

# ANNUAL REPORT 2023



Funds Managed by:  
AKD Investment Management Ltd

**Partner with AKD**  
Profit form the Experience

## **CORPORATE INFORMATION**

### **MANAGEMENT COMPANY**

AKD Investment Management Limited  
216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000.

### **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

#### **Chairman**

Mr. Abdul Karim

#### **Chief Executive Officer**

Mr. Imran Motiwala

#### **Director(s)**

Ms. Anum Dhedhi

Ms. Aysha Ahmed

Mr. Ali Wahab Siddiqi

Mr. Hasan Ahmed

Mr. Abid Hussain\*

Mr. Saim Mustafa Zuberi\*\*

\* Appointed on May 22, 2023 in place of Mr. Saim Mustafa Zuberi

\*\* Resigned on February 21, 2023

### **CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY**

Mr. Muhammad Yaqoob Sultan, CFA

### **CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY**

Mr. Muhammad Munir Abdullah

### **HEAD OF INERNAT AUDIT OF THE MANAGEMENT COMPANY**

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW)

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

Mr. Ali Wahab Siddiqui (Chairman)

Mr. Hasan Ahmed (Member)

Ms. Tayyaba Masoom Ali, ACA (ICAP & ICAEW) (Secretary)

### **HUMAN RESOURCE AND REMUNERATION (HR & R) AND NOMINATION COMMITTEE**

Ms. Aysha Ahmed (Chairperson)

Mr. Abdul Karim (Member)

Mr. Imran Motiwala (Member)

Ms. Anum Dhedhi (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

- » Keep primary focus on investing clients' interest
- » Achieve highest standards of regulatory compliance and good governance
- » Prioritize risk management while endeavouring 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 leading 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), AKD Index Tracker Fund (AKDITF), AKD Islamic Stock Fund (AKDISSF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Daily Dividend Fund (AKDIDDF) is pleased to present its annual report along with the Funds' audited Financial Statements for the year ended June 30, 2023.

### **FUNDS' FINANCIAL PERFORMANCE**

#### **AKD Opportunity Fund (AKDOF)**

For the FY23, the return of AKD Opportunity Fund stood at -12.03% compared to the benchmark KSE-100 Index return of -0.21%.

#### **Golden Arrow Stock Fund (GASF)**

For the FY23, the return of Golden Arrow Stock Fund stood at -10.37% compared to the benchmark KSE-100 Index return of -0.21%.

#### **AKD Islamic Stock Fund (AKDISSF)**

For the FY23, the return of AKD Islamic Stock Fund stood at -17.92% compared to the benchmark KMI-30 Index return of 2.88%.

#### **AKD Index Tracker Fund (AKDITF)**

For the FY23, the return of AKD Index Tracker Fund stood at -1.10% compared to the benchmark KSE-100 Index return of -0.21%.

#### **AKD Cash Fund (AKDCF)**

For the FY23, the return of AKD Cash Fund stood at 17.24% compared to the benchmark return of 17.02%.

Distribution for the year ended June 30, 2023:

The Board of Directors approved a final distribution (including refund of element) of Rs 0.1933 per unit. This is in addition to interim distribution (including refund of element) of Rs. 8.1929 per unit approved by the Chief Executive under authority granted by the Board of Directors of the Management Company during the year.

#### **AKD Islamic Income Fund (AKDISIF)**

For the FY23, the return of AKD Islamic Income Fund stood at 17.65% compared to the benchmark return of 6.06%.

Distribution for the year ended June 30, 2023:

The Board of Directors approved a final distribution (including refund of element) of Rs 0.0747 per unit. This is in addition to interim distribution (including refund of element) of Rs. 8.5912 per unit approved by the Chief Executive under authority granted by the Board of Directors of the Management Company during the year.

#### **AKD Aggressive Income Fund (AKDAIF)**

For the FY23, the return of AKD Aggressive Income Fund stood at 2.16% as compared to the benchmark return of 18.60%.

Distribution for the year ended June 30, 2023:

The Board of Directors approved a final distribution (including refund of element) of Rs 0.1690 per unit. This is in addition to interim distribution (including refund of element) of Rs. 0.9275 per unit approved by the Chief Executive under authority granted by the Board of Directors of the Management Company during the year.

#### **AKD Islamic Daily Dividend Fund (AKDIDDF)**

Since the inception of the fund i.e. February 17, 2023, the annualized return of AKD Islamic Daily Dividend Fund stood at 17.60% as compared to the benchmark return of 6.62%.

Distribution for the year ended June 30, 2023:

The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs. 3.1338 per unit to the unit holders during the year ended June 30, 2023.

### **MACRO PERSPECTIVE**

Over the past year, Pakistan's economy went through a major economic crisis perhaps the worst since independence that led to an unprecedented increase in interest rates and inflation, recording new records in all fronts. The crisis stemmed from the start of the Russia-Ukraine war in February 2022 after which the international commodities prices sharply moved up and coupled with unsustainable global debt levels a number of developing country economies were in complete tail spin. Pakistan was no exception being a net importing country dependent for key essentials like oil, widening deficits of both the current and fiscal account was imminent as the local currency went into free fall and foreign reserves eroded. Hence, to contain the widening Current Account Deficit, the Government had to impose major import restrictions. Through the timely administrative measures adopted by the Government, Pakistan managed to circumnavigate the most difficult economic situation in the Country's history, averting a sovereign default and securing a nine-month Standby Arrangement of US\$3bn with the IMF.

The SBP has proactively focused on restricting the demand growth by adopting monetary contraction through rate increases since June 2020 (*interest rates at 7%*) while the incumbent government resorted to Fiscal tools such as increasing existing taxes along with introducing new ones. In FY23 alone, the SBP

increased the interest rates by 825bps to 22%. Additionally, key conditions of the IMF Program asking for removal of subsidies led to hikes in all utility prices across the board adding inflationary pressures further and higher unemployment. However, the fruits of these politically difficult policies have already started to reflect in demand contraction with most high frequency indicators (*Cement, Auto and POL product sales*). Another important measure that the government took to compress demand was to allow the “Free Float” of the currency, which notably led to a sharp depreciation of the Pak Rupees and naturally contained imports, supported exports and home remittances.

The Current Account Surplus for the month of June 2023 clocked in at USD 334 million, from a Current Account Surplus of USD 220 million (revised) in May 2023 taking the FY23 CAD to USD 2.56 billion (-0.7% of GDP) against USD 17.48 billion (-4.7% of GDP), down -85% YoY during the same period last year primarily due to decline in imports as the Government’s initiatives to stabilize the economy were visibly bearing fruit.

The Government’s resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.48 billion through Roshan Digital Accounts (RDA) with more than 590,000 accounts till July 2023.

Moreover, the FBR collected revenues worth PKR 7.17 trillion during FY23 against the target of 7.64 trillion missing the target by PKR 496 billion despite the imposition of nearly PKR 800 billion additional taxes due to a steep decline in imports and an overall slowdown of the economy.

During FY23, the external account remained a major cause of concern as Pakistan’s liquid foreign exchange reserves decreased by USD 5.70 billion on the back of debt servicing primarily. As of June 30, 2023, the Country’s liquid foreign exchange reserves stood at USD 9.75 billion (*SBP reserves USD 4.46 billion*).

The new IMF program will provide a policy framework to bring power sector reforms in the country along with the SOE governance. This program will support Pakistan in obtaining additional funds from its bilateral partners which is extremely essential in a period of low FX reserves and high debt servicing. The exchange rate is likely to appreciate in the short term due to speculative activity; however, will remain under depreciative pressure till sizeable foreign inflows do not materialize.

The NCPI during the month of August 2023 clocked in at 27.38% YoY as compared to 29.40% YoY in July 2023. This took the 2MFY24 average NCPI to 27.84% compared to 26.10% during the SPLY. The main contributors to the increase in inflation are Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.21% MoM / 6.25% YoY because of the increasing fuel and utility prices and exchange devaluation. Furthermore, food inflation came lower than expected which caused the decline in inflation as noticed by the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 0.23% MoM / 38.51% YoY.

The Large Scale Manufacturing (LSMI) sector, which accounts for about 80% of the country's industrial output, shrank for the 12th consecutive month in June, by 14.96 percent YoY, leading to contract by 10.26% in FY23 as almost all major industries reported substantial declines. Without say, the fallout of the restrictive measures undertaken by the central bank and the government to contain the current account deficit notably weighed heavily on the industry.

## **EQUITY MARKET REVIEW**

The Equity market, despite closing in flat at 41,452.68 level, decreasing 88 points (-0.21% YoY) remained extremely volatile during the year with excitement over letter of intent from IMF, financial support from KSA, UAE and other bilateral partners, strong corporate results, appointment of the new Chief of Army Staff and the long-awaited Federal Budget FY23. The market also witnessed anxious moments with flash floods that contributed to loss of USD 30 billion, monetary tightening, unprecedented inflation and prolonged political uncertainty investors had very little to celebrate this past year.

During FY23, investor participation declined as volumes contracted by 34% YoY to 190.82 million shares from 291.47 million shares recorded during last year. Surprisingly, after five consecutive years of outflows, foreigners were net buyers in FY23 with USD 1.53 million. Foreigner's interest was majorly caught in Technology and Communication (*USD 43.30 million*) and Oil and Gas Exploration Companies (*USD 27.42 million*).

The sectors that performed during FY23 are Chemical (15.74%), Cement (8.00%), Synthetic & Rayon (40.34%), Investment Banks/Companies (8.16%), and Sugar & Allied Industries (13.00%). While the sectors that kept the bulls in check are Commercial Banks (-9.81%), Pharmaceuticals (-40.36%), Automobile Assembler (-25.67%), Tobacco (-26.18%), and Oil & Gas Exploration Companies (-6.54%). On the local front, major selling was witnessed in Mutual Funds (*USD 144.49 million*) and Insurance Companies (*USD 124.31 million*) as panic swayed away local investors to safer havens and fixed income given that interest rates are almost at record highs.

On a 10Y period, the KSE - 100 index yielded an annualized return of 7.03% (-3.68% annualized in USD terms). The persistent decline in the local currency against the US Dollar has kept foreign investors at bay despite extremely compelling valuations. While foreigners have been on the sell side for several years now; frontier market investors are likely to turn net buyers given the unprecedented currency adjustment and cheap valuations provided that Pakistan implement key economic and policy reforms.

We remain positive towards equities based on the premise that i) holding Cash for real value would not be possible given high inflation and currency devaluation, ii) real value over the long term can only be secured in inflation hedged assets such as Real Estate, Gold or Equity, iii) we believe that Gold has rallied significantly over the past several months and is in its consolidation phase while Real Estate being illiquid and capital intensive besides being on the government's radar for taxing, equities plausibly

seems the prime candidate for a long term investment strategy. The index continues to trade at exceedingly attractive multiples with PE and PB of 4.54x and 0.6x with a healthy dividend yield of 10%.

## **FIXED INCOME REVIEW**

During FY23, the State Bank of Pakistan maintained an aggressive monetary tightening stance, steadily increasing the policy rate to an unprecedented historical high of 22.00%. This decisive approach was taken in response to un-abating inflationary pressures, with the average NCPI for FY23 soaring to 29.18%, and the pressing need to fortify the country's deteriorating external account.

The heightened policy rate played a significant role in driving up the rates of government securities, attracting substantial investments into these instruments as investors sought improved returns offered by government debt securities.

Throughout the year, the State Bank of Pakistan conducted a total of twenty-seven (27) Market Treasury Bill (MTB) auctions, where the government managed to raise PKR 25.15 trillion against the auction target of PKR 24.43 trillion. Notably, the weighted average yields for 3, 6, and 12-month MTBs were 18.07%, 18.03%, and 18.07% respectively, up by 791 bps, 748 bps, and 754 bps as compared to 10.16%, 10.54%, and 10.53% during the same period last year.

To further address the need for liquidity, SBP also conducted twelve (12) auctions of fixed-rate Pakistan Investment Bond (PIB) and was successful in raising PKR 1.30 trillion. The weighted average yield for 3, 5, and 10 years PIBs increased by 456 bps, 263 bps, and 191 bps to 15.22%, 13.32%, and 12.94% respectively, as compared to 10.65%, 10.69%, and 11.03% during the same period last year as the yield curve remains inverted.

In the market for Shariah Compliant instruments, the SBP conducted a total of twenty-four (24) auctions of GOP Ijara Sukuk, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR). These auctions successfully raised PKR 870.78 billion against the auction target of PKR 1,620 billion. Furthermore, during the third quarter of this fiscal year, the SBP introduced 1-year and 3-year GOP Ijara Sukuk.

Moreover, the State Bank of Pakistan carried out 134 Open Market Operations (OMOs) with varying maturities, injecting PKR 57.18 trillion into the market at an average cut-off yield of 17.55% and mopped up PKR 6.73 trillion at an average cut-off yield of 17.06%.

Looking ahead to the auction target calendars for August through October 2023, the State Bank of Pakistan aims to raise PKR 8.25 trillion by issuing 3 to 12-month MTBs against the maturing amount of PKR 8.91 trillion. Additionally, the SBP targets to raise PKR 480 billion through 3 to 30-year fixed-rate PIBs and PKR 1,520 billion through 2 to 10-year floating-rate PIBs.

## 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				Attended	Leave
		28-Apr-23	24-Feb-23	28-Oct-22	28-Sep-22		
1	Mr. Abdul Karim	✓	✓	✓	✓	4	0
2	Mr. Imran Motiwala	✓	✓	✓	✓	4	0
3	Ms. Anum Dhedhi	✓	✓	✓	✓	4	0
4	Mr. Saim Mustafa Zuberi*	—	—	✓	✓	2	0
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				Attended	Leave
		28-Apr-23	24-Feb-23	28-Oct-22	28-Sep-22		
1	Mr. Ali Wahab Siddiqui	✓	✓	✓	✓	4	0
2	Mr. Hasan Ahmed	✓	✓	✓	✓	4	0
3	Mr. Saim Mustafa Zuberi*	—	—	✗	✗	0	2

\*Resigned on February 21, 2023

- (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)
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#### AKD ISLAMIC INCOME FUND

1	Imran Motiwala	CEO & Director	58,142	58,142
2	Sehr Imran Motiwala	Spouse - CEO & Director	947,645	947,645
3	Anum Dhedhi	CIO & Director	47	82,504
4	Ameer Arif Dagha	Spouse - CIO & Director	995	282,997
5	Ali Wahab Siddiqui	Director	203,373	-
6	Hasan Ahmed	Director	123	-
7	Muhammad Yaqoob	COO & Company Secretary	7,714	7,863
8	Abdul Rehman Yaqoob	Minor Children - COO &	423	-
9	Ayesha Yaqoob	Minor Children - COO &	423	-
10	Muhammad Amin Yaqoob	Minor Children - COO &	423	-

#### AKD ISLAMIC STOCK FUND

1	Imran Motiwala	CEO & Director	-	2,237
2	Sehr Imran Motiwala	Spouse - CEO & Director	-	22,415
3	Anum Dhedhi	CIO & Director	104,968	104,968

#### AKD OPPORTUNITY FUND

1	Imran Motiwala	CEO & Director	-	36,602
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#### GOLDEN ARROW STOCK FUND

1	Imran Motiwala	CEO & Director	-	1,476,000
2	Muhammad Yaqoob	COO & Company Secretary	-	100,000

### 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: Five
  - 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 June 27, 2023.

## **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)] and 3-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2022 to AKD Opportunity Fund (AKDOF) on February 13, 2023.

### **AKD CASH FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “AA+(f)” (Double A Plus; fund stability rating) for the period ended December 31, 2022 to AKD Cash Fund (AKDCF) on March 8, 2023.

### **AKD AGGRESSIVE INCOME FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “A+(f)” (Single A Plus; fund stability rating) for the period ended December 31, 2022 to AKD Aggressive Income Fund (AKDAIF) on March 8, 2023.

### **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)] and 4-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2022 to Golden Arrow Stock Fund (GASF) on February 13, 2023.

### **AKD ISLAMIC INCOME FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned the stability rating of “AA-(f)” (Double A Minus; fund stability rating) for the period ended December 31, 2022 to AKD Islamic Income Fund (AKDISIF) on March 6, 2023.

### **AKD ISLAMIC STOCK FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 4-Star Performance Ranking in long term [based on performance review of trailing 36 months (3 Year)] and 2-Star Performance Ranking in short term [based on performance review of trailing 12 months (1 Year)] for the period ended December 31, 2022 to AKD Islamic Stock Fund (AKDISSF) on February 13, 2023.

## **AKD ISLAMIC DAILY DIVIDEND FUND**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned initial stability rating of “AA(f)” (Double A; fund stability rating) to AKD Cash Fund (AKDCF) on March 20, 2023.

## **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, AKD Index Tracker Fund, AKD Cash Fund, AKD Aggressive Income Fund and AKD Islamic Daily Dividend Fund and M/s Riaz Ahmad & Company, Chartered Accountants as the statutory auditor for Golden Arrow Stock Fund, AKD Islamic Income Fund and AKD Islamic Stock Fund for the year 2023-2024 as recommended 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**

As we move into FY24, we believe that structural changes and reforms are necessary to turn around the current economic state addressing fiscal imbalances and external vulnerabilities with sustainable stability. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government in the coming year. On the other hand, notably inflation is expected to come off sharply as the high base effect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains worrying.

The Government announced the Finance Bill for FY23-24 on June 9, 2023 with high expectations and in hopes to regain lost political capital amid one of the worst economic conditions on record. The Finance Minister set GDP growth expectations for FY24 at 3.5% compared to 0.29% in FY23 (*provisional*). Moreover, the Average NCPI target for FY24 is 21% and Budget Deficit and Primary Surplus targets have been set at 6.54% and 0.4% of GDP respectively. Lastly, the Ministry of Finance has targeted exports and remittances to clock at USD 30 billion and USD 33 billion, respectively.

The FBR revenue target is set at PKR 9.4 trillion in FY24. Additionally, the Federal Non-tax revenue target has been marked at PKR 2.96 trillion, 83% higher than FY23. The government is expecting total expenditures of PKR 14.48 trillion in FY24 which is 52% higher than FY23. The Federal Public Sector Development Plan seemingly optimistic is set at PKR 950 billion, 67% higher than in the same period last year. The government has set PKR 7.3 trillion for debt servicing in FY24. The expenditure on defense is at PKR 1.8 trillion in FY24, 15% higher than the last year's budget. While the external debt payment in FY24 has been budgeted at USD 22 billion, which is likely to keep the local currency in check and with it economic direction and performance.

Some of the main provisions of the Finance Bill are as follows:

- Increasing salary tax slabs on people earning PKR 200k per month and above
- Increase in maximum allowed Petroleum Development Levy (PDL) by PKR 10 to PKR 60.
- Imposition of 5% FED on Fertilizers
- Rate of tax IT and IT enabled services was changed from 16% to 5% (without input adjustment).
- The rate of advance tax on sale/purchase of immovable property has been increased from 2% to 3%
- Advance tax on motor vehicles having engine capacity more than 2000cc has been based on value ranging from 6% to 10%
- Re-imposition of 10% final withholding tax on issuance of bonus shares by a company (20% for non-ATL).
- The amnesty provided to people bringing FX to purchase property has incidentally also been withdrawn in line with IMF requirements.

We believe that the support from IMF will help subside the default risk that the country was adamantly facing and more importantly play a major confidence boost for the financial markets. The Equity market rallied around 2,446.32 points (5.90%) on July 3, 2023 – single day highest gain in years on the back of this single event, illustrating that the markets believe that the Country has effectively averted an imminent default. However, the ruling government and economic managers will need to be extremely vigilant and pragmatic for sustainable stability and growth as headwinds remain.

Going forward, the key factors that would drive the market direction include IMF's second quarterly review for the USD 3 billion loan facility under the SBA and clarity on the holding of general elections in Pakistan. One of the key challenges that the Government has been struggling with is to bring down the difference between the interbank and open market exchange rate which has now reached ~7% while the IMF believes the deviation needs to be maintained up to 1.25%. Moreover, the Government will also have to implement some strict measures to contain the soaring fiscal deficit and achieve the desired target of primary surplus agreed with the IMF which will bring a new wave of inflation pressures.

While Pakistan faces one of the worst economic crisis in recent history, we believe that equities as an asset class has over discounted itself. The premise of our positive outlook and re-rating of the capital market stems from the likelihood of Pakistan successfully completing the new SBA IMF program which will notably entail a continuity in reforms and fiscal discipline. The index is trading at a PE multiple of

4.54x far below the long-term averages. The dividend yield is attractive at 10% which is the highest in the region and with the last REER recorded at 87.7492 in June 2023 suggesting the currency has room to appreciate will probably justify and attract foreign investment which can also be noted by the recent month's inflows. We believe that the market currently serves as a striking point for investors.

For and on behalf of the board

**Imran Motiwala**  
Chief Executive Officer

**Abdul Karim**  
Chairman

Karachi: September 22, 2023

## FUND INFORMATION

### Golden Arrow Stock Fund



#### Management Company

AKD Investment Management Limited  
216-217, Continental Trade Centre,  
Block 8, Clifton, Karach - 74000

#### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S.  
Main Shahrah-e-Faisal  
Karachi

#### Bankers

Allied Bank Limited  
Habib Metropolitan Bank Limited

#### Auditors

Riaz Ahmad and Company  
Chartered Accountants  
Office No. 5, 20th Floor, Bahria Town Tower  
Block 2, P.E.C.H.S.  
Karachi, Pakistan

#### Legal Advisor

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane -13,  
Bukhari Commercial Area, Phase-VI, DHA,  
Karachi.

#### Registrar(s)

AKD Investment Management Limited  
216-217, Continental Trade Centre,  
Block 8, Clifton, Karach - 74000  
UAN: 111-253-465 (111-AKDIML)  
JWAFFS Registrar Services (Pvt.) Limited  
407-408, Al-Ameera Centre,  
Shahrah-e-Iraq Saddar, Karachi  
Tel: 021-35662023-24

#### Distributor

Financial Investments Mart (Pvt) Ltd.  
Investlink Advisor (Private) Limited.  
Investomate (Private) Limited  
ITMinds Limited.  
YPay Financial Services (Pvt.) Ltd.

#### Rating-GASF

BY PACRA  
Performance Ranking  
LT Rating: 5-Star  
ST Rating: 4-Star

# FUND MANAGER'S REPORT

**i) Description of the Collective Investment Scheme Category and type:**

Open - end Equity Scheme

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

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

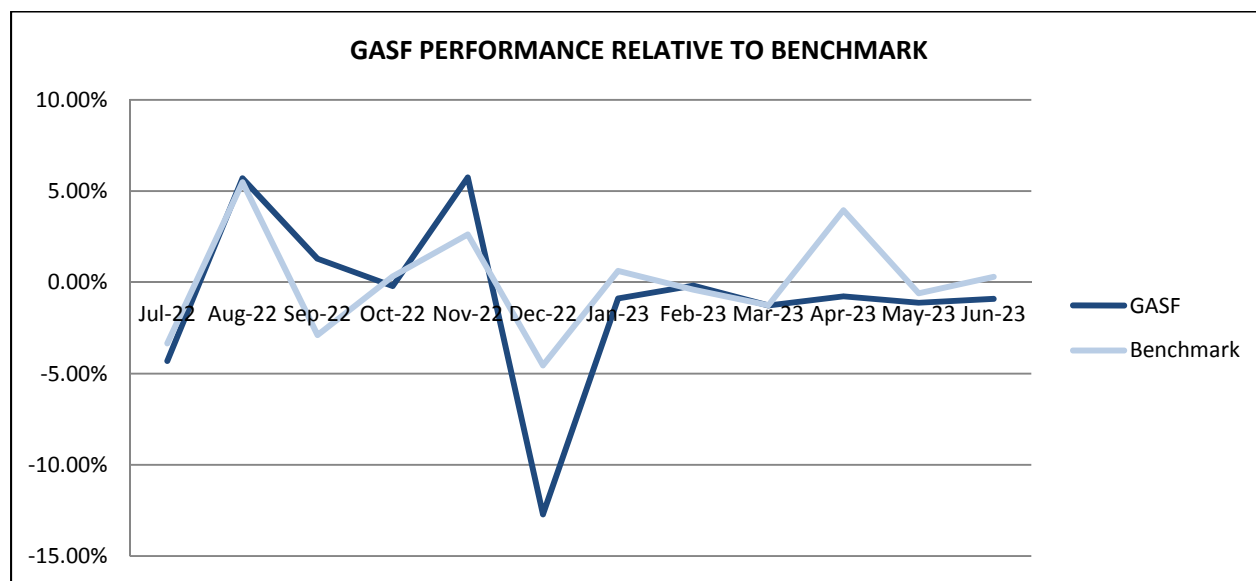
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

For the FY23, the return of Golden Arrow Stock Fund stood at -10.37% compared to the benchmark KSE-100 Index return of -0.21%.

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

KSE – 100 Index.

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



Monthly return	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
<b>GASF</b>	-4.31%	5.70%	1.30%	-0.21%	5.75%	-12.72%	-0.88%	-0.18%	-1.27%	-0.77%	-1.12%	-0.91%
<b>Benchmark</b>	-3.35%	5.48%	-2.89%	0.33%	2.63%	-4.55%	0.62%	-0.40%	-1.26%	3.95%	-0.60%	0.30%

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

Golden Arrow Stock Fund is an Open – end Equity Scheme. The returns of the Fund are generated through investment in value stocks which have strong growth potential.

vii) **Disclosure of Collective Investment Scheme's asset allocation as at the date of report and particulars of significant change in asset allocation:**

Asset Allocation (% of Total Assets)	30-Jun-23	30-Jun-22
Equities	87.05%	96.82%
Cash	3.74%	2.97%
Other Assets including Receivables	9.21%	0.21%

viii) **Analysis of the Collective Investment scheme's Performance:**

FY23 Return	-10.37%
Benchmark Return	-0.21%

ix) **Changes in the total NAV and NAV per share since last reviewed period:**

Net Asset Value			NAV Per Unit	
30-Jun-23	30-Jun-22	Change in Net Assets	30-Jun-23	30-Jun-22
(Rupees in '000)			Rs.	Rs.
1,291,618	1,806,441	-28.50%	12.0312	13.4231

x) **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**

Over the past year, Pakistan's economy went through a major economic crisis perhaps the worst since independence that led to an unprecedented increase in interest rates and inflation, recording new records in all fronts. The crisis stemmed from the start of the Russia-Ukraine war in February 2022 after which the international commodities prices sharply moved up and coupled with unsustainable global debt levels a number of developing country economies were in complete tail spin. Pakistan was no exception being a net importing country dependent for key essentials like oil, widening deficits of both the current and fiscal account was imminent as the local currency went into free fall and foreign reserves eroded. Hence, to contain the widening Current Account Deficit, the Government had to impose major import restrictions. Through the timely administrative measures adopted by the Government, Pakistan managed to circumnavigate the most difficult economic situation in the Country's history, averting a sovereign default and securing a nine-month Standby Arrangement of US\$3bn with the IMF.

The SBP has proactively focused on restricting the demand growth by adopting monetary contraction through rate increases since June 2020 (*interest rates at 7%*) while the incumbent government resorted to Fiscal tools such as increasing existing taxes along with introducing new ones. In FY23 alone, the SBP increased the interest rates by 825bps to 22%. Additionally, key conditions of the IMF Program asking for removal of subsidies led to hikes in all utility prices across the board adding inflationary pressures further and higher unemployment. However, the fruits of these politically difficult policies have already started to reflect in demand contraction with most high frequency indicators (*Cement, Auto and POL product sales*). Another important measure that the government took to compress demand was to allow the “Free Float” of the currency, which notably led to a sharp depreciation of the Pak Rupees and naturally contained imports, supported exports and home remittances.

The Current Account Surplus for the month of June 2023 clocked in at USD 334 million, from a Current Account Surplus of USD 220 million (revised) in May 2023 taking the FY23 CAD to USD 2.56 billion (-0.7% of GDP) against USD 17.48 billion (-4.7% of GDP), down -85% YoY during the same period last year primarily due to decline in imports as the Government’s initiatives to stabilize the economy were visibly bearing fruit.

The Government’s resilient efforts to attract investments from Non-Resident Pakistanis continued to yield results, with an impressive inflow of USD 6.48 billion through Roshan Digital Accounts (RDA) with more than 590,000 accounts till July 2023.

Moreover, the FBR collected revenues worth PKR 7.17 trillion during FY23 against the target of 7.64 trillion missing the target by PKR 496 billion despite the imposition of nearly PKR 800 billion additional taxes due to a steep decline in imports and an overall slowdown of the economy.

During FY23, the external account remained a major cause of concern as Pakistan’s liquid foreign exchange reserves decreased by USD 5.70 billion on the back of debt servicing primarily. As of June 30, 2023, the Country’s liquid foreign exchange reserves stood at USD 9.75 billion (*SBP reserves USD 4.46 billion*).

The new IMF program will provide a policy framework to bring power sector reforms in the country along with the SOE governance. This program will support Pakistan in obtaining additional funds from its bilateral partners which is extremely essential in a period of low FX reserves and high debt servicing. The exchange rate is likely to appreciate in the short term due to speculative activity; however, will remain under depreciative pressure till sizeable foreign inflows do not materialize.

The NCPI during the month of August 2023 clocked in at 27.38% YoY as compared to 29.40% YoY in July 2023. This took the 2MFY24 average NCPI to 27.84% compared to 26.10% during the SPLY. The main contributors to the increase in inflation are Housing, Water, Electricity, Gas, and Fuel (weight in CPI 23.63%) with an impact of 0.21% MoM / 6.25% YoY because of the increasing fuel and utility prices and exchange devaluation. Furthermore, food inflation came lower than expected which caused the decline in inflation as noticed by the Food and Non-alcoholic Beverages Index (weight in CPI 34.58%) with an impact of 0.23% MoM / 38.51% YoY.

The Large Scale Manufacturing (LSMI) sector, which accounts for about 80% of the country's industrial output, shrank for the 12th consecutive month in June, by 14.96 percent YoY, leading to contract by 10.26% in FY23 as almost all major industries reported substantial declines. Without say, the fallout of the restrictive measures undertaken by the central bank and the government to contain the current account deficit notably weighed heavily on the industry.

## **EQUITY MARKET REVIEW**

The Equity market, despite closing in flat at 41,452.68 level, decreasing 88 points (-0.21% YoY) remained extremely volatile during the year with excitement over letter of intent from IMF, financial support from KSA, UAE and other bilateral partners, strong corporate results, appointment of the new Chief of Army Staff and the long-awaited Federal Budget FY23. The market also witnessed anxious moments with flash floods that contributed to loss of USD 30 billion, monetary tightening, unprecedented inflation and prolonged political uncertainty investors had very little to celebrate this past year.

During FY23, investor participation declined as volumes contracted by 34% YoY to 190.82 million shares from 291.47 million shares recorded during last year. Surprisingly, after five consecutive years of outflows, foreigners were net buyers in FY23 with USD 1.53 billion. Foreigners' interest was majorly caught in Technology and Communication (*USD 43.30 million*) and Oil and Gas Exploration Companies (*USD 27.42 million*).

The sectors that performed during FY23 are Chemical (15.74%), Cement (8.00%), Synthetic & Rayon (40.34%), Investment Banks/Companies (8.16%), and Sugar & Allied Industries (13.00%). While the sectors that kept the bulls in check are Commercial Banks (-9.81%), Pharmaceuticals (-40.36%), Automobile Assembler (-25.67%), Tobacco (-26.18%), and Oil & Gas Exploration Companies (-6.54%). On the local front, major selling was witnessed in Mutual Funds (*USD 144.49 million*) and Insurance Companies (*USD 124.31 million*) as panic swayed away local investors to safer havens and fixed income given that interest rates are almost at record highs.

On a 10Y period, the KSE - 100 index yielded an annualized return of 7.03% (-3.68% annualized in USD terms). The persistent decline in the local currency against the US Dollar has kept foreign investors at bay despite extremely compelling valuations. While foreigners have been on the sell side for several years now; frontier market investors are likely to turn net buyers given the unprecedented currency adjustment and cheap valuations provided that Pakistan implement key economic and policy reforms.

We remain positive towards equities based on the premise that i) holding Cash for real value would not be possible given high inflation and currency devaluation, ii) real value over the long term can only be secured in inflation hedged assets such as Real Estate, Gold or Equity, iii) we believe that Gold has rallied significantly over the past several months and is in its consolidation phase while Real Estate being illiquid and capital intensive besides being on the government's radar for taxing, equities plausibly seems the prime candidate for a long term investment strategy. The index continues to trade at exceedingly attractive multiples with PE and PB of 4.54x and 0.6x with a healthy dividend yield of 10%.

## FUTURE OUTLOOK

As we move into FY24, we believe that structural changes and reforms are necessary to turn around the current economic state addressing fiscal imbalances and external vulnerabilities with sustainable stability. While market consensus suggests foreseeably that the Central Bank has reached its monetary tightening cycle for now, both the fiscal and external accounts are likely to remain very challenging for the Government in the coming year. On the other hand, notably inflation is expected to come off sharply as the high base affect plays out, perhaps providing much needed respite in the form of a reduction in interest rates as debt servicing remains worrying.

The Government announced the Finance Bill for FY23-24 on June 9, 2023 with high expectations and in hopes to regain lost political capital amid one of the worst economic conditions on record. The Finance Minister set GDP growth expectations for FY24 at 3.5% compared to 0.29% in FY23 (*provisional*). Moreover, the Average NCPI target for FY24 is 21% and Budget Deficit and Primary Surplus targets have been set at 6.54% and 0.4% of GDP respectively. Lastly, the Ministry of Finance has targeted exports and remittances to clock at USD 30 billion and USD 33 billion, respectively.

The FBR revenue target is set at PKR 9.4 trillion in FY24. Additionally, the Federal Non-tax revenue target has been marked at PKR 2.96 trillion, 83% higher than FY23. The government is expecting total expenditures of PKR 14.48 trillion in FY24 which is 52% higher than FY23. The Federal Public Sector Development Plan seemingly optimistic is set at PKR 950 billion, 67% higher than in the same period last year. The government has set PKR 7.3 trillion for debt servicing in FY24. The expenditure on defense is at PKR 1.8 trillion in FY24, 15% higher than the last year's budget. While the external debt payment in FY24 has been budgeted at USD 22 billion, which is likely to keep the local currency in check and with it economic direction and performance.

Some of the main provisions of the Finance Bill are as follows:

- Increasing salary tax slabs on people earning PKR 200k per month and above
- Increase in maximum allowed Petroleum Development Levy (PDL) by PKR 10 to PKR 60.
- Imposition of 5% FED on Fertilizers
- Rate of tax IT and IT enabled services was changed from 16% to 5% (without input adjustment).
- The rate of advance tax on sale/purchase of immovable property has been increased from 2% to 3%
- Advance tax on motor vehicles having engine capacity more than 2000cc has been based on value ranging from 6% to 10%
- Re-imposition of 10% final withholding tax on issuance of bonus shares by a company (20% for non-ATL).
- The amnesty provided to people bringing FX to purchase property has incidentally also been withdrawn in line with IMF requirements.

We believe that the support from IMF will help subside the default risk that the country was adamantly facing and more importantly play a major confidence boost for the financial markets. The Equity market rallied around 2,446.32 points (5.90%) on July 3, 2023 – single day highest gain in years on the back of this single event, illustrating that the markets believe that the Country has effectively averted an

imminent default. However, the ruling government and economic managers will need to be extremely vigilant and pragmatic for sustainable stability and growth as headwinds remain.

Going forward, the key factors that would drive the market direction include IMF's second quarterly review for the USD 3 billion loan facility under the SBA and clarity on the holding of general elections in Pakistan. One of the key challenges that the Government has been struggling with is to bring down the difference between the interbank and open market exchange rate which has now reached ~7% while the IMF believes the deviation needs to be maintained up to 1.25%. Moreover, the Government will also have to implement some strict measures to contain the soaring fiscal deficit and achieve the desired target of primary surplus agreed with the IMF which will bring a new wave of inflation pressures.

While Pakistan faces one of the worst economic crisis in recent history, we believe that equities as an asset class has over discounted itself. The premise of our positive outlook and re-rating of the capital market stems from the likelihood of Pakistan successfully completing the new SBA IMF program which will notably entail a continuity in reforms and fiscal discipline. The index is trading at a PE multiple of 4.54x far below the long-term averages. The dividend yield is attractive at 10% which is the highest in the region and with the last REER recorded at 87.7492 in June 2023 suggesting the currency has room to appreciate will probably justify and attract foreign investment which can also be noted by the recent month's inflows. We believe that the market currently serves as a striking point for investors.

**xi) 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 the manager's report, not otherwise disclosed in the financial statements:**

There was no significant change in the state of affair during the period and up till the date of the Fund Manager's report under review.

**xii) Disclosure on share split (if any), comprising:**

There was no unit splits during the period.

**xiii) Break down of unit holding size:**

Range(Units)	No of Investors
0.0001 to 9,999	3,740
10,000 to 49,999	545
50,000 - 99,999	92
100,000 - 499,999	85
500,000 and above	24
<b>Total</b>	<b>4,486</b>

**xiv) Disclosure of circumstances that materially affect any interest of shareholders:**

Investments are subject to credit and market risk.

**xv) 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 brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**Golden Arrow Stock Fund**

Details of Pattern of Holding (Units)

As at June 30, 2023

	No. of Unitholders	Units Held	% of Total
Associated Companies	3	16,758,573	15.61%
Directors and CEO	5	528,374	0.49%
Individuals	4,422	81,833,161	76.23%
Insurance Companies	1	1,554	0.00%
Banks/DFIs	3	13,812	0.01%
Retirement funds	2	2,219,812	2.07%
Public Limited Companies	1	3,900,838	3.63%
Others	49	2,099,991	1.96%
	<b>4,486</b>	<b>107,356,115</b>	<b>100.00%</b>

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Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**GOLDEN ARROW STOCK FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Golden Arrow Stock Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

We would like to draw unit holders' attention towards the fact that the Fund has been non-compliant of Circular 28 of 2021 which requires the Management Company to ensure that the exposure in equity securities as mentioned in the aforesaid circular shall not exceed 10% of its equity portfolio on monthly average basis.

The above stated non-compliance has been prevailing since December, 2022 and the exposure of the Fund in equity securities as mentioned in aforesaid circular range between 14.23% to 15.99% during the period of breach.

Further, on the request of the Management Company, the Commission extended the time period for regularization of the reported non-compliance till August 05, 2023. However, the Management Company has not been able to regularize the breach to date and has applied to the Commission for further relaxation of six months. The said non-compliance has already been reported to the Commission and was also highlighted in our Trustee report for the period ended December, 2022.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 28, 2023

## INDEPENDENT AUDITOR'S REPORT

### To the Unit Holders of Golden Arrow Stock Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Golden Arrow Stock Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2023 and the related income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement 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 30 June 2023 and of its financial performance, and its cash flows for the year then ended in accordance with the approved 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) 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 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 matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

Following is the key audit matter:

	Key audit matter	How the matter was addressed in our audit
1)	<b>Existence and valuation of investments:</b>	
	Investment portfolio of the Fund makes up 87.05% of total assets and of the Fund. Investment portfolio of the Fund comprises of listed equity classified at fair value through profit or loss. For further information, refer to the following:  - Investments note 6 to the financial statements.	Our audit procedures included the following, but were not limited to:  i) walked through the valuation processes and understood the systems and controls implemented;  ii) evaluated the Fund's investment valuation

# Riaz Ahmad & Company

Chartered Accountants

	<p>We have identified the existence, ownership and valuation of the Fund's investments as a key audit matter as the investment is a significant driver of the net assets value of the Fund and of its total return.</p>	<p>policies with reference to the requirements of the applicable accounting and reporting standards;</p> <p>iii) agreed holding of all investments from the Account Balance Report of Central Depository Company of Pakistan Limited;</p> <p>iv) agreed the valuation of all listed equity securities from prices quoted on the Pakistan Stock Exchange Limited;</p> <p>v) performed verification procedures on purchased and sales on a sample of trades made during the year regarding movement of the securities; and</p> <p>vi) any difference identified during the testing that were over acceptable threshold were investigated further.</p>
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## 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 of the Fund and our auditor's report thereon.

Our opinion on the financial statements of the Fund 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 of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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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 the management 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 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 the 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 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.

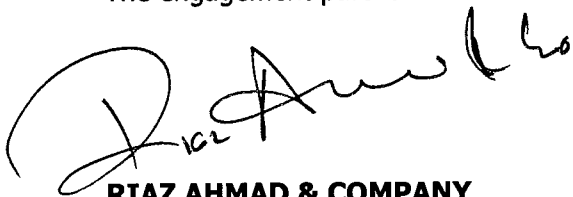
We also provide those charged with governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where 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 all material respect, 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 Junaid Ashraf.



**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**KARACHI**

**DATE: 28 SEPTEMBER 2023**  
**UDIN: AR202310045i7CGanTlt**

**GOLDEN ARROW STOCK FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT 30 JUNE 2023**

	Note	2023 ------(Rupees in '000)-----	2022
<b>ASSETS</b>			
Bank balances	5	54,378	55,791
Investments	6	1,266,964	1,820,534
Profit receivable on bank deposits		964	643
Income tax refundable		852	756
Deposits	7	2,700	2,700
Receivable against sale of securities		128,560	-
Receivable against conversion of units		1,044	-
<b>Total assets</b>		<b>1,455,462</b>	<b>1,880,424</b>
<b>LIABILITIES</b>			
Payable to AKD Investment Management Limited - Management Company	8	20,249	21,211
Payable to Central Depository Company of Pakistan Limited - Trustee	9	214	259
Payable to Securities and Exchange Commission of Pakistan	10	315	394
Accrued expenses and other liabilities	11	2,130	1,869
Unclaimed dividend		50,109	50,250
Payable against purchase of securities		90,420	-
Payable against redemption / conversion of units		407	-
<b>Total liabilities</b>		<b>163,844</b>	<b>73,983</b>
<b>NET ASSETS</b>		<b>1,291,618</b>	<b>1,806,441</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,291,618</b>	<b>1,806,441</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	<b>Number of units</b>	
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>107,356,115</b>	<b>134,577,405</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>12.0312</b>	<b>13.4231</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AKD Investment Management Limited  
(Management Company)**

  
\_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**

  
\_\_\_\_\_  
**DIRECTOR**

  
\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

**GOLDEN ARROW STOCK FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 ------(Rupees in '000)-----	2022
<b>INCOME</b>			
Capital gain / (loss) on sale of investments classified as 'fair value through profit or loss' - net		108,054	(1,235)
Net unrealised diminution on re-measurement of investments classified as 'fair value through profit or loss'	6.1	(335,588)	(516,120)
Dividend income		120,318	98,510
Profit on bank deposits		9,019	6,341
Other income		-	49,889
<b>Total loss</b>		<b>(98,197)</b>	<b>(362,615)</b>
<b>EXPENSES</b>			
Remuneration of the AKD Investment Management Limited - Management Company	8.1	31,513	39,419
Sindh sales tax on the remuneration of the Management Company	8.2	4,097	5,124
Expenses allocated by the Management Company	8.3	9,003	8,869
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	2,576	2,970
Sindh sales tax on the remuneration of Trustee	9.2	335	386
Annual fee to Securities and Exchange Commission of Pakistan	10.1	315	394
Auditors' remuneration	14	403	447
Fees and subscription		749	679
CDC charges		183	128
Brokerage fee		1,819	4,658
Legal and professional charges		506	433
Bank charges		29	337
<b>Total expenses</b>		<b>51,528</b>	<b>63,844</b>
<b>Net loss for the year before taxation</b>		<b>(149,725)</b>	<b>(426,459)</b>
Taxation	15	-	-
<b>Net loss for the year after taxation</b>		<b>(149,725)</b>	<b>(426,459)</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
<b>Accounting income available for distribution:</b>			
Relating to capital gains		-	-
Excluding capital gains		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**GOLDEN ARROW STOCK FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	----- (Rupees in '000) -----	
Net loss for the year after taxation	(149,725)	(426,459)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(149,725)</b>	<b>(426,459)</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AKD Investment Management Limited  
(Management Company)**

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

**GOLDEN ARROW STOCK FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED 30 JUNE 2023**

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- Rupees in '000 -----					
<b>Net assets at beginning of the year</b>	1,367,407	439,034	1,806,441	1,362,111	865,493	2,227,604
Issuance of 24,023,950 (2022: 114,539,673) units						
- Capital value (at ex-net asset value per unit at the beginning of year)	322,476	-	322,476	1,904,405	-	1,904,405
- Element of income / (loss)	1,626	-	1,626	(199,910)	-	(199,910)
Total proceeds on issuance of	324,102	-	324,102	1,704,495	-	1,704,495
Redemption of 51,245,240 (2022: 113,940,733) units						
- Capital value (at ex-net asset value per unit at the beginning of year)	(687,870)	-	(687,870)	1,894,447	-	1,894,447
- Element of loss	(1,330)	-	(1,330)	(195,248)	-	(195,248)
Total payments on redemption of units	(689,200)	-	(689,200)	1,699,199	-	1,699,199
Total comprehensive loss for the year	-	(149,725)	(149,725)	-	(426,459)	(426,459)
Distribution during the year	-	-	-	-	-	-
	-	(149,725)	(149,725)	-	(426,459)	(426,459)
<b>Net assets at end of the year</b>	<b>1,002,309</b>	<b>289,309</b>	<b>1,291,618</b>	<b>1,367,407</b>	<b>439,034</b>	<b>1,806,441</b>

**Undistributed income brought forward**

- Realised income	955,154	168,841
- Unrealised (loss) / income	(516,120)	696,652
	<u>439,034</u>	<u>865,493</u>

**Accounting income available for distribution**

Relating to capital gains	-	-
Excluding capital gains	-	-

<b>Net loss for the year after Distribution during the year</b>	(149,725)	(426,459)
<b>Undistributed income carried forward</b>	<u>289,309</u>	<u>439,034</u>

**Undistributed income carried forward**


- Realised income	624,897	955,154
- Unrealised loss	(335,588)	(516,120)
	<u>289,309</u>	<u>439,034</u>

<b>Net assets value per unit at beginning of the year</b>	<u>13.4231</u>	<u>16.6266</u>
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<b>Net assets value per unit at end of the year</b>	<u>12.0312</u>	<u>13.4231</u>
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The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**GOLDEN ARROW STOCK FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 ------(Rupees in '000)-----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year before taxation		(149,725)	(426,459)
<b>Adjustments for non cash and other items:</b>			
Capital gain / (loss) on sale of investments classified as 'fair value through profit or loss'		(108,054)	1,235
Net unrealised diminution on re-measurement of investments classified as 'fair value through profit or loss'		335,588	516,120
Dividend income		(120,318)	
Provision for Sindh Worker's Welfare Fund		-	49,889
		(42,509)	140,785
<b>(Increase) / decrease in assets</b>			
Profit receivable on bank deposits		(321)	1,174
Income tax refundable		(96)	(187)
Receivable against sale of securities		(128,560)	
Receivable against conversion of units		(1,044)	-
<b>Net (increase) / decrease during the year</b>		(130,021)	987
<b>(Decrease) / increase in liabilities</b>			
Payable to AKD Investment Management Limited - Management Company		(962)	(1,802)
Payable to Central Depository Company of Pakistan Limited - Trustee		(45)	(43)
Payable to the Securities and Exchange Commission of Pakistan		(79)	87
Accrued expenses and other liabilities		261	(101,382)
Unclaimed dividend		(141)	-
Payable against purchase of securities		90,420	-
Payable against redemption / conversion of units		407	(22,044)
<b>Net increase / (decrease) during the year</b>		89,861	(125,184)
Dividend received		120,318	-
Investments - net		326,036	(59,567)
<b>Net cash generated from / (used in) operating activities</b>		363,685	(42,979)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from issuance and conversion of units		324,102	1,704,495
Payment against redemption / conversion of units		(689,200)	(1,699,199)
<b>Net cash (used in) / generated from financing activities</b>		(365,098)	5,296
<b>Net decrease in cash and cash equivalents</b>		(1,413)	(37,683)
Cash and cash equivalents at the beginning of the year		55,791	93,474
<b>Cash and cash equivalents at the end of the year</b>	5	54,378	55,791

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AKD Investment Management Limited  
(Management Company)

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**GOLDEN ARROW STOCK FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Golden Arrow Stock Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Golden Arrow Selected Stocks Fund Limited (GASSF), a Closed End Fund into an Open End Scheme under a Trust Deed executed between AKD Investment Management Limited (AKDIML), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 26 June 2019 after being approved by the Securities and Exchange of Pakistan (SECP) on 03 April 2019 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).
- 1.2** As per the scheme of arrangement for conversion of closed end fund into an open end scheme, a swap ratio of 1:1 i.e. for each fully paid-up share of the par value of Rs. 5 of GASSF, each share holder whose name was entered in the Register of Members of GASSF on the effective date was issued one unit of the Open End Scheme of the par value of Rs 5 with no Front-end Load and upon issuance of the Units of the Open End Scheme, the shares of GASSF were deemed to be cancelled and of no effect was approved by the share holders of GASSF vide their Special Resolution dated 9 January 2018. Golden Arrow Selected Stocks Fund Limited had applied to SECP for extension in the conversion and the SECP vide its letter No. SCD/AMC/GASSFL/87/2019 dated 30 September 2019 had granted extension till 01 December 2019. Consequently, the Fund had converted from closed end to open end with effective from 25 November 2019 and all assets and liabilities were transferred from Golden Arrow Selected Stocks Fund Limited to Golden Arrow Stock Fund. The effective date of conversion is 25 November 2019.
- 1.3** 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.
- 1.4** The objective of the Fund is to provide higher risk adjusted returns to the investors by investing in diversified portfolio of equity instruments offering capital gains and dividends and income from savings accounts. The investment objectives and policies are explained in the Fund's offering document.
- 1.5** The Fund is an open-ended mutual fund 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 as on 17 March 2020. The Fund is categorized as Equity Scheme as per circular 7 of 2009 by SECP.
- 1.6** The Pakistan Credit Rating Agency Limited (PACRA) has maintained Asset Manager Rating of 'AM3++' to the Management Company dated 27 June 2023. PACRA has also assigned long term / short term performance ranking of "5-Star / 4-Star" to the Fund on 13 February 2023.
- 1.7** The Fund is registered on 23 August 2021 with Assistant Director of Industries and Commerce (Trust Wing) Government of Sindh under section 12 of the Sindh Trust Act, 2020.
- 1.8** The title to the assets of the Fund are held in the name of the CDC as Trustee of the Fund.

**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) 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 the 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, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulation 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 21 November 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 Accounting Convention**

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 thousand rupees except stated otherwise.

## **2.4. Critical accounting estimates and judgments**

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. 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 judgment 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 TO ACCOUNTING STANDARDS**

### **3.1 Amendments to accounting standards that are effective for the year ended 30 June 2023**

Following amendments to published approved accounting standards are mandatory for the Fund's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- Reference to the Conceptual Framework (Amendments to IFRS 3) published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

### **3.2 Amendments to published approved accounting standards that are effective in current year but not relevant to the Fund**

There are amendments to published standards that are mandatory for accounting years beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Fund's financial statements and are therefore not detailed in these financial statements.

### **3.3 Amendments to published approved accounting standards that are not yet effective but relevant to the Fund**

Following amendments to existing standards have been published and are mandatory for the Fund's accounting years beginning on or after 01 July 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how Funds account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

The above amendments and improvements are likely to have no significant impact on the financial statements.

### **3.4 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Fund**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Fund's financial statements and are therefore not detailed in these financial statements.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

##### 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").

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in long term debt securities as classified them as 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:

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

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

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to measure 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 24 October 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 of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### **4.3 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.

#### **4.4 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) 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.

#### **4.5 Dividend distribution and appropriations to unit holders'**

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

#### 4.6 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.

#### 4.7 Element of income / (loss) and capital gains / (losses) 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 element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holder's fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue lying in unit holders fund is refunded on units in the same proportion as dividends bears to accounting income available for distribution.

#### 4.8 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.

#### 4.9 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 measurement of investments classified as 'fair value through profit or loss' is included in the income statement in the year 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.

#### 4.10 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.

5. BANK BALANCES	Note	2023 (Rupees in '000)	2022
Current accounts		144	73
Savings accounts	5.1	<u>54,234</u>	<u>55,718</u>
		<u>54,378</u>	<u>55,791</u>

5.1 Mark-up rates on these accounts are 19.5% (2022: 13%) per annum.

#### 6. INVESTMENTS

##### At fair value through profit or loss

Listed equity securities	6.1	<u>1,266,964</u>	<u>1,820,534</u>
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6.1 Listed equity securities

Name of the investee company	Face value per share (Rupees)	Number of shares					Balance as at 30 June 2023			Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
		As at 01 July 2022	Purchased during the year	Right / bonus shares	Sold / disposed during the year	As at 30 June 2023	Carrying cost before mark to market	Market value	Unrealised appreciation / (diminution)			
<b>Automobile Assembler</b>												
Honda Atlas Cars (Pakistan) Limited	10	-	55,000	-	-	55,000	-	5,080	(14)	0.40	0.39	0.04
Pak Suzuki Motor Company Limited	10	43,123	10,048	-	18,123	35,048	-	6,230	(2,894)	0.26	0.26	0.04
								<b>11,324</b>	<b>8,416</b>			
<b>Automobile Parts &amp; Accessories</b>												
Thal Limited	5	121,000	70,149	-	-	191,149	-	46,758	(15,792)	2.44	2.40	0.24
								<b>46,758</b>	<b>30,966</b>			
<b>Cable &amp; Electrical Goods</b>												
Pakistan Cables Limited	10	25	-	8	-	33	-	3	-	0.00	0.00	0.00
								<b>3</b>	<b>3</b>			
<b>Cement</b>												
D.G. Khan Cement Company Limited	10	-	150,000	-	-	150,000	-	7,800	(105)	0.61	0.60	0.03
Power Cement Limited	10	500,000	-	-	500,000	-	-	-	-	-	-	-
Thatta Cement Company Limited	10	-	489,000	-	-	489,000	-	7,308	(1,753)	0.44	0.43	0.49
								<b>15,108</b>	<b>13,250</b>			
<b>Chemicals</b>												
Dynea Pakistan Limited	5	201,300	-	-	7,600	193,700	-	33,696	(9,288)	1.93	1.89	1.03
Ghani Global Holdings Limited	10	276	-	27	-	303	-	5	(2)	0.00	0.00	0.00
Lotte Chemical Pakistan Limited	10	200,000	300,000	-	500,000	-	-	-	-	-	-	-
Nimir Industrial Chemicals Limited	10	255,000	-	-	-	255,000	-	22,672	(622)	1.74	1.71	0.23
								<b>56,373</b>	<b>46,461</b>			
<b>Commercial Banks</b>												
BankIslami Pakistan Limited	10	1,655,000	66,000	-	1,221,000	500,000	-	6,004	2,876	0.70	0.69	0.05
Habib Bank Limited	10	643,742	-	-	368,742	275,000	-	25,118	(4,980)	1.59	1.56	0.02
								<b>31,122</b>	<b>29,018</b>			
<b>Engineering</b>												
Anrill Steels Limited	10	408,000	5,000	-	113,000	300,000	-	7,009	(2,404)	0.36	0.36	0.10
Huffaz Seamless Pipe Industries Limited	10	341,745	-	-	-	341,745	-	3,417	(30)	0.27	0.26	0.62
International Industries Limited	10	-	26,726	-	-	26,726	-	1,883	74	0.15	0.15	0.02
International Steels Limited	10	-	50,000	-	-	50,000	-	1,950	(2,283)	0.16	0.16	0.01
								<b>14,259</b>	<b>11,976</b>			
<b>Fertilizer</b>												
Fauji Fertilizer Bin Qasim Limited	10	650,000	-	-	100,000	550,000	-	11,132	(4,653)	0.51	0.50	0.04
								<b>11,132</b>	<b>6,479</b>			

Name of the investee company	Face value per share (Rupees)	Number of shares					Balance as at 30 June 2023			Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
		As at 01 July 2022	Purchased during the year	Right / bonus shares	Sold / disposed during the year	As at 30 June 2023	Carrying cost before mark to market	Market value	Unrealised appreciation / (diminution)			
<b>Food &amp; Personal Care Products</b>												
Al Sheheer Corporation Limited	10	3,500,000	4,385,325	1,575,000	1,875,000	7,585,325	74,423	54,842	(19,581)	4.33	4.25	2.02
Al Sheheer Corporation Limited (Right share)	10	-	-	1,079,675	1,079,675	-	-	-	-	-	-	-
Frieslandcampina Engro Pakistan Limited	10	-	155,000	-	-	155,000	9,914	9,150	(764)	0.72	0.71	0.02
Fauji Foods Limited	10	500,000	-	-	-	500,000	3,315	2,870	(445)	0.23	0.22	0.02
Quice Food Industries Limited	10	47,500	-	-	47,500	-	-	-	-	-	-	-
							<b>87,652</b>	<b>66,862</b>	<b>(20,790)</b>			
<b>Glass &amp; Ceramics</b>												
Shabbir Tiles & Ceramics Limited	5	388	-	-	-	388	6	3	(3)	0.00	0.00	0.00
							<b>6</b>	<b>3</b>	<b>(3)</b>			
<b>Insurance</b>												
Century Insurance Company Limited	10	465,914	-	-	-	465,914	7,921	7,454	(467)	0.59	0.58	13
EFU General Insurance Limited	10	75,000	-	-	-	75,000	8,363	6,450	(1,913)	0.51	0.50	0.84
Habib Insurance Company Limited	5	300,183	-	-	-	300,183	1,936	1,369	(567)	0.11	0.11	0.04
TPL Insurance Limited	10	373,290	-	130,651	-	503,941	12,595	10,437	(2,158)	0.82	0.81	0.24
							<b>30,815</b>	<b>25,710</b>	<b>(5,105)</b>			0.25
<b>Inv. Banks / Inv. Cos. / Securities Cos.</b>												
Dawood Lawrencepur Limited	10	50,000	-	-	-	50,000	8,889	11,159	2,270	0.88	0.86	0.08
Imperial Limited	10	841,000	-	-	-	841,000	9,327	9,596	269	0.76	0.74	0.85
Jahangir Siddiqui & Company Limited	10	3,474,500	1,916,500	-	-	5,391,000	64,502	51,215	(13,287)	4.04	3.97	0.59
Jahangir Siddiqui & Company Limited -	10	694,900	-	-	-	694,900	5,517	4,517	(1,000)	0.36	0.35	0.38
JS Investments Limited	10	433,500	-	-	-	433,500	4,877	5,939	1,062	0.47	0.46	0.70
Pakistan Stock Exchange Limited	10	13,963,698	2,911,302	-	-	16,875,000	163,877	124,875	(39,002)	9.86	9.67	2.11
							<b>256,989</b>	<b>207,301</b>	<b>(49,688)</b>			
<b>Miscellaneous</b>												
MACPAC Films Limited	10	1,000,671	-	-	-	1,000,671	15,661	15,681	20	1.24	1.21	1.69
Pakistan Aluminium Beverage cans Limited	10	2,005,500	-	-	2,005,500	-	-	-	-	-	-	-
Pakistan Services Limited	10	13,400	-	-	-	13,400	20,636	10,385	(10,251)	0.82	0.80	0.04
							<b>36,297</b>	<b>26,066</b>	<b>(10,231)</b>			
<b>Oil &amp; Gas Exploration Companies</b>												
Oil & Gas Development Company Limited	10	-	300,000	-	-	300,000	25,870	23,400	(2,470)	1.85	1.81	0.01
Pakistan Petroleum Limited	10	-	450,000	-	-	450,000	31,248	26,613	(4,635)	2.10	2.06	0.02
							<b>57,118</b>	<b>50,013</b>	<b>(7,105)</b>			
<b>Oil &amp; Gas Marketing Companies</b>												
Pakistan State Oil Company Limited	10	85,000	381,000	-	66,000	400,000	55,089	44,404	(10,685)	3.50	3.44	0.09
							<b>55,089</b>	<b>44,404</b>	<b>(10,685)</b>			
<b>Paper &amp; Board</b>												
Merit Packaging Limited	10	642,000	40,500	-	40,500	642,000	5,817	5,650	(167)	0.45	0.44	0.32
Pakistan Paper Products Limited	10	238,666	-	-	-	238,666	16,468	9,069	(7,399)	0.72	0.70	2.98
							<b>22,285</b>	<b>14,719</b>	<b>(7,566)</b>			

Name of the investee company	Face value per share (Rupees)	Number of shares						Balance as at 30 June 2023			Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company		
		As at 01 July 2022	Purchased during the year	Right / bonus shares	Sold / disposed during the year	As at 30 June 2023	Carrying cost before mark to market	Market value	Unrealised appreciation / (diminution)						
										(Rupees in '000)				----- (%) -----	
<b>Pharmaceuticals</b>															
Abbott Laboratories (Pakistan) Limited	10	37,750	-	-	-	37,750	24,713	13,968	(10,745)	24,713	13,968	(10,745)	1.10	1.08	0.04
<b>Power Generation &amp; Distribution</b>															
Engro Powergen Qadirpur Limited	10	85,500	-	-	85,500	-	-	-	-	-	-	-	-	-	-
Hub Power Company Limited	10	1,700,000	178,000	-	878,000	1,000,000	67,711	69,580	1,869	-	69,580	1,869	5.49	5.39	0.08
K-Electric Limited	3.5	7,000,000	-	-	1,700,000	5,300,000	16,112	9,116	(6,996)	-	9,116	(6,996)	0.72	0.71	0.02
Kot Addu Power Company Ltd	10	-	500,000	-	500,000	300,000	3,857	4,485	628	-	4,485	628	0.35	0.35	0.08
Lalpur Power Limited	10	8,145,500	325,000	-	8,170,500	300,000	-	-	-	-	-	-	-	-	-
Lalpur Chunan Power Limited	10	100,000	-	-	100,000	457,119	8,914	7,748	(1,166)	-	7,748	(1,166)	0.61	0.60	0.13
Nishat Power Limited	10	1,633,000	-	-	1,175,881	263,151	2,408	1,747	(661)	-	1,747	(661)	0.14	0.14	1.38
Sikara Energy Limited	10	263,151	-	-	-	-	99,002	92,676	(6,326)	-	92,676	(6,326)	-	-	-
<b>Refinery</b>															
Attock Refinery Limited	10	135,000	100,000	-	135,000	100,000	17,251	17,163	(88)	-	17,163	(88)	1.35	1.33	0.09
Energyco PK Limited (6.1.1)	10	19,875,000	-	-	-	19,875,000	106,132	56,445	(49,687)	-	56,445	(49,687)	4.46	4.37	0.36
National Refinery Limited	10	85,952	56,570	-	25,952	116,570	24,399	17,486	(6,913)	-	17,486	(6,913)	1.38	1.35	0.15
Pakistan Refinery Limited	10	350,000	-	-	-	350,000	6,262	4,746	(1,516)	-	4,746	(1,516)	0.37	0.37	0.06
							<b>154,044</b>	<b>95,840</b>	<b>(58,204)</b>						
<b>Sugar &amp; Allied Industries</b>															
Shahtaj Sugar Mills Limited	10	24,537	-	-	-	24,537	1,300	1,223	(77)	-	1,223	(77)	0.10	0.09	0.20
The Premier Sugar Mills & Distillery Co Ltd	10	2,800	-	-	-	2,800	1,540	1,666	126	-	1,666	126	0.13	0.13	3.11
							<b>2,840</b>	<b>2,889</b>	<b>49</b>						
<b>Synthetics &amp; Rayon</b>															
Pakistan Synthetics Limited	10	1,916,750	-	958,375	-	2,875,125	101,588	82,056	(19,532)	-	82,056	(19,532)	6.48	6.35	2.07
Rupali Polyester Limited	10	12,701	-	-	-	12,701	483	241	(242)	-	241	(242)	0.02	0.02	0.04
							<b>102,071</b>	<b>82,297</b>	<b>(19,774)</b>						
<b>Technology &amp; Communication</b>															
Hum Network Limited	1	15,524,763	-	3,104,952	-	18,629,715	110,536	108,798	(1,738)	-	108,798	(1,738)	8.59	8.42	1.64
Pakistan Telecommunication Co Ltd.	10	200,000	35,000	-	27,500	207,500	1,451	1,247	(204)	-	1,247	(204)	0.10	0.10	0.01
System Limited	10	32,000	-	-	32,000	-	-	-	-	-	-	-	-	-	-
TRG Pakistan Limited (6.1.1)	10	1,675,000	200,000	-	1,650,000	225,000	17,803	20,729	2,926	-	20,729	2,926	1.64	1.60	0.04
							<b>129,790</b>	<b>130,774</b>	<b>984</b>						
<b>Textile Composite</b>															
AN Textile Mills Limited	10	6,500	-	-	-	6,500	73	55	(18)	-	55	(18)	0.00	0.00	0.07
Blessed Textiles Limited	10	-	18,500	-	-	18,500	7,400	6,135	(1,265)	-	6,135	(1,265)	0.48	0.47	0.29
Fazal Cloth Mills Limited	10	12,406	-	-	-	12,406	2,990	2,059	(931)	-	2,059	(931)	0.16	0.16	0.04
Kohinoor Mills Limited	10	80,500	-	-	-	80,500	2,153	3,457	1,304	-	3,457	1,304	0.27	0.27	0.16
Nishat (Chunian) Limited	10	95,000	-	-	95,000	-	-	-	-	-	-	-	-	-	-
Nishat Mills Limited	10	275,000	-	-	275,000	-	-	-	-	-	-	-	-	-	-
Sapphire Fibres Limited	10	49	-	-	-	49	53	55	2	-	55	2	0.00	0.00	0.00
							<b>12,669</b>	<b>11,761</b>	<b>(908)</b>						

Name of the investee company	Face value per share (Rupees)	Number of shares				Balance as at 30 June 2023			Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company	
		As at 01 July 2022	Purchased during the year	Right / bonus shares	Sold / disposed during the year	As at 30 June 2023	Carrying cost before mark to market	Market value				Unrealised appreciation / (diminution)
<b>Textile Spinning</b>												
Crescent Fibres Limited	10	42,000	-	-	-	42,000	2,337	1,737	(600)	0.14	0.13	0.34
Din Textile Mills Limited	10	113,064	-	-	-	113,064	13,681	10,164	(3,517)	0.80	0.79	0.22
Elicot Spinning Mills Limited	10	893,554	9,600	-	-	903,154	147,134	84,246	(62,888)	6.65	6.52	8.25
Premium Textile Mills Limited	10	23,400	-	-	-	23,400	16,146	11,361	(4,785)	0.90	0.88	0.38
Saif Textile Mills Limited	10	217,000	-	-	-	217,000	4,557	2,007	(2,550)	0.16	0.16	0.82
Tata Textile Mills Limited	10	1,416,088	70,000	-	-	1,486,088	103,270	98,765	(4,505)	7.80	7.65	2.65
							<b>287,125</b>	<b>208,280</b>	<b>(78,845)</b>			
<b>Textile Weaving</b>												
Prosperity Weaving Mills Limited	10	84,591	-	-	-	84,591	4,039	2,538	(1,501)	0.20	0.20	0.46
							<b>4,039</b>	<b>2,538</b>	<b>(1,501)</b>			
<b>Transport</b>												
Pakistan International Bulk Terminal Limited	10	1,750,000	-	-	-	1,750,000	10,535	7,193	(3,342)	0.57	0.56	0.10
							<b>10,535</b>	<b>7,193</b>	<b>(3,342)</b>			
<b>Vanaspoti &amp; Allied Industries</b>												
Punjab Oil Mills Limited	10	225,000	-	99,000	-	324,000	40,050	32,944	(7,106)	2.60	2.55	4.17
S.S. Oil Mills Limited	10	78,600	-	-	31,502	47,098	3,344	4,157	813	0.33	0.32	0.83
							<b>43,394</b>	<b>37,101</b>	<b>(6,293)</b>			
<b>Total as at 30 June 2023</b>							<b>1,602,552</b>	<b>1,266,964</b>	<b>(335,588)</b>			
Total as at 30 June 2022							<b>2,336,654</b>	<b>1,820,534</b>	<b>(516,120)</b>			

**6.1.1** This includes 15,000,000 (2022: Nil) shares amounting to rupees 42,600 million (2022: Nil) of Energyico PK Limited and 225,000 (2022: 1,175,000) shares amounting to rupees 20,729 million (2022: 90,863) million of TRG Pakistan Limited pledged with National Clearing Company of Pakistan (NCCPL) as collateral against exposure margin.

**6.1.2** No exposure limit of investment in a single as a percentage of net assets exceeded against prescribed limit of 10% of total net assets as required under NBFC regulations, 2008.

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		2023	2022
	Note	----- (Rupees in '000) -----	-----
<b>6.2 NET UNREALISED DIMINUTION ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AT 'FAIR VALUE THROUGH PROFIT OR LOSS'</b>			
Market value of investments	6.1	<b>1,266,964</b>	1,820,534
Carrying value of investments	6.1	<b>(1,602,552)</b>	(2,336,654)
		<b><u>(335,588)</u></b>	<b><u>(516,120)</u></b>

### 6.3 PREFERENCE SHARE OF SECURITY LEASING CORPORATION

As a result of conversion 1,001,489 preference shares of Security Leasing Corporation Limited has been transferred to the Fund. Since it is a default investment therefore is carried at zero value.

### 7. DEPOSITS

Security deposits with			
- National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
- Central Depository Company of Pakistan Limited		<b>200</b>	200
		<b><u>2,700</u></b>	<b><u>2,700</u></b>

### 8. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	8.1	<b>2,135</b>	2,937
Sindh Sales Tax on management fee	8.2	<b>278</b>	382
Expenses allocated by the Management Company	8.3	<b>640</b>	661
Federal Excise Duty on management fee	8.4	<b>16,592</b>	16,592
Others		<b>604</b>	639
		<b><u>20,249</u></b>	<b><u>21,211</u></b>

**8.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2022: 2%) per annum of the average annual net assets of the Fund during the year ended 30 June 2023. The remuneration is payable to the Management Company monthly in arrears.

**8.2** Sindh Sales Tax at the rate of 13% (2022: 13%) on gross value of management fee under the provisions of Sindh Sales Tax on Services Act, 2011.

**8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has charged expenses at the rate of 0.5% in 1st quarter & 0.6% in 2nd, 3rd and 4th quarter (2022: 0.45%) per annum of the average annual net assets of the Fund.

**8.4** Federal Excise Duty payable amounting to Rupees 16.592 million has been transferred from Golden Arrow Selected Stock Fund to Golden Arrow Stock Fund on the effective date of conversion (25 November 2019).

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from 13 June 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on 4 September 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs. 16.592 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provisions not been made, the NAV per unit of the Fund as at 30 June 2023 would have been higher by Rs. 0.1545 (2022: 0.1233) per unit.

	Note	2023 ----- (Rupees in '000) -----	2022
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	9.1	189	229
Sindh sales tax on trustee fee	9.2	25	30
		<u>214</u>	<u>259</u>
<b>9.1</b>	The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the per annum net assets of the Fund. The fee is paid to the trustee monthly in arrears.		
	The trustee remuneration consists of reimbursement of actual custodial expenses / charges plus the following tariffs;		
	<b>Net assets</b>	<b>Tariff</b>	
	Upto Rs. 1 billion	0.20% per annum of net assets	
	Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets, on amount exceeding Rs. 1 billion	
<b>9.2</b>	Sindh Sales Tax at the rate of 13% (2022: 13%) on gross value of trustee fee under the provisions of Sindh Sales Tax on Services Act, 2011.		
<b>10. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to SECP	10.1	315	394
<b>10.1</b>	As per S.R.O. 685(i) / 2019 dated 28 June 2019, effective from 01 July 2019, all categories of Collective Investment Schemes are required to pay annual fee at an amount equal to 0.02 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.		
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Brokerage payable		550	220
Auditors' remuneration		346	368
Accrued expenses		429	448
Withholding tax payable		450	308
Payable against conversion cost	11.1	250	250
Accrued markup		-	129
Others		105	146
		<u>2,130</u>	<u>1,869</u>
<b>11.1</b>	The conversion cost has been charged to the Fund immediately on the effective date in accordance with clause 15.3 (conversion cost and its treatment) of the trust deed of the Fund.		

## 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2023 (2022: Nil).

13. NUMBER OF UNITS ISSUED	Note	2023 ------(Numbers)-----	2022
Opening units in issue		134,577,405	133,978,465
Add: units issued during the year		24,023,950	114,539,673
Less: units redeemed		(51,245,240)	(113,940,733)
Total units in issue at the end of the year		<u>107,356,115</u>	<u>134,577,405</u>

14. AUDITORS' REMUNERATION		2023 ----- (Rupees in '000) -----	2022
Annual audit fee		210	210
Half yearly review fee		120	120
Income certification		30	30
Other certification		-	20
Out of pocket expenses		11	34
		<u>371</u>	<u>414</u>
Sindh sales tax @ 8%		32	33
		<u>403</u>	<u>447</u>

## 15. TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders in cash. However, there is no income of the fund if reduced by capital gain, 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 provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 16. EARNINGS PER UNIT

Earnings per unit is calculated by dividing the net income for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

## 17. TOTAL EXPENSE RATIO

The total expense ratio of the Fund is 3.27% (2022: 3.24%), which includes 0.32% (2022: 0.33%) representing Government levies and SECP fee. This ratio is within limit of 4.5% (2022: 4.5%) at daily average net assets of Fund, prescribed under NBFC Regulations of collective investment scheme categorised as a "Equity Scheme".

## 18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / Connected persons include AKD Investment Management Limited, being the Management, Company Central Depository Company of Pakistan Limited, being the custodian, AKD Group Holdings (Private) Limited, AKD Securities Limited, other collective schemes managed by the Management Company, directors, officers and other connected persons of the Management Company, and directors, and other connected person.

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 Company.

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

18.1 Transactions during the year	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>AKD Investment Management Limited - Management Company</b>			
Management remuneration		31,513	39,419
Sindh sales tax on management remuneration		4,097	5,124
Allocated expenses		9,003	8,869
Sales load		91	1,120
Issuance of 309,766 (2022: Nil units)		4,378	-
Redemption of 1,881,368 units (2022: 1,249,631 units)		24,280	17,257
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee remuneration		2,576	2,970
Sindh sales tax on trustee remuneration		335	386
CDS Charges		183	128
<b>AKD Securities Limited</b>			
Brokerage / commission		144	954
Shares of Javedan Corporation Limited sold by Golden Arrow Stock Fund to AKD Securities Limited		-	168,688
<b>AKD Islamic Stock Fund</b>			
Shares purchased by Golden Arrow Stock Fund from AKD Islamic Stock Fund		16,680	28,231
<b>AKD Opportunity Fund - Common Management Company</b>			
Shares purchased from AKD Opportunity Fund		76,199	176,490
<b>Ellcot Spinning Mills Limited - Common Directorship</b>			
Dividend received		9,032	2,190
Shares purchased 9,600 shares (2022: 17,600 shares)		1,493	2,543
Shares sold Nil shares (2022: 7,600 shares)		-	1,197
<b>Key Management Personnel</b>			
<b>Muhammad Yaqoob (with Spouse &amp; minor children)</b>			
<b>- Chief operating Officer and Company Secretary</b>			
Issue of Nil units (2022: 203,230 units)		-	2,925
Redemption of 100,000 units (2022: 303,919 units)		1,450	3,990
<b>Carrow Michael- Head of HR and Administration</b>			
Issue of Nil units (2022: 889 units)		-	15
Redemption of 889 units (2022: Nil units)		12	-
<b>Nadeem Saulat Siddiqui - Director Sales</b>			
Issue of Nil units (2022: 117,048 Units)		-	2,000
<b>Ayesha Aqeel Karim Dhedhi - Close Relative of the Sponsor of the Management Company</b>			
Redemption of Nil units (2022: 43,539 units)		-	563

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	2023	2022
Unit holders holding 10% or more of the units in issue	----- (Rupees in '000) -----	
Mir Chakkar Bughti		
Issue of Nil units (2022: 24,758,425 units)	-	350,000
<b>Imran Motiwala - CEO &amp; Director of the Management Company</b>		
Issue of Nil units (2022: 151,145 units)	-	2,001
Redemption of 1,476,000 units (2022: 419,771 units)	<b>20,034</b>	5,556
<b>Hasan Ahmed - Director of the Management Company</b>		
Issue of Nil units (2022: 3,241 units)	-	50
Redemption of Nil units (2022: 3,241 units)	-	43

## 18.2 Balances outstanding at the year end

### AKD Investment Management Limited - Management Company

Management remuneration payable	2,135	2,937
Sindh sales tax payable on management remuneration	278	382
Payable against allocated expenses	640	661
Federal excise duty payable on management remuneration	16,592	16,592
Sales load payable	4	18
Others	600	621
Units held 16,755,684 (2022: 18,327,285)	<b>201,591</b>	246,008

### Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration payable	189	229
Sindh sales tax payable on trustee remuneration	25	30
CDS charges payable	3	16
CDS annual fee payable	48	50
Security deposit	200	200

### Ellicot Spinning Mills Limited - Common Directorship

Shares held 903,154 (2022: 893,554)	84,246	145,640
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### Aqeel Karim Dhedhi Securities (Pvt) Limited - Staff Provident Fund

Units held 2,092,812 (2022: 2,092,812)	25,179	28,092
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### AKD Securities Limited

Units held 2,889 (2022: 2,889)	35	39
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### Imran Motiwala - CEO and Director of the Management Company

Units held 477,374 (2022: 1,953,374)	5,743	26,220
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### Ayesha Ahmed - Director of the Management Company

Units held 50,000 (2022: 50,000)	602	671
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### Murtaza Wahab - Spouse of Director of the Management Company

Units held 210,000 (2022: 210,000)	2,527	2,819
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### Anum Dhedhi - Director of the Management Company

Units held 1,000 (2022: 1,000)	12	13
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### Abdul Karim - Director of the Management Company

Units held 1,000 (2022: 1,000)	12	13
		21

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	2023	2022
Note	----- (Rupees in '000) -----	-----
<b>Muhammad Yaqoob (with spouse &amp; minor children)</b> <b>- Chief Operating Officer and Company Secretary</b> Units held 620 (2022: 100,620)	7	1,351
<b>Toqir Hussain - Head of Information Technology</b> Units held 893 (2022: 893)	11	12
<b>Nadeem Saulat Siddiqui - Director Sales</b> Units held 117,048 (2022: 117,048)	1,408	1,571
<b>Carrow Michael- Head of HR and Administration</b> Units held Nil (2022: 889)	-	12
<b>Unit holders holding 10% or more of the units in issue</b> Mir Chakkar Bughti Units held 24,758,425 units (2022: 24,758,425)	297,874	332,334

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## 19. FINANCIAL INSTRUMENTS BY CATEGORY

All the financial assets carried on the statement of assets and liabilities are categorised either as financial assets at fair value through profit or loss or amortised cost. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

Particulars	2023		
	At amortised cost	At fair value through profit or loss	Total

----- (Rupees in '000) -----

### Financial assets

Bank balances	54,378	-	54,378
Investments	-	1,266,964	1,266,964
Profit receivable on bank deposits	964	-	964
Deposits	2,700	-	2,700
Receivable against sale of securities	128,560	-	128,560
Receivable against conversion of units	1,044	-	1,044
	<u>187,646</u>	<u>1,266,964</u>	<u>1,454,610</u>

Particulars	2023		
	At amortised cost	At fair value through profit or loss	Total

----- (Rupees in '000) -----

### Financial liabilities

Payable to AKD Investment Management Limited - Management Company	20,249	-	20,249
Payable to Central Depository Company of Pakistan Limited - Trustee	214	-	214
Accrued expenses and other liabilities	1,680	-	1,680
Unclaimed dividend	50,109	-	50,109
Payable against purchase of securities	90,420	-	90,420
Payable against redemption / conversion of units	407	-	407
	<u>163,079</u>	<u>-</u>	<u>163,079</u>

Particulars	2022		
	At amortised cost	At fair value through profit or loss	Total

----- (Rupees in '000) -----

### Financial assets

Bank balances	55,791	-	55,791
Investments	-	1,820,534	1,820,534
Profit receivable on bank deposits	643	-	643
Deposits	2,700	-	2,700
	<u>59,134</u>	<u>1,820,534</u>	<u>1,879,668</u>

Particulars	2022		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
<b>Financial liabilities</b>			
Payable to AKD Investment Management Limited -Management Company	21,211	-	21,211
Payable to Central Depository Company of Pakistan Limited - Trustee	259	-	259
Accrued expenses and other liabilities	1,561	-	1,561
Unclaimed dividend	50,250	-	50,250
	<u>73,281</u>	<u>-</u>	<u>73,281</u>

## 20. 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', profit receivable on bank deposit and deposits. The Fund's principal financial liabilities include remuneration payable to the Management Company, the Trustee, unclaimed dividend and payable against purchase of securities.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the 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 three types of risk: currency risk, interest rate risk and price risk.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### Yield / interest rate risk

Interest 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 interest rates. As of 30 June 2023, the Fund is exposed to fair value interest rate risk on its bank balances.

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

At the reporting date the Fund has balances in savings accounts on which interest rate is 19.5% that could expose the Fund to cash flow interest rate risk. The net income in the income statement and statement of comprehensive income would have increased / (decreased) by Rs. 0.54 million (2022: Rs. 0.56 million) and consequently statement of movement in unit holder's fund would be affected by the same amount, had the interest rates on saving accounts with the bank increased/(decreased) by 100 basis points. The analysis assumes that all other variables remain constant.

**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 interest rate risk.

**Exposure to interest rate risk and maturity**

Interest 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.

Particulars	As at 30 June 2023					Total
	Yield / effective interest rate / return	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		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	-	-	-	1,266,964	1,266,964
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**Financial assets at amortised cost**

Bank balances	19.5%	54,234	-	-	144	54,378
Profit receivable on bank deposits		-	-	-	964	964
Deposits		-	-	-	2,700	2,700
Receivable against sale of securities		-	-	-	128,560	128,560
Receivable against conversion of units		-	-	-	1,044	1,044
<b>Sub total</b>		<b>54,234</b>	<b>-</b>	<b>-</b>	<b>133,412</b>	<b>187,646</b>
		<b>54,234</b>	<b>-</b>	<b>-</b>	<b>1,400,376</b>	<b>1,454,610</b>

**Financial liabilities at amortised cost**

Payable to AKD Investment Management Limited - Management Company		-	-	-	20,249	20,249
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	214	214
Accrued expenses and other liabilities		-	-	-	1,680	1,680
Unclaimed dividend		-	-	-	50,109	50,109
Payable against purchase of securities		-	-	-	90,420	90,420
Payable against redemption / conversion of units		-	-	-	407	407
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>163,079</b>	<b>163,079</b>

**On-balance sheet gap**

<b>54,234</b>	<b>-</b>	<b>-</b>	<b>1,237,298</b>	<b>1,291,532</b>
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**Total interest rate sensitivity gap**

<b>54,234</b>	<b>-</b>	<b>-</b>	<b>1,237,298</b>
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**Cumulative interest rate sensitivity gap**

<b>54,234</b>	<b>-</b>	<b>-</b>	<b>1,237,298</b>
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As at 30 June 2022

Particulars	Yield / effective interest rate / return	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than		

%

(Rupees in '000)

#### On-balance sheet financial instruments

##### Financial assets at fair value through profit or loss

Investments	-	-	-	1,820,534	1,820,534
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##### Financial assets at amortised cost

Bank balances	13%	55,718	-	73	55,791
Profit receivable on bank deposits		-	-	643	643
Deposits		-	-	2,700	2,700
		<u>55,718</u>	<u>-</u>	<u>3,416</u>	<u>59,134</u>
<b>Sub total</b>		<u>55,718</u>	<u>-</u>	<u>1,823,950</u>	<u>1,879,668</u>

##### Financial liabilities at amortised cost

Payable to AKD Investment Management Limited - Management Company	-	-	-	21,211	21,211
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	259	259
Accrued expenses and other liabilities	-	-	-	1,561	1,561
Unclaimed dividend	-	-	-	50,250	50,250
Sub total	-	-	-	<u>73,281</u>	<u>73,281</u>

On-balance sheet gap	<u>55,718</u>	<u>-</u>	<u>-</u>	<u>1,750,669</u>	<u>1,806,387</u>
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Total interest rate sensitivity gap	<u>55,718</u>	<u>-</u>	<u>-</u>	<u>1,750,669</u>	
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Cumulative interest rate sensitivity gap	<u>55,718</u>	<u>-</u>	<u>-</u>	<u>1,750,669</u>	
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#### 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 interest 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 30 June 2023, the fair value of equity securities exposed to price risk is disclosed in note 6.1

The sensitivity of the loss 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 is disclosed below. 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.

	2023	2022
	----- (Rupees in '000') -----	
<b>Effect due to increase / decrease in index</b>		
Investments and net assets	<u>63,348</u>	<u>91,027</u>
Income statement	<u>63,348</u>	<u>91,027</u>

### 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 risk exposure arising as a result of profit receivable on bank deposits and deposits with financial institutions.

### Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. 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 30 June 2023 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	----- (Rupees in '000) -----			
Bank balances	54,378	54,378	55,791	55,791
Investments	1,266,964	1,820,534	1,820,534	1,820,534
Profit receivable on bank deposits	964	964	643	643
Deposits	2,700	2,700	2,700	2,700
Receivable against sale of securities	128,560	128,560	-	-
Receivable against conversion of units	1,044	1,044	-	-
	<u>1,454,610</u>	<u>2,008,180</u>	<u>1,879,668</u>	<u>1,879,668</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2023 is the carrying amount of the financial assets.

The analysis below summaries the credit rating quality of the fund's financial assets with banks as at 30 June 2023:

Bank balances by rating category	Rating Agency	2023		2022	
		Rupees in '000	%	Rupees in '000	%
AA+ / A1+ - HMBL	PACRA	54,234	99.73%	55,718	99.87%
AAA / A1+ - ABL	PACRA	144	0.27%	73	0.13%
		<u>54,378</u>	<u>100%</u>	<u>55,791</u>	<u>100%</u>
<b>Profit receivable on bank deposits</b>					
AA+/A1+ - HMBL	PACRA	<u>964</u>	<u>100%</u>	<u>643</u>	<u>100%</u>

Above rating is on the basis of available ratings assigned by PACRA as of 30 June 2023.

Balances with bank is assessed to have low credit risk of default since the bank is highly regulated by the State Bank of Pakistan. Accordingly, management of the fund estimates that loss allowance on balance with bank at the end of the reporting period at an amount equal to 12 month Expected Credit Loss (ECL). None of the balance with bank 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 bank, 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.

### 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's 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 30 June 2023 -----			
	Within one month	Over one to three months	Over three to twelve months	Over one to five years
	------(RUPEES in '000)-----			
Payable to AKD Investment Management Limited - Management Company	20,249	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	214	-	-	-
Accrued expenses and other liabilities	1,680	-	-	-
Unclaimed dividend	50,109	-	-	-
Payable against purchase of securities	90,420	-	-	-
Payable against redemption / conversion of units	407	-	-	-
	<u>163,079</u>	<u>-</u>	<u>-</u>	<u>-</u>

	----- As at June, 30 2022 -----			
	Within one month	Over one to three months	Over three to twelve months	Over one to five years
	----- (RUPEES in '000) -----			
Payable to AKD Investment Management Limited - Management Company	21,211	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	259	-	-	-
Accrued expenses and other liabilities	1,561	-	-	-
Unclaimed dividend	50,250	-	-	-
	<u>73,281</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 21. 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.

## 22. 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. year 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:

- |                 |  |
|-----------------|--|
| <b>Level 1:</b> | Quoted prices in active markets for identical assets or liabilities;   |
| <b>Level 2:</b> | 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 |
| <b>Level 3:</b> | Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).   |

	As at 30 June 2023			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>Investment in securities - at fair value through profit or loss</b>				
Listed equity securities	1,266,964	-	-	1,266,964

	As at 30 June 2022			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>Investment in securities - at fair value through profit or loss</b>				
Listed equity securities	1,820,534	-	-	1,820,534

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

**23. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER**

Details of members of the Investment Committee of the Fund as on 30 June 2023 are as follows:

Name	Designation	Qualification	Experience in years
Mr. Imran Motiwala	Chief Executive Officer	B.Sc (Marketing)	30
Mr. Muhammad Yaqoob	Chief Operating Officer and Company Secretary	MBA (Finance), CFA Charter holder	19
Ms. Anum Dhedhi	Chief Investment Officer	B.Sc. (Financial Economics)	12
Mr. Sheikh Usman Haroon	Risk Manager	ACCA, CFA Charter holder	9
Mr. Ali Abbas CFA	Head of Research	MBA (Finance), CFA Charterholder	7
Mr. Danish Aslam	Senior Fund Manager	BS Joint (Honors) Accounting & Finance, CFA Level I Passed	5

Ms. Anum Dhedhi is manager of Fund. She is also managing AKD Opportunity Fund, AKD Islamic Stock Fund and AKD Index Tracker Fund.

24. PATTERN OF UNIT HOLDING	As at 30 June 2023		
	No of unit holders	Units held	Percentage of investment
Associated Companies	3	16,758,573	15.61
Directors and CEO	5	528,374	0.49
Individuals	4,422	81,833,161	76.23
Insurance company	1	1,554	0.00
Banks / DFIs	3	13,812	0.01
Retirement Funds	2	2,219,812	2.07
Public Limited Companies	1	3,900,838	3.63
Others	49	2,099,991	1.96
	<b>4,486</b>	<b>107,356,115</b>	<b>100</b>

As at 30 June 2022

	No of unitholders	Units held	Percentage of investment
Associated Companies	3	18,330,174	13.62
Directors and CEO	4	2,005,374	1.49
Individuals	4673	97,971,940	72.80
Insurance company	1	1,554	0.00
Banks / DFIs	3	13,812	0.01
Retirement Funds	4	7,158,285	5.32
Public Limited Companies	7	10,688	0.01
Others	46	9,085,578	6.75
	<u>4741</u>	<u>134,577,405</u>	<u>100</u>

## 25. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the year 93rd, 94th, 95th and 96th board meetings were held on 28 September 2022, 28 October 2022, 24 February 2023 and 28 April 2023 respectively. Information in respect of attendance by Directors in these meetings is given below:

S.No	Name of Director	Number of meeting held	Attended	Leave	Meeting not attended
1	Mr. Abdul Karim	4	4	-	-
2	Mr. Imran Motiwala	4	4	-	-
3	Ms. Anum Dhedhi	4	4	-	-
4	Mr. Saim Mustafa Zuberi*	4	2	-	-
5	Mr. Ali Wahab Siddiqui	4	4	-	-
6	Mr. Hassan Ahmed	4	4	-	-
7	Ms. Aysha Ahmed	4	4	-	-

\*Mr. Saim Mustafa Zuberi resigned from the Board with effective from 21 February 2023.

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

	2023 Percentage
Investment Managers Securities (Pvt) Limited	17.04
Arif Habib Limited	14.91
Next Capital Limited	12.47
Habib Metropolitan Financial Services Ltd.	8.95
AKD Securities Limited	8.93
DJM Securities (Pvt) Limited	8.37
First Equity Modaraba	8.15
Y.H.Securities (Private) Limited	4.65
Creative Capital Securities (Pvt) Ltd.	3.73
Adam Securities Limited	2.9

**TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE****2022  
Percentage**

AKD Securities Limited	23.15
Investment Managers Securities (Private) Limited	17.5
AI Securities (Private) Limited	16.99
Creative Capital Securities (Private) Limited	10.64
Optimus Capital Management (Private) Limited	6.09
AKIK Capital (Private) Limited	5.00
First Equity Modaraba	4.92
DJM Securities Limited	4.02
FDM Capital Securities (Private) Limited	2.28
Arif Habib Limited	2.00

**27. GENERAL**

**27.1** No reclassification / rearrangement of the corresponding figures has been made during the year in these financial statements.

**28. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 22 SEP 2023 by the Board of Directors of the Management Company.

**For AKD Investment Management Limited  
(Management Company)**



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**GOLDEN ARROW STOCK FUND  
PERFORMANCE TABLE**

	2023	2022	2021
Total net assets value (Rs '000)*	1,291,618	1,806,441	2,227,604
Net assets value per unit - (Rs)*	12.0312	13.4231	16.6266
Selling price as at June 30 (Rs)*	12.3921	13.8258	17.1254
Repurchase price as at June 30 (Rs)*	12.0312	13.4231	16.6266
Highest selling price (Rs)	15.1719	18.0333	17.5059
Lowest selling price (Rs)	11.9408	13.2717	8.1779
Highest repurchase price (Rs)	14.7300	17.5081	16.9960
Lowest repurchase price (Rs)	11.5930	12.8851	7.9397
<b>Return of the Fund</b>			
- capital growth (Rs '000)	(514,823)	(421,163)	1,238,218
- income distribution (including refund of capital) (Rs '000)*	-	-	-
<b>Distribution per unit (Rs.)</b>			
Interim	-	-	-
Final	-	-	-
<b>Average Annual Return (Percentage)</b>			
- Last one year	-10.37	-19.27	113.80
- Last two year	-14.93	31.38	42.83
- Last three year	15.66	18.09	18.68

\* Final distributions for the year made subsequent to the year end have been adjusted against the closing NAVs.

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.

**Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund Limited)**

**Proxy details issued by Fund**

**For the year ended June 30, 2023**

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) has formulated Proxy Voting Policy, which is available on Management Company's website ([www.akdinvestment.com](http://www.akdinvestment.com)).

During the year, the Management Company on behalf of the Fund participated in 4 shareholders' meetings. Moreover, details of summarized proxies voted are as follows:

GASF	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	16	10	5	1	As decided by the Investment Committee.
(%ages)	100	63	31	6	

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.**

**Head Office:**

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**Gulshan-e-Iqbal Branch:**

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

**Abbottabad Branch:**

Office No. 1 & 2, 2nd Floor, Zaman Plaza,  
Near Complex Hospital,  
Main Mansehra Road, Abbottabad.  
Contact # 099-2381431-2

**Lahore Branch:**

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Block-FF, D.H.A., Lahore Cantt.  
Contact # 0333-0342762-4

E-mail : [info@akdinvestment.com](mailto:info@akdinvestment.com)  
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