AKD Income Fund

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.

Base Currency of Fund: PkR

Total Units: 91.73 mln Units

Face Value: PkR 50

Assets under Management
PkR 4.839 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 Dec 07)
PkR 52.7587

KSE symbol
AKDIF

Management Fee
1.10%

Sales load (front-end)
1.00%

Financial Year
July 1st ~ June 30th

Auditor
A. F. Ferguson

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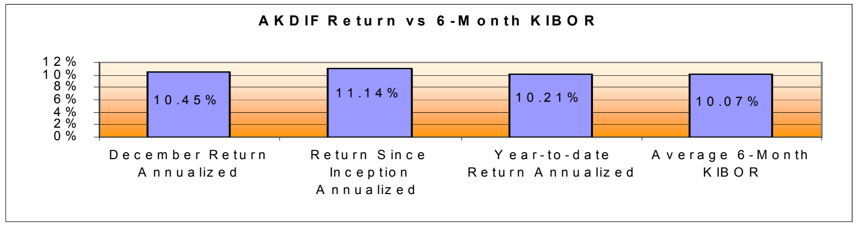
AKD Investment Management Ltd.

AKD Income Fund

AKD Investment Management Ltd — Dec '07

Cumulative Performance % (Dividends re-invested)



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

Fund Performance

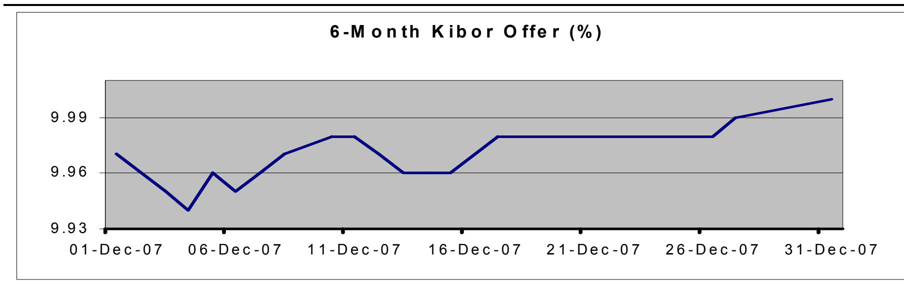
The NAV of AKD Income Fund closed the month of November at RkR 52.7587, appreciating by 0.89% in the month of December representing an annualized yield of 10.45%; while the annualized return since inception stood at 11.14%. The net assets of the Fund increased by 6.37% to RkR 4.839 bn. Following is the month on month change in the portfolio composition of AKD Income Fund:

- Primary market commitments with respect to Term Finance Certificates materialized further during the month of December and exposure in Term Finance Certificates increased to 16.97% of the Net Asset from 14.87% in November 07.
- Exposure in CFS increased to 7.15% from 6.01% of the Net Assets. An increase in rates was witnessed during the month where CFS rates hitting 11 month high of 17.61% on 31 December but the CFS remained most of the month on its upper limit of 55 Bn and deployment of fresh funds remained difficult. While Exposure in Equity spread transactions on the other hand increased to 9.59% from the previous 3.05% due available demand and increase in CFS rates.
- Preference shares stood at 0.97% and no new investments were made.
- Investments in TDR / COM / COI stood at 50.17% from the previous 38.69% due to greater demand from banks because of window dressing for year end (December being the Financial Close) resulting in a decline in cash position to 12.22% from the previous 31.75%.

Money Market Activity during the month

The money market remained illiquid during the month and commercial banks had to go to the State Bank for discounting due to Eid-ul-Azha withdrawals. Two T-Bill auctions took place during the month. The first was held on December 05, 2007 where the State Bank accepted bids worth PkR 45.158 Bn in all the three tenors i.e., 3 Months, 6 Months and 1 Year where a slight increase in cut-off was also witnessed. Cut-off for the three month increased to 9.1071% from the previous 9.0489% while six month T-bill cut-off increased to 9.2229% from the previous 9.2084% and the one-year T-bill cut-off slighty increased to 9.4058% from the previous 9.399%. In the second auction held on December 19, 2007 the State Bank accepted bids worth PkR 6.71 Bn. A slight increase in the cut-off was once again witnessed where the cut-off for three months, six month and one year slightly increased to 9.1213%, 9.2584% and 9.4429% respectively. No PIB auction was announced by the State Bank of Pakistan during the month.
T-Bill Source: FMA Website www.fma.com.pk

Market Overview



Portfolio Composition (% of total)