AKD Index Tracker Fund

Fund Manager Report - Feb 2010

Fund activity during the month

The Index posted a return of 0.45%, whereas the AKD Index Tracker Fund posted a return of 0.24%, thus, the fund underperformed its benchmark by 0.21%. The overall tracking error remained within the prescribed limits. Feb-10 turned out to be a lackluster month for the KSE as the activity remained confined to third-tier stocks while volumes in the blue-chips remained thin. Foreign portfolio inflows were recorded to be marginally over $16 million during the month. The limited foreign inflows could be attributed to the fact that Pakistan was unsuccessful in becoming part of MSCI Emerging Market Index in the latest review. We believe that value hunting would continue in the future led by any development on the margin financing issue and the monetary policy at the end of the month.

For passive investors, the AKD Index Tracker Fund (ITF) offers a cost effective way of obtaining exposure to Pakistan Equity Market and as overall market risk perception declines with improvement in macro economic fundamentals going forward, the ITF should mimic the returns of the KSE-100 Index.

Investment Objective

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

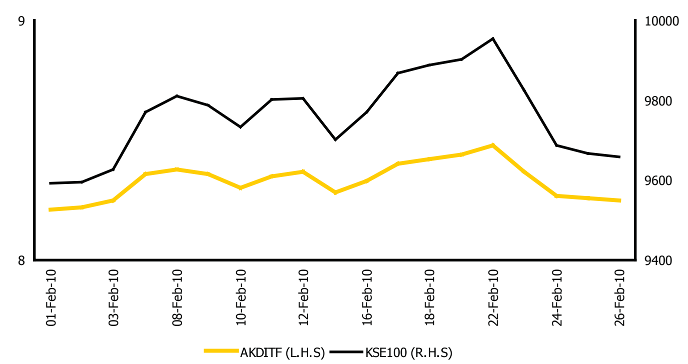
Fund Information

Fund Type	Open-end
Category	Equity
Date of Fund launch	October, 2005
Assets under Management	174.407mn
NAV (26th Feb 2010)	8.25
Benchmark	KSE100 Index
Dealing Days	Mon to Fri
Cut-off Timming	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. Muhammad Yaqoob
Mr. Amin Hussain	Mr. Ahmed Hassan
Mr. Imran Motiwala	Mr. Danish Owais

Fund Performance



	YTD	1 Month	3 Month	6 Month	1 Year
KSE 100	34.84%	0.45%	4.91%	11.32%	68.62%
AKDITF	29.92%	0.24%	4.56%	10.59%	56.25%

Top Ten Equity Holdings

Oil and Gas Development	18.96%	Uni Lever Pakistan	4.11%
Pakistan Petroleum	7.23%	United Bank	3.29%
Muslim Commercial Bank	6.11%	Pakistan Telecommunication	3.25%
National Bank	4.23%	Fauji Fertilizer Company	2.64%
Habib Bank	4.16%	Engro Foods	2.21%

Asset Allocation (% of NAV)	Jan10	Feb10
Equities	95.11%	95.28%
Fixed Income	0.00%	0.00%
Cash	4.89%	4.72%

Sector Allocation (% of NAV)	Jan10	Feb10
Oil & Gas Exploration	28.44%	28.63%
Commercial Banks	25.84%	25.74%
Fertilizer	6.67%	6.82%
Food & Personal Care Product	6.19%	6.23%
Oil & Gas Marketing	4.29%	4.34%