AKD Income Fund

Fund Manager Report - Feb 2010

Fund activity during the month

AKD Income Fund posted an annualized return of 8.31% based upon the change in the NAV of the fund between June 30, 2009 to Feb 26, 2010. Following are the changes in the portfolio composition of the Fund for the month of February:

- Investment in TFCs/Sukuk slightly decreased to 58.20% from 58.90% the previous month.
- Investment in COM/COI slightly increased to 33.05% from 32.98%.
- Investments in Preference shares stood at 3.90%.
- Net Cash and Other Assets slightly increased to 4.85% from 4.32% the previous month.

By and Large, within the TFC portion of the portfolio – which itself stood at 58.20% of total portfolio values – other than AVARI Hotels Limited (TFC rated as A-) and First Dawood Investment bank limited (TFC rated as CCC) the top ten holding as at Feb 2010 were all A or better than A rated. The cash position was increased in order to take advantage of money market opportunities arising due to potential mismatch of valuations in TFC's in the market place

Investment Objective

AKDIF is a declined fund that focuses primarily on fixed income securities and instruments. The objective of AKDIF is to offer investors an ideal vehicle to invest in a diversified portfolio of fixed income securities/instruments that provide consistent optimum returns with concern for preservation of capital.

Fund Information

Fund Type	Open-end
Category	Equity
Date of Fund launch	March, 2007
Assets under Management	480.880mn
NAV (26th Feb 2010)	46.7258
Benchmark	KSE100 Index
Dealing Days	Mon to Fri
Cut-off Timming	9:00 am to 5:00 pm
Pricing Mechanism	Forward Pricing
Management Fee	1.50%
Trustee	CDC
Auditor	A. F. Fergusons
Asset Manager Rating	AM3
Stability Rating	BBB

Investment Committee Members

Mr. Nadeem Naqvi	Mr. Mohammed Yaqoob
Mr. Amin Hussain	Mr. Ahmed Hassan
Mr. Imran Motiwala	Mr. Danish Owais

Asset Allocation (% of NAV)	Jan10	Feb10
Cash	0.34%	1.65%
Placement with NBFCs	32.98%	33.05%
Preference Shares	3.80%	3.90%
TFCs	58.90%	58.20%
Others Including Receivables	3.98%	3.20%

Top Ten TFC's	Rating	Feb10
Worldcall Telecom Limited	A	17.76%
Avari Hotels Limited	A-	6.93%
Orix Leasing Pakistan Limited	AA+	6.38%
Mobilink	AA-	4.74%
First Dawood Investment Bank Limited	CCC	4.68%
Al-Abbas Sugar Mills Limited	A+	4.52%
JDW Sugar Mills Limited	A	3.18%
Askari Bank Limited	AA-	3.12%
KASB Securities Limited	A+	2.81%
Trakker (Pvt.) Ltd.	A	2.07%

Credit Quality of the Portfolio (% of Assets)