

Funds Managed by:
AKD Investment Management Ltd.

Quarterly Report
September 30, 2020
(Un-Audited)



quarterly report



Partner with AKD
Profit from the Experience



**AKD Investment
Management Ltd.**

TABLE OF CONTENTS

Contents

- 02 Corporate Information
- 03 Vision
- 04 Mission Statement
- 05 Fund Information
- 06 Report of the Directors of the Management Company
- 10 Fund Manager's Report
- 15 Condensed Interim Statement of Assets and Liabilities
- 16 Condensed Interim Income Statement
- 17 Condensed Interim Statement of Comprehensive Income
- 18 Condensed Interim Statement of Movement In Unitholders' Fund
- 19 Condensed Interim Cash Flows Statement
- 20 Notes to the Condensed Interim Financial Information

MANAGEMENT COMPANY

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

**BOARD OF DIRECTORS
OF THE MANAGEMENT COMPANY**

Chairman
Mr. Abdul Karim

Director & Chief Executive Officer
Mr. Imran Motiwala

Director
Ms. Anum Dhedhi
Ms. Aysha Ahmed
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi

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

Mr. Muhammad Yaqoob Sultan, CFA

**CHIEF FINANCIAL OFFICER
OF THE MANAGEMENT COMPANY**

Muhammad Munir Abdullah

**HEAD OF INTERNAL AUDIT
OF THE MANAGEMENT COMPANY**

Ms. Tayyaba Masoom Ali

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Saim Mustafa Zuberi (Member)
Ms. Tayyaba Masoom Ali (Secretary)

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

Ms. Aysha Ahmed (Chairman)
Mr. Abdul Karim (Member)
Mr. Imran Motiwala (Member)
Ms. Anum Dhedhi (Member)
Mr. Saim Mustafa Zuberi (Member)
Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

AKD Investment Management Limited
AM3++ (AM Three Plus Plus) issued by PACRA

**CORPORATION
INFORMATION**

Vision

*To serve investors in Pakistan's
capital markets with diligence,
integrity and professionalism,
thereby delivering consistent
superior returns and
unparalleled
customer service.*

Mission Statement

AKD Fund shall continuously strive to:

- *Keep primary focus on investing clients' interest*
- *Achieve highest standards of regulatory compliance and good governance*
- *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

AKD Islamic Stock Fund



MANAGEMENT COMPANY

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

TRUSTEE

MCB Financial Services Limited
4th Floor, Perdesi House,
2/1 R-Y Old Queens Road,
Karachi-74200

BANKERS

BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited (Islamic Banking)

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court A-35, Block 7 & 8
KCHSU, Sharah-e-Faisal,
Karachi-75350, Pakistan

LEGAL ADVISER

Sattar & Sattar
Attorneys -at -law 3rd Floor, UBL
Building,
I.I. Chundrigar Road, Karachi

REGISTRAR

AKD Investment Management Limited.
216 - 217, Continental Trade Centre,
Block-8, Clifton Karachi-74000
UAN: 111-253-465 (111-AKDIML)

DISTRIBUTORS

AKD Investment Management Limited
Investomate (Private) Ltd.
Investlink Advisor (Private) Limited
Metro Capital (Private) Ltd.

RATING

AKD Islamic Stock Fund
PACRA: 1 Year Category:
MFR 1-Star

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), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF), Golden Arrow stock Fund (GASF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its first quarter report along with the Funds' un-audited Financial Statements for the Quarter ended September 30, 2020.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY21, the return of AKD Opportunity Fund stood at 44.19% compared to the benchmark KSE-100 Index return of 17.87%.

Golden Arrow Stock Fund (GASF)

For the 1QFY21, the return of Golden Arrow Stock Fund - (Formerly: Golden Arrow Selected Stocks Fund Limited) stood at 38.67% compared to the benchmark KSE-100 Index return of 17.87%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY21, the return of AKD Index Tracker Fund stood at 16.80% compared to the benchmark KSE-100 Index return of 17.87%.

AKD Cash Fund (AKDCF)

For the 1QFY21, the annualized return of AKD Cash Fund stood at 6.43% compared to the benchmark return of 6.72%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY21, the annualized return of AKD Aggressive Income Fund stood at 4.81% compared to the benchmark return of 7.34%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY21, the annualized return of AKD Islamic Income Fund stood at 8.04% compared to the benchmark return of 4.42%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY21, the return of AKD Islamic Stock Fund stood at 31.60% compared to the benchmark KMI-30 Index return of 17.72%.

MACRO PERSPECTIVE

After witnessing negative GDP growth of 0.38% during FY20, owing to halted economic activities due to COVID-19 outbreak, Pakistan witnessed a revival during 1QFY21 as business activities resumed after the country successfully flattened the curve of COVID-19. According to the State Bank of Pakistan (SBP), Pakistan's GDP has increased by 3.24% to USD 68.21 billion during 1QFY21 as compared to USD 66.07 billion reported during same period last year (SPLY). After witnessing Current Account Deficit (CAD) since 4QFY15, the external account turned into surplus during 1QFY21, resulting in strengthening of local currency against US dollar. Tax collection also exceeded its target by ~PKR 34 billion following recovery in Large Scale Manufacturing (LSMI) sectors.

The external account for 1QFY21 turned into surplus of USD 792 million (1.16% of GDP) as compared to a deficit of USD 1,492 million (2.26% of GDP) recorded during the same period last year. This can be attributed to improvement in Balance on trade in Goods and Services by 5.78%YoY to USD -5.79 billion as compared to USD -6.15 billion recorded during SPLY. The Exports of Goods and Services declined by 9.57%YoY to USD 6.58 billion owing to shutdown of export destinations. However, Imports of Goods and Services decreased by 7.84%YoY to USD 12.37 billion on the back of declining international oil prices coupled with decrease in import of vehicles. Workers' Remittances surged by ~31%YoY to USD 7.15 billion as compared to USD 5.45 billion recorded during SPLY. Abnormal increase in workers' remittances can be attributed to constraints in informal channels owing to closure of international flights. Foreign Direct Investment (FDI) decreased by 23.99%YoY to USD 415 million from USD 546 million in SPLY. A positive external account helped the SBP in building country's foreign exchange reserves up by USD 499 million to USD 19.39 billion, taking the country's total imports cover to more than 5 months. Improvement in current account and forex reserves has helped the local currency to marginally appreciate by ~1.4% during 1QFY21. Moreover, current Real Effective Exchange Rate (REER) of "91.69" illustrates that on the basis of purchasing power of the local currency versus a basket of global currencies, local currency is undervalued by approximately 8%.

The Government's initiatives of attracting investments from Non-Resident Pakistanis (NRP) are also expected to bode well for the country. Reportedly, Roshan Digital Account has so far attracted more than 21,000 new bank accounts with a total deposit of approximately USD 24 million. Islamic Naya Pakistan Certificate is Shariah compliant investment option that is based on Mudarabah offered to NRP as well, suggesting the Govt is opening up Pakistan for business. Both resources provide innovative banking solution for Overseas Pakistanis to undertake, fund transfers, bill payments and investment activities in Pakistan. Lucrative returns bases on USD and PKR to Roshan Digital account and Islamic Naya Pakistan certificate may help Pakistan to further improve its reserves and investment activity.

According to press reports, the Federal Board of Revenue (FBR) has made net revenue collection of PKR 1,004 billion during 1QFY21, up by 4.11%YoY as compared to ~PKR 964 billion recorded during same period last year (SPLY). FBR has exceeded its given target of PKR 970 billion by a margin of PKR 34 billion owing to faster recovery in the economy where government managed to flatten the curve of COVID-19 in the country. During 1QFY21, FBR's gross revenue clocked in at PKR 1,052 billion, and made total refunds of ~PKR 48 billion as compared to ~PKR 26.5 billion recorded during SPLY. Major contribution to the increase in FBR collection was witnessed from Sales tax where collections increased by 5.70% YoY to ~PKR 426 million as compared to ~PKR 403 million recorded during SPLY. Income tax collection during 1QFY21 remained flat at ~PKR 358 billion as compared to ~PKR 355 billion recorded during SPLY. FBR has initiated its drive towards automation, e-audit and simplification of procedures, e-payment to increase Ease of Doing Business. Furthermore, Pakistan Custom has launched a country wide operation against transportation, storage and sale of smuggled goods in coordination with Law Enforcement Agencies (LEAs), resulting in historic seizures of smuggled goods. As economic activity has eventually picked up, FBR would manage to collect higher taxes and achieve its initial target of PKR 4,963 billion for FY21.

As per Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in 1QFY21 was recorded at 8.84%YoY as compared to 10.08%YoY, SPLY. Core Inflation, calculated by excluding food and energy, clocked in at 5.47%YoY and 7.73% YoY for Urban and Rural areas respectively, as compared to 8.37%YoY and 8.47%YoY, SPLY. The SBP expects NCPI to fall within the range of 7-9 percent during FY21. After monetary easing of 625 basis points to 7% in order to revive halted economic activities, the SBP kept the policy rate unchanged in its last meeting held in September 2020.

The Large Scale Manufacturing (LSM) sector, which constitutes 77.05% of the total manufacturing and 8.9% of overall GDP, witnessed an increase of 3.66% for July-August FY21. During the period, major contribution towards the growth came from Non Metallic Mineral products (Weight: 5.36%), Food and Beverages (Weight: 12.37 %) and Pharmaceuticals (Weight: 3.62%) which increased by 23.05%, 15.50%, and 10.03% respectively. However, there was a decline witnessed in some of the sectors like Automobile (Weight: 4.61%), Electronics (Weight: 1.963%) and Leather

Products (Weight: 0.859%) which decreased by 18.81%, 24.63% and 37.50% respectively during July-August FY21.

EQUITY MARKET REVIEW

During 1QFY21, local bourse continued its positive trajectory where benchmark KSE-100 Index surged by 6,150pts, an increase of 17.87%QoQ. The Index closed at 40,571pts as compared to 34,422pts recorded by year end FY20. To recap, during 4QFY20, KSE-100 Index surged by 5,190pts after witnessing a decline of 11,503pts during 3QFY20. Local bourse witnessed healthy participation during the period under review as average daily traded turnover surged by 144.94%QoQ/403.04%YoY to 500.23 million shares as compared to 204.23/99.44 million shares during 4QFY20/1QFY20 respectively.

With significant reduction in interest rates, and the overall slowdown in the economy, Pakistan's equity market managed to attract liquidity where all the other asset classes were selectively unable to excite fresh liquidity during the current pandemic. Moreover, investor interest diverted to second tier and third tier stocks as depicted by a decrease in ratio of KSE-100 volumes over total turnover. During 1QFY21, the ratio clocked in at 59.83% as compared to 67.28% and 78.29% reported during 4QFY20 and 1QFY20 respectively.

Some of the positive triggers that kept the market sentiment bullish were 1) Asian Development Bank (ADB) approved USD 300m loan for strengthening capital markets, 2) PKR 651 billion payments deferred by banks for a year by IMF, 3) Current account surplus during 1QFY21, 4) Policy rate unchanged at 7%, 5) Pakistan winning a stay over USD 6 billion penalty in Reko Diq case, 6) Sale of Naya Pakistan Certificates beginning through agent banks, 7) Prime Minister unveiling Karachi 'transformation' plan, 8) K-Electric planning PKR 250 billion investment, 8) MoU signed with IPPs to cut energy cost and to resolve circular debt issue, and 9) FBR exceeded its 1QFY21 tax collection target by 34 billion. Moreover, investors' sentiments were depressed by various events including : 1) Government asking fertilizer industry to pay GIDC within 24 months, 2) Government allowing hiring of financial advisors for PPL's divestment, and 3) 1QFY21 NCPI up by 8.84%YoY.

Foreign Investors remained net sellers for the fourth consecutive quarter with net outflow of USD 94.72 million, taking the cumulative outflow to USD 402.93 million. Individuals and Mutual Funds were the major net buyers with net buying amounting to USD 108.30 million and USD 26.33 million respectively. Whereas, Banks/DFI and Broker were the net sellers with net selling of USD 53.46 million and USD 18.11 million respectively.

There was a major outperformance witnessed in different sectors during 1QFY21 which helped the KSE-100 Index maintain its momentum. The market capitalization of sectors like Commercial Banks, Cement, Chemical, Food & Personal Care Products and Automobile Assembler increased by 18.54%, 35.41%, 25.59%, 12.45%, and 25.34% respectively. In terms of valuation, KSE-100 Index closed at forward Price to Earnings Multiple of 6.90x, 48.37% discount as compared to MSCI Emerging Market P/E of 13.37x and offering a healthy dividend yield of 6.08%.

MONEY MARKET REVIEW

During 1QFY21, six T-Bills auctions were conducted, where the State Bank of Pakistan managed to raise PKR 1.93 trillion cumulatively. Weighted average yield of the 3 months, 6 months, and 12 months T-Bills were 6.91%, 6.95%, and 7.05% respectively, as compared to 13.55%, 13.69%, and 13.90% for same period last year. It is pertinent to note that the yield curve has been on an increasing trend since touching its low of 6.43%, 6.47% and 6.55% for 3 months, 6 months and 12 months T-Bills respectively in July 2020 auction, depicting an upward slope in the yield curve within short tenure paper as well. Additionally, upward sloping yield curve for recent T-bills auctions further suggests future increase in the interest rates.

To further address demand for liquidity, the SBP conducted three auctions of fixed rate Pakistan Investment Bonds (PIBs) and was successful in raising PKR 249.17 billion cumulatively during 1QFY21. The weighted average yield of 3 years, 5 years, and 10 years fixed rate PIBs were

7.81%, 8.35%, and 8.91% respectively, as compared to 13.82%, 13.50%, and 13.24%, during same period last year. In addition, government also accepted bids for 20 years and 15 years fixed rate PIBs during the period with the weighted average yield of 10.44% and 9.84% respectively. The Monetary Policy Committee (MPC) announced one (1) Monetary Policy Statement in 1QFY21, where the committee maintained the policy rate at 7% amid the Covid-19 pandemic with an aim to cushion the slowdown in growth rate while maintaining its inflation outlook and financial stability. The SBP conducted 22 Open Market Operations (OMO) in 1QFY21 of different maturities, in which it injected an average amount of PKR 726.49 billion per OMO at an average cut-off yield of 7.03%, and mopped up an average amount of PKR 45.17 billion per OMO at an average cut-off yield of 6.91%.

As per the auction target calendar for October - December 2020, the SBP targets to raise PKR 2.75 trillion by issuing 3 months, 6 months, and 12 months T-Bills against maturity amount of PKR 3.49 trillion. Moreover, SBP targets to raise PKR 390 billion by issuing 3 - 20 years fixed rate PIBs and PKR 830 billion by issuing 3 - 10 years floating rate PIBs.

FUTURE OUTLOOK

Going forward, we remain optimistic about the economic outlook for FY21, where the State Bank of Pakistan expects real GDP growth to reach 2.0% as compared to -0.38% reported during FY20. As per the SBP, NCPI is expected to range between 7 to 9 percent during FY21 where the government is confident about controlling the recent hike in inflation caused by supply disruptions. As depicted by REER of "91.69", local currency is currently undervalued as compared to the basket of international currencies where PKR has strengthened by 2.68% during FYTD21. Surplus on External Account has decreased pressure on foreign exchange reserves. However, a potential increase in international oil price may deteriorate the surplus, but it is unlikely due to a decrease in the global demand. However, any further delay in the disbursement of tranche from the International Monetary Fund may put some pressure on Foreign Exchange Reserves. FBR exceeding its collection target during 1QFY21 may further limit the fiscal deficit target of 7.1% during FY21. Moreover, current negative Real Interest Rate may put some pressure on local currency due to flight of capital.

On the Fixed Income front, current Negative Real Interest Rates remains a contentious considering the country is under an International Monetary Fund Program. We expect the SBP to opt for contractionary monetary policy during 2HFY21.

As far as equity valuations are concerned, future expected growth in corporate earnings is yet to be witnessed due to the recently announced packages, and this coupled with low interest rates will justify upward a re-rating of Price to Earnings multiple of KSE-100 index which is currently trading at a forward Price to Earnings Multiple of 7.18x (October 27, 2020).

For and on behalf of the board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: October 29, 2020

FUND MANAGER'S REPORT

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

Open - End Islamic Equity Scheme.

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

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

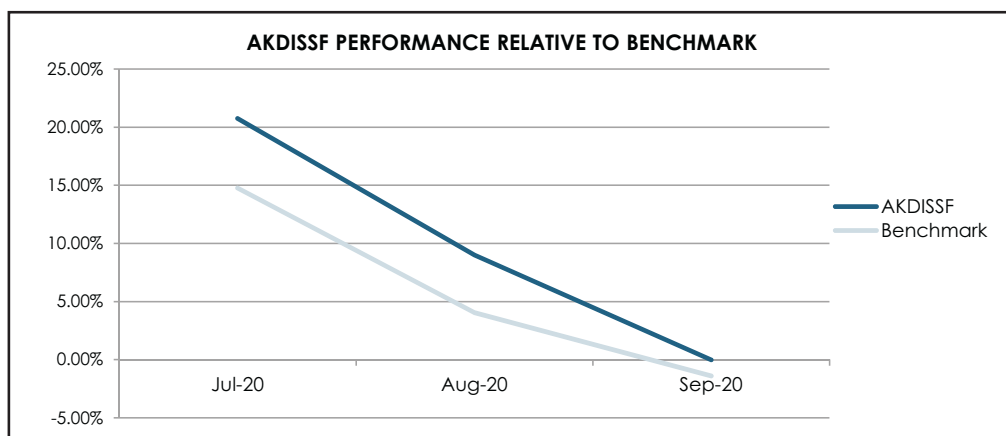
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY21, the return of AKD Islamic Stock Fund stood at 31.60% compared to the benchmark KMI-30 Index return of 17.72%.

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

KMI-30 Index

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



Monthly return	Jul-20	Aug-20	Sep-20
AKDISSF	20.76%	8.99%	-0.01%
Benchmark	14.75%	4.03%	-1.39%

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

AKD Islamic Stock Fund is an Open - End Islamic Equity Scheme; the return of the Fund is generated through investment in Islamic stocks which have strong growth potential. AKDISSF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Assets)	30-Sep-20	30-Jun-20
Equities	96.58%	96.94%
Cash	1.62%	0.51%
Other Assets including Receivables	1.80%	2.55%

viii) **Analysis of the Collective Investment Scheme's performance:**

1QFY21 Return	31.60%
Benchmark Return	17.72%

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

Net Assets Value		NAV Per Unit		
30-Sep-20	30-Jun-20	Change in Net Assets	30-Sep-20	30-Jun-20
(Rupees In "000")		(Rupees In "000")		
299,003	127,012	135.41%	39.37	29.91

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

After witnessing negative GDP growth of 0.38% during FY20, owing to halted economic activities due to COVID-19 outbreak, Pakistan witnessed a revival during 1QFY21 as business activities resumed after the country successfully flattened the curve of COVID-19. According to the State Bank of Pakistan (SBP), Pakistan's GDP has increased by 3.24% to USD 68.21 billion during 1QFY21 as compared to USD 66.07 billion reported during same period last year (SPLY). After witnessing Current Account Deficit (CAD) since 4QFY15, the external account turned into surplus during 1QFY21, resulting in strengthening of local currency against US dollar. Tax collection also exceeded its target by ~PKR 34 billion following recovery in Large Scale Manufacturing (LSMI) sectors.

The external account for 1QFY21 turned into surplus of USD 792 million (1.16% of GDP) as compared to a deficit of USD 1,492 million (2.26% of GDP) recorded during the same period last year. This can be attributed to improvement in Balance on trade in Goods and Services by 5.78%YoY to USD -5.79 billion as compared to USD -6.15 billion recorded during SPLY. The Exports of Goods and Services declined by 9.57%YoY to USD 6.58 billion owing to shutdown of export destinations. However, Imports of Goods and Services decreased by 7.84%YoY to USD 12.37 billion on the back of declining international oil prices coupled with decrease in import of vehicles. Workers' Remittances surged by ~31%YoY to USD 7.15 billion as compared to USD 5.45 billion recorded during SPLY. Abnormal increase in workers' remittances can be attributed to constraints in informal channels owing to closure of international flights. Foreign Direct Investment (FDI) decreased by 23.99%YoY to USD 415 million from USD 546 million in SPLY. A positive external account helped the SBP in building country's foreign exchange reserves up by USD 499 million to USD 19.39 billion, taking the country's total imports cover to more than 5 months. Improvement in current account and forex reserves has helped the local currency to

marginally appreciate by ~1.4% during 1QFY21. Moreover, current Real Effective Exchange Rate (REER) of "91.69" illustrates that on the basis of purchasing power of the local currency versus a basket of global currencies, local currency is undervalued by approximately 8%.

The Government's initiatives of attracting investments from Non-Resident Pakistanis (NRP) are also expected to bode well for the country. Reportedly, Roshan Digital Account has so far attracted more than 21,000 new bank accounts with a total deposit of approximately USD 24 million. Islamic Naya Pakistan Certificate is Shariah compliant investment option that is based on Mudarabah offered to NRP as well, suggesting the Govt is opening up Pakistan for business. Both resources provide innovative banking solution for Overseas Pakistanis to undertake, fund transfers, bill payments and investment activities in Pakistan. Lucrative returns bases on USD and PKR to Roshan Digital account and Islamic Naya Pakistan certificate may help Pakistan to further improve its reserves and investment activity.

According to press reports, the Federal Board of Revenue (FBR) has made net revenue collection of PKR 1,004 billion during 1QFY21, up by 4.11%YoY as compared to ~PKR 964 billion recorded during same period last year (SPLY). FBR has exceeded its given target of PKR 970 billion by a margin of PKR 34 billion owing to faster recovery in the economy where government managed to flatten the curve of COVID-19 in the country. During 1QFY21, FBR's gross revenue clocked in at PKR 1,052 billion, and made total refunds of ~PKR 48 billion as compared to ~PKR 26.5 billion recorded during SPLY. Major contribution to the increase in FBR collection was witnessed from Sales tax where collections increased by 5.70% YoY to ~PKR 426 million as compared to ~PKR 403 million recorded during SPLY. Income tax collection during 1QFY21 remained flat at ~PKR 358 billion as compared to ~PKR 355 billion recorded during SPLY. FBR has initiated its drive towards automation, e-audit and simplification of procedures, e-payment to increase Ease of Doing Business. Furthermore, Pakistan Custom has launched a country wide operation against transportation, storage and sale of smuggled goods in coordination with Law Enforcement Agencies (LEAs), resulting in historic seizures of smuggled goods. As economic activity has eventually picked up, FBR would manage to collect higher taxes and achieve its initial target of PKR 4,963 billion for FY21.

As per Pakistan Bureau of Statistics (PBS), the average National Consumer Price Index (NCPI) in 1QFY21 was recorded at 8.84%YoY as compared to 10.08%YoY, SPLY. Core Inflation, calculated by excluding food and energy, clocked in at 5.47%YoY and 7.73% YoY for Urban and Rural areas respectively, as compared to 8.37%YoY and 8.47%YoY, SPLY. The SBP expects NCPI to fall within the range of 7-9 percent during FY21. After monetary easing of 625 basis points to 7% in order to revive halted economic activities, the SBP kept the policy rate unchanged in its last meeting held in September 2020.

The Large Scale Manufacturing (LSM) sector, which constitutes 77.05% of the total manufacturing and 8.9% of overall GDP, witnessed an increase of 3.66% for July-August FY21. During the period, major contribution towards the growth came from Non Metallic Mineral products (Weight: 5.36%), Food and Beverages (Weight: 12.37 %) and Pharmaceuticals (Weight: 3.62%) which increased by 23.05%, 15.50%, and 10.03% respectively. However, there was a decline witnessed in some of the sectors like Automobile (Weight: 4.61%), Electronics (Weight: 1.963%) and Leather Products (Weight: 0.859%) which decreased by 18.81%, 24.63% and 37.50% respectively during July-August FY21.

EQUITY MARKET REVIEW

During 1QFY21, local bourse continued its positive trajectory where benchmark KSE-100

Index surged by 6,150pts, an increase of 17.87%QoQ. The Index closed at 40,571pts as compared to 34,422pts recorded by year end FY20. To recap, during 4QFY20, KSE-100 Index surged by 5,190pts after witnessing a decline of 11,503pts during 3QFY20. Local bourse witnessed healthy participation during the period under review as average daily traded turnover surged by 144.94%QoQ/403.04%YoY to 500.23 million shares as compared to 204.23/99.44 million shares during 4QFY20/1QFY20 respectively.

With significant reduction in interest rates, and the overall slowdown in the economy, Pakistan's equity market managed to attract liquidity where all the other asset classes were selectively unable to excite fresh liquidity during the current pandemic. Moreover, investor interest diverted to second tier and third tier stocks as depicted by a decrease in ratio of KSE-100 volumes over total turnover. During 1QFY21, the ratio clocked in at 59.83% as compared to 67.28% and 78.29% reported during 4QFY20 and 1QFY20 respectively.

Some of the positive triggers that kept the market sentiment bullish were 1) Asian Development Bank (ADB) approved USD 300m loan for strengthening capital markets, 2) PKR 651 billion payments deferred by banks for a year by IMF, 3) Current account surplus during 1QFY21, 4) Policy rate unchanged at 7%, 5) Pakistan winning a stay over USD 6 billion penalty in Reko Diq case, 6) Sale of Naya Pakistan Certificates beginning through agent banks, 7) Prime Minister unveiling Karachi 'transformation' plan, 8) K-Electric planning PKR 250 billion investment, 8) MoU signed with IPPs to cut energy cost and to resolve circular debt issue, and 9) FBR exceeded its 1QFY21 tax collection target by 34 billion. Moreover, investors' sentiments were depressed by various events including : 1) Government asking fertilizer industry to pay GIDC within 24 months, 2) Government allowing hiring of financial advisors for PPL's divestment, and 3) 1QFY21 NCPI up by 8.84%YoY.

Foreign Investors remained net sellers for the fourth consecutive quarter with net outflow of USD 94.72 million, taking the cumulative outflow to USD 402.93 million. Individuals and Mutual Funds were the major net buyers with net buying amounting to USD 108.30 million and USD 26.33 million respectively. Whereas, Banks/DFI and Broker were the net sellers with net selling of USD 53.46 million and USD 18.11 million respectively.

There was a major outperformance witnessed in different sectors during 1QFY21 which helped the KSE-100 Index maintain its momentum. The market capitalization of sectors like Commercial Banks, Cement, Chemical, Food & Personal Care Products and Automobile Assembler increased by 18.54%, 35.41%, 25.59%, 12.45%, and 25.34% respectively. In terms of valuation, KSE-100 Index closed at forward Price to Earnings Multiple of 6.90x, 48.37% discount as compared to MSCI Emerging Market P/E of 13.37x and offering a healthy dividend yield of 6.08%.

FUTURE OUTLOOK

Going forward, we remain optimistic about the economic outlook for FY21, where the State Bank of Pakistan expects real GDP growth to reach 2.0% as compared to -0.38% reported during FY20. As per the SBP, NCPI is expected to range between 7 to 9 percent during FY21 where the government is confident about controlling the recent hike in inflation caused by supply disruptions. As depicted by REER of "91.69", local currency is currently undervalued as compared to the basket of international currencies where PKR has strengthened by 2.68% during FYTD21. Surplus on External Account has decreased pressure on foreign exchange reserves. However, a potential increase in international oil price may deteriorate the surplus, but it is unlikely due to a decrease in the global demand. However, any further delay in the disbursement of tranche from the International

Monetary Fund may put some pressure on Foreign Exchange Reserves. FBR exceeding its collection target during 1QFY21 may further limit the fiscal deficit target of 7.1% during FY21. Moreover, current negative Real Interest Rate may put some pressure on local currency due to flight of capital.

On the Fixed Income front, current Negative Real Interest Rates remains a contentious considering the country is under an International Monetary Fund Program. We expect the SBP to opt for contractionary monetary policy during 2HFY21.

As far as equity valuations are concerned, future expected growth in corporate earnings is yet to be witnessed due to the recently announced packages, and this coupled with low interest rates will justify upward a re-rating of Price to Earnings multiple of KSE-100 index which is currently trading at a forward Price to Earnings Multiple of 7.18x (October 27, 2020).

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 Fund Manager's report, not otherwise disclosed in the financial statements:

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

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

There were no unit splits during the period.

xiii) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	252
10,000 - 49,999	46
50,000 - 99,999	10
100,000 - 499,999	13
500,000 and above	3
	324

xiv) Disclosure of circumstances that materially affect any interests of unit holders:

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 broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2020**

		(Un-audited) September 30, 2020	(Audited) June 30, 2020
	Note	Rupees in '000	
Assets			
Bank balances	5	5,185	664
Investments	6	309,341	125,261
Dividend and Profit receivable on bank deposits	7	113	43
Deposits, prepayments and other receivables	8	5,158	2,705
Preliminary expenses and floatation cost	9	490	541
Total Assets		320,287	129,214
Liabilities			
Payable to AKD Investment Management Limited - Management Company	10	1,647	995
Payable to MCB Financial Services Limited - Trustee	11	34	15
Payable to Securities and Exchange Commission of Pakistan	12	11	26
Accrued expenses and other liabilities	13	19,592	1,166
Total Liabilities		21,284	2,202
Net Assets		299,003	127,012
Unit Holders' Fund (as per statement attached)		299,003	127,012
Contingencies and Commitments			
	14	Number of units	
Number of units in issue		7,595,644	4,246,230
		Rupees	
Net assets value per unit		39.3651	29.9117

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Note	2020 (Rupees in '000)	2019
Income			
Capital gain / (loss) on sale of investments		7,290	(1,344)
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	6.2	34,763	(15,360)
Dividend income		-	1,447
Profit on bank deposits		205	46
Total gain / (loss)		42,258	(15,211)
Expenses			
Remuneration of the Management Company		1,045	617
Sales tax on the remuneration of the Management Company		136	80
Remuneration of the Trustee		63	37
Sales tax on the Trustee remuneration		8	6
Annual fee to the Securities and Exchange Commission of Pakistan		11	6
Expenses allocated by the Management Company		183	31
Securities transaction costs		357	39
Auditors' remuneration		50	44
Settlement and bank charges		20	6
Amortisation of preliminary expenses and floatation costs		51	51
Fee and subscription		177	139
Printing and related cost		38	38
Legal and professional charges		108	136
Charity		-	48
Provision for Sindh Workers' Welfare Fund		800	-
Total expenses		3,047	1,278
Net Income / (loss) for the period before taxation		39,211	(16,489)
Taxation	16	-	-
Net loss for the period after taxation		39,211	(16,489)
Allocation of net income for the period			
Net income for the period after taxation		39,211	-
Income already paid on units redeemed		(5,749)	-
		33,462	-
Accounting income available for distribution			
Relating to capital gain		42,053	-
Excluding capital gains		(8,591)	-
		33,462	-

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited (Management Company)

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

	2020	2019
	(Rupees in '000)	
Net Gain / (loss) for the period after taxation	39,211	(16,489)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>39,211</u>	<u>(16,489)</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	2020			2019		
	Capital value	Undistributed income	Net assets	Capital value	Undistributed income	Net assets
	----- (Rupees in '000) -----					
Net assets at beginning of the period	211,190	(84,178)	127,012	202,501	(66,899)	135,602
Issuance of 5,387,610 units (2019: 121,775)						
- Capital value (at net asset value per unit at the beginning of the period)	161,152	-	161,152	4,238	-	4,238
- Element of income	52,804	-	52,804	(344)	-	(344)
Total proceeds on issuance of units	213,956	-	213,956	3,894	-	3,894
Redemption of 2,038,196 units (2019: 104,403)						
- Capital value (at net asset value per unit at the beginning of the period)	60,966	-	60,966	(3,633)	-	(3,633)
- Element of income	14,461	5,749	20,210	327	-	327
Total payments on redemption of units	75,427	5,749	81,176	(3,306)	-	(3,306)
Total comprehensive income / (loss) for the period	-	39,211	39,211	-	(16,489)	(16,489)
Distribution during the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	39,211	39,211	-	(16,489)	(16,489)
Net assets at end of the period	349,719	(50,716)	299,003	203,089	(83,388)	119,701
Undistributed loss brought forward						
- Realised		(64,274)			(12,337)	
- Unrealised		(19,904)			(54,562)	
		(84,178)			(66,899)	
Accounting income available for distribution						
- Relating to capital gains	42,053			-		
- Excluding capital gains	(8,591)			-		
	33,462			-		
Net loss for the period after taxation					(16,489)	
Distribution during the period					-	
Undistributed loss carried forward		(50,716)			(83,388)	
Undistributed gain / (loss) carried forward						
- Realised loss		(85,479)			(68,028)	
- Unrealised gain / (loss)		34,763			(15,360)	
		(50,716)			(83,388)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			29.9117			34.8012
Net assets value per unit at end of the period			39.3651			30.5840

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited (Management Company)

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

CONDENSED INTERIM CASH FLOWS STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	2020	2019
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net gain / (loss) for the period before taxation	39,211	(16,489)
Adjustments		
Amortisation of preliminary expenses and floatation costs	51	51
Capital loss / (gain) on sale of investments	(7,290)	1,344
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	(34,763)	15,360
	(2,791)	266
(Increase) / decrease in assets		
Investments	(142,027)	1,015
Dividend and Profit receivable on bank deposits	(70)	(1,414)
Deposits, prepayments and other receivables	(2,453)	25
Receivable against sale of securities	-	2,328
	(144,550)	1,954
Increase / (decrease) in liabilities		
Payable to AKD Investment Management Limited - Management Company	652	(240)
Payable to MCB Financial Services Limited - Trustee	19	(2)
Payable to Securities and Exchange Commission of Pakistan	(15)	(173)
Payable against purchase of investment	-	(4,543)
Accrued expenses and other liabilities	18,426	158
	19,082	(4,800)
Net cash generated from / (used in) operating activities	(128,259)	(2,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	213,956	3,894
Payment against redemption of units	(81,176)	(3,306)
Net cash generated from financing activities	132,780	588
Net increase / (decrease) in cash and cash equivalents	4,521	(1,992)
Cash and cash equivalents at beginning of the period	664	2,712
Cash and cash equivalents at end of the period	5,185	720

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited (Management Company)

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Stock Fund (the Fund) was established under a Trust Deed, dated August 30, 2017, executed between AKD Investment Management Limited (AKDIML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on May 30, 2017. The initial Public Offering (IPO) of the Fund was made during the period from February 19, 2018 to February 20, 2018 and the Fund commenced operations from February 21, 2018. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. February 19, 2018.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open-ended collective investment scheme and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund is categorised as an open end Shariah Complaint (Islamic) Equity Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Private) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Pakistan Credit Rating Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated February 08, 2020. The Fund has been given performance ranking of '1-Star' by PACRA on September 1, 2020.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

"These condensed interim 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 (IFRSs) 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 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the 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, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

2.2 This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2020.

2.3 This condensed interim financial information is being submitted to the unitholders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2020.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2020.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2020.

		(Un-Audited) 30-Sep-2020	(Audited) 30-Jun-2020
----- Rupees in '000 -----			
5. BANK BALANCES	Note		
In saving accounts	5.1	<u>5,185</u>	<u>664</u>
5.1	This represent bank accounts held with different banks. Mark-up rate on these accounts is 5.00% (June 30, 2020: 5.00% to 6.00%) per annum.		
6. INVESTMENTS			
At fair value through profit and loss'			
- Listed equity securities	6.1	<u>309,341</u>	<u>125,261</u>

Name of the investee company	Face value per share (Rupees)	Number of shares					Balance as at Sept. 30, 2020			Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held
		As at July 01, 2020	Purchases during the period	Bonus / during the Right issue	Sales during the period	As at Sept. 30, 2020	Carrying cost	Market value	Appreciation/ (diminution)			

Rupees in '000

SHARES OF LISTED COMPANIES - fully paid ordinary shares

Automobile Assembler												
Chondhara Nissan Limited	10	37,999	-	-	-	37,999	2,384	3,211	827	1.04	1.07	0.07
Honda Atlas Cars (Pakistan) Limited	10	-	27,500	-	-	27,500	8,840	7,121	(1,719)	2.30	2.38	0.02
							<u>11,224</u>	<u>10,332</u>	<u>(892)</u>			
Automobile Parts & Accessories												
Thal Limited (note 6.1.1)	5	28,000	-	-	-	28,000	9,098	11,769	2,671	3.80	3.94	0.03
Cable & Electrical Goods												
Pakistan Cables Limited	10	82,475	-	-	-	82,475	8,816	11,362	2,546	3.67	3.80	0.23
Cement												
Javedan Corporation Limited	10	961,190	-	-	200,000	761,190	17,127	17,462	335	5.64	5.84	0.24
Chemical												
Bicfo Industries Limited	10	300	-	-	-	300	43	49	6	0.02	0.02	0.00
Lofto Chemical Pakistan Limited	10	-	775,000	-	-	775,000	10,367	9,300	(1,067)	3.01	3.11	0.05
							<u>10,410</u>	<u>9,349</u>	<u>(1,061)</u>			
Commercial Banks												
BankIslami Pakistan Limited	10	1,815,300	-	-	695,500	1,119,800	8,466	11,545	3,079	3.73	3.86	0.10
Meeran Bank Limited	10	100,000	-	10,000	10,000	100,000	6,259	8,221	1,962	2.66	2.75	0.01
							<u>14,725</u>	<u>19,766</u>	<u>5,041</u>			
Engineering												
Crescent Steel & Allied Products Limited	10	20,000	-	-	-	20,000	910	1,469	559	0.47	0.49	0.03
International Industries Limited (note 6.1.2)	10	35,000	160,000	-	-	195,000	26,216	28,263	2,047	9.14	9.45	0.15
							<u>27,126</u>	<u>29,732</u>	<u>2,606</u>			

Name of the investee company	Face value per share (Rupees)	Number of shares					Balance as at Sept. 30, 2020		Market value as percentage of investments	Market value as percentage of net assets	Percentage of paid up capital of the investee company held	
		As at July 01, 2020	Purchases during the period	Bonus / during the Right issue	Sales during the period	As at Sept. 30, 2020	Carrying cost	Market value				Appreciation/ (diminution)
SHARES OF LISTED COMPANIES - fully paid ordinary shares												
Rupees in '000												
Food & Personal Care Products												
Al Shorher Corporation Limited	10	1,980,833	727,000	-	375,000	2,332,833	28,762	44,697	15,935	14.45	14.95	1.17
Oil & Gas Marketing Companies												
Pakistan State Oil Company Limited	10	-	100,000	-	-	100,000	20,022	20,020	(2)	6.47	6.70	0.02
Paper & Board												
Pakistan Paper Products Limited	10	666	-	-	-	666	51	65	14	0.02	0.02	0.01
Power Generation & Distribution												
Hub Power Company Limited	10	19,500	525,000	-	-	544,500	44,974	42,721	(2,253)	13.81	14.29	0.04
K-Electric Limited	3.5	743,000	-	-	-	743,000	2,236	3,128	892	1.01	1.05	0.00
							47,210	45,849	(1,361)			
Refinery												
Attock Refinery Limited	10	58,000	-	-	33,000	25,000	2,233	3,487	1,254	1.13	1.17	0.02
National Refinery Limited	10	108,000	75,000	-	8,000	175,000	27,021	30,445	3,424	9.84	10.18	0.22
							29,254	33,932	4,678			
Technology and Communication												
Pakistan Telecommunication Company Lim	10	1,100,000	-	-	-	1,100,000	9,768	11,891	2,123	3.84	3.98	0.03
Textile Composite												
Interloop Limited	10	-	539,000	-	-	539,000	35,319	36,140	821	11.68	12.09	0.06
Nisrati Mills Limited	10	60,000	-	-	-	60,000	4,680	6,065	1,385	1.96	2.03	0.02
							39,999	42,205	2,206			
Vanspati & Allied Industries												
Punjab Oil Mills Limited	10	6,200	-	-	-	6,200	986	910	(76)	0.29	0.30	0.12
Total as at September 30, 2020							274,578	309,341	34,763			
Total as of June 30, 2020							145,165	125,261	(19,904)			

AKD Islamic Stock Fund - Quarterly Report September 2020

6.1.1 This includes 25,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

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

	Note	(Un-Audited) 30-Sep-2020	(Audited) 30-Jun-2020
----- Rupees in '000 -----			
6.2	Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		
	Market value of investments	6.1 309,341	125,261
	Carrying amount of investments	6.1 (274,578)	(145,165)
		34,763	(19,904)
7	Dividend and Profit receivable on bank deposits		
	Profit on bank balance	113	6
	Dividend Receivable	-	37
		113	43
8	DEPOSITS AND PREPAYMENTS		
	Security deposits with		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Receivable against Conversion of units	2,475	-
	Prepaid PSX Listing Fee	20	-
	Prepaid Shairah Advisor fee	63	105
		5,158	2,705
9	PRELIMINARY EXPENSES AND FLOATATION COST		
	Preliminary expenses and floatation cost	541	746
	Less: Amortised during the period	9.1 (51)	(205)
		490	541
9.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.		
10	PAYABLE TO MANAGEMENT COMPANY		
	Remuneration	10.1 502	211
	Sales tax on management fees	10.2 65	27
	Expenses allocated by the management company	10.3 171	11
	Formation cost	746	746
	Others	163	-
		1,647	995
10.1	During the period the Management Company has charged 2% (June 30, 2020: 2%) per annum management fee.		
10.2	Sindh sales tax at the rate of 13% (June 30, 2019: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.		

- 10.3** SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1% (as per Regulation 60 of the NBFC Regulations expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS)). Accordingly, the Management Company has charged expenses at the rate of 0.35% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to Fund, from July 01, 2020 to September 30, 2020.

		(Un-Audited) 30-Sep-2020	(Audited) 30-Jun-2020
11 PAYABLE TO THE TRUSTEE	Note	----- Rupees in '000 -----	
Trustee fee	11.1	30	13
Sindh Sales Tax	11.2	4	2
		34	15

- 11.1** The Trustee is entitled to a monthly remuneration to be paid monthly in arrears for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

The tariff structure applicable to the fund is as follows:

Amount of Funds Under Management [Average Net Assets Value (NAV)]	Tariff per annum
Upto Rs 1,000 million	0.12% of Net Assets
Exceeding Rs 1,000 million and up to Rs.5,000 million	Rs. 1.2 million plus 0.065% per annum of the amount exceeding Rs. 1,000 million
Exceeding Rs. 5,000 million and up to Rs. 10,000 million	Rs. 3.8 million plus 0.06% per annum of the amount exceeding Rs. 5,000 million

- 11.2** Sindh Sales Tax is charged at 13% (June 30, 2019: 13%) on Trustee fee.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Annual fee payable to SECP	12.1	11	26
----------------------------	------	-----------	-----------

- 12.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% (June 30, 2020: 0.02%) of the average annual net assets of the scheme. The fee is payable annually in arrears.

13 ACCRUED AND OTHER LIABILITIES

Brokerage payable		221	54
Auditors remuneration		191	140
Printing charges payable		175	150
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	800	-
Payable against redemption of units		1,161	-
Payable against conversion of units		16,063	-
Charity Payable		147	610
Credit Rating Fee Payable		215	172
Others		619	40
		19,592	1,166

- 13.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), MUFAP had recommended to all its members to reverse the Federal WWF and start recording of Sindh WWF. Consequently, the Fund has recorded provision of Rs. 0.8 million (Sep 30, 2019: Nil million) for the period and Rs. 0.8 million (June 30, 2020: Rs. Nil million) in aggregate in respect of SWWF.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2020 would have been higher by Re. 0.105 per unit (June 2020: Nil per unit).

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2020 and June 30, 2020.

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2020 is 1.47% (September 30, 2019: 1.04%) which includes 0.48% (September 30, 2019: 0.10%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. 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 Management Company has intends to distribute cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management MCB Financial Services Limited, being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, directors, officers and other connected persons of the Management Company, and their connected persons.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

	(Un-Audited)	
	Period ended September 30,	
	2020	2019
	(Rupees in '000)	
17.1 Transactions during the period		
AKD Investment Management Limited - Management Company		
Remuneration to Management Company	1,045	617
Expenses allocated by the Management Company	183	31
Sindh Sales Tax on management remuneration	136	80
Sales Load	163	-
MCB Financial Services Limited - Trustee		
Trustee remuneration	63	37
Sindh Sales Tax on trustee remuneration	8	6
AKD Securities Limited		
Brokerage Expense	64	-
Shares of JVDC Sold by AKD Islamic Stock Fund to AKD Securities Limited	4,600	-
Muhammad Yaqoob- Company Secretary and Chief Operating Officer		
Issue of 10,646 units (2019: Nil)	450	-
Saim Mustafa Zuberi - Director of the Management Company		
Redemption of Nil units (2019: 10,078)	-	308
Mustafa Shahid** - Connected person due to more than 10% holding		
Issue of 2,046,641 units (2019: Nil)	79,998	-
Redemption of 1,078,884 units (2019: Nil)	43,394	-
	(Un-Audited)	(Audited)
	30-Sep-2020	30-Jun-2020
	(Rupees in '000)	
17.2 Balances outstanding at the period / year end		
AKD Investment Management Limited - Management Company		
Remuneration payable	502	211
Sales Tax Provincial on Management Remuneration	65	27
Expenses allocated by the Management Company	171	11
Payable against formation cost	746	746
Sales Load payable	163	-

AKD Islamic Stock Fund - Quarterly Report September 2020

	(Un-Audited) 30-Sep-2020	(Audited) 30-Jun-2020
	(Rupees in '000)	
MCB Financial Services Limited - Trustee		
Remuneration payable	30	13
Sales tax on trustee remuneration payable	4	2
AKD Securities Limited - Brokerage		
Brokerage payable	-	11
Receivable / Payable against conversion of units		
Payable against conversion of units - AKD Cash Fund	542	-
Payable against conversion of units - AKD Opportunity Fund	6,733	-
Payable against conversion of units - AKD Islamic Income Fund	8,788	-
Receivable against conversion of units - AKD Cash Fund	150	-
Receivable against conversion of units - AKD Islamic Income Fund	2,325	-
AKD Investment Management Limited - Staff Provident Fund		
Outstanding 38,082 units (June 2020: 38,082 units)	1,499	1,139
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
Outstanding 200,000 units (June 2020: 200,000 units)	7,873	5,982
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 30,000 units (June 2020: 30,000 units)	1,181	897
Hina Aqeel - Close family member of the Chairman of the Group		
Outstanding 42,632 units (June 2020: 42,632 units)	1,678	1,275
Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
Outstanding 89,657 units (June 2020: 89,657 units)	3,529	2,682
Yasmeen Dhedhi - Close family member of the Chairman of the Group		
Outstanding 20,000 units (June 2020: 20,000 units)	787	598
Toqir Hussain - Key Management Personnel of the Management Company		
Outstanding 600 units (June 2020: 600 units)	24	18
Hamdard Laboratories (Waqf) Pakistan - Connected person due to more than 10% holding		
Outstanding 1,451,998 units (June 2020: 1,451,998)	57,158	43,432
Mustafa Shahid** - Connected person due to more than 10% holding		
Outstanding 967,757 units (June 2020: Nil units)	38,096	-

** Current period connected party, prior period figures not shown

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognized at fair value, based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

As at September 30, 2020							
At fair value through profit or loss	Carrying Amount		Fair Value				
	At amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----			----- (Rupees in '000) -----				
ASSETS							
Financial assets measured at fair value							
Investment	309,341	-	309,341	309,341	-	-	309,341

As at June 30, 2020							
At fair value through profit or loss	Carrying Amount		Fair Value				
	At amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----			----- (Rupees in '000) -----				
ASSETS							
Financial assets measured at fair value							
Investment	125,261	-	125,261	125,261	-	-	125,261

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 2020 by the Board of Directors of the Management Company.

20. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

21. GENERAL

21.1 Figures have been rounded off to the nearest thousand rupees.

For AKD Investment Management Limited
(Management Company)

Abdul Karim
Chairman

Imran Motiwala
Chief Executive Officer

Muhammad Munir Abdullah
Chief Financial Officer



**AKD Investment
Management Ltd.**

Head Office:

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

Bungalow No. FL-3/12,
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:

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

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com