

Funds Managed by:
AKD Investment Management Ltd.

Half Yearly Report
December 31, 2021
(Un-Audited)



half yearly report



Partner with AKD
Profit from the Experience



MANAGEMENT COMPANY

216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim

Director & Chief Executive Officer
Mr. Imran Motiwala

Director
Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob Sultan, CFA

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Muhammad Munir Abdullah

HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Ms. Tayyaba Masoom Ali

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Saim Mustafa Zuberi (Member)
Ms. Tayyaba Masoom Ali (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

Ms. Aysha Ahmed (Chairman)
Mr. Abdul Karim (Member)
Mr. Imran Motiwala (Member)
Ms. Anum Dhedhi (Member)
Mr. Saim Mustafa Zuberi (Member)
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

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

**CORPORATE
INFORMATION**

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



AKD Funds shall continuously strive to:

- ▶ *Keep primary focus on investing clients' interest*
- ▶ *Achieve highest standards of regulatory compliance and good governance*
- ▶ *Prioritize risk management while endeavoring 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 superior 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), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), Golden Arrow Stock Fund (GASF) and AKD Islamic Stock Fund (AKDISSF) presents its half yearly report along with the Funds' reviewed Financial Statements for the first half ended December 31, 2021.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY22, the return of AKD Opportunity Fund stood at -16.77% compared to the benchmark KSE-100 Index return of -5.83%.

Golden Arrow Stock Fund (GASF)

For the 1HFY22, the return of Golden Arrow Stock Fund stood at -12.53% compared to the benchmark KSE-100 Index return of -5.83%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY22, the return of AKD Index Tracker Fund stood at -5.48% compared to the benchmark KSE-100 Index return of -5.83%.

AKD Cash Fund (AKDCF)

For the 1HFY22, the annualized return of AKD Cash Fund stood at 7.85% compared to the benchmark return of 7.41%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY22, the annualized return of AKD Aggressive Income Fund stood at 9.82% compared to the benchmark return of 9.32%.

AKD Islamic Income Fund (AKDISIF)

For the 1HFY22, the annualized return of AKD Islamic Income Fund stood at 6.98% compared to the benchmark return of 3.13%.

AKD Islamic Stock Fund (AKDISSF)

For the 1HFY22, the return of AKD Islamic Stock Fund stood at -11.43% compared to the benchmark KMI-30 Index return of -6.44%.

MACRO PERSPECTIVE

Pakistan's economy continued to witness robust growth where the pace of the economy has exceeded expectations of the State Bank of Pakistan (SBP). However, the aforementioned growth comes at a cost of a widening Current Account Deficit amid rising domestic demand, PKR depreciation, and an unprecedented increase in international commodity prices.

The SBP opted to prudently remain cautious due to inflationary pressures; hence, increasing the discount rate by 2.75% to 9.75% during the first half of FY22. While approval of the next tranche of USD 1bn from IMF under the Extended Fund Facility is expected to be a catalyst for the economy and provide somewhat respite to the pak rupee.

The external account for 1HFY22 reported a CAD of \$9.09bn (5.7% of GDP) as compared to a surplus of \$1.25 bn (0.9% of GDP) reported during the same period last year (SPLY) owing to an increase in commodity prices, import of plants and machineries under TERF and LTFF loan facilities provided by the SBP and import of Covid vaccines. The Balance of Trade of goods and services surged by \$10.68bn YoY to \$23.01bn as total imports increased by whopping 54% YoY to \$41.7bn. However, the export of goods and services posted 27.27% growth to stand at \$18.65bn. Also, foreign workers continued to support the external account as workers' remittances surged by 11.30% to \$15.81bn. The Government's efforts to attract Non-Resident Pakistani money paid off, with an impressive inflow of \$3.16bn through Roshan Digital Accounts (RDA) from more than 320,000 accounts.

According to press reports, the Federal Board of Revenue (FBR) has made net revenue collections of PKR 2,920bn during 1HFY22, up by 32.5%YoY as compared to PKR 2,204bn recorded during SPLY. FBR has exceeded its given target of PKR 2,633bn by a margin of PKR 287 billion. The amount of refunds disbursed was PKR 148bn during 1HFY22 compared to PKR 111bn paid last year, showing an increase of 33%.

As per the Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in 1HFY22 was recorded at 9.81%YoY as compared to 8.63%YoY recorded during 1HFY21. Core Inflation - excluding food and energy prices, clocked in at 7.03% YoY and 7.18% YoY for Urban and Rural areas respectively, as compared to 5.53% YoY and 7.65% YoY during the SPLY.

The Large Scale Manufacturing (LSM) sector witnessed an increase of 3.26% YoY for July-November FY22 as compared to 6.85% YoY reported during SPLY. During the period under review, major contribution towards the growth came from Automobiles, Iron & Steel Products, Paper & Board, Coke & Petroleum Products to name a few. However, overall growth during the period was kept in check by sectors that posted negative growth including Fertilizers, Electronics, and Rubber Products.

EQUITY MARKET REVIEW

During the first half of FY22, KSE-100 Index declined by 2,760pts, down by 5.83% to close at 44,596.07 pts. The Equity market remained under pressure owing to Political unrest following senate elections, MSCI downgrade from Emerging Market to Frontier Market, surge in commodity prices leading to a ballooning CAD, and higher inflation were a few key factors that kept the investor sentiment cautious at best despite record breaking earnings in some instances.

Average daily turnover also decreased by 23.78%YoY to 340.88 million shares and down by 44.31% as compared to the second half FY21. Market participants remained sidelined owing to skepticism over the resumption of the IMF program and resultant contractionary fiscal policies introduced by the

Government of Pakistan (GoP). Moreover, investor interest diverted to second and third-tier stocks as depicted by a decrease in the ratio of KSE-100 volumes over total turnover.

Some of the news flow that weighed on investor sentiments included: 1) Pakistan remaining on FATF's grey list, 2) International commodity prices soar, 3) MSCI downgrades PSX from Emerging market to Frontier market, 4) SBP increased the policy rate by 275bps to 9.75%, 5) Political unrest amid DG ISI appointment, and 6) CAD increases significantly 7) Saudi Arabia announces \$3bn support to Pakistan, 8) SBP receives Inflows of US\$2.7bn under IMF SDR allocation and 9) Cabinet approves PKR 1.4bn payment to the IPPs.

Foreign investors continued to remain net sellers with net outflows of US\$250.35mn. Individuals, Insurance Companies, Corporates were major buyers with net inflows of US\$72.00mn, US\$65.84mn, US\$59.80mn, respectively. Whereas Mutual Funds and brokers were net sellers with net outflows of US\$10.57mn and US\$12.11mn respectively.

The sectors that dragged the KSE-100 down the most included Cement (-18.48%), Tobacco (-17.23%), Refinery (-43.03%), Automobile Assemblers (-15.61%), and Food and Personal Care Products (-7.26%). However, some of the losses were compensated by Commercial banks (6.58%), Miscellaneous (35.76%), Technology and Communication (3.85%), Modarabas (65.83%), Synthetic and Rayon (7.80%).

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings multiple of 4.96x, which is a 66.04% discount as compared to MSCI Frontier Markets P/E of 14.61x and offering a healthy dividend yield of 7.75%.

MONEY MARKET REVIEW

During 1HYF22, thirteen (13) MTB auctions were carried out by the SBP, where the government managed to raise PKR 7.73trn cumulatively. Weighted average yield of 3, 6 and 12 months MTB were 8.09%, 8.37%, and 8.25% respectively, up by 1.07%, 1.30%, and 1.08% as compared to 7.02%, 7.07%, and 7.16% same period last year.

SBP also conducted three (3) auctions of Fixed Rate Pakistan Investment Bonds (PIBs) and was successful in raising PKR 696.84bn during 1HFY22. The weighted average yield for 3, 5, and 10 years PIBs increased by 1.23%, 1.18%, and 1.22% to 9.25%, 9.58%, and 10.17% respectively as compared to 8.02%, 8.40%, and 8.95% for the same period last year.

The Monetary Policy Committee announced four (4) Monetary Policy Statements during 1HFY22 where the Committee decided to raise the policy rate by 275 basis points to 9.75% to counter inflationary pressures and a deteriorating trade deficit. The SBP conducted 52 Open Market Operations (OMO) of different maturities and injected an average amount of PKR 1.11trn at an average cut-off yield of 7.86% and the mopped-up average amount of PKR 0.11trn at an average cut off yield of 7.23%.

As per the auction target calendar for January – March 2022, the SBP targets to raise PKR 4.40trn by issuing MTB against the maturing amount of PKR 4.53trn. In addition, SBP targets to raise another PKR 300bn through 3 – 30 years Fixed Rate PIBs during the period.

FUTURE OUTLOOK

On a forward-looking basis, we remain optimistic about the economic outlook for FY22, where the SBP expects the growth rate to be in the upper range of 4 to 5 percent.

The CAD is expected to clock in at 4.5-5% of GDP in FY22, higher than SBP's projection of 4%, \$13bn. This is because the CAD for 1HFY22 was reported at over \$9.09bn as international commodity prices particularly oil which trades around its 7 year high despite onset of Omicron variant of COVID-19. More importantly, the external funding requirement will correspondingly increase from earlier expectations of \$26bn, which was based on a lower CAD estimate by SBP.

The local currency witnessed a steep decline in the 1HFY22 period and now stands at PKR/USD 178.17 which is a 11.58% depreciation in just six months alone. We expect the exchange rate to however stabilize in the months following the much awaited IMF Board's approval in February. While the Real Effective Exchange Rate (REER) of 96.74 at the end of December 2021 is in line with overall market consensus that the pak rupee, should stabilize to appreciate in the near term.

We concur with the SBP and expect commodity prices to reverse by the end of FY22-23 on the back of anticipated monetary tightening by the US Fed owing to a sharp increase in inflation. Indeed, this shall bode well and provide much needed fiscal space to Pakistan's external account and draw down on inflation. Reportedly, SBP in its last monetary policy communication highlighted that 'the end goal of mildly positive real interest rates on a forward-looking basis was now close to being achieved', hence, forward looking it seems the Central Bank while cognizant of the external account and inflationary pressures is somewhat satisfied with the current dollar/rupee parity and interest rates respectively.

We believe the reclassification of Pakistan to the MSCI Frontier Market category will reduce foreign selling which has been recorded since FY16 as the local bourse would have a more significant weight of a much smaller fund allocated to frontier markets, unlike the case in the emerging markets.

On the Fixed Income front, nominal increases in interest rates cannot be ruled out as agreed with International Monetary Fund in its staff-level agreement, will bode well for yields of fixed income instruments.

We maintain our bullish stance on the stock market as the international commodity prices shift their direction, coupled with an increase in the adoption of Covid-19 vaccines and boosters will stabilize the negative sentiment of the economy. With the beginning of monetary contraction, we expect inflation to normalize and the CAD to improve as a result of an foreseeable decrease in imports. We reiterate our positive market outlook for FY22 based on (i) strong earnings growth of the corporate sector, (ii) resumption of the IMF program, (iii) compelling Price to Earnings multiple of 4.96x, (iv) Healthy dividend yield of 7.75% (iv) negative real interest rates.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: February 25, 2022

AKD Islamic Income Fund



MANAGEMENT COMPANY

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

TRUSTEE

MCB Financial Services Limited
4th Floor, Perdesi House,
2/1 R-Y Old Queens Road,
Karachi-74200

BANKERS

BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited (Islamic Banking)

AUDITORS

Yousuf Adil
Chartered Accountants
Cavish Court A-35, Block 7 & 8
KCHSU, Sharah-e-Faisal,
Karachi-75350, Pakistan

LEGAL ADVISER

Sattar & Sattar
Attorneys - at - law
3rd Floor, UBL Building,
I.I Chundrigar Road,
Karachi.

REGISTRAR

AKD Investment Management Limited,
216 - 217, Continental Trade Centre,
Block-8, Clifton Karachi-74000
UAN: 111-253-465 (111-AKDIML)

DISTRIBUTORS

AKD Investment Management Limited
Financial Investments Mart (Pvt) Ltd.
Investomate (Private) Limited.
Investlink Advisor (Private) Limited.
YPay Financial Services (Pvt.) Ltd.

RATING

AKD Islamic Income Fund
PACRA: A+(f) [A Plus(f)]

FUND MANAGER'S REPORT

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

Open – end Islamic 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.

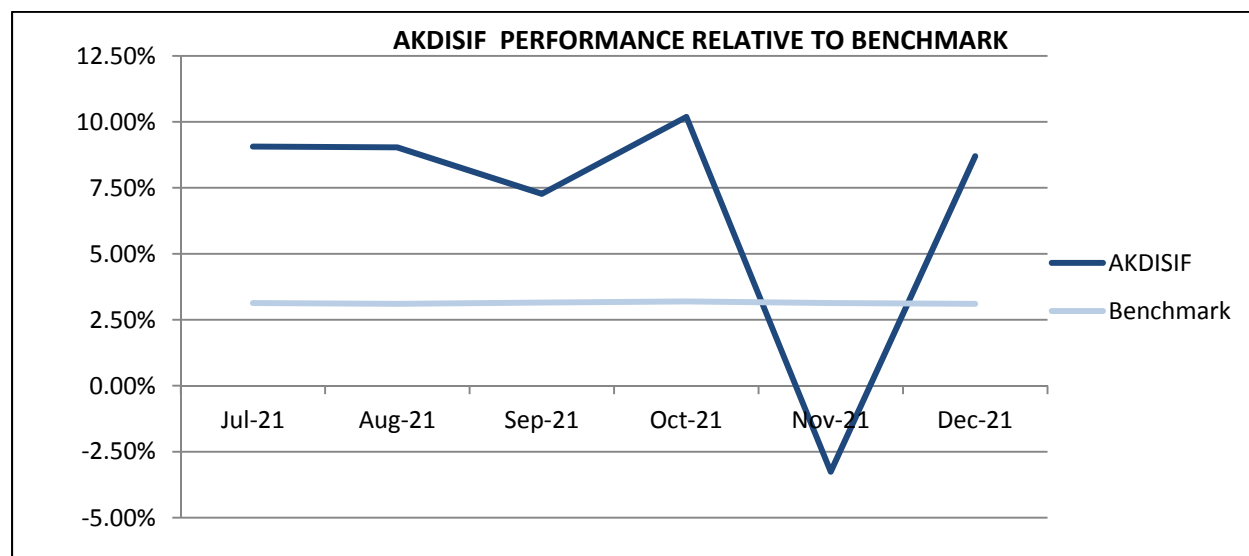
iii) **Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the 1HFY22, the annualized return of AKD Islamic Income Fund stood at 6.98% compared to benchmark return of 3.13%.

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 yield (annualized)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
AKDISIF	9.06%	9.03%	7.27%	10.19%	-3.26%	8.70%
Benchmark	3.13%	3.10%	3.15%	3.19%	3.13%	3.10%

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 Islamic Income Scheme. The returns of the fund are generated through investment in high quality Shariah complaint securities, Spread Transactions and Islamic Bank deposit.

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)	31-Dec-21	30-Sep-21
Cash and Cash Equivalents	41.61%	39.59%
Sukuk	31.50%	27.65%
Spread Transactions (Cost)	-	26.12%
Commercial Papers	8.75%	-
Placements with Banks and DFIs	16.15%	-
Other Assets including Receivables	1.99%	6.64%

viii) **Non-Compliant Investments:**

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
-----Rupees in '000-----						
TPL Trakker Limited	Sukuk	109,154	Nil	109,154	15.42%	15.33%
Bank Islami Pakistan Limited	TDR	115,000	Nil	115,000	16.25%	16.15%

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

1HFY22 Return (annualized)	6.98%
Benchmark Return (annualized)	3.13%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
31-Dec-21	30-Sep-21		31-Dec-21	30-Sep-21
(Rupees in '000)			(Rupees)	
707,711	845,504	-16.30%	52.2165	51.5268

xi) **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:

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of a widening Current Account Deficit amid rising domestic demand, PKR depreciation, and an unprecedented increase in international commodity prices.

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xii) 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.

xiii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.0001 - 9,999	893
10,000 - 49,999	39
50,000 - 99,999	11
100,000 - 499,999	9
500,000 and above	5
Total	957

xiv) Disclosure on unit split (if any), comprising:

There were no unit splits during the period.

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

Investments are subject to credit and market risk.

xvi) 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.

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD ISLAMIC INCOME FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

AKD Islamic Income Fund, an open-end Scheme established under a Trust Deed dated August 30, 2017 executed between AKD Investment Management Limited, as the Management Company and Digital Custodian Company Limited Formerly MCB Financial Services Limited, as the Trustee. The Fund commenced its operations on February 21, 2018.

1. AKD Investment Management Limited, the Management Company of AKD Islamic Income Fund has, in all material respects, managed AKD Islamic Income Fund during the period ended December 31st, 2021 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Karachi: February 25, 2022



Authorize Signatory

**AKD Islamic Income
Fund**

Condensed Interim Financial Information
For the six months period ended
December 31, 2021

AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD Islamic Income Fund** (the "Fund") as at December 31, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the six months period ended December 31, 2021 (here-in-after referred to as the 'condensed interim financial information'). The Management Company (**AKD Asset Management Limited**) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figure of the condensed interim financial information for the three months period ended December 31, 2021, have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.



Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Date: February 25, 2022
Place: Karachi

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2021

		(Unaudited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	296,300	261,069
Investments	5	401,636	432,309
Profit and dividend receivable	6	10,756	7,537
Deposits, prepayments and other receivables	7	2,712	27,665
Preliminary expenses and floatation cost	8	326	470
Receivable against sale / conversion of units		314	-
Total Assets		712,044	729,050
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	950	1,121
Payable to the MCB Financial Services Limited -Trustee	10	91	81
Payable to Securities and Exchange Commission of Pakistan	11	82	84
Accrued expenses and other liabilities	12	773	3,875
Payable against redemption / conversion of units		2,437	-
Total liabilities		4,333	5,161
NET ASSETS		707,711	723,889
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		707,711	723,889
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		13,553,410	14,350,814
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		52.2165	50.4424

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.
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For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2021

		Six months period ended December 31,		Three months period ended December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
INCOME					
Net unrealised (diminution) / appreciation on remeasurement of investments classified 'at fair value through profit or loss'	5.6	(3,634)	489	(2,326)	(291)
Unrealised gain / (loss) on future contracts		-	-	(2,705)	-
Capital gain on sale of investments		6,831	-	1,116	-
Income from sukuk certificates		11,502	3,072	6,034	1,692
Income from security margin		181	-	45	-
Income from commercial paper		1,286	359	1,286	63
Income from term deposit receipts		339	-	339	-
Other income	12.1	1,491	-	-	-
Dividend income		1,683	-	1,655	-
Profit on bank deposits		13,520	4,670	7,921	2,659
Total income		33,199	8,590	13,365	4,123
EXPENSES					
Remuneration of the AKD Investment Management Limited - Management company	9.1	1,639	447	837	259
Sindh Sales tax on the remuneration of the Management Company	9.2	213	58	109	33
Remuneration of MCB Financial Services Limited - Trustee	10.1	492	134	251	78
Sindh Sales tax on the remuneration of trustee	10.2	64	16	33	9
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	82	22	42	13
Expenses allocated by the Management Company	9.3	615	168	314	97
Auditor's remuneration		117	117	58	58
Settlement and bank charges		148	39	41	20
Amortisation of preliminary expenses and floatation costs		144	144	72	72
Securities transaction cost		991	-	122	-
Fee and subscription		401	217	207	142
Printing and related cost		76	76	38	38
Legal and professional charges		393	109	134	11
Charity		162	-	157	-
Provision against Sindh Workers' Welfare Fund		-	141	-	66
Total expenses		5,537	1,688	2,415	896
Net income for the period before taxation		27,662	6,902	10,950	3,227
Taxation	15	-	-	-	-
Net income for the period after taxation		27,662	6,902	10,950	3,227
Allocation of net income for the period					
Net income for the period after taxation		27,662	6,902	10,950	3,227
Income already paid on units redeemed		(7,477)	(1,137)	(6,468)	(798)
		20,185	5,765	4,482	2,429
Accounting income available for distribution					
Relating to capital gains		3,197	489	-	-
Excluding capital gains		16,988	5,276	4,482	2,429
		20,185	5,765	4,482	2,429

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months period ended December 31,		Three months ended December 31,	
	2021	2020	2021	2020
	(Rupees in '000)			
Net income for the period after taxation	27,662	6,902	10,950	3,227
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	27,662	6,902	10,950	3,227

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months period ended December 31, 2021			Six months period ended December 31, 2020		
	Capital value	Undistribu- ted income	Total	Capital value	Undistribu- ted income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	719,616	4,273	723,889	296,649	946	297,595
Issue of 16,229,337 units (2020: 14,511,591 units)						
- Capital value (at Ex-net asset value per unit at beginning of the period)	818,646	-	818,646	728,560	-	728,560
- Element of income	17,379	-	17,379	17,310	-	17,310
Total proceeds on issuance of units	836,025	-	836,025	745,870	-	745,870
Redemption of 17,026,742 units (2020: 13,455,884 units)						
- Capital value (at Ex-net asset value per unit at beginning of the period)	(858,869)	-	(858,869)	(675,558)	-	(675,558)
- Amount paid out of element of income relating to net income for the period after taxation	-	(7,477)	(7,477)	-	(1,137)	(1,137)
- Element of loss	(13,519)	-	(13,519)	(11,379)	-	(11,379)
Total payments on redemption of units	(872,388)	(7,477)	(879,865)	(686,937)	(1,137)	(688,074)
Total comprehensive income for the period	-	27,662	27,662	-	6,902	6,902
Net assets at end of the period	683,253	24,458	707,711	355,582	6,711	362,293
Distribution for the period						
Undistributed income brought forward						
- Realised income		963			588	
- Unrealised income		3,310			358	
		4,273			946	
Accounting income available for distribution						
- Relating to capital gains		3,197			489	
- Excluding capital gains		16,988			5,276	
		20,185			5,765	
Undistributed income carried forward		24,458			6,711	
Undistributed income carried forward						
- Realised income		28,092			6,222	
- Unrealised (loss) / income		(3,634)			489	
		24,458			6,711	
			Rupees			Rupees
Net assets value per unit at beginning of the period			50.4424			50.2055
Net assets value per unit at end of the period			52.2165			51.8804

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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For AKD Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

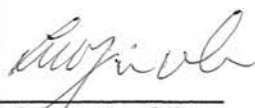
AKD ISLAMIC INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2021

		Six months period ended		Three months period ended	
		December 31,		December 31,	
		2021	2020	2021	2020
Note		(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES					

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

AKD ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Income Fund (the Fund) was established under a Trust Deed, executed between AKD Investment Management Limited (AKDIML) as the Management Company and MCB Financial Services Limited (MCBFSL) 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 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 mutual fund 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 (Pvt.) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained Asset Manager Rating of 'AM3++' to the Management Company dated February 08, 2021. The Fund has been given stability rating of 'A+(f)' by PACRA on September 04, 2021.

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

2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (IAS-34), Interim Financial Reporting, 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, 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 IAS 34, the 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 the requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the IAS-34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2021.

2.1.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 Basis of measurement

This financial information has been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

This condensed interim financial information are presented in Pakistani Rupees which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS, FINANCIAL RISK MANAGEMENT AND CHANGES THEREIN

3.1 The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of audited financial statements of the Fund as at and for the year ended June 30, 2021.

3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards and requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June 30, 2021.

3.3 There are certain amended existing standards and interpretations on accounting and reporting standards that are effective during the period but are considered not to be relevant to the Fund's operations and do not have any significant impact on the Fund's operations and therefore not disclosed in this condensed interim financial information.

3.4 The Fund's risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2021.

		(Unaudited) December 31, 2021	(Audited) June 30, 2021
Note		----- (Rupees in '000) -----	
4.	BANK BALANCES		
	Saving accounts	4.1 <u>296,300</u>	<u>261,069</u>

4.1 Mark-up rates on these accounts range between 7.75% to 10% per annum (June 30, 2021: 5% to 6.6% per annum).

		(Unaudited) December 31, 2021	(Audited) June 30, 2021
Note		----- (Rupees in '000) -----	

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities (spread transactions)	5.1	-	245,458
- Sukuk certificates	5.2	<u>224,327</u>	<u>186,851</u>
		<u>224,327</u>	<u>432,309</u>

At amortised cost

- Commercial paper - unlisted	5.4	62,309	-
- Term deposit receipts	5.5	<u>115,000</u>	<u>-</u>
		<u>401,636</u>	<u>432,309</u>

5.1 Listed equity securities (spread transactions)

Sectors / Companies	As at July 01, 2021	Purchased during the period	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021
	(Number of shares)				(Rupees in 000)	
AUTOMOBILE ASSEMBLER						
Ghandhara Industries Limited	40,000	154,000	194,000	-	-	-
Ghandhara Nissan Limited	16,500	54,000	70,500	-	-	-
CABLE AND ELECTRICAL GOODS						
Pak Elektron Limited	-	21,500	21,500	-	-	-
CEMENT						
D.G Khan Cement Company Limited	38,500	2,500	41,000	-	-	-
Fauji Cement Company Limited	37,000	-	37,000	-	-	-
Maple Leaf Cement Factory Limited	10,000	-	10,000	-	-	-
Lucky Cement Limited	-	8,500	8,500	-	-	-
CHEMICALS						
Engro Polymer & Chemicals Limited	19,000	-	19,000	-	-	-
Ghani Global Holding Limited	1,142,000	1,671,500	2,813,500	-	-	-
ENGINEERING						
Aisha Steel Mills Limited	9,500	79,000	88,500	-	-	-
FERTILIZERS						
Engro Fertilizers Limited	9,000	-	9,000	-	-	-
Fauji Fertilizer Bin Qasim Limited	39,500	-	39,500	-	-	-
FOOD AND PERSONAL CARE PRODUCTS						
Al Shaheer Corporation Limited	327,000	-	327,000	-	-	-
Treet corporation limited	-	1,009,000	1,009,000	-	-	-
Unity Foods Limited	1,596,000	1,577,500	3,173,500	-	-	-
OIL & GAS EXPLORATION COMPANIES						
Oil & Gas Development Company Limited	71,000	386,000	457,000	-	-	-
Pakistan Petroleum Limited	59,000	-	59,000	-	-	-
OIL & GAS MARKETING COMPANIES						
Pakistan State Oil Company Limited	50,000	21,000	71,000	-	-	-
Sui Northern Gas Pipelines Limited	120,500	7,000	127,500	-	-	-
PHARMACEUTICALS						
The Searle Company Limited	-	2,000	2,000	-	-	-
POWER GENERATION AND DISTRIBUTION						
Hub Power Company Limited	9,500	-	9,500	-	-	-
REFINERY						
Attock Refinery Limited	61,500	130,000	191,500	-	-	-
Cnergyco PK Limited	3,167,500	1,253,000	4,420,500	-	-	-
National Refinery Limited	14,000	5,000	19,000	-	-	-
Pakistan Refinery Limited	-	2,500	2,500	-	-	-
TECHNOLOGY & COMMUNICATION						
Avanceon Limited	-	589,000	589,000	-	-	-
Telecard Limited	-	1,409,500	1,409,500	-	-	-
TRG Pakistan Limited	-	1,882,500	1,882,500	-	-	-
Investment as at December 31, 2021					-	-
Investment as at June 30, 2021					248,366	245,458

5.2 Sukuk certificates

Name of investee company	Rate of return per annum	Number of certificates			Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation / (diminution) as at December 31, 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2021	Purchased during the period	Sold / matured during the period					
(%) ----- (Rupees in '000) ----- (%) -----									
Sukuk certificates - listed									
Chenergyco PK Limited (Formerly:BYCO Petroleum Pakistan Limited)	9.01	150	-	-	6,254	6,304	50	0.89%	1.57%
	13.42	115	-	-	111,334	109,154	(2,180)	15.42%	27.18%
Sukuk certificates - unlisted									
Mughal Iron & Steels Industries Limited	11.28	10	-	-	10,035	10,404	369	1.47%	2.59%
	10.13	250	-	-	25,600	25,625	25	3.62%	6.38%
	11.41	300	-	-	24,738	24,738	-	3.50%	6.16%
	11.34	-	10,000	-	50,000	48,102	(1,898)		
Total as at December 31, 2021					227,961	224,327	(3,634)		
Total as at June 30, 2021					163,510	166,851	3,341		

5.2.1 The exposure limit of investment in a single company as percentage of net assets exceeded by 0.42% against the prescribed limit of 15% of the total net assets as required under section 55(e) of NBFC Regulations.

5.3 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 date	Maturity date	Secured / Unsecured	Rating
Sukuk certificates - listed							
Cherryco PK Limited (Formerly:BYCO Petroleum Pakistan Limited)	100,000	41,667	3 months KIBOR + 1.05%	January 18, 2017	January 18, 2023	Secured	AAA
	1,000,000	944,444	3 months KIBOR + 3.00%	March 30, 2021	March 30, 2026	Secured	A+
Sukuk certificates - unlisted							
Mughal Iron & Steels Industries Limited	1,000,000	1,000,000	3 months KIBOR + 1.30%	March 2, 2021	March 2, 2026	Secured	A+
	100,000	100,000	1 year KIBOR + 1.90%	March 19, 2020	March 19, 2024	Secured	AA+
	100,000	82,459	6 months KIBOR + 2.50%	November 12, 2020	November 12, 2025	Secured	AA+
	5,000	5,000	1 months KIBOR + 1.00%	July 26, 2021	July 26, 2031	GoP Guaranteed	GoP Guaranteed

5.4 Commercial paper

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 a percentage of total investments	Rating
K-Electric Limited									
8.66%		October 7, 2021	April 07, 2022	65,000	62,309	6 Month KIBOR + 50 bps	8.80%	15.51%	A+
Total as at June 30, 2021									

5.5 Term deposit receipts

These represent term deposit receipts (TDRs) with Bank Islami P-B37/akistan Limited and carry expected profit rate of 10.75% per annum with maturity of one month. The investment is 16.25% of the total net assets of the Fund as at December 31, 2021, exceeding the prescribed limit by 1.25%

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
Note	----- (Rupees in '000) -----	

5.6 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'

Market value of investments	224,327	432,309
Carrying amount of investments	(227,961)	(431,876)
	<u>(3,634)</u>	<u>433</u>

6. PROFIT AND DIVIDEND RECEIVABLE

Dividend receivable	1,683	-
Profit receivable on:		
- Sukuk certificates	3,959	5,594
- Commercial paper	1,271	-
- Term deposit receipts	339	-
- Bank deposits	3,504	1,943
	<u>10,756</u>	<u>7,537</u>

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with Central Depository		
- National Clearing Company of Pakistan Limited	100	100
- Central Depository Company of Pakistan Limited	2,500	2,500
Security margin deposit	-	21,925
Prepaid Annual listing fee	14	-
Unrealised loss of future contracts	-	2,877
Shairah advisor fee	44	209
Advance tax	54	54
	<u>2,712</u>	<u>27,665</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, uptill period ended December 31, 2020, withholding tax on profit on debt and dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II - 66417- R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not presented before him by the withholder.

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
Note	----- (Rupees in '000) -----	

8. PRELIMINARY EXPENSES AND FLOATATION COST

Cost	1,433	1,433
Accumulated amortisation		
Opening balance	(963)	(676)
Amortisation during the period / year	(144)	(287)
Closing balance	<u>(1,107)</u>	<u>(963)</u>
	<u>326</u>	<u>470</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED-MANAGEMENT COMPANY		----- (Rupees in '000) -----	
Management fee	9.1	272	240
Sindh sales tax on management fee	9.2	35	31
Expenses allocated by the management company	9.3	102	90
Formation cost		471	757
Others		70	3
		<u>950</u>	<u>1,121</u>

- 9.1 The Management Company charged remuneration at the rate of 0.40% per annum of the average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 9.2 Sindh Sales Tax at the rate of 13% (June 30, 2021: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.
- 9.3 The Management Company has charged expenses at the rate of 0.15% (June 30, 2021: 0.1%) per annum of the average annual net assets of the Fund.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2021
10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE		----- (Rupees in '000) -----	
Trustee fee	10.1	81	72
Sindh sales tax on trustee fee	10.2	10	9
		<u>91</u>	<u>81</u>

- 10.1 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 1,000 million	0.12% of Net Assets
Exceeding Rs 1,000 million and up to Rs.5,000 million	Rs. 1.2 million plus 0.065% per annum of the amount exceeding Rs. 1,000 million
Exceeding Rs. 5,000 million and up to Rs. 10,000 million	Rs. 3.8 million plus 0.06% per annum of the amount exceeding Rs. 5,000 million

- 10.2 Sindh Sales Tax at the rate of 13% (June 30, 2021: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	(Unaudited) December 31, 2021	(Audited) June 30, 2021
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		----- (Rupees in '000) -----	
Annual fee payable to SECP	11.1	<u>82</u>	<u>84</u>

- 11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, all Collective Investment Schemes are required to pay an annual fee, to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02 percent of the average annual net assets of the scheme.

		(Unaudited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
12. ACCRUED AND OTHER LIABILITIES			
Auditor's remuneration		117	173
Brokerage payable		122	707
NCC fee payable		25	67
Printing charges payable		226	150
Provision for Sindh Workers' Welfare Fund	12.1	-	1,491
Withholding tax payable		45	1,245
Others		238	42
		<u>773</u>	<u>3,875</u>

12.1 Provision for Sindh Workers' Welfare Fund (SWWF)

During the period, Sindh Revenue Board (SRB) through its letter dated August 12, 2021, has clarified the legal status of applicability of Sindh Workers' Welfare Fund (SWWF).

As per the said letter, having reference no. SRB/TP/70/2013/8772, the Asset Management Companies (AMC) are covered under the term "financial institutions" as per the section 2(g)(v) of the SWWF Act, 2014 and are therefore, subject to SWWF charge, whereas, the Mutual Funds / Pension Funds managed by those AMCs do not qualify as "Financial Institutions / Industrial Establishments" as per the SWWF Act, 2014 and are therefore, not liable to pay SWWF

The development was discussed at MUFAP level and has also been taken up with the SECP and all the AMCs, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the

Consequently, the management has reversed all the provision recognised in respect of SWWF amounting to Rs.1.491 million.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021 and June 30, 2021.

14. TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund is 1.35% (annualised) (June 30, 2021: 1.66%) which includes 0.12% (June 30, 2021: 0.30%) representing government levies on the Fund such as sales tax, annual fees to SECP etc.

15. 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 amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. Since the management intends to distribute the income earned by the Fund during the period to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include AKD Investment Management Limited (being the Management Company) and its related entities, MCB Financial Services Limited (being the Trustee of the Fund), other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and key management personnel of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

The details of transactions carried out by the Fund with related parties / connected persons and balances with them are as follows:

		(Unaudited) For the half year ended December 31,	
		2021	2020
		----- (Rupees in '000) -----	
16.1 Transactions during the period			
AKD Investment Management Limited - Management Company			
Remuneration to Management Company	1,639	447	
Sindh Sales Tax on Management remuneration	213	58	
Expenses allocated by the Management Company	615	168	
Sales load	21	40	
Issue of 88,509 (2020: Nil) units	4,505	-	
Redemption of 88,509 (2020: Nil) units	4,553	-	
MCB Financial Services Limited - Trustee			
Trustee fee	492	134	
Sindh Sales Tax on trustee fee	64	16	
M3 Technologies Pakistan Private Limited Employees Provident Fund - Common Directorship			
Issue of 97,336 (2020: Nil) units	5,000	-	
Chief Financial Officer of the Management Company			
Issue of Nil (2020: 13) units	-	1	
Company Secretary and Chief Operating Officer of the Management Company (with spouse and minor children)			
Issue of 78,079 (2020: 417) units	4,041	21	
Redemption of 78,079 (2020: 19,239) units	4,039	966	
Chief Executive Officer of the Management Company			
Issue of 214,020 (2020: 232) units	11,105	12	
Redemption of 127,996 (2020: 232) units	6,627	12	
Spouse of the Chief Executive Officer of the Management Company			
Issue of 314,263 (2020: 25,652) units	16,286	1,299	
Redemption of 168,779 (2020: 2,249,388) units	8,710	113,086	
Mustafa Shahid** - Connected person due to holding of more than 10% units			
Issue of Nil (2020: 3,128,636) units	-	160,630	
Redemption of Nil (2020: 2,358,536) units	-	120,768	
Pak Qatar Investment Account - Connected person due to holding of more than 10% units			
Issue of Nil (2020: 1,928,132) units	-	100,000	

Unaudited December 31, 2021	Audited June 30, 2021
----- (Rupees in '000) -----	

16.2	Balances outstanding at the period / year end		
	AKD Investment Management Limited - Management Company		
	Remuneration payable	272	240
	Sindh Sales Tax on Management remuneration	35	31
	Payable against expenses allocated by the Management Company	102	90
	Payable against formation cost	471	757
	Sales load payable	24	3
	Others	46	-
	MCB Financial Services Limited - Trustee		
	Remuneration payable	81	72
	Sindh Sales Tax on trustee remuneration payable	10	9
	Receivable / Payable against conversion of units between Funds under management		
	Receivable against Conversion of units - AKD Cash Fund	250	-
	Receivable against Conversion of units - AKD Islamic Stock Fund	19	-
	Receivable against Conversion of units - Golden Arrow Stock Fund	44	-
	Payable against Conversion of units - Golden Arrow Stock Fund	1,040	-
	Payable against Conversion of units - AKD Islamic Stock Fund	1,372	-
	Chief Financial Officer of the Management Company		
	Outstanding 854 (June 2021: 854) units	45	43
	Chief Executive Officer of the Management Company		
	Outstanding 86,024 (June 2020: Nil) units	4,492	-
	Spouse of the Chief Executive Officer of the Management Company		
	Outstanding 145,484 (June 2021: Nil) units	7,597	-
	Muhammad Farid Alam - Key Management Personnel of Associated Company		
	Outstanding 32,485 (June 2021: 32,485) units	1,696	1,639
	Afsheen Aqeel Dhedhi - Close relative of the Sponsor of the Management Company		
	Outstanding 29 (June 2021: 29) units	2	1
	M3 Technologies Pakistan Private Limited Employees Provident fund - Common Directorship		
	Outstanding 97,336 (June 2021: Nil) units	5,083	-
	Bank Alfalah Employee Provident Fund* - Connected person due to holding of more than 10% units		
	Outstanding Nil (June 2021: 1,991,691) units	-	100,466
	Pak Qatar Investment Account - Connected person due to holding of more than 10% units		
	Outstanding 5,091,253 (June 2021: 5,091,253) units	265,847	256,815
	Pak Qatar Individual Family Participant Investment Fund - Connected person due to holding of more than 10% units		
	Outstanding 2,047,664 (June 2021: 2,047,664) units	106,922	103,289
	* Prior period connected party, current figures not shown		

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

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).

(Unaudited)			
As at December 31, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

INVESTMENTS

Fair value through profit or loss

Sukuk certificates	-	224,327	-	224,327
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(Audited)			
As at June 30, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

INVESTMENTS

Fair value through profit or loss

Sukuk certificates	-	186,851	-	186,851
Listed equity securities (spread transactions)	245,458	-	-	245,458
	245,458	186,851	-	432,309

There were no transfers between various levels of fair value hierarchy during the period.

19. GENERAL

19.1 This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2021 and December 31, 2020 in this condensed interim financial information, has not been subject to limited scope review by the auditors.

19.2 Comparative figures have been reclassified where necessary for the purpose of better presentation and comparison.

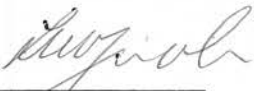
20. DATE OF AUTHORISATION FOR ISSUE

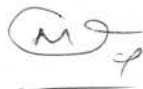
25 FEB 2022

This condensed interim financial information were authorised for issue on _____ by the Board of Directors of the Management Company.

7/8

For AKD Investment Management Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director



**AKD Investment
Management Ltd.**

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