**AKD Investment Management Ltd.**

Partner with AKD
Profit from the Experience

# *Risk Profile of Collective Investment Schemes/Plans*

| Sr. No | Name of Collective Investment Scheme | Category | Risk Profile | Risk Of Principal Erosion |
|---|---|---|---|---|
| 1 | AKD Aggressive Income Fund (Formerly: AKD Income Fund) | Aggressive Fixed Income | Medium | Principal at Medium risk |
| 2 | AKD Cash Fund | Money Market | Low | Principal at Low risk |
| 3 | AKD Islamic Income Fund | Shariah Compliant Income | Medium | Principal at Medium risk |
| 4 | AKD Index Tracker Fund | Index Tracker | High | Principal at High risk |
| 5 | AKD Islamic Stock Fund | Shariah Compliant Equity | High | Principal at High risk |
| 6 | AKD Opportunity Fund | Equity | High | Principal at High risk |
| 7 | Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited) | Equity | High | Principal at High risk |
| 8 | AKD Islamic Daily Dividend Fund | Shariah Compliant Money Market | Low | Principal at Low risk |

**DISPUTE RESOLUTION/ COMPLAINTS HANDLING:**
Investors may lodge their complaints to our Investor Services Department through any of the following options where our dedicated staff is available 24/7 to provide assistance: Call at (+92-21) 111-AKD-IML (253465), Toll-free # 0800-25346, Email at info@akdinvestment.com, complaints@akdinvestment.com, Sales@akdinvestment.com. In case your complaint has not been properly redressed by us, you may lodge your complaint with SECP at the link https://sdms.secp.gov.pk/. However, please note that SECP will entertain only those complaints which were at first directly requested to be redressed by the Company and the Company has failed to redress the same. Further, the complaints that are not relevant to SECP's regulatory domain/competence shall not be entertained by the SECP.

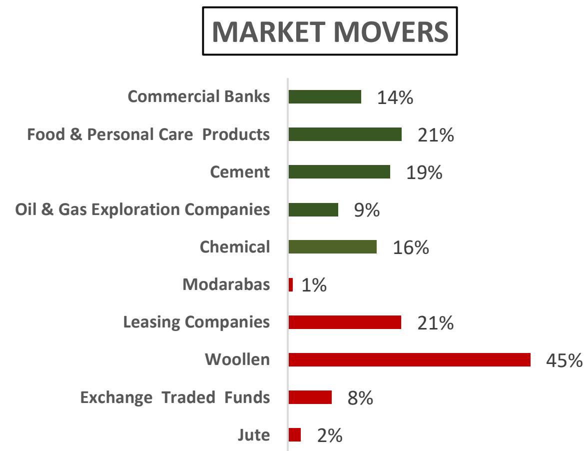
## Message from CIO's Desk

During November 2023, the equity market bull run continued unabated leading the benchmark KSE-100 index to reach a historic high of 60,531.27 points by gaining 8,611 points *(16.59% MTD/ 46.02% FYTD)*. The central bank's decision to maintain the policy rate at 22% was the first trigger for the market illustrating that the monetary tightening cycle was most likely at an end. Market participants were further encouraged with the federal cabinet finally approving the much-awaited hike in gas prices a major impediment to IMF's Standby Arrangement, which is likely to unlock the second tranche of USD700m shortly.

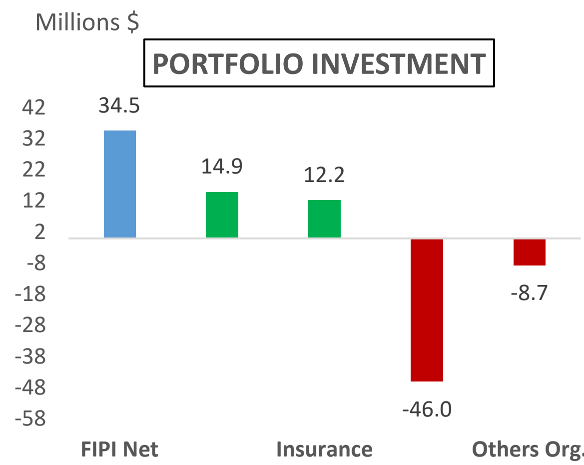
During the month, investors' participation almost doubled from 360 million shares in October to 655 million shares in November. Moreover, Foreigners reported the highest net buying in 13 years with inflows of USD 34.50 million. Major selling was however witnessed in other sectors *(USD 8.03 million)*, and Commercial Banks *(USD 5.51 million)*. On the local front, Corporates and Insurance Companies remained buyers with buying of USD 14.90 million and USD 12.18 million respectively whereas Banks/DFIs and other organizations remained on the selling side with outflows of USD 46.04 million and USD 8.73 million respectively.

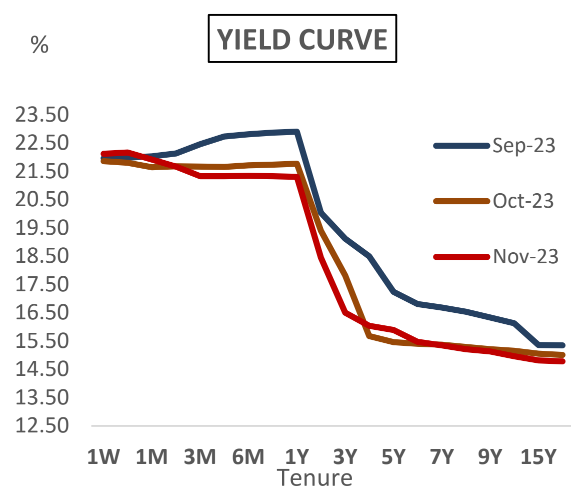
Other significant developments that led the Equity market were:

1. The Current Account Deficit for the month of October 2023 clocked in at USD 74 million, from a Current Account Deficit of USD 46 million (revised) in September 2023 taking the 4MFY24 CAD to USD 1.06 billion against USD 3.11 billion, down -66% YoY on the back of a decline in imports..
2. The Large Scale Manufacturing Index (LSMI) output increased by 1.01% YoY for the second consecutive month in September 2023 compared to the same period last year reversing a trend of 14 months of contraction.
3. The President of Pakistan and the Election Commission of Pakistan (ECP) unanimously agreed to hold general elections in the country on 8th February 2024 paving the way to political stability.
4. Remittances sent by overseas Pakistanis grew by 11.5% to USD 2.5 billion in October as compared to USD 2.21 billion in September. However, remittances posted a 9.6% rise compared to USD 2.25 billion in October 2022.
5. The federal government's total debt (domestic and external) stocks recorded a decline of 2.6% or PKR 1.7 trillion in September 2023 compared to August 2023.
6. Pakistan's central bank injected a significantly large amount of PKR 4.77 trillion into the banking system for up to four weeks to enable banks to meet the cash-strapped government's financing needs.
7. In the MSCI November 2023 Index Review, no change was reported in constituents for Pakistan in the MSCI main Frontier Market Index. However, in the Small-Cap Index, four constituents have been removed and four new constituents have been added.
8. The International Monetary Fund (IMF) revised Pakistan's foreign loan requirements to USD 25 billion for this fiscal year, reducing it by USD 3.4 billion, while also lowering economic growth projections to just 2%.
9. Foreign direct investment (FDI) inflows increased by 7.1% to USD 524.7 million in the first four months of the current fiscal year.
10. The country's power sector circular debt stock continued to grow and reached PKR 2.54 trillion during first quarter (July-September), 2023-24, showing 10% growth.
11. Pakistan applied to join the BRICS group of nations in 2024 and is counting on Russia's assistance during the membership process.
12. Reportedly, Caretaker Prime Minister Anwaar-ul-Haq Kakar will represent Pakistan during the high-level segment of 28th Conference of Parties (COP-28) being held in the United Arab Emirates on December 01-02.
13. The National Accounts Committee (NAC) also revised the GDP growth rate downward for the fiscal year 2022-23 to -0.17 percent, which was provisionally estimated at 0.29 percent.
14. The Foreign Exchange Reserves held by SBP declined by USD 0.24 million to USD 7.26 billion as at Nov 24, 2023.
15. The PKR depreciated against the USD by 1.30% to PKR 285.1676/USD during the outgoing month.




*Change in market capitalization during month




**DISPUTE RESOLUTION/ COMPLAINTS HANDLING:**

Investors may lodge their complaints to our Investor Services Department through any of the following options where our dedicated staff is available 24/7 to provide assistance: Call at (+92-21) 111-AKD-IML (253465), Toll-free # 0800-25346, Email at info@akdinvestment.com, complaints@akdinvestment.com, Sales@akdinvestment.com. In case your complaint has not been properly redressed by us, you may lodge your complaint with SECP at the link https://sdms.secp.gov.pk/. However, please note that SECP will entertain only those complaints which were at first directly requested to be redressed by the Company and the Company has failed to redress the same. Further, the complaints that are not relevant to SECP's regulatory domain/competence shall not be entertained by the SECP.

SERVICE DESK - CLICK ME
Toll Free 0800-88008 | Complaints | Queries

## Message from CIO's Desk

The FBR impressively collected revenues worth PKR 2.75 trillion during 4MFY24 (PKR 2.16 trillion in 4MFY23) against the target of 2.68 trillion exceeding the target by PKR 66 billion. Moreover, FBR also achieved the target for the month of October 2023 by collecting PKR 707 billion (PKR 516 billion SPLY).

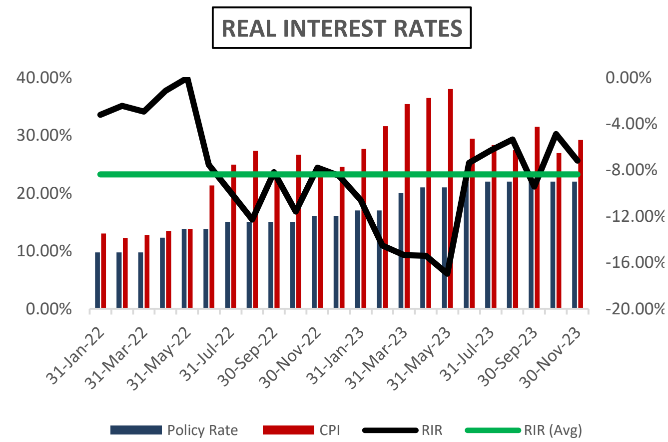
The NCPI during the month of November 2023 clocked in at 29.2% YoY as compared to 26.8% YoY in October 2023 and 23.8% in November 2022, taking 5MFY24 average NCPI to 28.62% compared to 25.14% during the SPLY. On a regional basis, Urban CPI clocked in at 30.4% YoY, while Rural CPI clocked in at 29.8%. This rise in inflation can be attributed to a 10.96% increase in prices of utilities i.e. Housing, Water, Electricity, Gas and Fuel which represents a weightage of 23.63% in the Consumer Price Index. However market consensus is that inflation is likely to decline from December onwards and maintain its downward trajectory from thereon.

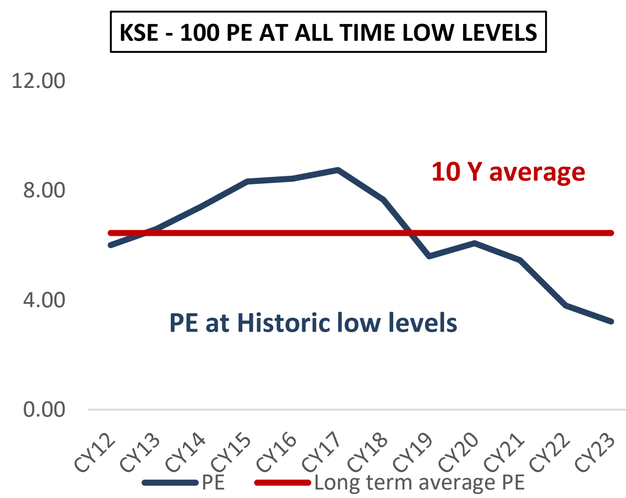
During the month of November 2023, the SBP conducted three MTB auctions with a realized amount of PKR 3.02 trillion. The Weighted average yields for 3 months, 6 months and 12 months decreased by 80bps, 106bps, and 81bps, respectively to 21.3395%%, 21.3263% and 21.2569%.

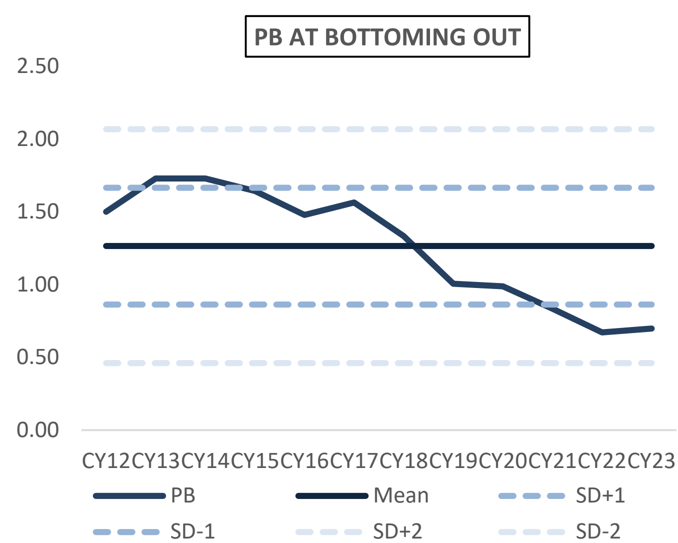
The SBP in its Monetary Policy Committee on October 30, 2023, decided to keep the policy rate unchanged at 22% in line with market consensus. The SBP in its Monetary Policy note highlighted the premise of its decision which was based on forward-looking inflation projections which were expected to remain on a downward trajectory from 2HFY24. Additionally, the expected ease in supply constraints owing to better agriculture output and the recent administrative measures against speculative activity in the FX and commodity markets would also support the inflation outlook.

The SBP's medium-term target for inflation is 5-7% by FY25. The next MPC meeting is scheduled to be held on December 12, 2023, where market participants expect interest rates to remain unchanged contrary to earlier forecasts of a rate cut. The change in stance from declining interest rates to holding the interest rates at record-high levels of 22% is the understandable surge in inflation readings due to the rationalization of gas tariffs by the government.

While the KSE-100 index has moved up sharply over the preceding month, it still continues to trade at attractive multiples with PE and PB of 4.96x and 0.95 with a healthy dividend yield of 9.02%. The long term average PE is 8x and despite crossing the 60k mark, the index is still trading at an attractive earnings multiple which reflects more opportunity in the market. Investors can be a part of a long-term rally by taking Equity exposure via AKDIML Equity funds which are invested in fundamental-driven stocks that are poised to outperform the benchmark index.




**DISPUTE RESOLUTION/ COMPLAINTS HANDLING:**

Investors may lodge their complaints to our Investor Services Department through any of the following options where our dedicated staff is available 24/7 to provide assistance: Call at (+92-21) 111-AKD-IML (253465), Toll-free # 0800-25346, Email at info@akdinvestment.com, complaints@akdinvestment.com, Sales@akdinvestment.com. In case your complaint has not been properly redressed by us, you may lodge your complaint with SECP at the link https://sdms.secp.gov.pk/. However, please note that SECP will entertain only those complaints which were at first directly requested to be redressed by the Company and the Company has failed to redress the same. Further, the complaints that are not relevant to SECP's regulatory domain/competence shall not be entertained by the SECP.

# AKD Islamic Income Fund

## Fund Manager's Comments

For the month of November 2023, AKD Islamic Income Fund *(AKDISIF)* posted an annualized return of 10.80% against the benchmark return of 10.58%. The exposure in Commercial Papers / Short Term Sukuk *(STS)* was 16.09%, 18.35% in Sukuk, 0.67% in Govt. Backed/Guaranteed Securities, and Cash was 55.95% at the end of November 2023. The weighted average maturity of the Fund was at 160 days.

## Fund Information

**Investment Objective:** The objective of AKD Islamic Income Fund (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.

| | |
|---|---|
| Fund Type | Open-End |
| Category | Islamic Income Scheme |
| Risk Profile | Medium |
| Risk of Principal Erosion | Principal at Medium Risk |
| Net Assets (PKR) | 1,479,842,328 |
| NAV (PKR) (Ex Div.) | 54.8370 |
| Benchmark | BM* |
| Dealing Days | Monday to Friday |
| Cut-off Timings | 9:00 am to 5:00 pm |
| Pricing Mechanism | Forward Pricing |
| Management Fee | 0.40% per annum |
| Sales Load (Front end) | 1% |
| Sales Load (Back end) | Nil |
| Total Expense Ratio (Annualized) | MTD (1.29%), YTD (1.27%) |
| Government Levies (Annualized) | MTD (0.15%), YTD (0.16%) |
| Date of Fund Launch | 20-Feb-18 |
| Trustee | Digital Custodian Company Limited (Formerly: MCBFSL) |
| Auditor | Riaz Ahmad & Company, Chartered Accountants |
| Stability Rating | AA-(f) by PACRA (7-Sep-23) |
| Asset Manager Rating | AM3++ by PACRA (27-Jun-23) |
| Weighted Average Maturity (Days) | 160 |
| Leverage | Nil |

**Fund Manager**

Mr. Danyal Dawoodani

**Investment Committee Members**

| | |
|---|---|
| Mr. Imran Motiwala | Ms. Anum Dhedhi |
| Mr. Muhammad Yaqoob, CFA | Mr. Danyal Dawoodani |
| Mr. Sheikh Usman Haroon, CFA, ACCA | |

** Cumulative Return

*** Geometric mean

| | FYTD | MTD | 1 Year | 3 Year** | 5 Year** | Since Inception*** |
|---|---|---|---|---|---|---|
| BM* | 8.71% | 10.58% | 7.55% | 15.65% | 28.18% | 4.74% |
| AKDISIF | 18.92% | 10.80% | 19.68% | 44.46% | 74.70% | 10.97% |

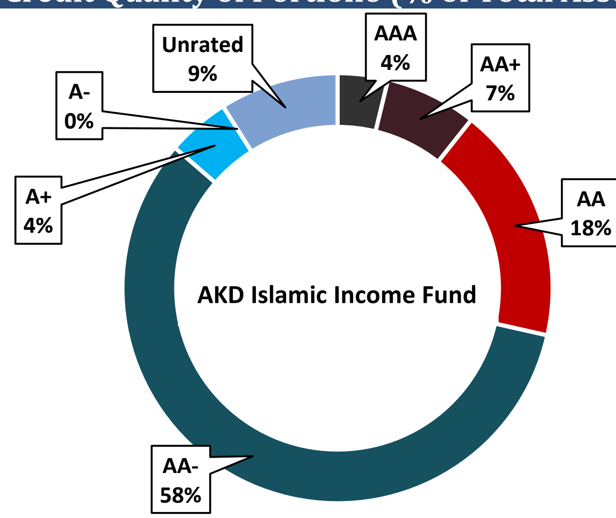
| | FY23 | FY22 | FY21 | FY20 | FY19 |
|---|---|---|---|---|---|
| BM* | 6.06% | 3.34% | 3.55% | 6.33% | 3.68% |
| AKDISIF | 17.65% | 9.39% | 6.95% | 11.54% | 8.43% |

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

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

| Asset Allocation (% of Total Assets) | 30-Nov-23 | 31-Oct-23 |
|---|---|---|
| Cash | 55.95% | 60.22% |
| Sukuk | 18.35% | 17.27% |
| Govt. Backed/Guaranteed Securities | 0.67% | 0.61% |
| Commercial Papers / Short Term Sukuk | 16.09% | 18.05% |
| Spread transactions | 3.59% | 0.00% |
| Placements with Banks and DFIs | 0.00% | 0.00% |
| Others including receivables | 5.35% | 3.85% |

## Credit Quality of Portfolio (% of Total Assets)




| Top Sukuk Certificate Holdings | Rating | 30-Nov-23 |
|---|---|---|
| K-Electric Limited STS – 28-Aug-23 | AA | 8.47% |
| TPL Corporation Limited – 23-Jun-22 | AA- | 6.93% |
| TPL Trakker Limited – 30-Mar-21 | A+ | 4.31% |
| Lucky Electric Power Company Ltd. STS– 16-Aug-23 | AA | 4.30% |
| The Hub Power Company Limited – 08-Nov-23 | AA+ | 3.31% |
| Hub Power Holdings Limited – 12-Nov-20 | AA+ | 3.17% |
| Pakistan International Airlines – 26-Jul-21 | Govt. Guaranteed / AAA | 3.11% |
| The Hub Power Company Limited – 19-Mar-20 | AA+ | 0.41% |
| Mughal Iron & Steel Industries Limited – 2-Mar-21 | A+ | 0.41% |
| **Total** | | **34.44%** |

**Disclosure of Sindh Workers' Welfare Fund (SWWF):**

During the month of August 2021, provisioning against Sindh Workers Welfare Fund by AKDISIF amounting to PKR 1.64 million has been reversed on the basis of clarification received from Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan, received on August 13, 2021. This reversal of provision has contributed towards an unusual increase in NAV of the AKDISIF (0.11/unit) 0.21%. This is one-off event and is not likely to be repeated in the future.

**Details of Non-Compliant Investment**

| Name of non-compliant investment | Type of Investment | Value of investment before provision | Provision held if any | Value of investment after provision | Percentage(%) of Net Assets | Percentage(%) of Gross Assets |
|---|---|---|---|---|---|---|
| | | | | | | |



**MUFAP's Recommended Format**