AKD Opportunity Fund

AKD Investment Management Ltd

December ‘07

Investment objective

AKDOF filters through the opportunity presented in the capital markets, searching for the optimal combination of investment strategies, mainly in equities, followed by fixed income and money markets as contingent defensive strategy.

Fund Managers
Faisal Bengali, Ali Alvi

Base Currency of Fund: PkR

Total Units: 22,851,715 Units

Face Value: PkR 50

Assets under Management
PkR 1.38 bil

Dividend Yield for FY07
11.3% (on starting NAV of FY07)

Type of Fund
Open end

Date of Fund launch
March, 2006

Fund Index
KSE100 Index

Net Asset Value (31st December 07)
PkR 60.30

KSE symbol
AKDOF

Management Fee
3%

Sales load (front-end)
3%

Financial Year
July 1st ~ June 30th

Auditor
M. Yousaf Adil Saleem & Co.

Contact Us

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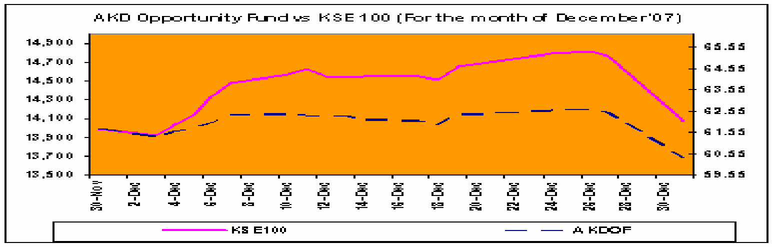
AKD Investment Management Ltd.

Fund Performance



Cumulative Performance % (Dividends re-invested)

	YTD	1 Month	3 Months	6 Months	1 Year
KSE 100	2.20%	0.55%	5.42%	2.20%	40.18%
AKDOF	4.51%	-2.35%	4.24%	4.51%	41.38%

Market Performance

Politics continued to dominate the investor sentiment during the month of December 07. KSE100 index started the month at 13,999 and steadily gained 877 point to reach an all-time high level of 14,876 on Dec 26th. This rise was reflective of rising confidence in the political process preceding the elections as political parties ran their election campaigns. However, the assassination of Pakistan Peoples Party’s leader Mohtarma Benazir Bhutto on Dec 27th exposed the fragility of the political process in the country as the nation descended into a cycle of violence and destruction. The shaken investor confidence was clearly reflected by the 4.7% decline in the KSE100 on the last day of the year as the index closed the month and the calendar year at 14,077.

We express our heartfelt condolences to the nation on the tragic demise of Ms. Benazir Bhutto, and for all the loss of life and property in the events following her assassination.

Fund Activity during the month

The fund managers maintained a cautious stance towards equities asset class during the month and maintained a cash level of over 25%. The rational behind this cautious stance was the rising political uncertainty leading to the elections and the deteriorating economic figures announced by Federal bureau of Statistics (FBS). Exposure to Oil&Gas E&P sector was raised from 17.06% to 20.2% to benefit from strengthening oil prices and cheap valuations. Exposure to auto sector was reduced from 5.65% to 4.7% as auto demand growth continued to decline.
80% of the index-leading stocks this month were illiquid third-tier stocks that have been the focus of investor interest in the recent months because of one-off earning gain expectations. Considering the current economic and political scenario, the fund chose to focus on blue chips offering consistently growing future earnings, but which have underperformed the index this month. This has lead to the under-performance of the fund.

Portfolio Details

Portfolio Composition (% of Assets Under Management)

Equities: 70.9%	Debt: 1.03%	Cash: 28.07%

Top 5 Holdings (31st December 2007)

Security Name	%
Oil & Gas Development Co.	8.96
Pakistan Petroleum Ltd	8.76
National Bank of Pakistan	5.89
Nishat Mills	5.21
Fauji Fertilizer Company	4.43

Fund Characteristics

Statistic	FY08E
Price to Earning Ratio	7.14x
Price to Book Value Ratio	2.08x
EPS Growth	14.35%
Dividend Yield	3.92%
No. of long-term positions	27
Beta	0.70
Alpha	5.82%
Sharpe Ratio	1.34

Sector Breakdown (31st December 2007)