | **90** | 40 |
| Payable against time barred cheques | **-** | 492 |
| Charity Payable | **492** | 487 |
| Unrealised loss of future transactions | **-** | - |
| Others | **58** | |
| | **14,071** | 25,123 |

**14 CONTINGENCIES AND COMMITMENTS**

There were no contingencies as at September 30, 2024 and June 30, 2024.

**15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at September 30, 2024 is 1.45% (Sep. 30, 2023: 0.44%) (annualised) which includes 0.20% (Sep. 30, 2023: 0.06%) (annualised) representing government levies on the Fund such as Sales Taxes, Annual fee to the SECP. This ratio is within the maximum limit of 2.5% (2023: 2.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as " Shariah Compliant Income Scheme".

## 16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company has intends to distribute cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

## 17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management Digital Custodian Company Limited, being the Trustee, AKD Group Holding Private Limited (Formerly: Aqeel Karim Dhedhi Securities Limited), AKD Securities Limited, directors, officers and other connected persons of the Management Company, and their connected persons.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

| | (Un-Audited) | |
|---|---|---|
| | Period ended September 30, | |
| | 2024 | 2023 |
| **17.1 Transactions during the period** | (Rupees in '000) | |
| **AKD Investment Management Limited - Management Company** | | |
| Remuneration to the Management Company | 1,942 | 1,942 |
| Sales Tax Provincial on Management Remuneration | 252 | 252 |
| Expenses allocated by the Management Company | 1,554 | 1,554 |
| Issue of Nil units (2023: 170,980) | - | 8,802 |
| Redemption of Nil units (2023: 64,107) | - | 3,322 |
| **Digital Custodian Company Limited - Trustee** | | |
| Remuneration to the Trustee | 391 | 391 |
| Sales tax on trustee remuneration payable | 51 | 51 |
| **M3 Technologies Pakistan Private Limited Employees Provident Fund** | | |
| Issue of Nil units (2023: 271 Units) | - | 14 |
| Dividend paid | - | 16 |
| **Company Secretary and Chief Operating (with spouse and minor children) Officer of the Management Company** | | |
| Issue of Nil units (2023: 2 ) | - | 1 |
| Redemption of Nil units (2023: 1,272 ) | - | 65 |
| **Chief Executive Officer of the Management Company** | | |
| Issue of Nil units (2023: 18,191) | - | 887 |
| Redemption of Nil units (2023: 30,146) | - | 1,600 |
| **Spouse of the Chief Executive Officer of the Management Company** | | |
| Issue of Nil units (2023: 117,002) | - | 6,065 |
| Redemption of Nil units (2023: 96,360) | - | 5,045 |
| **Spouse of the Director and Chief Investment Officer of the Management Company** | | |
| Redemption of Nil units (2023: Nil Units) | - | - |
| **Muhammad Farid Alam - Key Management Personnel of Associated Company** | | |
| Issue of Nil units (2023: 555 Units) | - | 30 |
| **Yasmeen Dhedhi - Close relative of the Sponsor of the Management Company** | | |
| Issue of Nil units (2023: 23 Units) | - | 1 |
| Dividend paid | - | 1 |
| **KEY MANAGEMENT PERSONNEL OF THE MANAGEMENT COMPANY** | | |
| Issue of 8,951 units (2023: Nil) | 471 | - |
| Redemption of 8,771 units (2023: Nil) | 463 | - |
| **Connected person due to holding of more than 10% units** | | |
| Issue of 199,288 units (2023: Nil) | 10,585 | - |
| Redemption of 5,932,342 units (2023: Nil) | 312,000 | - |

| | | (Un-Audited) 30-Sep-2024 | (Audited) 30-Jun-2024 |
|---|---|---|---|
| | | Rupees in '000 | |
| **17.2** | **Balances outstanding at the period / year end** | | |
| | **AKD Investment Management Limited - Management Company** | | |
| | Remuneration payable | **3,250** | 626 |
| | Sales Tax Provincial on Management Remuneration | **724** | 81 |
| | Payable against expenses allocated by the Management Company | **-** | 501 |
| | Payable against formation cost | **-** | 184 |
| | Sales load payable | **-** | 424 |
| | Outstanding Nil ( June 2024: 742) Units | **-** | - |
| | **Digital Custodian Company Limited - Trustee** | | |
| | Remuneration payable | **610** | 126 |
| | Sindh Sales Tax on trustee remuneration payable | **147** | 16 |
| | **Receivable / Payable against conversion of units between Funds under management** | | |
| | Receivable against Conversion of units - AKD Cash Fund | **-** | - |
| | Receivable against Conversion of units - AKD Index Tracker Fund | **-** | - |
| | **Director and Chief Investment Officer of the Management Company** | | |
| | Units held: Nil (June 2024: 55) | **-** | 3 |
| | **Company Secretary and Chief Operating Officer of Management Company (with spouse and minor children)** | | |
| | Units held: Nil (June 2024: 35) | **-** | 2 |
| | **Spouse of the Director and Chief Investment Officer of Management Company** | | |
| | Units held: Nil (June 2024: 1,160) | **-** | 60 |
| | **Mr. Toqir Hussain - Head of IT of the Management Company** | | |
| | Units held: Nil (June 2024: 1,686) | **-** | 87 |
| | **Mr. Carrow Michael - Head of HR of the Management Company** | | |
| | Units held: Nil (June 2024: 1) | **-** | 1 |
| | **Chairperson of the Management Company** | | |
| | Units held: Nil (June 2024: 153) | **-** | 8 |
| | **Close Relative of Chairperson of the Management Company** | | |
| | Units held: Nil (June 2024: 206) | | 11 |
| | | **-** | |
| | **AKD Securities Limited - Associated Company** | | |
| | Brokerage payable | | 3 |
| | **Hasan Ahmed - Director of Management Company** | **-** | |
| | Units held: Nil (June 2024: 144) | | 7 |
| | **Ali Wahab Siddiqui - Director of Management Company** | | |
| | Units held: Nil (June 2024: 337,454) | **-** | 17,384 |
| | **Muhammad Farid Alam - Key Management Personnel of Associated Company** | | |
| | Units held: Nil (June 2024: 647) | | 33 |
| | | **-** | |
| | **Afsheen Aqeel Dhedhi - Close relative of Sponsor of Management Company** | | |
| | Units held: Nil (June 2024: 42) | | 2 |
| | | **-** | |
| | **Hina Aqeel - Close relative of Sponsor of Management Company** | | |
| | Units held: Nil (June 2024: 412) | | 21 |
| | | **-** | |
| | **Yasmeen Dhedhi - Close relative of Sponsor of Management Company** | | |
| | Units held: Nil (June 2024: 21,937) | | 1,130 |
| | | **-** | |
| | **M3 Technologies Pakistan Private Limited Employees Provident fund Common Directorship** | | |
| | Units held: 258,738 (June 2024: 258,738) | **13,952** | 13,329 |
| | **Pak Qatar Investment Account - Connected person due to holding of more than 10% units*** | | |
| | Units held: Nil (June 2024: 2,336,345) | **-** | 120,354 |
| | **Pak Qatar Individual Family Participant Investment Fund - Connected person due to holding of more than 10% units*** | **-** | |
| | Units held: Nil (June 2024: 69,272) | | 3,568 |
| | **KEY MANAGEMENT PERSONNEL OF THE MANAGEMENT COMPANY** | | |
| | Units held: 2,978 (June 2024: 2,799) | **161** | 152.96 |
| | **Connected person due to holding of more than 10% units** | **-** | |
| | Units held: 5,072,885 (June 2024: 10,805,939) | **273,545.66** | 554,934 |

*Current period connected party

**18. FAIR VALUE OF FINANCIAL INSTRUMENTS**

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value, based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hirearchy.

| | **As at September 30, 2024** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Carrying Amount** | | | **Fair Value** | | | |
| | **At fair value through profit or loss** | **At amortised cost** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **(Rupees in '000)** | | | **(Rupees in '000)** | | | |
| **ASSETS** | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| Investment | **987,727** | **107,000** | **1,094,727** | **-** | **17,491** | **-** | **17,491** |

| | As at June 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying Amount | | | Fair Value | | | |
| | At fair value through profit or loss | At amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | (Rupees in '000) | | | (Rupees in '000) | | | |
| **ASSETS** | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| Investment | 772,167 | 227,000 | 999,167 | - | 324,288 | - | 324,288 |

During the period ended September 30, 2024, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

**19. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on ___________ by the Board of Directors of the Management Company.

**20. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

**21. GENERAL**

**21.1** Figures have been rounded off to the nearest thousand rupees.

**For AKD Investment Management Limited**
**(Management Company)**

**Chief Executive Officer** **Director** **Acting Chief Financial Officer**