# AKD Index Tracker Fund

AKD Investment Management Ltd May 2008

## Investment objective

To track the returns of the KSE-100 index up to 85% accuracy, providing investors with a high quality, in-depth diversification instrument.

**Fund Managers**
Ahmed Hassan
Muhammad Yaqoob

**Base Currency of Fund:**
PkR

**Total Units:**
30,546,034 units

**Assets Under Management**
PkR 347.63mn

**Dividend Yield for FY07**
4.91%

**Type of Fund:**
Open-end

**Date of Fund launch**
Oct, 2005

**Fund Index**
KSE100 Index

**Net Asset Value (30th May '08)**
PkR.11.38

**KSE symbol**
AKDITF

**Management Fee**
0.75% (exceptionally low fees for passive management)

**Sales load**
1% Front-end

**Financial Year**
July 1st - June 30th

**Auditor**
M. Yousaf Adil Saleem & Co.


## Contact Us

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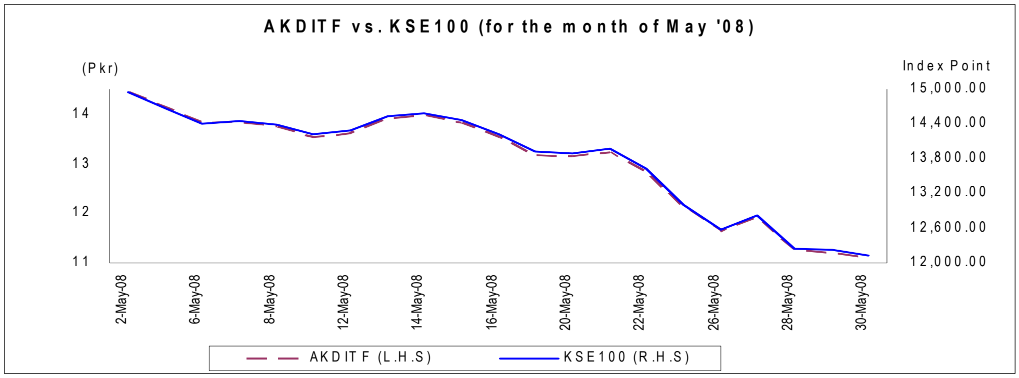
## Fund Performance




**Fund Performance% (Dividends Re-invested)**

| | YTD | 1 Month | 3 Months | 6 Months | 1 Year |
|---|---|---|---|---|---|
| KSE 100 | -11.92% | -19.78% | -18.75% | -13.34% | -6.41% |
| AKD Index Tracker Fund | -15.64% | -20.08% | -19.06% | -15.26% | -11.51% |

## Market Performance

Confluence of events/issues led to a 19.78% decline in the KSE-100 for the month of May-08. In our view, the primary culprit was the political situation exacerbated by the high international oil prices (high trade deficit). Both these factors initially led to a rush for US$ by importers as well speculators, in turn creating volatility in the foreign exchange market. The depreciating PkR invited active selling from foreign portfolio funds, initiating the downslide of the market. Investor confidence was further dented by the 150bps increase in discount rate.

Subsequent to all the above events, KSE-100 Index is now trading at extremely attractive levels. However, we believe the need of the hour is revival of investor confidence, which has been badly damaged by the recent sharp correction. We believe investors would like see a roadmap from the government, outlining the practical steps they will be taking to address key issues like the inflation (high international commodity prices), lower trade deficit (increasing exports, while taming imports), lower current account deficit and continuous inflow of foreign investment. Arguably, the first step in this direction has already been taken by SBP, the second step federal budget FY08-09 is just round the corner, details of which will give a roadmap for at least the next year. Hence, as these concrete steps unfold, sanity will gradually return to our markets, allowing the markets to recover and trade at respectable multiples.

## Fund activity during the month

AKD Index Tracker Fund is a passively managed fund. However, the fund managers continued to fine tune the portfolio to minimize the tracking error and manage liquidity.

**Top 5 holdings (30 May '08)**

| Security Name | % |
|---|---|
| OGDC | 15.53 |
| MCB | 5.58 |
| PPL | 5.48 |
| PTC | 4.75 |
| NBP | 4.72 |

**Portfolio Details**

| Portfolio Composition (% of Assets under Management) | |
|---|---|
| Equity | 96.94% |
| Debt | 0% |
| Cash | 3.06% |

**Sector Breakdown (% of NAV – 30th May 2008)**