Golden Arrow Selected Stocks Fund

AKD Investment Management Ltd — May 2008

Investment objective:

Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep-value, coupled with few cherry-picked growth companies.

Base Currency of Fund:
PkR

Total Shares
122,907,752 Units @ PkR 5 each

Assets under Management
PkR.1.230bn

Dividend Yield for FY07
20%

Type of Fund
Close-end

Date of Fund launch
May, 1983

Date of Management takeover
Sep, 2004

Fund Index
KSE100 Index

Net Asset Value (30th May 08)
PkR.9.10

KSE symbol
GASF

Management Fee
2%

Financial Year
July 1st - June 30th

Auditor
A. F. Ferguson

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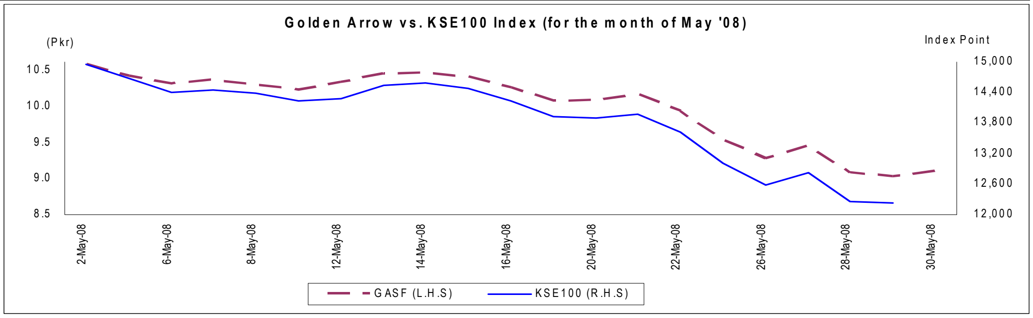
Fund Performance



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%
Golden Arrow	1.32%	-15.11%	-8.45%	-3.81%	6.60%

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

Golden Arrow (GASF) has outperformed the benchmark KSE-100 Index for the month of May-08. The Fund's NAV declined by 15.11% compared to a 19.78% fall in the KSE-100 Index. Hence, the fund has maintained a positive YTD return of 1.32% versus a negative return of 11.92% by the benchmark KSE-100 Index (outperforming by more than 13.2% on a YTD basis).The Fund Managers actively rebalanced the portfolio in view of the market conditions. Exit from Lucky Cement stock was taken before the GDR, primary investment sector continued to be energy stocks (expected to benefit from high international oil price and strong US$), while investment in banking sector was done at highly discounted price, as we believe the market has over discounted the SBP actions. We believe the probability of further downside is quite low and has thus, gradually built up positions in fundamentally sound stocks.

Portfolio Details

Portfolio Composition (% of Assets under Management)

Equities: 97.64%	Debt: 1.06%	Cash: 1.3%

Top 5 holdings (30 May '08)

Security Name	%
PPL	10.63
DAWH	9.52
OGDC	8.55
NBP	7.83
BAFL	7.08

Portfolio Characteristics

Statistics	FY08E
Price to Earning Ratio	9.29x
Price to Book Value Ratio	2.49x
EPS Growth	14.24%
Dividend Yield	3.17%
No. of Long Term Position	44
Beta	0.96

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