Funds Managed by:

AKD Investment Management Ltd.

2021

annual report

AKD ISLAMIC STOCK FUND

Partner with AKD
Profit from the Experience

AKD Investment Management Ltd.

CORPORATE INFORMATION

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Hasan Ahmed
Director

Anum Dhedhi
Director

Ali Wahab Siddiqui
Director

Aysha Ahmed
Director

Saim Mustafa Zuberi
Director

CORPORATE INFORMATION

MANAGMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGMENT 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

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), Golden Arrow Stock Fund (GASF) - *(Formerly: Golden Arrow Selected Stocks Fund Limited)*, AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF) AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its annual report along with the Funds' Audited Financial Statements for the year ended June 30, 2021.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the FY21, the return of AKD Opportunity Fund stood at 103.76% compared to the benchmark KSE–100 Index return of 37.58%.

Golden Arrow Stock Fund (GASF)

For the FY21, the return of Golden Arrow Stock Fund stood at 113.80% compared to the benchmark KSE–100 Index return of 37.58%.

AKD Index Tracker Fund (AKDITF)

For the FY21, the return of AKD Index Tracker Fund stood at 34.58% compared to the benchmark KSE–100 Index return of 37.58%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 0.63153 per unit to the unit holders during the year ended June 30, 2021.

AKD Cash Fund (AKDCF)

For the FY21, the return of AKD Cash Fund stood at 6.38% compared to the benchmark return of 6.70%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 3.17886 per unit to the unit holders during the year ended June 30, 2021.

AKD Aggressive Income Fund (AKDAIF)

For the FY21, the return of AKD Aggressive Income Fund stood at 7.08% compared to the benchmark return of 7.76%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 3.50400 per unit to the unit holders during the year ended June 30, 2021.

AKD Islamic Income Fund (AKDISIF)

For the FY21, the return of AKD Islamic Income Fund stood at 6.95% compared to the benchmark return of 3.55%.

The Chief Executive under the authority granted by the Board of Directors approved total distribution (including refund of element) of Rs. 3.23485 per unit to the unit holders during the year ended June 30, 2021.

AKD Islamic Stock Fund (AKDISSF)

For the FY21, the return of AKD Islamic Stock Fund stood at 66.48% compared to the benchmark KMI–30 Index return of 39.32%.

MACRO PERSPECTIVE

Pakistan's economy witnessed robust recovery in FY21 posting a provisional GDP growth of 3.94% compared to negative growth of 0.47% during FY20. This was much more than the forecasted growth of 2.1%. The higher than expected growth in GDP was on the back of 4.43% growth from the Services sector and exceptional growth in Large Scale Manufacturing of 9.29%. Fiscal deficit during the period also showed improvement posting 7.1% of GDP as compared to 8.1% of GDP during FY20. On the external front forex reserves stood at US$24.4 bn (June 2021) providing import cover of more than 4 months.

The Current Account position remained fairly stable throughout FY21 with the year closing at a deficit of US$1.8bn as compared to a deficit $4.45 billion during FY20. External account remained positive during 1HFY21 with a Current Account Surplus of $1.25 billion (0.86% of GDP), while the momentum tapered off in during the latter of the fiscal year on the back of import of plant & machinery (TERF (Temporary Economic Refinance Facility) related) and higher crude oil prices. Exports of Goods surged by 13.74%YoY to $25.63 billion largely on back of textile exports. Remittances meanwhile posted phenomenal growth of 27%YoY to $29.37 billion providing fiscal space and keeping the current account deficit in check. Foreign Direct Investment (FDI) registered a decline of 28.95% to $1.85 billion. That said, the Government's efforts to attract Non-Resident Pakistani money paid off attracting $1.56 billion through

Roshan Digital Accounts (RDA) with more than 180,000 accounts opened primarily by Non-Resident Pakistanis by June end FY21. Pakistan also raised US$2.5 billion from the international capital market through long term Eurobonds under its first ever Global Medium Term Note Program. The IMF during the year cautioned economic managers globally that the pandemic posed several challenges with a need to be proactive in protecting themselves from the economic fallout, while also appreciating our government's policies and initiatives in this regard during these testing times.

On the fiscal front, tax collection figures posted an encouraging growth trend of 18% YoY during FY21 clocking in at PKR 4.7trn, comfortably above the revised target of PkR4.6trn. This took the provisional fiscal deficit during FY21 to 7.1% as opposed to 8.1% during FY20 and the stated target of 7%. In terms of primary deficit, FY21 closed with a deficit of 1.12% which marked a significant annual improvement where the same clocked in at 1.8% in FY20.

Controlling inflation remained challenging where CPI during FY21 was recorded at 8.90% YoY in spite of a high base effect and compared to 10.74%YoY in FY20. With Inflation remaining in the target zone and focus on growth, the State Bank of Pakistan (SBP) maintained the interest rate at 7.00% during FY21. At the same time to facilitate the business community and promote capital expenditure, the SBP offered TERF, a financing facility for 10 years at a fixed rate priced significantly below the discount rate primarily for import of new machinery. Till the cut-off date of availing this facility reportedly the SBP had approved facilities to various manufacturing concerns in amount of Rs435.7bn against which it had already disbursed approximately Rs163.0bn during the current fiscal year.

The Large Scale Manufacturing (LSM) sector witnessed a swift recovery posting a growth of 14.85% during FY21 as compared to decline of 10.17% in FY20. During the period under review, major contribution towards the growth came from Textile, Non Metallic Mineral Products, Food, Beverages & Tobacco and Automobiles to name a few. However, overall growth during the period was kept in check by sectors that posted negative growth including Leather Products and Electronics.

Furthermore, Pakistan was able to attract net $1.85 bn in Foreign Direct Investment (FDI) during FY21, down by 29%YoY as compared to $2.60 recorded during FY20. Decrease in net inflows can be attributed to a high base effect where net FDI inflows have surged at a two year CAGR of 16.42% against $1.36 billion recorded during FY19. Power sector, Oil and Gas Explorations and Financial Business remained the major sectors to attract a net cumulative FDI of $1.38 bn alone.

Local currency remained strong during the year where PKR-US$ appreciated by 6.67%YoY to close at PKR 157.54 per. Positivity in local currency was supported by a sustainable external account balance where Current Account witnessed surplus of $1.25 bn during 1HFY21. Moreover, the Real Effective Exchange Rate (REER) remained below 100 during 9 months of the fiscal year.

EQUITY MARKET REVIEW

FY21 turned out to be an optimistic year for the local bourse where the benchmark KSE-100 index remained buoyant and posted a 7-year highest return of 37.58% (USD 46.75%) to close at 47,356pts. This was on the back of Government's pro-growth policies, surplus in External Account balance and revival of economic activities. The improved performance of the market was in spite of unprecedented challenges posed by the COVID19 pandemic and with it the economic uncertainty; under which the government and central bank have been hailed by the business community and market players alike for the proactive measures taken to ensure the economy weathers these difficult times. Needless to say, after touching a 4 year high of 48,726 (June14, 2021), the KSE-100 index witnessed a correction on the back of profit taking.

Average daily turnover during FY21 surged by an impressive 168.32% clocking in at 527.52 million shares as compared 196.60 million shares during FY20 as negative real interest rates helped the local bourse in attracting liquidity. Moreover, the discontinuation of larger denominated bearer bonds (another government initiative to discourage the movement of undocumented money) also supported the stock market an exceedingly viable option for declared wealth in attracting liquidity. However, continued foreign institutional selling led to investors moving to second/third tier counters and following the incredible re-rating of TRG's stock price, the technology sector has driven the limelight. Overwhelming response was witnessed for fresh equity issues where seven new companies (ex-spo and preference shares) were oversubscribed by 2.2x on average fetching approximately Rs17.17 bn. Moreover, ~24 companies issued right shares successfully raising PKR 49.55bn during outgoing year.

Foreign investors continued to remain net sellers in the equities with net outflow of $387.34 million during FY21, taking the cumulative outflow since FY16 to $2.25 billion. During FY21, Banks/DFI and Broker Proprietary disinvested their positions with a net selling of $94.76 million and $32.19 million respectively, while much of this selling was absorbed by Individuals and Companies with net buying of $332.07 million and $137.80 million respectively.

Major outperformance was witnessed in sectors including Cement, Commercial Banks, Technology & Communication and Food & Personal Care Products. However, some of the gains were diluted by negative performance from Tobacco, Oil & Gas Exploration Companies and Vanaspati & Allied Industries. Total Market Capitalization ratio to GDP increased to 17.40% in FY21 as compared to 15.71% recorded during FY20.

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings Multiple of 5.95x, which is a 60.14% discount as compared to MSCI Frontier Markets P/E of 14.93x and offering a healthy dividend yield of 5.9%, approximately 150bps below the risk free rate.

MONEY MARKET REVIEW

During FY21, twenty six (26) Market Treasury Bills (MTBs) auctions were carried out by the State Bank of Pakistan, where the government managed to raise PKR 15.23 trn cumulatively. The Weighted average yield of 3 months, 6 months, and 12 months MTBs were 7.15%, 7.29%, and 7.42% respectively, down by 5.08%, 4.84%, and 4.57% as compared to 12.23%, 12.13%, and 11.98% same period last year.

The SBP also conducted twelve (12) auctions of Fixed Rate Pakistan Investment Bonds (PIBs) and was successful in raising PKR 1.06 trn during FY21. Weighted average yield for 3 years, 5 years, and 10 years PIBs decreased by 3.15%, 2.35%, and 1.72% to 8.44%, 8.93%, and 9.45% as compared to 11.58%, 11.28%, and 11.18% same period last year.

The Monetary Policy Committee conducted five (5) meetings, while maintaining the discount rate at 7.00%. The SBP conducted 97 Open Market Operations (OMO) of different maturities and injected average amount of PKR 856.17 bn at an average cut off yield of 7.04% and mopped-up average amount of PKR 79.55 bn at an average cut off yield of 6.93%.

As per the auction target calendar for September – November 2021, the SBP targets to raise PKR 3.90 trn by issuing 3–12 months MTBs against maturing amount of PKR 3.91 trn. In addition, SBP targets to raise another PKR 450 bn through 3–30 years Fixed Rate PIBs during the period against maturing amount of PKR 18 bn.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

(a) The financial statements, prepared by the Management of the Company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holders' funds.

(b) Proper books of account of the Funds have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.

(e) The system of internal control is sound in design and has effectively implemented and monitored.

(f) There are no significant doubts upon the Funds' ability to continue as a going concern.

(g) Statutory payments, taxes, duties, levies and charges, if any have been properly disclosed in the financial statements.

(h) Summary of key financial data / performance tables is appended to the Financial Statements of the Funds.

(i) The Pattern of unit holdings is appended to the Financial Statements of the Funds.

(j) The statement showing the attendance of Directors in BOD meetings and Audit Committee meetings is as under:

S.No.	Name of Director	MEETINGS ATTENDANCE					
		30-Apr-21	25-Feb-21	29-Oct-20	30-Sep-20	Attended	Leave
1	Mr. Abdul Karim	✓	✓	✓	✓	4	0
2	Mr. Imran Motiwala	✓	✓	✓	✓	4	0
3	Ms. Anum Dhedhi	✓	✓	✗	✓	3	1
4	Mr. Saim Mustafa Zuberi	✓	✓	✗	✓	3	1
5	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
6	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
7	Ms. Aysha Ahmed	✓	✓	✓	✓	4	0

S.No.	Name of Director	MEETINGS ATTENDANCE					
		29-Apr-21	25-Feb-21	28-Oct-20	29-Sep-20	Attended	Leave
1	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
2	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
3	Mr. Saim Mustafa Zuberi	✓	✗	✗	✓	2	2

(k) There have been no trades in the units of the Funds carried out by the Directors, CEO, CFO, CIO, COO, Company Secretary and their spouses and minor children of the Management Company other than as disclosed below and in the note to the financial statements:

S.No.	Trades by	Designation	Investment (No of Units)	Redemption (No of Units)
AKD OPPORTUNITY FUND				
1	Mr. Imran Motiwala	CEO	23,871	13,530
2	Mrs. Sehr Imran Motiwala	Spouse-CEO	5,671	5,671
3	Mr. Muhammad Yaqoob	COO & Company Secretary	13,803	-
4	Mrs. Maliha Yaqoob	Spouse-COO & Company Secretary	15,226	-
5	Minor Children	Minor Children - COO & Company Secretary	16,526	-
AKD ISLAMIC INCOME FUND				
1	Mr. Imran Motiwala	CEO	27,100	27,100
2	Mrs. Sehr Imran Motiwala	Spouse-CEO	346,630	2,570,366
3	Mr. Muhammad Yaqoob	COO & Company Secretary	-	18,822
4	Mrs. Maliha Yaqoob	Spouse-COO & Company Secretary	417	417
5	Mr. Muhammad Munir	CFO	13	-
AKD ISLAMIC STOCK FUND				
1	Ms. Anum Dhedhi	CIO & Director	10,657	-
2	Mrs. Sehr Imran Motiwala	Spouse-CEO	173,755	-
3	Mr. Muhammad Yaqoob	COO & Company Secretary	10,646	-
AKD CASH FUND				
1	Hasan Ahmed	Director	7	-
GOLDEN ARROW STOCK FUND				
1	Minor Children	Minor Children - COO & Company Secretary	100,689	-

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

i. The total number of directors are seven as follows:

- a) Male: Five
- b) Female: Two

ii. The composition of the Board of Directors is as follows:

- Independent Director: Three*
- Non-Executive Directors: Two
- Executive Directors: Two*
- Female directors: Two*

RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of AM3++ (A M three Plus Plus) to AKD Investment Management Limited (AKDIML) on February 08, 2021.

RATING OF THE FUNDS

AKD OPPORTUNITY FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year) for the period ended December 31, 2020] and short term [based on performance review of trailing 12 months

(1 Year) for the period ended December 31, 2020] to AKD Opportunity Fund (AKDOF) on February 15, 2021.

AKD CASH FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “AA+(f)” (Double A Plus; fund stability rating) to AKD Cash Fund (AKDCF) on March 04, 2021.

AKD AGGRESSIVE INCOME FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “A(f)” (Single A; fund stability rating) to AKD Aggressive Income Fund (AKDAIF) on March 04, 2021.

GOLDEN ARROW STOCK FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 5-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year) and trailing 60 months (5 Year) for the period ended December 31, 2020] and short term [based on performance review of trailing 12 months (1 Year) for the period ended December 31, 2020] to Golden Arrow Stock Fund (GASF) on February 15, 2021.

AKD ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “A+(f)” (Single A Plus; fund stability rating) to AKD Islamic Income Fund (AKDISIF) on March 04, 2021.

AKD ISLAMIC STOCK FUND

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 4-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year) for the period ended December 31, 2020] to AKD Islamic Stock Fund (AKDISSF) on February 15, 2021.

HOLDING COMPANY

AKD Group Holdings (Private) Limited [Formerly: Aqeel Karim Dhedhi Securities (Private) Limited] is the holding company of AKD Investment Management Limited and holds 99.97% of the outstanding ordinary shares of the Company.

APPOINTMENT OF AUDITORS

The Board re-appointed M/s Yousuf Adil, Chartered Accountants as the statutory auditors for AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), and AKD Islamic Stock Fund (AKDISSF) for the year 2021-2022 as recommended by the Audit Committee.

The present auditors M/s Yousuf Adil, Chartered Accountants are retiring and have completed their five years as auditors of the Golden Arrow Stock Fund (GASF). As per the requirements of the NBFC Regulations, 2008 the auditors have to be changed this year. The Board appointed M/s Riaz Ahmad & Company, Chartered Accountants as the statutory auditors for Golden Arrow Stock Fund (GASF) for the year 2021-2022 as recommend by the Audit Committee.

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the Management of the Pakistan Stock Exchange for their continued support and cooperation. The Board also appreciates the devoted performance of the staff and officers of the AKD Investment Management Limited. The Board will also like to thank the investors for their confidence in the Company.

FUTURE OUTLOOK

During two months of FY21, the Current Account Deficit reached $2.29 billion (4.13% of GDP) owing to an increase in the Balance of Trade, as the External Account remained under pressure due to higher commodity prices – crude oil in particular, coupled with the import of vaccines and disbursements against TERF related capital expenditure (SBP disbursement reportedly US$1.63bn during FY22) As per the Central Bank, the Current Account is expected to reach a sustainable level of 2 to 3 percent of GDP during FY22. Recent depreciation of the local currency is expected to help contain the import of luxury goods and stabilize the US dollar/pak rupee parity. In addition, it is also pertinent to mention that the central bank has recognized the inflationary pressures of the Current Account deficit and while leaning towards a growth accommodating monetary stance, increased the discount rate by 25bps to 7.25% in its last monetary committee meeting held in September 21.

Reportedly, Pakistan is expected to re-initiate staff level discussions with the International Monetary Fund (IMF) during last week Sep’21 for release of the sixth tranche of $6 bn under the Extended Fund Facility (EFF), for which a decision by the third week of October 2021 is likely. As per media reports the government remains reluctant to increase electricity tariffs, underscoring a delay since in April 2021 as part of its revised Circular Debt Management Plan (CDMP) to generate PKR 900 bn through tariff adjustments till June 2023 and remains a major impasse with the IMF. Recent receipts of ~$2.7 bn, additional liquidity provided by the IMF under its program to facilitate developing countries during the pandemic has taken the total foreign exchange reserve to ~27 bn. More importantly, following the central bank’s efforts to create a market determined US dollar/Rupee parity, the Real Effective Exchange Rate (REER) of 97 by end of August 2021 implies a very low likelihood of further Rupee depreciation.

MSCI decided to downgrade the status of Pakistan from Emerging Market (EM) to Frontier Market (FM) effective from November 2021 under its Semi-Annual Index Review (SAIR). Pakistan’s current weight of ~0.02% in the MSCI’s Emerging Market Index suggests an outflow of ~$150 mn from passive EM managers, while it is expected that with a weight of approximately 5.5% in MSCI’s FM100 index shall accommodate the same amount with prospective inflows. More importantly, we believe the reclassification will reduce foreign selling which has been witnessed since FY16 as the local bourse would have a more significant weightage of a much smaller fund allocated to frontier markets, unlike the case in the emerging markets.

As far as fixed income is concerned, the State Bank of Pakistan is targeting inflation in the range of 7 to 9 percent in FY22. MPC reinforced its stance to continue negative real interest rates to appropriately support the growth in the economy. However, any near term accommodative stance by the SBP with possible further gradual tapering of stimulus cannot be ruled out owing to growth in demand.

We expect the stock market to remain positive due to expansionary fiscal policy by the Government where the country has posted a provisional GDP growth of ~4.40% in FY21. The Government of Pakistan is expecting growth of approximately 4.8% in FY22 which seems achievable considering the capex gains from TERF financing, expansionary fiscal policy along with relatively low interest rates. We reiterate our positive market outlook for FY22 based on (i) expected growth in GDP owing to robust corporate earnings (ii) compelling Price to Earnings multiple of 5.62x, (iii) Healthy dividend yield of 6.5%, (iv) negative real interest rates, (v) reduction in Capital Gains Tax rate from 15.00% to 12.50% for capital market transactions.

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim Memon
Chairman

Karachi: September 29, 2021

AKD Islamic Stock 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 Paskistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited (Islamic Banking)

AUDITORS
Yousuf Adil
Chartered Accoutants
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 Stock Fund
PACRA: 1 Year Category:
MFR 4-Star

FUND MANAGER'S REPORT

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

Open – end Islamic Equity Scheme

ii) Statement of Collective Investment Scheme's investment objective:

AKD Islamic Stock Fund (AKDISSF) is designed to earn competitive returns by investing in the stock market. The objective of AKD Islamic Stock Fund is to invest in the capital markets through an optimal combination of strategies in Shariah compliant equities providing growth and dividends.

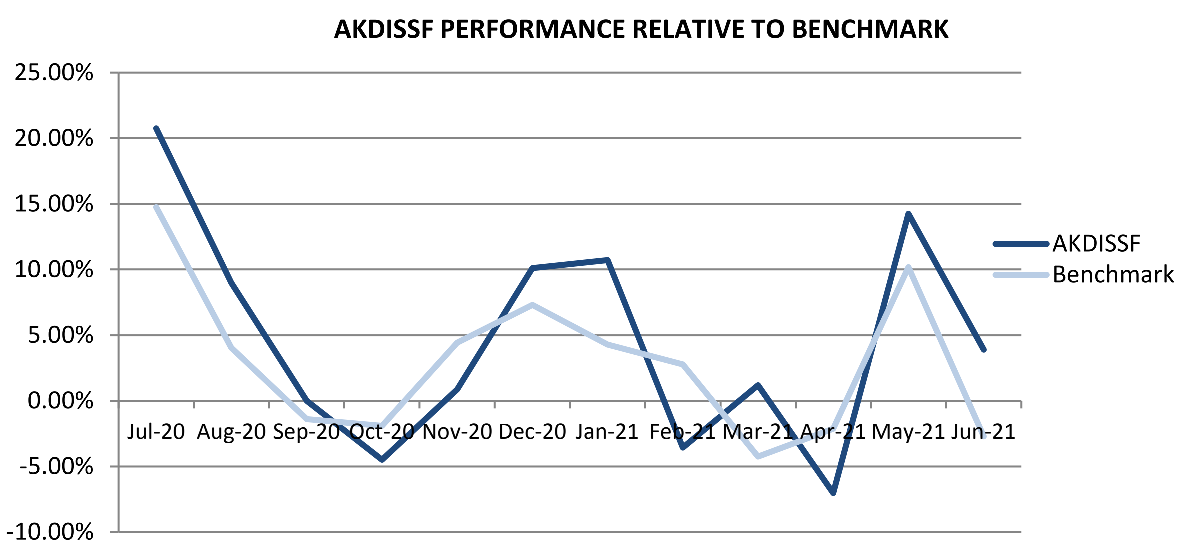
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the FY21, the return of AKD Islamic Stock Fund stood at 66.48% compared to the benchmark KMI-30 Index return of 39.32%.

iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:

KMI-30 Index

v) Comparison of the Collective Investment Scheme's performance during the period compared with its said benchmark:



Monthly return	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
AKDISSF	20.76%	8.99%	-0.01%	-4.50%	0.88%	10.12%	10.73%	-3.56%	1.19%	-7.03%	14.24%	3.89%
Benchmark	14.75%	4.03%	-1.39%	-1.92%	4.44%	7.31%	4.29%	2.77%	-4.25%	-2.14%	10.17%	-2.70%

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:

AKD Islamic Stock Fund is an open – end Islamic Equity Scheme; the returns of the Fund are generated through investment in Islamic stocks which have strong growth potential..

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)	30-June-21	30-June-20
Equities	96.16%	96.94%
Cash	2.96%	0.51%
Other Assets including Receivables	0.88%	2.55%

viii) 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
		-----------------Rupees in '000----------------				
Lotte Chemical Pakistan Ltd	Equity	64,076	Nil	64,076	15.06%	14.47%

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

FY21 Return	66.48%
Benchmark Return	39.32%

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

Net Asset Value			NAV Per Unit	
30-June-21	30-June-20	Change in Net Assets	30-June-21	30-June-20
(Rupees In "000")			Rs.	Rs.
425,360	127,012	234.90%	49.7969	29.9117

xi) Disclosure on the markets that the Collective Investment Scheme has invested in including – review of the market (s) invested in and returns during the period:

MACRO PERSPECTIVE:

Pakistan's economy witnessed robust recovery in FY21 posting a provisional GDP growth of 3.94% compared to negative growth of 0.47% during FY20. This was much more than the forecasted growth of 2.1%. The higher than expected growth in GDP was on the back of 4.43% growth from the Services sector and exceptional growth in Large Scale Manufacturing of 9.29%. Fiscal deficit during the period also showed improvement posting 7.1% of GDP as compared to 8.1% of GDP during FY20. On the external front forex reserves stood at US$24.4 bn (June 2021) providing import cover of more than 4 months.

The Current Account position remained fairly stable throughout FY21 with the year closing at a deficit of US$1.8bn as compared to a deficit $4.45 billion during FY20. External account remained positive during 1HFY21 with a Current Account Surplus of $1.25 billion (0.86% of GDP), while the momentum tapered off in during the latter of the fiscal year on the back of import of plant & machinery (TERF (Temporary Economic Refinance Facility) related) and higher crude oil prices. Exports of Goods surged by 13.74%YoY to $25.63 billion largely on back of textile exports. Remittances meanwhile posted phenomenal growth of 27%YoY to $29.37 billion providing fiscal space and keeping the current account deficit in check. Foreign Direct Investment (FDI) registered a decline of 28.95% to $1.85 billion. That said, the Government's efforts to attract Non-Resident Pakistani money paid off attracting $1.56 billion through Roshan Digital Accounts (RDA) with more than 180,000 accounts opened primarily by Non-Resident Pakistanis by June end FY21. Pakistan also raised US$2.5 billion from the international capital market through long term Eurobonds under its first ever Global Medium Term Note Program. The IMF during the year cautioned economic managers globally that the pandemic posed several challenges with a need to be proactive in protecting themselves from the economic fallout, while also appreciating our government's policies and initiatives in this regard during these testing times.

On the fiscal front, tax collection figures posted an encouraging growth trend of 18% YoY during FY21 clocking in at PKR 4.7trn, comfortably above the revised target of PkR4.6trn. This took the provisional fiscal deficit during FY21 to 7.1% as opposed to 8.1% during FY20 and the stated target of 7%. In terms of primary deficit, FY21 closed with a deficit of 1.12% which marked a significant annual improvement where the same clocked in at 1.8% in FY20.

Controlling inflation remained challenging where CPI during FY21 was recorded at 8.90% YoY in spite of a high base effect and compared to 10.74%YoY in FY20. With Inflation remaining in the target zone and focus on growth, the State Bank of Pakistan (SBP) maintained the interest rate at 7.00% during FY21. At the same time to facilitate the business community and promote capital expenditure, the SBP offered TERF, a financing facility for 10 years at a fixed rate priced significantly below the discount rate primarily for import of new machinery. Till the cut-off date of availing this facility reportedly the SBP had approved facilities to various manufacturing concerns in amount of Rs435.7bn against which it had already disbursed approximately Rs163.0bn during the current fiscal year.

The Large Scale Manufacturing (LSM) sector witnessed a swift recovery posting a growth of 14.85% during FY21 as compared to decline of 10.17% in FY20. During the period under review, major contribution towards the growth came from Textile, Non Metallic Mineral Products, Food, Beverages & Tobacco and Automobiles to name a few. However, overall growth during the period was kept in check by sectors that posted negative growth including Leather Products and Electronics.

Furthermore, Pakistan was able to attract net $1.85 bn in Foreign Direct Investment (FDI) during FY21, down by 29%YoY as compared to $2.60 recorded during FY20. Decrease in net inflows can be attributed to a high base effect where net FDI inflows have surged at a two year CAGR of 16.42% against $1.36 billion recorded during FY19. Power sector, Oil and Gas Explorations and Financial Business remained the major sectors to attract a net cumulative FDI of $1.38 bn alone.

Local currency remained strong during the year where PKR-US$ appreciated by 6.67%YoY to close at PKR 157.54 per. Positivity in local currency was supported by a sustainable external account balance where Current Account witnessed surplus of $1.25 bn during 1HFY21. Moreover, the Real Effective Exchange Rate (REER) remained below 100 during 9 months of the fiscal year.

EQUITY REVIEW:

FY21 turned out to be an optimistic year for the local bourse where the benchmark KSE-100 index remained buoyant and posted a 7-year highest return of 37.58% (USD 46.75%) to close at 47,356pts. This was on the back of Government's pro-growth policies, surplus in External Account balance and revival of economic activities. The improved performance of the market was in spite of unprecedented challenges posed by the COVID19 pandemic and with it the economic uncertainty; under which the government and central bank have been hailed by the business community and market players alike for the proactive measures taken to ensure the economy weathers these difficult times. Needless to say, after touching a 4 year high of 48,726 (June14, 2021), the KSE-100 index witnessed a correction on the back of profit taking.

Average daily turnover during FY21 surged by an impressive 168.32% clocking in at 527.52 million shares as compared 196.60 million shares during FY20 as negative real interest rates helped the local bourse in attracting liquidity. Moreover, the discontinuation of larger denominated bearer bonds (another government initiative to discourage the movement of undocumented money) also supported the stock market an exceedingly viable option for declared wealth in attracting liquidity. However, continued foreign institutional selling led to investors moving to second/third tier counters and following the incredible re-rating of TRG's stock price, the technology sector has driven the limelight. Overwhelming response was witnessed for fresh equity issues where seven new companies (ex-spo and preference shares) were oversubscribed by 2.2x on average fetching approximately Rs17.17 bn. Moreover, ~24 companies issued right shares successfully raising PKR 49.55bn during outgoing year.

Foreign investors continued to remain net sellers in the equities with net outflow of $387.34 million during FY21, taking the cumulative outflow since FY16 to $2.25 billion. During FY21, Banks/DFI and Broker Proprietary disinvested their positions with a net selling of $94.76 million and $32.19 million respectively, while much of this selling was absorbed by Individuals and Companies with net buying of $332.07 million and $137.80 million respectively.

Major outperformance was witnessed in sectors including Cement, Commercial Banks, Technology & Communication and Food & Personal Care Products. However, some of the gains were diluted by negative performance from Tobacco, Oil & Gas Exploration Companies and Vanaspati & Allied Industries. Total Market Capitalization ratio to GDP increased to 17.40% in FY21 as compared to 15.71% recorded during FY20.

In terms of valuation, the KSE-100 Index closed at a forward Price to Earnings Multiple of 5.95x, which is a 60.14% discount as compared to MSCI Frontier Markets P/E of 14.93x and offering a healthy dividend yield of 5.9%, approximately 150bps below the risk free rate.

FUTURE OUTLOOK:

During two months of FY21, the Current Account Deficit reached $2.29 billion (4.13% of GDP) owing to an increase in the Balance of Trade, as the External Account remained under pressure due to higher commodity prices – crude oil in particular, coupled with the import of vaccines and disbursements against TERF related capital expenditure (SBP disbursement reportedly US$1.63bn during FY22) As per the Central Bank, the Current Account is expected to reach a sustainable level of 2 to 3 percent of GDP during FY22. Recent depreciation of the local currency is expected to help contain the import of luxury goods and stabilize the US dollar/pak rupee parity. In addition, it is also pertinent to mention that the central bank has recognized the inflationary pressures of the Current Account deficit and while leaning towards a growth accommodating monetary stance, increased the discount rate by 25bps to 7.25% in its last monetary committee meeting held in September 21.

Reportedly, Pakistan is expected to re-initiate staff level discussions with the International Monetary Fund (IMF) during last week Sep'21 for release of the sixth tranche of $6 bn under the Extended Fund Facility (EFF), for which a decision by the third week of October 2021 is likely. As per media reports the government remains reluctant to increase electricity tariff's, underscoring a delay since in April 2021 as part of its revised Circular Debt Management Plan (CDMP) to generate PKR 900 bn through tariff adjustments till June 2023 and remains a major impasse with the IMF. Recent receipts of ~$2.7 bn, additional liquidity provided by the IMF under its program to facilitate developing countries during the pandemic has taken the total foreign exchange reserve to ~27 bn. More importantly, following the central bank's efforts to create a market determined US dollar/Rupee parity, the Real Effective Exchange Rate (REER) of 97 by end of August 2021 implies a very low likelihood of further Rupee depreciation.

MSCI decided to downgrade the status of Pakistan from Emerging Market (EM) to Frontier Market (FM) effective from November 2021 under its Semi-Annual Index Review (SAIR). Pakistan's current weight of ~0.02% in the MSCI's Emerging Market Index suggests an outflow of ~$150 mn from passive EM managers, while it is expected that with a weight of approximately 5.5% in MSCI's FM100 index shall accommodate the same amount with prospective inflows. More importantly, we believe the reclassification will reduce foreign selling which has been witnessed since FY16 as the local bourse would have a more significant weightage of a much smaller fund allocated to frontier markets, unlike the case in the emerging markets.

As far as fixed income is concerned, the State Bank of Pakistan is targeting inflation in the range of 7 to 9 percent in FY22. MPC reinforced its stance to continue negative real interest rates to appropriately support the growth in the economy. However, any near term accommodative stance by the SBP with possible further gradual tapering of stimulus cannot be ruled out owing to growth in demand.

We expect the stock market to remain positive due to expansionary fiscal policy by the Government where the country has posted a provisional GDP growth of ~4.40% in FY21. The Government of Pakistan is expecting growth of approximately 4.8% in FY22 which seems achievable considering the capex gains from TERF financing, expansionary fiscal policy along with relatively low interest rates. We reiterate our positive market outlook for FY22 based on (i) expected growth in GDP owing to robust corporate earnings (ii) compelling Price to Earnings multiple of 5.62x, (iii) Healthy dividend yield of 6.5%, (iv) negative real interest rates, (v) reduction in Capital Gains Tax rate from 15.00% to 12.50% for capital market transactions.

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 were no significant changes in the state of affairs during the period and up till the date of Fund Manager's report under review.

xiii) Disclosure of any split (if any), comprising:

There were no unit splits during the period.

xiv) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	130
10,000 - 49,999	41
50,000 - 99,999	67
100,000 - 499,999	81
500,000 and above	86
Total	**405**

xv) Disclosure of circumstances that materially affect any interests 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.

AKD Islamic Stock Fund

Details of Pattern of Holding (Units)

As at June 30, 2021

	No. of Unitholders	Units Held	% of Total
Associated Companies	-	-	-
Directors and CEO	1	100,314	1.17%
Individuals	393	6,027,939	70.57%
Insurance Companies	2	840,828	9.84%
Banks/DFIs	-	-	-
Retirement funds	6	1,297,683	15.19%
Public Limited Companies	-	-	0.00%
Others	3	275,138	3.23%
	405	**8,541,902**	**100.00%**

DIGITAL CUSTODIAN COMPANY
Formerly
MCB Financial Services Limited

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD ISLAMIC STOCK FUND

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

AKD Islamic Stock 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 Stock Fund has, in all material respects, managed AKD Islamic Stock Fund during the year ended June 30th, 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

Khawaja Anwar Hussain
Chief Executive Officer
Digital Custodian Company Limited
Formerly MCB Financial Services Limited

Karachi: September 26, 2021

بسم الله الرحمن الرحيم

Al-Hilal
Shariah Advisors

September 10, 2021

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2021 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in AKD Islamic Stock Fund (AKD-ISF) managed by AKD Investments Management Limited are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited.

Mufti Irshad Ahmad Aijaz
Member Shariah Council

AL HILAL SHARIAH ADVISORS (PVT) LTD. KARACHI

Faraz Younus Bandukda, CFA
Chief Executive

AKD ISLAMIC STOCK FUND

Financial Statements
for the year ended
June 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of AKD Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AKD Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the related income statement, the statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance, cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Valuation and existence of investment** As disclosed in note 6 to the financial statements, investments carried at fair value through profit or loss amounted to Rs. 425.744 million as at June 30, 2021. These investments represent a significant item on the statement of assets and liabilities. The Fund invests principally in listed equity securities	In response to this matter, our key audit procedures included the following: • obtained understanding of relevant controls placed by the Management Company applicable to the balances; • traced securities held by the Fund with the securities appearing in the Central Depository Company account to verify existence;

S. No.	Key audit matter	How the matter was addressed in our audit
	which is the main driver of the Fund's performance. Further, the Fund may have included investments in its financial statements which were not owned by the Fund. Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which, we have considered this as a key audit matter.	• independently tested valuations with the prices quoted on Pakistan Stock Exchange; • performed verification procedures on purchases and sales on a sample of trades made during the year regarding movement of the securities; and • any differences identified during our testing that were over our acceptable threshold were investigated further.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.

- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: September 29, 2021

AKD ISLAMIC STOCK FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
		--------- (Rupees in '000) ---------	
ASSETS			
Bank balances	5	**13,092**	664
Investments	6	**425,744**	125,261
Dividend and profit receivable on bank deposits		**767**	43
Deposits and prepayments	7	**2,817**	2,705
Preliminary expenses and floatation cost	8	**336**	541
Total Assets		**442,756**	129,214
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	9	**1,542**	995
Payable to MCB Financial Services Limited - Trustee	10	**45**	15
Payable to Securities and Exchange Commission of Pakistan	11	**58**	26
Accrued expenses and other liabilities	12	**4,891**	1,166
Payable against purchase of securities		**10,860**	-
Total Liabilities		**17,396**	2,202
NET ASSETS		**425,360**	127,012
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**425,360**	127,012
CONTINGENCIES AND COMMITMENTS	13		
		-------------- (Number of units) --------------	
NUMBER OF UNITS IN ISSUE	14	**8,541,902**	4,246,230
		------------Rupees------------	
NET ASSETS VALUE PER UNIT		**49.7969**	29.9117

The annexed notes from 1 to 29 form an integral part of these financial statements.

YA

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

AKD ISLAMIC STOCK FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		--------- (Rupees in '000) ----------	
INCOME			
Capital gain on sale of investments classified as at 'fair value through profit or loss'		**65,199**	5,138
Net unrealised appreciation / (diminution) on remeasurement of investments classified as at 'fair value through profit or loss'	6.2	**49,681**	(19,904)
Dividend income		**9,623**	2,311
Profit on bank deposits		**789**	271
Total income / (loss)		**125,292**	(12,184)
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company	9.1	**5,807**	2,637
Sindh Sales tax on remuneration of Management Company	9.2	**755**	343
Remuneration of MCB Financial Services Limited - Trustee	10.1	**348**	158
Sindh Sales tax on remuneration of Trustee	10.2	**45**	21
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	**58**	26
Expenses allocated by Management Company	9.3	**1,016**	132
Securities transaction cost		**1,976**	207
Auditor's remuneration	15	**232**	200
Settlement and bank charges		**106**	70
Amortisation of preliminary expenses and floatation costs		**205**	205
Fee and subscription		**607**	511
Printing and stationery		**35**	50
Legal and professional charges		**384**	388
Provision against Sindh Workers' Welfare Fund		**2,263**	-
Charity		**577**	147
Total expenses		**14,414**	5,095
Net income / (loss) for the year before taxation		**110,878**	(17,279)
Taxation	16	**-**	-
Net income / (loss) for the year after taxation		**110,878**	(17,279)
Allocation of net income for the year			
Net income for the year after taxation		**110,878**	-
Income already paid on units redeemed		**(63,419)**	-
		47,459	-
Accounting income available for distribution			
- Relating to capital gains		**47,459**	-
- Excluding capital gains		**-**	-
		47,459	-
Earnings per unit	17		

The annexed notes from 1 to 29 form an integral part of these financial statements.

YD

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer | **Chief Financial Officer** | **Director**

AKD ISLAMIC STOCK FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	------- (Rupees in '000) -------	
Net income / (loss) for the year after taxation	**110,878**	(17,279)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**110,878**	(17,279)

The annexed notes from 1 to 29 form an integral part of these financial statements.
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For AKD Investment Management Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**

AKD ISLAMIC STOCK FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		--------- (Rupees in '000) ---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		**110,878**	(17,279)
Adjustments for non cash and other items:			
Amortisation of preliminary expenses and floatation costs		**205**	205
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		**(49,681)**	19,904
Dividend income		**(9,623)**	(2,311)
Profit on bank deposits		**(789)**	(271)
Provision against Sindh Workers' Welfare Fund		**2,263**	-
		53,253	248
(Increase) / decrease in assets			
Deposits and prepayments		**(112)**	-
Receivable againts sale of securities		**-**	2,328
		(112)	2,328
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**547**	(234)
Payable to MCB Financial Services Limited - Trustee		**30**	(1)
Payable to Securities and Exchange Commission of Pakistan		**32**	(153)
Accrued expenses and other liabilities		**1,462**	428
Payable against purchase of securities		**10,860**	(4,643)
		12,931	(4,603)
Investments - net		**(250,802)**	(11,290)
Dividend received		**9,060**	2,274
Profit on bank deposits received		**628**	306
		(241,114)	(8,710)
Net cash used in operating activities		**(175,042)**	(10,737)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		**1,003,888**	40,240
Payment against redemption of units		**(816,418)**	(31,551)
Net cash generated from financing activities		**187,470**	8,689
Net increase / (decrease) in cash and cash equivalents		**12,428**	(2,048)
Cash and cash equivalents at beginning of the year		**664**	2,712
Cash and cash equivalents at end of the year	5	**13,092**	664

The annexed notes from 1 to 29 form an integral part of these financial statements.

YB

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer **Chief Financial Officer** **Director**

AKD ISLAMIC STOCK FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	----------------	----------------	(Rupees in '000)	----------------	----------------	
Net assets at beginning of the year	**211,190**	**(84,178)**	**127,012**	202,501	(66,899)	135,602
Issue of 23,025,574 (2020: 1,337,533) units						
- Capital value (at Ex-Net asset value per unit at the beginning of year)	688,734	-	688,734	46,548	-	46,548
- Element of income / (loss)	315,154	-	315,154	(6,308)	-	(6,308)
Total proceeds on issuance of units	1,003,888	-	1,003,888	40,240	-	40,240
Redemption of 18,729,902 (2020: 987,777) units						
- Capital value (at Ex-Net asset value per unit at the beginning of year)	(560,243)	-	(560,243)	(34,376)	-	(34,376)
- Element of (loss) / income	(192,756)	(63,419)	(256,175)	2,825	-	2,825
Total payments on redemption of units	(752,999)	(63,419)	(816,418)	(31,551)	-	(31,551)
Total comprehensive income for the year	-	110,878	110,878	-	(17,279)	(17,279)
Net assets at end of the year	462,079	(36,719)	425,360	211,190	(84,178)	127,012
Accumulated loss brought forward						
- Realised loss		(64,274)			(12,337)	
- Unrealised loss		(19,904)			(54,562)	
		(84,178)			(66,899)	
Net loss for the year after taxation		-			(17,279)	
Accounting income available for distribution						
- Relating to capital gains		47,459			-	
- Excluding capital gains		-			-	
		47,459			-	
Undistributed income / (accumulated loss) carried forward		(36,719)			(84,178)	
Undistributed income / (accumulated loss) carried forward						
- Realised loss		(86,400)			(64,274)	
- Unrealised income / (loss)		49,681			(19,904)	
		(36,719)			(84,178)	
		Rupees			Rupees	
Net assets value per unit at beginning of the year		29.9117			34.8012	
Net assets value per unit at end of the year		49.7969			29.9117	

The annexed notes from 1 to 29 form an integral part of these financial statements.

YA

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer | Chief Financial Officer | Director

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Stock 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, 2003 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 collective investment scheme 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) Equity Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Private) 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 Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated February 08, 2021. The Fund has been given performance ranking of '4-Star' by PACRA on February 15, 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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; 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 requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except the investments which are measured at fair value.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Fund's functional and presentation currency. The amounts are rounded off to the nearest thoushand rupees except stated otherwise.

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

(i) Classification and valuation of financial assets (Note 4.1.1 and 6);

(ii) Impairment of financial assets (Note 4.1.5); and

(iii) Taxation (Note 4.4 and 15).

3. AMENDMENTS AND IFRS INTERPRETATIONS

3.1 Amendments to accounting standards that are effective for the year ended June 30, 2021

The following amendments to accounting standards are effective for the year ended June 30, 2021. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: disclosures' - Interest rate benchmark reform	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

3.2 Amendments to accounting standards that are not yet effective

The following amendments to accounting standards are only effective for accounting period, beginning on or after the date mentioned against each of them. These amendments to accounting standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective date (accounting period beginning on or after)
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs which are also not expected to have material impact on financial reporting of the Fund.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Financial instruments

4.1.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Amortised cost ("AC"),
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI), only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss.

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.1.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.1.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts already recognised in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.1.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

4.1.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and

- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the circular) for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment loss recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.1.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.1.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.1.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.1.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

4.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

4.4 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Taxation

The income of the Fund is exempt from income tax under 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of Section 113 (Minimum Tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.6 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines (duly consented by the SECP) distribution for the year is deemed to comprise of the portion of income already paid on units redeemed during the year and cash distribution for the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.8 **Element of income / loss included in prices of units issued less those in units redeemed**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.9 **Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

4.10 **Revenue recognition**

- Capital gain or loss on sale of investment is accounted for in the income statement on the date at which the sale transaction takes place.

- Unrealised gain / loss arising on remeasurement of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.

- Dividend income from equity securities is recognised when the right to receive dividend is established.

- Profit on bank deposits is recognised on time proportionate basis using effective yield method.

4.11 **Expenses**

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the income statement on an accrual basis.

	Note	2021	2020
		-------- (Rupees in '000) -------	
5. BANK BALANCES			
Saving accounts	5.1	**13,092**	664

5.1 Profit rates on these saving accounts is 5% (2020: 5% - 6%) per annum.

	Note	2021	2020
		-------- (Rupees in '000) -------	
6. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	6.1	**425,744**	125,261

6.1 Listed equity securities

Name of the investee company	Face value per share (Rupees)	Number of shares: As at July 01, 2020	Number of shares: Purchases during the year	Number of shares: Bonus / Right issue	Number of shares: Sales during the year	Number of shares: As at June 30, 2021	Balance as at June 30, 2021: Carrying cost	Balance as at June 30, 2021: Market value	Balance as at June 30, 2021: Appreciation/ (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
							(Rupees in '000)			%		
Fully paid ordinary shares												
Automobile Assembler												
Ghandhara Nissan Limited	10	37,999	-	-	37,000	999	63	109	46	0.03%	0.03%	-
Honda Atlas Cars (Pakistan) Limited	10	-	27,500	-	27,500	-	-	-	-	-	-	-
Millat Tractors Limited	10	-	2,050	1	2,040	11	9	12	3	0.00%	0.00%	0.00
							72	121	49			
Automobile Parts & Accessories												
Thal Limited	5	28,000	35,000	-	28,000	35,000	14,713	14,797	84	3.48%	3.48%	0.04
Cable & Electrical Goods												
Pak Electron Limited	10	-	125,000	-	125,000	-	-	-	-	-	-	-
Pakistan Cables Limited	10	82,475	-	-	42,475	40,000	4,276	5,980	1,704	1.40%	1.41%	0.11
							4,276	5,980	1,704			
Cement												
D.G. Khan Cement Company Limited	10	-	350,000	-	350,000	-	-	-	-	-	-	-
Javedan Corporation Limited	10	961,190	-	-	200,000	761,190	17,127	32,122	14,995	7.54%	7.55%	0.24
Maple Leaf Cement Factory Limited	10	-	184,415	-	184,415	-	-	-	-	-	-	-
							17,127	32,122	14,995			
Chemical												
Biafo Industries Limited	10	300	-	-	300	-	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	10	-	310,000	-	310,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited (note 6.1.1)	10	-	5,500,000	-	1,350,000	4,150,000	62,481	64,076	1,595	15.05%	15.06%	0.27
							62,481	64,076	1,595			
Commercial Banks												
Banklslami Pakistan Limited	10	1,815,300	-	-	815,000	1,000,300	7,562	11,243	3,681	2.64%	2.64%	0.09
Meezan bank limited	10	100,000	-	10,000	110,000	-	-	-	-	-	-	-
							7,562	11,243	3,681			
Engineering												
Crescent Steel & Allied Products Limited	10	20,000	-	-	-	20,000	910	1,680	770	0.39%	0.39%	0.03
International Industries Limited (note 6.1.3)	10	35,000	456,000	-	331,000	160,000	29,660	33,763	4,103	7.93%	7.94%	0.12
International Steels Limited	10	-	571,213	-	90,000	481,213	45,217	44,950	(267)	10.56%	10.57%	0.11
							75,787	80,393	4,606			
Fertilizer												
Engro Corporation Limited	10	-	70,122	-	20,122	50,000	15,721	14,731	(990)	3.46%	3.46%	0.01
Food & Personal Care Products												
Al Shaheer Corporation Limited	10	1,980,833	3,377,000	1,075,136	3,732,500	2,700,499	37,708	53,821	16,113	12.64%	12.65%	0.90
Al-Tahur Limited	10	-	160,000	-	160,000	-	-	-	-	-	-	-
							37,708	53,821	16,113			
Oil & Gas Exploration Companies												
Pakistan Petroleum Limited	10	-	40,000	-	-	40,000	3,439	3,473	34	0.82%	0.82%	0.00
Pakistan Oilfields limited	10	-	25,000		25,000	-	-	-	-	-	-	-
							3,439	3,473	34			
OIL & Gas Marketing Companies												
Pakistan State Oil Company Limited	10	-	140,000	-	140,000	-	-	-	-	-	-	-
Paper & Board												
Pakistan Paper Products Limited	10	666	-	-	-	666	51	60	9	0.01%	0.01%	0.01
Power Generation & Distribution												
K-Electric Limited	3.5	743,000	-	-	-	743,000	2,236	3,106	870	0.73%	0.73%	0.00
Hub Power Company Limited (note 6.1.2)	10	19,500	804,500	-	24,000	800,000	65,110	63,736	(1,374)	14.97%	14.98%	0.06
							67,346	66,842	(504)			
Refinery												
Attock Refinery Limited	10	58,000	15,000	-	73,000	-	-	-	-	0.00%	-	-
BYCO Petroleum Limited	10	-	6,555,000		1,705,000	4,850,000	49,947	56,308	6,361	13.23%	13.24%	0.09
National Refinery Limited	10	108,000	75,000	-	183,000	-	-	-	-	-	-	-
							49,947	56,308	6,361			
Sugar & Allied Industries												
The Premier Sugar Mills Limited	10	-	2,800	-	-	2,800	1,537	1,084	(453)	0.25%	0.25%	0.07
Technology and Communication												
Pakistan Telecommunication Company Limited	10	1,100,000	15,500	-	365,500	750,000	6,663	8,880	2,217	2.09%	2.09%	0.02
Textile Composite												
Interloop Limited	10	-	539,000	-	539,000	-	-	-	-	-	-	-
Nishat Mills Limited	10	60,000	85,000	-	35,000	110,000	10,647	10,263	(384)	2.41%	2.41%	0.03
							10,647	10,263	(384)			
Vanaspati & Allied Industries												
Punjab Oil Mills Limited	10	6,200	-	-	-	6,200	986	1,550	564	0.36%	0.36%	0.12
Total as at June 30, 2021							376,063	425,744	49,681			
Total as at June 30, 2020							145,165	125,261	(19,904)			

6.1.1 The exposure limit of investment in a single company as percentage of net assets exceeded by 0.06% against the prescribed limit of 15% of the total net assets as required under section 55(6) of NBFC Regulations.

6.1.2 This includes 300,000 shares pledged with National Clearing Company of Pakistan (NCCPL) as collateral against margin.

6.1.3 This includes 50,000 shares pledged with National Clearing Company of Pakistan (NCCPL) as collateral against margin.

	Note	2021	2020
		--------- (Rupees in '000) --------	

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

	Note	2021	2020
Market value of investments	6.1	**425,744**	125,261
Carrying amount of investments	6.1	**(376,063)**	(145,165)
		49,681	(19,904)

7. DEPOSITS AND PREPAYMENTS

		2021	2020
Security deposits with			
- National Clearing Company of Pakistan Limited		**2,500**	2,500
- Central Depository Company of Pakistan Limited		**100**	100
Prepaid Shariah Advisor fee		**217**	105
		2,817	2,705

8. PRELIMINARY EXPENSES AND FLOATATION COST

	Note	2021	2020
Cost		**1,024**	1,024
Accumulated amortisation			
Opening balance	8.1	**(483)**	(278)
Amortised during the year		**(205)**	(205)
Closing balance		**(688)**	(483)
		336	541

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortized 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	2021	2020
		--------- (Rupees in '000) --------	

9. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2021	2020
Management fee	9.1	**668**	211
Sindh sales tax on management fee	9.2	**87**	27
Expenses allocated by the Management Company	9.3	**117**	11
Formation cost		**541**	746
Sales load payable		**129**	-
		1,542	995

9.1 The Management Company has charged remuneration at the rate of 2% of daily average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

9.2 Sindh sales tax on services at the rate of 13% (2020: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

9.3 The Management Company has charged expenses at the rate of 0.1% per annum of the daily average annual net assets of the Fund.

10. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE

	Note	2021	2020
		--------- (Rupees in '000) --------	
Trustee fee	10.1	**40**	13
Sindh sales tax on trustee fee	10.2	**5**	2
		45	15

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 anum 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 anum of the amount exceeding Rs. 5,000 million

10.2 Sindh sales tax at the rate of 13% (2020: 13%) on gross value of trustee fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	2021	2020
		--------- (Rupees in '000) --------	
Annual fee payable to SECP	11.1	**58**	26

11.1 All Collective Investment Schemes are required to pay annual fee at an amount equal to 0.02% of the daily average annual net assets of the scheme. The fee is payable annually in arrears.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2021	2020
		--------- (Rupees in '000) --------	
Brokerage payable		**507**	54
Auditor's remuneration		**173**	140
Printing charges payable		**150**	150
Charity payable		**725**	610
Credit rating fee payable		**132**	172
Withholding tax payable		**775**	-
Provision for Sindh Workers' Welfare Fund	12.1	**2,263**	-
Others		**166**	40
		4,891	1,166

12.1 As per industry practice and upon recommendation of MUFAP regarding recording of SWWF considering the Mutual Fund as Financial Institution, the Fund has recorded provision for the year amounting to Rs. 2.263 million.

Had the provision against SWWF not been made, the net assets value per unit would have been higher by Re. 0.2649 per unit.

However, subsequent to the year ended June 30, 2021, Sindh Revenue Board (SRB) through its letter dated August 12, 2021 to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the SWWF Act, 2014 and are therefore, subject to SWWF charge whereas the Mutual Fundsmanaged by those AMCs do not qualify as "Financial Institutions" as per SWWF Act, 2014 and are therefore, not liable to pay SWWF contributions. The development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies. in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

14. NUMBER OF UNITS IN ISSUE

	2021	2020
	---------- Number of units ----------	
Opening units in issue	**4,246,230**	3,896,474
Units issued during the year	**23,025,574**	1,337,533
Less: Units redeemed	**18,729,902**	987,777
Total units in issue at the end of the year	**8,541,902**	4,246,230

15. AUDITOR'S REMUNERATION

	2021	2020
	--------- (Rupees in '000) --------	
Annual audit fee	**100**	100
Half yearly fee	**50**	50
Other certification	**20**	20
Income certification	**30**	-
Out of pocket	**15**	15
	215	185
Sindh sales tax on services	**17**	15
	232	200

16. 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 to the unit holders in cash. However, there is no income of the fund if reduced by capital gains, therefore there is no distribution for the year ended. Accordingly, no provision for current tax has been made in these financial statements. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

17. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

18. TOTAL EXPENSE RATIC

The total expense ratio of the Fund is 4.96% (2020: 3.86%) and this includes 1.20% (2020: 0.42%) representing Government levy and SECP fee. This ratio is within the maximum limit of 4.5% (2020: 4.5%) prescribed under the NBFC Regulations for a collective investment scheme categorised as a " Shariah Compliant Equity Scheme".

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, the Trustee, AKD Securities Limited, directors, officers, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations, 2008 and Constitutive documents of the Fund.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2021	2020
	--------- (Rupees in '000) --------	
19.1 Details of transactions with related parties / connected persons during the year:		
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	**5,807**	2,637
Sindh sales tax on Management Company	**755**	343
Expenses allocated by the Management Company	**1,016**	132
Sales load	**571**	31
Payment against formation cost	**205**	205
MCB Financial Services Limited - Trustee		
Trustee remuneration	**348**	158
Sindh sales tax on trustee remuneration	**45**	21
AKD Opportunity Fund (AKDOF) - Common Management Company		
Shares purchased from AKDOF	**78,666**	-
Shares sold to AKDOF	-	277
Golden Arrow Stock Fund (GASF) - Common Management Company		
Shares purchased from GASF	**47,519**	-
AKD Investment Management Limited - Staff Provident Fund		
Issue of Nil (2020: 77,370) units	-	2,875
Redemption of 38,082 (2020: 160,525) units	**1,742**	5,900
AKD Securities Limited - Brokerage		
Brokerage	**390**	10
Shares sold to AKD Securities Limited	**4,600**	-
Spouse of the Chief Executive Officer of the Management Company		
Issue of 173,755 (2020: 396,503) units	**8,000**	10,978
Redemption of Nil (2020: 396,503) units	-	11,592
Muhammad Yaqoob - Chief Operating Officer and Company Secretary of the Management Company		
Issue of 10,646 units (2020: Nil)	**450**	-

	2021	2020
	--------- (Rupees in '000) --------	
Saim Mustafa Zuberi - Director of the Management Company		
Redemption of Nil (2020: 10,078) units	-	308
Hina Aqeel - Close family member of the chairman of the Group		
Issue of 10,600 (2020: Nil) units	400	-
Afsheen Aqeel Dhedhi- Close family member of the Chairman of the Group		
Redemption of Nil (2020: 21,316) units	-	768
Anum Dhedhi - Chief Investment Officer and Director of the Management Company		
Issue of 10,657 (2020: Nil) units	400	-
Carrow Michael - Key Management Personnel of the Management Company		
Issue of 196 (2020: Nil) units	10	-
Connected party due to more than 10% holding		
Mustafa Shahid**		
Issue of 8,525,388 units (2020: Nil)	362,816	-
Redemption of 7,660,929 units (2020: Nil)	328,611	-
Nargis Shahid Soorty**		
Issue of 871,254 units (2020: Nil)	45,000	-

19.2 Balances outstanding at the year end

	2021	2020
AKD Investment Management Limited - Management Company		
Remuneration payable	668	211
Sindh sales tax on Management Remuneration	87	27
Expenses allocated by the Management Company	117	11
Payable against formation cost	541	746
Sales load payable	129	-
MCB Financial Services Limited - Trustee		
Remuneration payable	40	13
Sindh sales tax on trustee remuneration payable	5	2
AKD Securities Limited - Brokerage		
Brokerage payable	170	11
AKD Investment Management Limited - Staff Provident Fund		
Outstanding Nil (2020: 38,082) units	-	1,139
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Outstanding 200,000 (2020: 200,000) units	9,959	5,892
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 30,000 (2020: 30,000) units	1,494	897

	2021	2020
	--------- (Rupees in '000) --------	
Hina Aqeel - Close family member of the Chairman of the Group		
Outstanding 53,233 (2020: 42,632) units	**2,651**	1,275
Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
Outstanding 100,314 (2020: 89,657) units	**4,995**	2,682
Yasmeen Dhedhi - Close family member of the Chairman of the Group		
Outstanding 20,000 (2020: 20,000) units	**996**	598
Muhammad Yaqoob - Chief Operating Officer and Company Secretary of the Management Company		
Outstanding 10,646 (2020: Nil) units	**530**	-
Sehr Imran Motiwala - Spouse - CEO of the Management Company		
Outstanding 173,755 (2020: Nil) units	**8,652**	-
Carrow Michael - Key Management Personnel of the Management Company		
Outstanding 196 (2020: Nil) units	**10**	-
Toqir Hussain - Key Management Personnel of the Management Company		
Outstanding 600 (2020: 600) units	**30**	18
Hamdard Laboratories (Waqf) Pakistan* - Connected person due to more than 10% holding		
Outstanding Nil (2020: 1,451,998) units	**-**	43,432
Connected party - due to more than 10% holding		
Mustafa Shahid**		
Outstanding 864,459 (2020: Nil) units	**43,047**	-
Nargis Shahid Soorty**		
Outstanding 871,254 (2020: Nil) units	**43,386**	-

** Current period connected party, prior period figures not shown.
* Prior period connected party, current period figures not shown.

20. FINANCIAL INSTRUMENTS BY CATEGORY

All the financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Financial assets	2021	2020
	--------- (Rupees in '000) --------	
At fair value thorugh profit or loss		
Investments	**425,744**	125,261
At amortised cost		
Bank balances	**13,092**	664
Dividend and profit receivable on bank deposits	**767**	43
Deposits	**2,600**	2,600
	442,203	128,568

	2021	2020
	--------- (Rupees in '000) --------	
Financial liabilities		
At amortised cost		
Payable to AKD Investment Management Limited - Management Company	1,455	968
Payable to MCB Financial Services Limited - Trustee	40	13
Accrued expenses and other liabilities	1,853	1,166
Payable against purchase of securities	10,860	-
	14,208	2,147

21. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate and other price risk), credit risk and liquidity risk. Risks of the Fund are being managed by the Management Company in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of above mentioned risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's financial assets primarily comprise of balances with banks and investment in equity securities classified at 'fair value through profit or loss'. The Fund also has dividend, profit receivable on bank deposit and prepayments and deposits. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee and accrued and other liabilities.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, profit rate risk and other price risk.

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

21.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2021, the Fund is exposed to fair value profit rate risk on its bank balances.

a) **Sensitivity analysis for variable rate instruments**

At the reporting date, the Fund has balances in saving accounts on which profit rate ranges between 5% to 6% that could expose the Fund to cash flow profit rate risk. The net income for the year would have increased / (decreased) by Rs. 0.131 million (2020: Rs.0.007 million) had the profit rates on saving accounts with the banks increased / (decreased) by 100 basis points.

b) **Sensitivity analysis for fixed rate instruments**

At the reporting date, the Fund does not hold any fixed rate instruments that could expose the Fund to fair value profit rate risk.

Exposure to profit rate risk and maturity

Profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at June 30, 2021

Particulars	Effective profit rate	Exposed to profit rate risk			Not exposed to profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets at fair value through profit or loss						
Investments		-	-	-	425,744	425,744
Financial assets at amortised cost						
Bank balances	5	13,092	-	-	-	13,092
Dividend and profit receivable on bank		-	-	-	767	767
Deposits		-	-	-	2,600	2,600
		13,092	-	-	3,367	16,459
Sub total		13,092	-	-	429,111	442,203
Financial liabilities at amortised cost						
Payable to AKD Investment Management Limited - Management Company		-	-	-	1,455	1,455
Payable to MCB Financial Services Limited - Trustee		-	-	-	40	40
Payable against purchase of securities		-	-	-	10,860	10,860
Accrued expenses and other liabilities		-	-	-	1,853	1,853
Sub total		-	-	-	14,208	14,208
On-balance sheet gap		13,092	-	-	414,903	427,995
Total profit rate sensitivity gap		13,092	-	-	414,903	
Cumulative profit rate sentitvity gap		13,092	-	-	414,903	

As at June 30, 2020

Particulars	Effective profit rate	Exposed to profit rate risk			Not exposed to profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets at fair value through profit or loss						
Investments		-	-	-	125,261	125,261
Financial assets at amortised cost						
Bank balances	5 to 6	664	-	-	-	664
Dividend and profit receivable on bank deposits		-	-	-	43	43
Deposits		-	-	-	2,600	2,600
		664	-	-	2,643	3,307
Sub total		664	-	-	127,904	128,568

As at June 30, 2020

Particulars	Effective profit rate	Exposed to profit rate risk: Upto three months	More than three months and upto one year	More than one year	Not exposed to profit rate risk	Total
	%	---------- (Rupees in '000) ----------				
Financial liabilities at amortised cost						
Payable to AKD Investment Management Limited - Management Company		-	-	-	968	968
Payable to MCB Financial Services Limited - Trustee		-	-	-	13	13
Accrued expenses and other liabilities		-	-	-	1,165	1,165
Payable against purchase of securities		-	-	-	-	-
Sub total		-	-	-	2,146	2,146
On-balance sheet gap		664	-	-	125,758	126,422
Total profit rate sensitivity gap		664	-	-	125,758	
Cumulative profit rate sentitvity gap		664	-	-	125,758	

21.1.3 Price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk), whether caused by factor specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments are concentrated in the sectors given in note 6.1

At June 30, 2021, the fair value of equity securities exposed to price risk is disclosed in note 6.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each reporting date, with all other variables held constant.

	June 30, 2021	June 30, 2020
	---------- (Rupees) ----------	
Effect due to increase / decrease in index		
Investment and net assets	**21,287**	6,263
Income statement	**21,287**	6,263

21.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable (if any) on equity securities.

Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the Regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any collateral as at June 30, 2021 and June 30, 2020 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	(Rupees in '000)			
Balances with banks	13,092	13,092	664	664
Dividend and profit receivable on bank deposits	167	167	6	6
Deposits	2,600	2,600	2,600	2,600
	15,859	15,859	3,270	3,270

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2021.

Bank balances by rating category	Rating Agency	2021		2020	
		Rupees in '000	%	Rupees in '000	%
A+ / A1	PACRA	13,078	100%	626	94%
Suspended	VIS	14	0%	13	2%
A+	VIS	-	0%	25	4%
		13,092	100%	664	100%
Profit receivable on bank deposits					
A+ / A1	PACRA	167	100%	6	100%

Above ratings are on the basis of latest available ratings at June 30, 2021 assigned by PACRA and VIS Credit Rating Company Limited.

Balance with bank is assessed to have low credit risk of default since the banks are highly regulated by the State Bank of Pakistan. Accordingly, management of the Fund estimates that loss allowance on balance with banks at the end of the reporting period at an amount equal to 12 month Expected Credit Loss (ECL). None of the balance with banks at the end of the reporting period is past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Fund have assessed that there is no impairment, and hence have not recorded any loss allowance on this balance.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in equity securities which are diversified and relate to various sectors. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2021				
	Within one month	Over one to three months	Over three to twelve months	Over one to five years	Total
	(Rupees in '000)				
Financial liabilities (excluding unit holders fund)					
Payable to AKD Investment Management Limited - Management Company	914	-	-	541	1,455
Payable to MCB Financial Services Limited - Trustee	40	-	-	-	40
Accrued expenses and other liabilities	1,853	-	-	-	1,853
	2,807	-	-	541	3,348

	As at June 30, 2020				
	Within one month	Over one to three months	Over three to twelve months	Over one to five years	Total
	(Rupees in '000)				
Financial liabilities (excluding unit holders fund)					
Payable to AKD Investment Management Limited - Management Company	222	-	-	746	968
Payable to MCB Financial Services Limited - Trustee	13	-	-	-	13
Accrued expenses and other liabilities	1,165	-	-	-	1,165
	1,400	-	-	746	2,146

22. UNIT HOLDERS' FUND (UHF) RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors of the Management Company is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

23. 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 different from book value as these are short term in nature.

The following table shows financial instruments recognised 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).

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Assets				
Investment in securities - at fair value through profit or loss				
Listed equity securities	**425,744**	**-**	**-**	**425,744**

	2020			
	Level 1	Level 2	Level 3	Total
Assets	(Rupees in '000)			
Investment in securities - at fair value through profit or loss	125,261	-	-	125,261

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

24. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

		June 30, 2021 (Percentage)
1	AKD Securities Limited	22.33%
2	Investment Managers Securities (Private) Limited	21.05%
3	AKIK Capital (Private) Limited	8.95%
4	DJM Securities Limited	7.91%
5	FDM Capital Securities (Private) Limited	6.87%
6	AI Securities (Private) Limited	6.26%
7	Creative Capital Securities (Private) Limited	4.82%
8	Habib Metropolitan Financial Services Limited	3.70%
9	First Equity Modarba	3.68%
10	Next Capital Limited	2.87%

		June 30, 2020 (Percentage)
1	DJM Securities Limited	24.95%
2	Investment Managers Securities (Private) Limited	16.43%
3	Next Capital Limited	15.34%
4	Habib Metropolitan Financial Services Limited	8.13%
5	Tauras Securities Limited	7.21%
6	Sherman Securities (Private) Limited	7.17%
7	Fortune Securities Limited	6.58%
8	AKD Securities Limited	5.39%
9	Vector Securities (Private) Limited	4.40%
10	FDM Capital Securities (Private) Limited	1.52%

25. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2021 are as follows:

S.No	Name	Designation	Qualification	Experience in years
1	Mr. Imran Motiwala	Chief Executive Officer	B.Sc. (Marketing)	28
2	Mr. Muhammad Yaqoob	Chief Operating Officer and Company Secretary	MBA (Finance), CFA Charterholder	17
3	Ms. Anum Dhedhi	Chief Investment Officer	B.Sc. (Financial Economics)	10
4	Sheikh Usman Haroon	Risk Manager	ACCA, CFA Level III Passed	7
5	Mr. Bilal Shuja Zaidi	Investment Analyst	BS (Accounting & Finance), CFA Level III Passed	3
6	Mr. Danish Aslam	Fund Manager	BS (Accounting & Finance), CFA Level I Passed	3
7	Mr. Ajay Kumar	Fund Manager	MBA (Finance), CFA Charterholder	6

Mr. Ajay Kumar is the Manager of the Fund. He is also managing AKD Index Tracker Fund.

26. PATTERN OF UNIT HOLDING

As at June 30, 2021

	Unit Holders	Number of units held	Percentage investment
			%
Individuals	393	6,027,939	70.57%
Directors	1	100,314	1.17%
Retirement Funds	6	1,297,683	15.19%
Insurance companies	2	840,828	9.84%
Others	3	275,138	3.22%
	405	8,541,902	100.00%

As at June 30, 2020

	Unit Holders	Number of units held	Percentage investment
			%
Individuals	269	1,485,054	34.97%
Directors	1	89,657	2.11%
Retirement Funds	5	377,128	8.88%
Corporates	2	159,794	3.76%
Insurance companies	2	374,817	8.83%
Others	5	1,759,780	41.44%
	284	4,246,230	100.00%

27. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year 85th, 86th, 87th and 88th board meetings were held on September 30, 2020, October 29, 2020, February 25, 2021 and April 30, 2021 respectively. Information in respect of attendance by Directors in these meetings is given below :

S.No.	Name of Director	Number of Meetings Held	Attended	Leave granted	Meetings not attended
1	Mr. Abdul Karim	4	4	-	-
2	Mr. Imran Motiwala	4	4	-	-
3	Ms. Anum Dhedhi	4	3	1	86th
4	Mr. Saim Mustafa Zuberi	4	3	1	86th
5	Mr. Ali Wahab Siddiqui	4	4	-	-
6	Mr. Hasan Ahmed	4	4	-	-
7	Ms. Aysha Ahmed	4	4	-	-

28. GENERAL

28.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

28.2 Comparative figures have been reclassified where necessary for better presentation and comparison.

29. DATE OF AUTHORISATION FOR ISSUE

29 SEP 2021

These financial statements were authorised for issue on ________________ by the Board of Directors of the Management Company.

For AKD Investment Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

AKD ISLAMIC STOCK FUND
PERFORMANCE TABLE

	2021	2020	2019
Total net assets value (Rs '000)	425,360	127,012	135,602
Net assets value per unit - (Rs)	49.7969	29.9117	34.8012
Selling price as at June 30 (Rs)	51.2907	30.8089	35.8453
Repurchase price as at June 30 (Rs)	49.7969	29.9117	34.8012
Highest selling price (Rs)	53.1992	43.5405	49.9820
Lowest selling price (Rs)	31.3689	25.9605	34.8048
HIghest repurchase price (Rs)	51.6497	42.2723	48.5262
Lowest repurchase price (Rs)	30.4552	25.2044	33.7911
Return of the Fund			
- capital growth (Rs '000)	298,348	(8,590)	(80,089)
- income distribution (including refund of capital) (Rs '000)	-	-	-
Distribution per unit			
Interim	-	-	-
Final	-	-	-
Average Annual Return			
- Last one year	66.48	-14.05	-25.95
- Last two year	19.62	-20.22	-16.54
- Last three year	1.95	-15.72	

Note: The portfolio composition of the fund has been disclosed in note 6 to the financial statements.
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

AKD Islamic Stock Fund
Proxy details issued by Fund
For the year ended June 30, 2021

As per the requirement of Non-Banking Finance Companies and Notified Entities Regulations, 2008, The Board of Directors of AKD Investment Management Limited (the Management Company of the Fund) has formulated Proxy Voting Policy, which is available on Management Company's website (www.akdinvestment.com).

During the year, the Management Company on behalf of the Fund has not participated in any shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

AKDISSF	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	0	0	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of the Fund will be provided to the unit holders without any charges upon request.

AKD Investment
Management Ltd.

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U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

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Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:
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Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:
Plaza # 250, 2nd Floor,Phase IV,
Block-FF, D.H.A.,Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
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