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

FUND MANAGER REPORT

for the month of

JANUARY 2023

Please read the Offering Documents to understand the investment policies and risk involved.

AKD Investment Management Ltd.

Partner with AKD
Profit from the Experience

Risk Profile of Collective Investment Schemes/Plans

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

Message from CIO's Desk

The market remained uneasy for the month of January as the benchmark index fell during the first half of the month reaching a low of 38,443 points (-1,977 points) in the wake of political chaos and depleting FX reserves. However, with some positive news flow regarding the resumption of IMF negotiations and the government conceding to reforms associated with the IMF 9th review, the benchmark index bounced back to settle at 40,673 points with a marginal gain of 253 points (0.62% MoM).

Following the government decision to implement a free float exchange rate, the currency settled at PKR 268/USD at the end of the month, losing 15.47% on a MoM basis. The decline in FX reserves continued during the month as it fell to USD 3.09 billion down from USD 5.59 billion at the end of December 2022. Also, after the announcement of the MPS to raise the policy rate by 100 bps to 17%, the benchmark index rallied 2,403 points (6.3%) in the subsequent three sessions as the announcement was in line with the expectations and notably illustrated the governments resolve to address the economic crisis.

The market continues to trade at exceedingly attractive multiples with PE and PB of 3.9x and 0.6x with a discount of more than 40% as compared to their long-term averages. The market is also offering a healthy dividend yield of 11% which is the highest compared to its regional counterparts.

During the month, investor participation declined as volumes contracted by 2.36% MoM to PKR 176.90 million. Furthermore, foreigners remained net buyers with inflows of USD 8.74 million, certainly a key IMF condition of a "Free Float" currency is expected to bode well for foreign investors. Major buying was witnessed in Commercial Banks (USD 3.87 million) on the back of record interest rates and an imminent economic slowdown with expectations of a rise in Bank NPLs, and E&Ps *(USD 2.97 million)* on the back of Circular Debt Resolution Plan. On the local front, Individuals and Banks/DFIs remained net buyers with buying of USD 15.70 million and USD 5.54 million respectively. Whereas, Mutual Funds and Insurance Companies reported net selling of USD 20.99 million and USD 17.62 million, respectively.

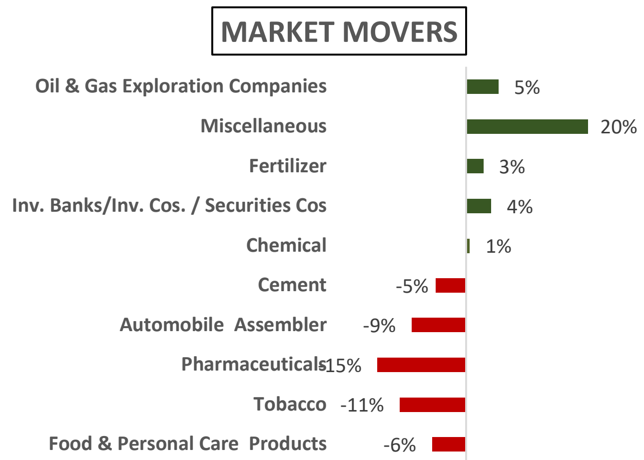
Other significant developments and reports that affected investor sentiment during the month included:

- The Federal Board of Revenue (FBR) missed the collection target by almost 24% or PKR 225 billion due to a sharp decline in imports and delays in the collection of super tax from maximum taxpayers.
- Foreign currency inflows from overseas Pakistanis through Roshan Digital Account *(RDA)* were recorded at USD 140 million in December 2022, the lowest since December 2020.
- Pakistan was able to secure over USD 10 billion from different international financial institutions, donor agencies and development partners at the international conference on Climate Resilient Pakistan in Geneva.
- The Large scale manufacturing Index *(LSMI)* output declined by -5.49% in 5MFY23 compared to the SPLY as a result of expensive raw material costs in the light of currency devaluation, high interest rates, and global recession.
- The Current Account Deficit *(CAD)* for the month of December 2022 clocked in at USD 400 million, up +59% MoM from USD 252 million in November 2022 taking the 1HFY23 CAD to USD 3.67 billion against USD 9.09 billion, down -60% YoY during the same period last year primarily due to decline in imports.
- IMF announced to visit from January 31, 2023 to February 9, 2023 for 9th IMF EEF review.
- SBP reserves plunges to USD 3.7 billion with an import cover of only 3 weeks left.

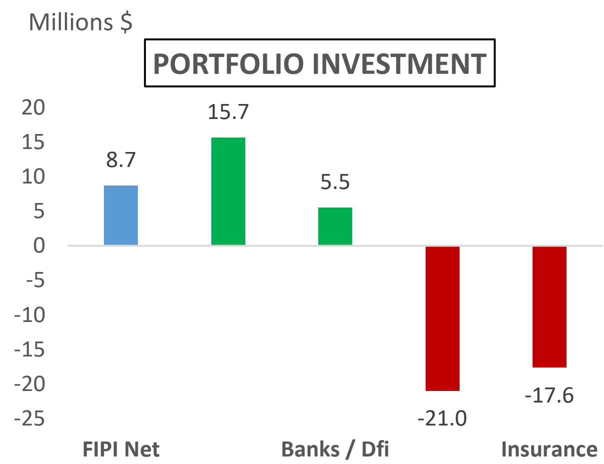
We believe that implementing key reforms required for rejuvenating the stalled IMF program, will be positive for the economy and capital markets as a whole; especially, resolution of circular debt will inevitably unlock much needed liquidity and stock values.

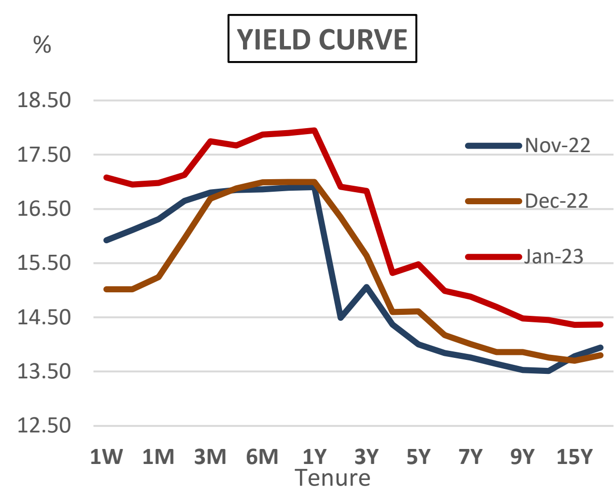
The NCPI during the month of January 2023 clocked in at 27.55% YoY as compared to 24.47% YoY in December 2022. This took the 7MFY23 average NCPI to 25.40% compared to 10.26% during the SPLY. On a regional basis, the Urban CPI clocked in at 23.29% YoY, whereas, the Rural CPI was recorded at 28.54%. Reportedly, prime contributors to the increase in inflation were Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.36% MoM / 7.83% YoY on the back of higher energy prices. Furthermore, a heavy increase was observed in the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 1.94% MoM / 42.94% YoY due to the increase in prices of tomato, pulses, vegetables, and cooking oil during the month.

During the month of January 2023, the SBP conducted three MTB auctions with a realized amount of PKR 1.75 trillion. The Weighted average yields for 3 months increased by 86bps to 17.8194% while bids were rejected for 6 months and 12 months. The upward movement in yields is a result of an increase in the discount rate by SBP to 17% in the Monetary Policy Committee held on January 23, 2023 to almost record levels, signaling that economic conditions would remain difficult at least in the near term. As per the auction target calendar for February – April 2023, the SBP targets to raise PKR 1.10 trillion against maturing amount of PKR 1.14 trillion in MTBs. The Next Monetary Policy Committee is scheduled to be held on March 16, 2023 in which we expect the central bank to further increase the policy rate by 50-100 bps to counter un-abating inflation.



*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.

Golden Arrow Stock Fund

Fund Manager's Comments

During January-2023, the NAV of the Golden Arrow Stock Fund (GASF) decreased by 0.88% versus the KSE-100 which increased by 0.62%. Fiscal year to date return for the fund clocked in at -6.46% as compared -2.09% return provided by Benchmark KSE-100 Index.

Fund Information

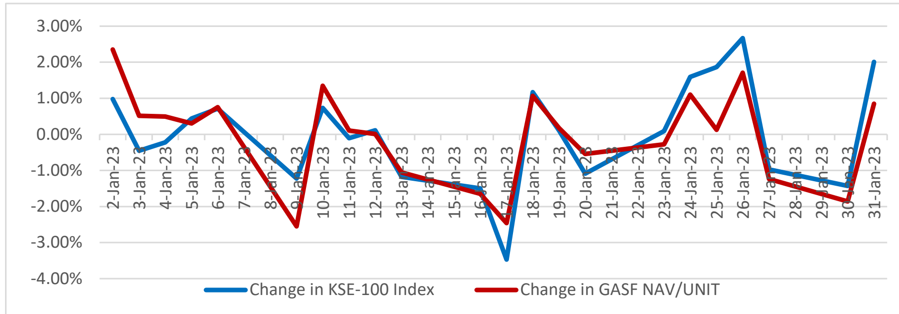
Investment Objective: : Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep-value, coupled with few cherry-picked growth companies.

Fund Type	Open-End
Category	Equity
Net Assets (PKR)	1,446,260,134
NAV (PKR)	12.5560
Risk Profile	High
Risk of Principal Erosion	Principal at high risk
Benchmark	KSE-100 Index
Dealing Days	Monday to Friday
Cut-off Timings	9:00 am to 5:00 pm
Pricing Mechanism	Forward Pricing
Management Fee	2%
Sales Load (Front End)	3%
Sales Load (Back End)	Nil
Total Expense Ratio (Annualized)	MTD (3.30%), YTD (3.20%)
Government Levies (Annualized)	MTD (0.31%), YTD (0.31%)
Date of Fund Launch	May, 1983
Date of Management Takeover	September , 2004
Trustee	Central Depository Company (CDC)
Auditor	Riaz Ahmad & Company
Asset Manager Rating	AM3++ by PACRA (30-Jun-2022)
Fund Rating	3 Star (1Year), 5 Star (3 Year), 5 Star (5 Year) PACRA (10-Aug-2022)
Leverage	Nil
Fund Manager	
Ms. Anum Dhedhi	
Investment Committee Members	
Mr. Imran Motiwala	Ms. Anum Dhedhi
Mr. Muhammad Yaqoob, CFA	Mr. Danish Aslam
Mr. Sheikh Usman Haroon	
Mr. Ali Abbas, CFA	

* Cumulative Returns ** Geometric Mean

***Converted into an Open End Fund since November 25,2019. The Fund's Returns are computed in NAV to NAV with Dividends reinvested"

Fund Performance: January-2023



	FYTD	MTD	365 Days	3 Years*	5 Years*	Since Inception**
KSE-100	(2.09%)	0.62%	(10.36%)	(2.30%)	(7.66%)	8.96%
GASF	(6.46%)	(0.88%)	(12.21%)	50.92%	20.96%	18.08%

	FY22	FY21	FY20	FY19	FY18
KSE-100	(12.28%)	37.58%	1.53%	(19.11%)	(9.99%)
GASF	(19.27%)	113.80%	(4.59%)	(18.06%)	(11.14%)

Asset Allocation (% of Total Assets)	31-Jan-23	31-Dec-22
Equities	95.92%	95.81%
T-Bills	0.00%	0.00%
Cash	3.59%	3.43%
Other Assets	0.49%	0.76%

Top Ten Equity Holdings (% of Total Assets)			
TRG Pakistan Ltd	8.74%	Hub Power Company Ltd	6.22%
Lalpir Power Ltd	8.23%	Tata Textile Mills Ltd	5.77%
Pakistan Stock Exchange Ltd	7.07%	Cnergyico PK Ltd	4.98%
Ellcot Spinning Mills Ltd	6.91%	Pakistan Synthetics Ltd	4.59%
Hum Network Ltd	6.83%	Al Shaheer Corporation Ltd	4.11%

Sector Allocation (% of Total Assets)	31-Jan-23	31-Dec-22
Power Generation & Distribution	18.30%	18.02%
Technology & Communication	15.66%	15.59%
Textile Spinning	14.59%	14.40%
Investment Bank/Inv.Cos/	11.51%	11.34%
Refinery	6.44%	6.81%
Others	33.50%	33.85%

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
-	-	-	-	-	-	-

Disclosure of Sindh Workers' Welfare Fund (SWWF)

During the month of August 2021, provisioning against Sindh Workers Welfare Fund by GASF amounting to PKR 50.815 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 GASF (0.35/unit) 2.05%. This is one-off event and is not likely to be repeated in the future.

MUFAP's Recommended Format