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: 86.99 mln Units

Face Value: PkR 50

Assets under Management
PkR 4.549 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 (30th Nov 07)
PkR 52.2944

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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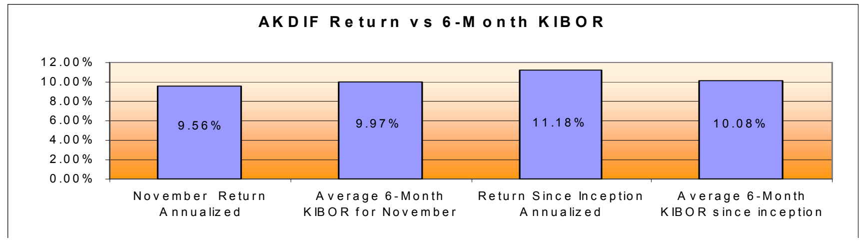
AKD Investment Management Ltd.

AKD Income Fund

AKD Investment Management Ltd — **Nov '07**

Cumulative Performance % (Dividends re-invested)

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



Fund Performance

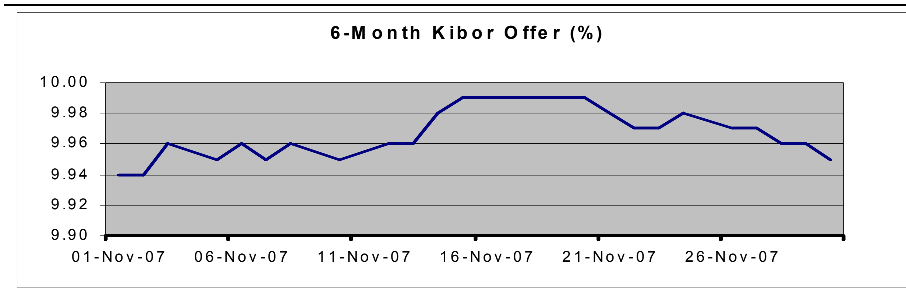
The NAV of AKD Income Fund closed the month of November at RkR. 52.2944, appreciating 0.79% in the month of November representing an annualized yield of 9.56%; while the annualized return since inception stood at 11.17%. The net assets of the Fund increased by1.86% to RkR 4.549 bn. Following is the month on month change in the portfolio composition of AKD Income Fund:

- Primary market commitments with respect to Term Finance Certificates materialized further in the month of November and exposure in Term Finance Certificates increased to 14.87% of the Net Asset from 11.20%.
- CFS investments increased to 6.01% from 5.67% in Oct 07 while slight improvement in CFS rates was also seen during the month.
- Investments in TDR / COM / COI stood at 38.69% from the previous 40.30% due to declining rates on bank deposits.
- Put option was exercised for the preference shares held resulting in decent capital gains for the Fund and reducing its exposure to 0.98% of the Net Assets from the previous 1.33%.
- Exposure in Equity spread transactions reduced to 3.05% from the previous 15.90% due to lower demand in the futures counter resulting in an increase in cash position of the Fund to 31.76% from 22.43% the previous month.

Money Market Activity during the month

The money market eased from the liquidity crunch that was prevailing in the month of October due to Ramadan and Eid withdrawals and funds started to pour in from the start of November. Two t-bill auctions took place during the month. The first auction was held on November 07 where the State Bank of Pakistan accepted bids worth PkR 32.231 bn. Bids for the tenor of 6-month and 1 Year were accepted while there was no change in the cut-off yield. Second auction was held on November 21, where the State Bank of Pakistan raised RkR 11.458 billion from the money market, against bids worth PkR 16.126 bn received. The SBP had set a pre-auction target of PkR 50 bn however the interest from primary dealers was on the lower side. It picked up PkR 95.6 million through 6-month T-bills at a cut off yield of 9.2084 per cent (previous 9.1426%), and RkR 11.363 billion from 12-month T-bills at a cut off yield of 9.3990% (no change in the cut-off). The State Bank of Pakistan also held a PIB auction in the latter half of November. The State Bank accepted bids worth PkR 2 Billion at 11.6198% in just the 30 year bond. It received bids worth PkR 11.070 billion, below the target of PkR 15 billion.

Market Overview



Portfolio Composition (% of total)