

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.

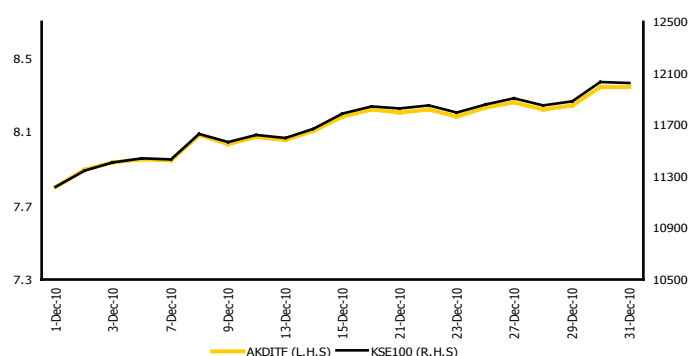
Fund Information

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%

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