Investment Objective

AKD Income Fund is a dedicated 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 Manager:
Muhammad Yaqoob

Base Currency of Fund: PkR

Total Units: 105.86 mln Units

Face Value: PkR 50

Assets under Management
PkR 5.632 bn

Dividend Yield for FY07
3.1874% (Inception March 22nd 2007 Rs. 50)

Type of Fund
Open end

Date of Fund launch
22 March, 2007

Fund Benchmark
6-Month KIBOR

Net Asset Value (31st Jan 08)
PkR 53.1990

KSE symbol
AKDIF

Management Fee
1.10%

Sales load (front-end)
1.00%

Financial Year
July 1st ~ June 30th

Auditor
A. F. Ferguson

Contact Us

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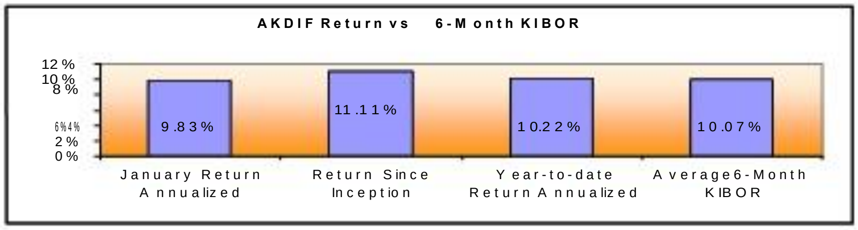
AKD Income Fund

AKD Investment Management Ltd **Jan '08**

Cumulative Performance % (Dividends re-invested)



Returns calculated using Tax Method. (Base adjusted for payouts)

Fund Performance

The NAV of AKD Income Fund closed the month of January at PkR 53.1990, appreciating by 0.83% in the month representing an annualized yield of 9.83%; while the annualized return since inception stood at 11.11%. The net assets of the Fund increased by 16.39% to PkR 5.632 bn. Following is the month on month change in the portfolio composition of AKD Income Fund:

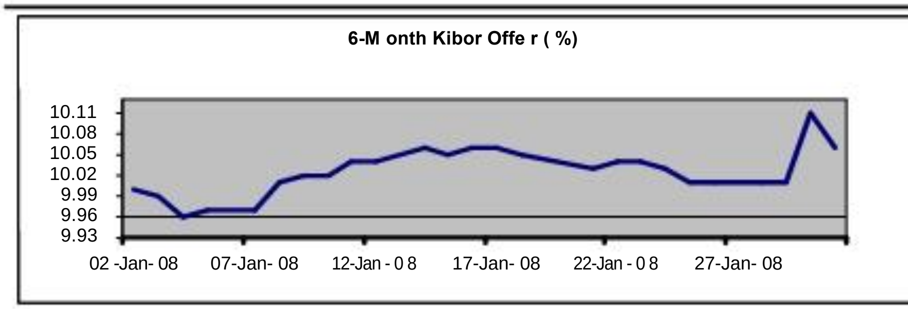
- Term Finance Certificates portfolio increased further in size and the exposure in Term Finance Certificates increased to 17.23% of the net assets from the previous 16.97%.
- Exposure in CFS declined to 1.46% of the net assets of the fund from 7.15% of the previous month. While exposure in Ready Future Spread transactions stood at 11.60% from the previous 9.59%.
- Investment in Government securities stood at 2.59% of the net assets.
- Investments in TDR / COM / COI reduced to 42.08% from the previous 50.17%
- Cash position of the Fund increased to 19.67% from the previous 12.22%.

The recent 50 basis points increase in discount rate is likely to improve the yields of money market instruments. We expect the yield of AKD Income Fund to also improve in the coming months.

Money Market Activity during the month

The money market rates remained flat during the month of January. Three T-bill auctions were conducted during the month. Rates slightly dipped in the first auction. Bids worth PkR 23.597 bn were accepted. Cut-off for the three month T-Bill was 9.0942% down from the previous 9.1213%. Six month cut-off was 9.2523% down from 9.2584% and one-year T-Bill cut-off was 9.4371% down from its previous level of 9.4429%. In the second auction rates increased and total bids accepted amounted to PkR 7.049 bn. There were no bids in the three month T-Bill however six month rates increased to 9.2962% and one year Cut-off increased to 9.4493% The Third T-Bill auction held on the 30 January 2008 was scrapped by the SBP. SBP received bids worth PkR. 5 Billion against SBP target of PkR. 65 Bn. The participation was on the lower side due to anticipation of an expected hike in discount rate by the State Bank of Pakistan. A PIB auction was also conducted by the SBP in the latter half of the month where the SBP increased the cut-off yield on all the tenors indicating a 50 basis points increase in the interest rates. The SBP sold PIBs less than the target of Rs20 Bn and remained limited to realize only Rs10.822 billion.

Market Overview



Portfolio Composition (% of total)