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Profit from the Experience

## ***Risk Profile of Collective Investment Schemes/Plans***

| <b>Sr. No</b> | <b>Name of Collective Investment Scheme</b>                                   | <b>Category</b>                | <b>Risk Profile</b> | <b>Risk Of Principal Erosion</b> |
|---------------|-------------------------------------------------------------------------------|--------------------------------|---------------------|----------------------------------|
| 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](mailto:info@akdinvestment.com), [complaints@akdinvestment.com](mailto:complaints@akdinvestment.com), [Sales@akdinvestment.com](mailto: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.



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## Message from CIO's Desk

During the outgoing month of May 2024, the local equity bourse continued its bullish momentum reaching a new high closing of 75,983 points on the back positive investor sentiment relating to the state of Pakistan's economy stemming from improving macros, recent talks with the IMF proceeding smoothly, and potential investments from friendly countries. The KSE-100 Index closed the month at 75,878 points posting an increase of 4,776 points (+6.72% MTD / +83.05% FYTD).

According to the SBP's "State of Pakistan's Economy Report for 1HFY24", the Country's economic landscape has shown moderate signs of recovery compared to the previous year, with real GDP expanding by 1.7%, primarily driven by improvement in the agriculture sector. Furthermore, in Apr 2024, the current account registered a surplus of USD 491 million, marking an improvement from the surplus of USD 434 million (revised) in the preceding month. Consequently, the 10MFY24 Current Account Deficit (CAD) narrowed significantly to USD 202 million, depicting an unprecedented decline of 95% from USD 3.92 billion during the corresponding period last year. This considerable decline in CAD has not only facilitated the consolidation of the Nation's foreign exchange reserves but has also alleviated pressure on the external account.

During the month, the investor participation also remained robust, with average traded volumes surging by 15% MoM to 563 million shares, as compared to the preceding month's 491 million shares. Foreigners' interest remained steadfast, with net buying totaling USD 15.85 million, although lower than the USD 48.21 million shares recorded in the previous month. Notable sectors attracted foreign capital included Commercial Banks (USD 14.16 million), Fertilizer (USD 6.62 million), and Oil and Gas Exploration Companies (USD 4.42 million). Domestically, Insurance Companies emerged as net buyers, with net buying of USD 19.79 million. Conversely, other domestic market participants, including Individuals, Other Organizations, and Mutual Funds were major net sellers, with respective divestments of USD 12.75 million and USD 8.80 million. This surge in investor participation underpins a growing confidence in the market, buoyed by positive economic indicators.

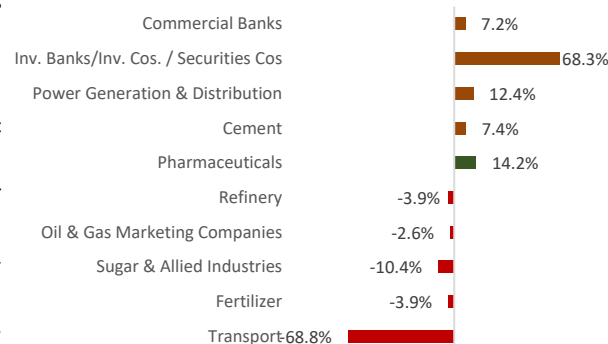
Other positive developments during the month that led the market were:

- A high level delegation from Saudi Arabia visited Pakistan at the start of the month leading with prospective USD 5 billion investment in various economic sectors of the Country.
- On the Prime Minister's visit to UAE, the UAE President made a commitment of investing USD 10 billion in multiple sectors of Pakistan and assured supporting Pakistan's economy in all circumstances.
- Remittances received from overseas Pakistanis grew by 28% YoY in Apr 2024 however declined by 5% on a MoM basis to USD 2.81 billion. Meanwhile, net Foreign Direct Investment in Pakistan has increased by 172% YoY to USD 358.84 million as compared to USD 131.9 million recorded in Apr 2023.
- According to the data published by PBS, the Large Scale Manufacturing Industries (LSMI) posted an increase of 2.04% for Mar 2024 as compared to the same period last year. However, decreased by 9.35% when compared with the previous month.
- The Federal Board of Revenue (FBR) collected PKR 760 billion in the month of May 2024 against the assigned target of PKR 745 billion.
- The Foreign Exchange Reserves held by SBP also remained largely stable at USD 9.09 billion during the month. Total liquid foreign exchange reserves held by the Country stood at USD 14.32 billion.

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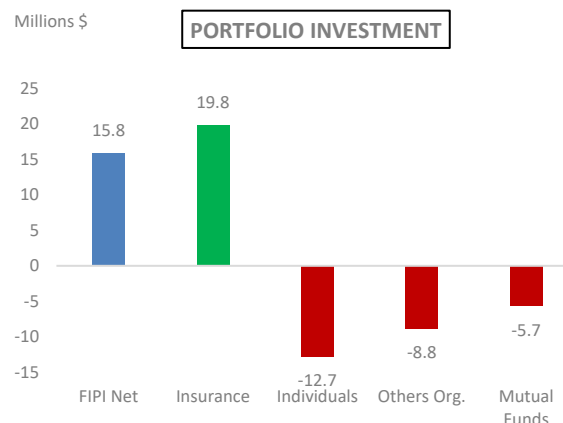
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### MARKET MOVERS



Source: PSX, AKDIML Research

### PORTFOLIO INVESTMENT



Source: NCCPL, AKDIML Research

## Message from CIO's Desk

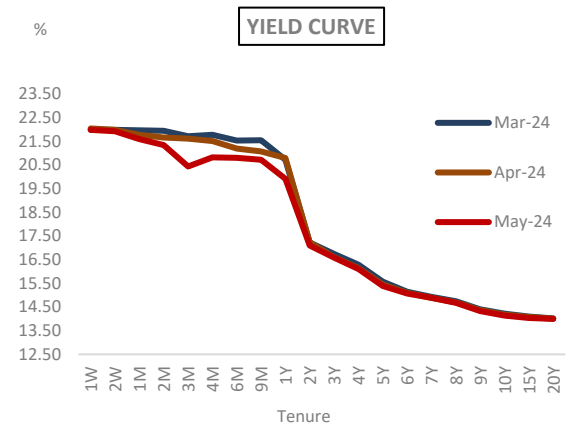
The upcoming MPC meeting, scheduled for June 10, 2024, has garnered market anticipation for a rate cut of 100-200 bps, potentially lowering the policy rate to 21-20%. The market consensus of a rate cut is supported by the sustained downward trajectory in inflation, resulting in real interest rates turning positive by ~ 10%. Furthermore, since the last monetary policy announcement in Apr 2024, there has been a noticeable decline in yields as well on government securities across both primary and secondary markets. This trend also underscores investors' anticipation of an impending reversal in the monetary cycle.

NCPI during the month dropped to 11.76% YoY (a 29-month low) as compared to 17.34% in Apr 2024 and 37.97% in May 2023, taking 11MFY24 average NCPI to 24.52%, lower than the 29.16% recorded during SPLY. On MoM basis, the NCPI declined by 3.24%, mainly on the back of decline in food inflation (down by 7.8%), transport index, and electricity charges within the housing index. Regionally, Urban and Rural CPI were recorded at 14.35% and 8.17 %, respectively. Looking ahead, factors such as improved domestic supply chains of essential items, stable global commodity prices, and a favorable base effect suggest that inflation will likely continue its downward trend. However, certain factors still pose a risk to the inflation outlook such as upward adjustments in administered prices and new taxation measures under consideration in the budget given the Government engagements with the IMF for a new program may put upward pressure on inflation, if implemented.

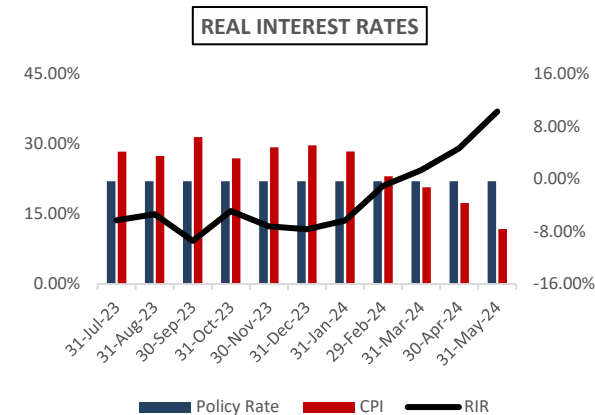
On the fixed income side, the State Bank of Pakistan conducted two (2) MTB auctions during the month, with a realized amount of PKR 1.02 trillion. The weighted average yield for 3-month, 6-month, and 12-month MTB plunged by 65 bps, 49 bps, and 86 bps, respectively to 20.9374%, 20.8605%, and 19.9784% as compared to the previous month. In the market for Shariah Compliant instruments, two (2) auctions for the sale of GOP Ijara Sukuk were carried out through the PSX, resulting in a total of PKR 207.06 billion raised by the government.

The Federal Budget for fiscal year 2024-25 to be announced this month holds great significance as it will set the policy direction for the Government to ensure sustainable growth as well as vital IMF support. One of the key challenges for Government is to navigate through managing potential IMF conditions to secure a staff level agreement for a medium term loan program while also providing a conducive environment for healthy economic growth. The upcoming budget will be focused on increasing the government's gross revenues by broadening the tax base, more tax burden on salaried class, imposing higher taxes on non-filers and increasing their transaction costs, imposing GST on all products across the board, and increasing Petroleum Development Levy (PDL).

Going forward, the equity market outlook remains positive and is poised to deliver vast gains in future supported by the Country's improving macroeconomic conditions. Certain factors such as impact of budgetary measures on key sectors, Government's negotiation for a medium term Extended Fund Facility program with the IMF, and the onset of the interest rate reversal cycle will be driving the market's direction as the investors will be keenly eyeing it for gaining clarity on the economic front. Furthermore, the market still continues to trade at a low forward PE of 3.64x compared to the long term average of 8x and is also offering an attractive dividend yield of 12%.



Source: MUFAP, AKDIML Research



Source: PBS, AKDIML Research

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## Golden Arrow Stock Fund

### Fund Manager's Comments

During May 2024, the NAV of Golden Arrow Stock Fund (GASF) increased by 11.57% versus the KSE-100 Index which increased by 6.72%. Fiscal year to date return stood at 60.51% versus benchmark KSE-100 Index of 83.05%.

### Fund Information

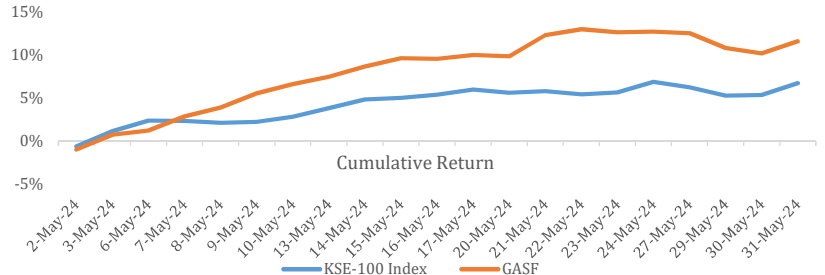
**Investment Objective:** Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep-value, coupled with few cherry-picked growth companies.

|                                     |                                                                          |
|-------------------------------------|--------------------------------------------------------------------------|
| Fund Type                           | Open-End                                                                 |
| Category                            | Equity                                                                   |
| Net Assets (PKR)                    | 1,691,859,224                                                            |
| NAV (PKR)                           | 19.3107                                                                  |
| 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 (3.31%), YTD (3.38%)                                                 |
| Government Levies (Annualized)      | MTD (0.38%), YTD (0.39%)                                                 |
| Date of Fund Launch                 | May, 1983                                                                |
| Date of Management Takeover         | September, 2004                                                          |
| Trustee                             | Central Depository Company (CDC)                                         |
| Auditor                             | Riaz Ahmad & Company,<br>Chartered Accountants                           |
| Asset Manager Rating                | AM3++ by PACRA (27 Jun' 2023)                                            |
| Fund Rating                         | 3-Star(1-Year), 4-Star (3-Year), 4-Star (5-Year) by PACRA (16 Feb' 2024) |
| Leverage                            | Nil                                                                      |
| <b>Fund Manager</b>                 |                                                                          |
| Ms. Anum Dhedhi                     |                                                                          |
| <b>Investment Committee Members</b> |                                                                          |
| Mr. Imran Motiwala                  | Ms. Anum Dhedhi                                                          |
| Mr. Muhammad Yaqoob, CFA            | Mr. Raheel Farooque                                                      |
| Mr. Danish Aslam                    |                                                                          |

\* Cumulative Return \*\* Geometric Mean

\*\*\*Converted into an Open End Fund since November 25, 2019. The Fund's Returns are computed on NAV to NAV with dividends reinvested.

### Fund Performance: May-2024



|                                             | FYTD     | MTD      | 365 Days | 3 Years* | 5 Years* | Since Inception** |
|---------------------------------------------|----------|----------|----------|----------|----------|-------------------|
| <b>KSE-100 Index</b>                        | 83.05%   | 6.72%    | 83.59%   | 58.42%   | 110.92%  | 9.82%             |
| <b>GASF</b>                                 | 60.51%   | 11.57%   | 59.05%   | 18.67%   | 135.21%  | 14.39%            |
|                                             | FY23     | FY22     | FY21     | FY20     | FY19     |                   |
| <b>KSE-100 Index</b>                        | (0.21%)  | (12.28%) | 37.58%   | 1.53%    | (19.11%) |                   |
| <b>GASF</b>                                 | (10.37%) | (19.27%) | 113.80%  | (4.59%)  | (18.06%) |                   |
| Asset Allocation (% of Total Assets)        |          |          |          |          |          |                   |
|                                             |          |          |          |          |          | 31-May-24         |
| Equities                                    |          |          |          |          |          | 94.62%            |
| T-Bills                                     |          |          |          |          |          | 0.00%             |
| Cash                                        |          |          |          |          |          | 2.65%             |
| Others including receivables                |          |          |          |          |          | 2.73%             |
| Top Ten Equity Holdings (% of Total Assets) |          |          |          |          |          |                   |
| Pakistan Stock Exchange Limited             |          |          |          |          |          | 12.38%            |
| Hum Network Limited                         |          |          |          |          |          | 11.35%            |
| The Hub Power Company Limited               |          |          |          |          |          | 6.75%             |
| Tata Textile Mills Limited                  |          |          |          |          |          | 6.39%             |
| Jahangir Siddiqui & Co. Ltd.                |          |          |          |          |          | 5.38%             |
| Ellcot Spinning Mills Limited               |          |          |          |          |          | 4.97%             |
| Pakistan Synthetics Limited                 |          |          |          |          |          | 3.60%             |
| Habib Bank Limited                          |          |          |          |          |          | 3.51%             |
| Cnergico PK Limited                         |          |          |          |          |          | 2.73%             |
| Pakistan Petroleum Limited                  |          |          |          |          |          | 2.68%             |
| Sector Allocation (% of Total Assets)       |          |          |          |          |          |                   |
|                                             |          |          |          |          |          | 31-May-24         |
| Inv. Banks / Inv. Cos. / Securities Cos.    |          |          |          |          |          | 19.72%            |
| Technology & Communications                 |          |          |          |          |          | 12.87%            |
| Textile Spinning                            |          |          |          |          |          | 12.53%            |
| Power Generation & Distribution             |          |          |          |          |          | 8.31%             |
| Commercial Banks                            |          |          |          |          |          | 6.54%             |
| Others                                      |          |          |          |          |          | 34.66%            |

| 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 |
|----------------------------------|--------------------|--------------------------------------|-------------------------|-------------------------------------|-----------------------------|--------------------------------|
| Pakistan Stock Exchange Limited  | Equity             | 221,417,350                          | -                       | 221,417,350                         | 13.09%                      | 12.38%                         |
| Hum Network Limited              | Equity             | 202,987,123                          | -                       | 202,987,123                         | 12.00%                      | 11.35%                         |

Non-Compliance Disclaimer: GASF holds above mentioned non-compliant investment. Before making any investment decision, investors should review this document and latest Financial Statements.

### 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.

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