# AKD Index Tracker Fund

*For the month ending December 2010*

**Fund activity during the month:**

The Fund posted a return of 23.66% versus KSE-100 return of 21.90% on YTD basis. Tracking error during the month remained within the threshold with the Fund underperforming the benchmark by 0.27%.

In view of the recent rally, the IC decided to maintain negligible cash balances and convert the excess into equities. The action was taken owing to slightly widening tracking error stemming from cash balances in hand that were earning returns far below what the market offered. As a result, the Fund experienced a period of underperformance during the first half of FY11.

The IC remains committed to better preserve the tracking ability of the fund. The timely actions taken by the IC in the past month were successful in curbing the error to date. In order to limit the chances of large deviations from the index in the future, we have further improved our monitoring procedures by employing models to assess and highlight large deviations. This has helped in identifying areas that the Fund may have over or under exposure to relative to the index. This will help in improving the detection of large errors and help us take timely corrective actions going forward.

## Investment Objective

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

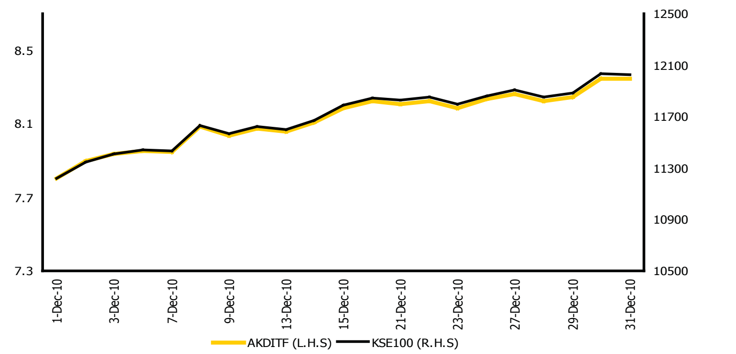
## Fund Information

| | |
|---|---|
| **Fund Type** | Open-end |
| **Category** | Equity |
| **Date of Fund launch** | October, 2005 |
| **Assets under Management** | 185.563mn |
| **NAV (31st Dec 2010)** | PkR 8.39 |
| **Benchmark** | KSE100 Index |
| **Dealing Days** | Mon to Fri |
| **Cut-off Timings** | 9:00 am to 5:00 pm |
| **Pricing Mechanism** | Forward Pricing |
| **Management Fee** | 0.75% (exceptionally low fees for Passive management) |
| **Trustee** | CDC |
| **Auditor** | M. Yousaf Adil Saleem & Co. |
| **Asset Manager Rating** | AM3 |

## Investment Committee Members

Mr. Nadeem Naqvi
Mr. Imran Motiwala
Mr. Amin Hussain
Mr. Muhammad Yaqoob
Mr. Ahmed Hassan

## Fund Performance




| | FYTD | 1 Month | 3 Month | 6 Month | 1 Year |
|---|---|---|---|---|---|
| **KSE 100** | 23.66% | 7.01% | 20.06% | 23.66% | 28.08% |
| **AKDITF** | 21.90% | 6.74% | 19.01% | 21.90% | 26.06% |

## Top Ten Equity Holdings

| | | | |
|---|---|---|---|
| Oil and Gas Development | 24.08% | National Bank | 3.40% |
| Pakistan Petroleum | 8.51% | Fauji Fertilizer Company | 2.81% |
| Muslim Commercial Bank | 5.70% | United Bank Limited | 2.74% |
| Habib Bank LImited | 4.02% | Pakistan Telecommunication | 2.41% |
| Nestle Pakistan | 3.54% | Pakistan Oilfields Limited | 2.30% |

| Asset Allocation (% of Total Assets) | Nov 30, 2010 | Dec 31, 2010 |
|---|---|---|
| Equities | 96.50% | 98.18% |
| Fixed Income | 0.00% | 0.00% |
| Cash | 3.50% | 1.82% |
| Leverage | NIL | NIL |

| Sector Allocation (% of NAV) | Nov 30, 2010 | Dec 31, 2010 |
|---|---|---|
| Oil & Gas | 39.18% | 39.34% |
| Banks | 21.68% | 23.19% |
| Chemicals | 8.38% | 8.66% |
| Food Producers | 5.94% | 6.33% |
| Electricity | 2.99% | 2.97% |