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

FUND MANAGER REPORT

for the month of

MAY 2023

DISCLAIMER:
All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. 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
8	AKD Islamic Daily Dividend Fund	Shariah Compliant Money Market	Low	Principal at Low risk

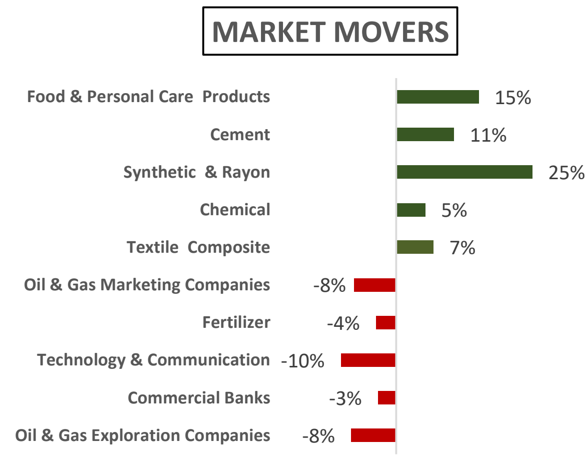
Message from CIO's Desk

The stock market continued to trade in a narrow range with the month of May 2023 closing at 41,331 points declining 250 points (-0.60% MoM / -0.51% FYTD) as investors remained skeptic of the likelihood of a business and growth "friendly" fiscal budget, scheduled to be announced on 9 June, 2023. The uncertainties of the forthcoming Budget FY24 picked up pace on the back of reports that the Government was mulling whether to tax Corporate reserves; following which a number of listed companies scrambled to increase their authorized capital and capitalize the reserves through bonus shares prior to end of this fiscal year. The political impasse between the Government and former PM Imran Khan de facto Opposition Leader came head to head following his arrest setting off country wide riots. While the former PM was released shortly after as the Supreme Court intervened, the damage to public property and military installations triggered arrests of rioters and leading political figures of the Opposition Party. Since, then a number of key political figures of Imran Khan's PTI Party have parted ways as political noise has begun to subside. As denoted over the past several months the uncertainties plaguing the Country have pushed investors towards Gold and the US Dollar, the latter dropping to a record low of officially Rs281/USD with the open market trading at almost a 12% premium at Rs315/USD.

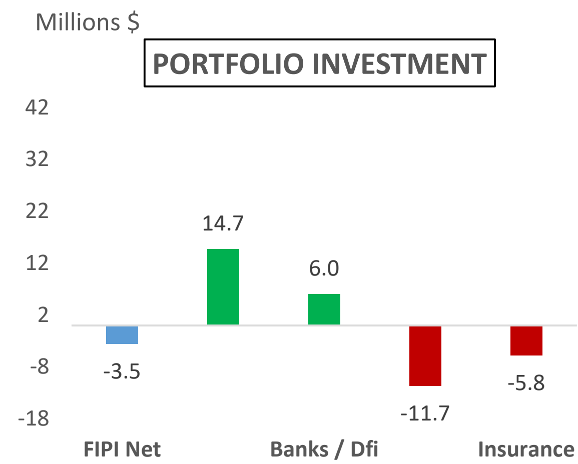
The volumes during the month of May 2023 increased from 121 million shares to 162 million shares (up 35% MoM) Foreigners remained net sellers with outflows of USD 3.51 million with major selling in Food and Personal Care Products and Other Sectors (USD 3.18 million and USD 3.15 million, respectively). On the local front, Individuals and Banks/DFIs remained net buyers, buying USD 14.69 million and USD 6.03 million respectively. Whereas, Mutual Funds and Insurance reported net selling of USD 11.69 million and USD 5.79 million, respectively.

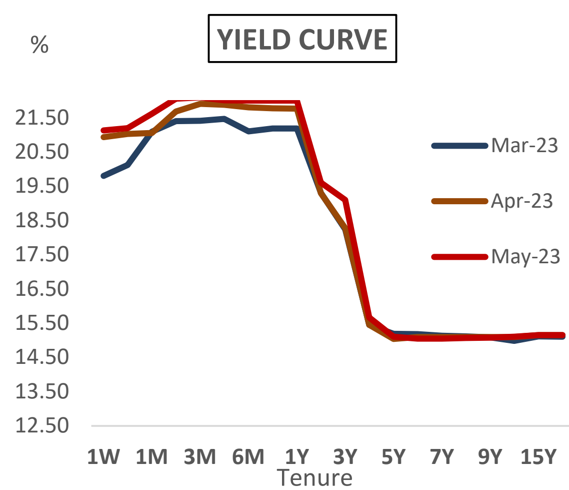
Other significant developments that impacted the Equity market during the month included:

- The Federal Board of Revenue (FBR) revenue collection for the month of April stood at PKR 483 billion against the target of PKR 586 billion, thus missing the target by almost 17.57% / PKR 103 billion.
- Pakistan's Fiscal Deficit in 9MFY23 clocked in at PKR 3.08 trillion (3.6% of GDP) against PKR 2. 57 trillion (3.9% of GDP) in 9MFY22, up 20% YoY. The figures issued by the Ministry of Finance showed that during 9MFY23, the primary balance recorded a surplus of PKR 504 billion (0.6% of GDP) compared to PKR 447 billion (0.7% of GDP) during the same period last year.
- Current Account Surplus declined to a mere USD 18 million in April 2023 from USD 750 million (revised figure) posted in March 2023 taking the 10MFY23 CAD to USD 3.26 billion against USD 13.65 billion, down -76% YoY during the same period last year primarily on the back of constrained imports.
- The IMF continues engagement with Pakistani authorities focusing on the restoration of a free Foreign Exchange market functioning, the Budget for FY24, and adequate financing to pave the way for a prospective executive board meeting before the current program expires in June.
- The Large scale manufacturing Index (LSMI) output declined by -25% YoY in March 2023 compared to the same period last year to a 3Y low as the effects of restrictive imports, expensive raw material costs in light of continued currency devaluation, high interest rates, and global recession still weigh heavily on industries.
- Pakistan successfully opened a Letter of Credit (LC) with the Bank of China in an attempt to make payment for the import of the first oil cargo from Russia an unprecedented milestone and economic positive for the Country.
- During May 2023, the Foreign exchange reserves held by SBP decreased by USD 368 million to USD 4.09 billion, still remaining at critical levels with import cover standing barely at 4 weeks.
- For the month of May, the exchange rate declined by 0.57% MoM against the USD at PKR 285.47/USD.
- Inflows through Roshan Digital Account (RDA) reached USD 6.10 billion by the end of April 2023 with more than 560,000 accounts.
- The central bank permitted commercial banks to purchase USD from the interbank market to settle international card payments in an effort to reduce the exchange rate gap between the official and kerb markets by shifting their FX demand while also illustrating the central bank moving back to normality. The move also followed the International Monetary Fund's demand that Pakistan fixes its currency market prior to resuming a USD 6.5 billion bailout program.



Change in market capitalization during month



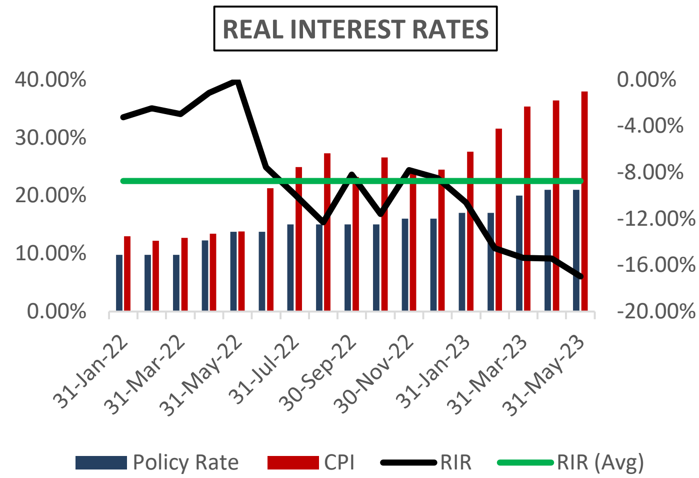


DISPUTE RESOLUTION/ COMPLAINTS HANDLING:

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.

Message from CIO's Desk

The NCPI during the month of May 2023 clocked in at 37.97% YoY as compared to 36.42% YoY in April 2023 in line with market consensus. This took the 11MFY23 average NCPI to 29.16% compared to 11.29% during the SPLY. On a regional basis, the Urban CPI clocked in at 26.80% YoY, whereas, the Rural CPI clocked in at 32.65%. The main contributors to the increase in inflation were Housing, Water, Electricity, Gas, and Fuel *(weight in CPI 23.63%)* with an impact of +0.12% MoM / 20.51% YoY because of the increasing fuel and utility prices and exchange devaluation. Furthermore, a heavy increase was observed in the Food and Non-alcoholic Beverages Index *(weight in CPI 34.58%)* with an impact of 0.51% MoM / 48.65% YoY due to an increase in prices of potatoes, Wheat, and other essential items. We believe that the inflation figures are trending near peak levels and are expected to subside as the base rate effect kicks in.



During the month of May 2023, the SBP conducted three MTB auctions with a realized amount of PKR 3.26 trillion. The Weighted average yields for 3 and 6 month MTBs were constant at 21.9750% *(-1bps)* and 21.9429% *(No change)* and for 12 month MTBs increased to 21.9996% *(13bps)*. As per the auction target calendar for May – July 2023, the SBP aims to raise PKR 7.50 trillion against the maturing amount of PKR 7.084 trillion by issuing 3-Month to 12-Month MTBs. The next MPC meeting is scheduled to be held on June 12, 2023 where we anticipate the interest rates to hold at 21%, as market consensus believe that interest rates perhaps have also peaked. Given the record high interest rates coupled with no real wage growth, purchasing power of the cash strapped nation is squeezed tight which is also evident from the decline in high frequency indicators *(Cement, Auto and POL product sales)* with most people facing difficulties to even afford necessities to survive which compels us to also concur that we are probably at the end of the Monetary tightening cycle.

As far as the uncertainties surrounding sovereign default is concerned, it seems that Pakistan will not default evidently since the world is in the midst of a paradigm shift with the US dollar as the world's reserve currency status in doubt on the back of growing influence of China globally and efforts afoot with its Asian partners to create a trading bloc in the East formidably trading outside the realm of the US Dollar. Understandably Pakistan, in spite of being economically small compared to its immediate neighbors, will continue to be one of the main protagonists by virtue of its geographic location, with strong ties with both China and the US. Notably, Pakistan has successfully initiated a direct shipping line with Russia and the first consignment of oil is expected in June, coupled with a state notification to barter trade with both Iran and Russia, indeed illustrates the unprecedented times we are in.

We remain positive towards equities based on the premise that i) holding Cash for real value would not be possible given the high inflation caused by exchange devaluation, ii) real value over the long term can only be secured in inflation hedge assets such as Real Estate, Gold or Equity, iii) while we believe that the Gold has rallied significantly and is in its consolidation phase and with Real Estate being illiquid to manage and high on the government's list for taxing, equities would be the prime candidate for a long term investment strategy. The index continues to trade at exceedingly attractive multiples with PE and PB of 2.8x and 0.6x with a healthy dividend yield of 11%.

Golden Arrow Stock Fund

Fund Manager's Comments

During May-2023, the NAV of the Golden Arrow Stock Fund (GASF) decreased by 1.12% versus the KSE-100 which decreased by 0.60%. Fiscal year to date return for the fund clocked in at -9.55% as compared -0.51% return provided by Benchmark KSE-100 Index.

Fund Information

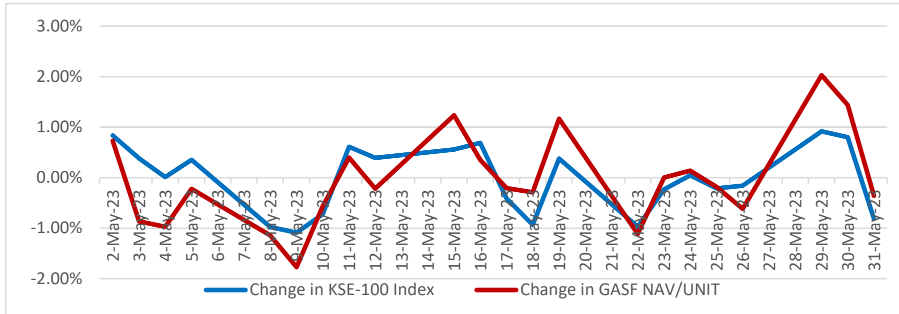
Investment Objective: : Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep-value, coupled with few cherry-picked growth companies.

Fund Type	Open-End
Category	Equity
Net Assets (PKR)	1,322,990,125
NAV (PKR)	12.1412
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 (3.43%), YTD (3.24%)
Government Levies (Annualized)	MTD (0.30%), YTD (0.31%)
Date of Fund Launch	May, 1983
Date of Management Takeover	September , 2004
Trustee	Central Depository Company (CDC)
Auditor	Riaz Ahmad & Company, Chartered Accountants
Asset Manager Rating	AM3++ by PACRA (30-Jun-2022)
Fund Rating	4 Star (1Year), 5 Star (3 Year), 5 Star (5 Year) PACRA (13-Feb-2023)
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: May-2023



	FYTD	MTD	365 Days	3 Years*	5 Years*	Since Inception**
KSE-100	(0.51%)	(0.60%)	(4.06%)	21.81%	(3.54%)	6.59%
GASF	(9.55%)	(1.12%)	(10.68%)	57.41%	14.65%	13.71%

	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-May-23	30-Apr-23
Equities	94.58%	94.46%
T-Bills	0.00%	0.00%
Cash	4.19%	3.93%
Other Assets	1.23%	1.61%

Top Ten Equity Holdings (% of Total Assets)

Lalpir Power Ltd	8.44%	Pakistan Synthetics Ltd	5.73%
Pakistan Stock Exchange Ltd	7.64%	Hub Power Company Ltd	5.09%
Hum Network Ltd	7.36%	Cnergyico PK Ltd	4.52%
Tata Textile Mills Ltd	6.98%	Al Shaheer Corporation Ltd	4.06%
Ellcot Spinning Mills Ltd	6.85%	Jahangir Siddiqui & Co. Ltd	2.52%

Sector Allocation (% of Total Assets)	31-May-23	30-Apr-23
Power Generation & Distribution	16.93%	16.59%
Textile Spinning	15.68%	13.77%
Investment Bank/Inv.Cos/	12.51%	12.88%
Technology & Communication	8.95%	9.06%
Refinery	5.92%	6.58%
Others	40.01%	41.13%

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