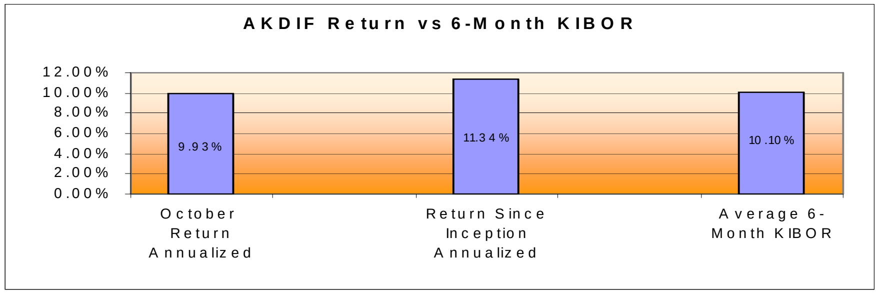
AKD Income Fund

AKD Investment Management Ltd October '07

Cumulative Performance % (Dividends re-invested)

Returns calculated using Tax Method. (Base adjusted for payouts)



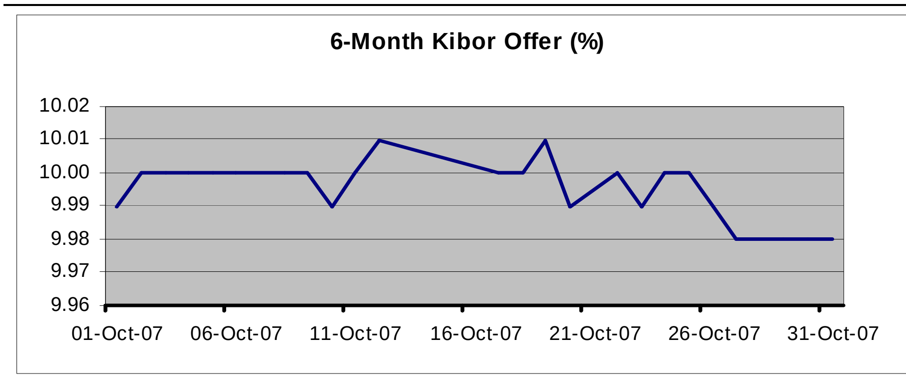
Fund Performance

The annualized return of AKD Income Fund for the month of October stood at 9.93%, while the return since inception stood at 11.34%. The net asset of the Fund grew by 11.68% over last month and stood at Rs. 4.466 bn. Term Finance Certificate disbursements were made during the month which helped in deploying the Fund at relatively better yields. Exposure in TFCs increased to 11.20% from 6.89% last month. Investments in TDR / COMs/ COIs increased to 40.30% from 30.25% last month. CFS investments increased to 5.7% from 3.56% due to better rates available in the CFS market. Investment in Government securities increased to 3.17% from 1.26%. Cash was reduced to 22.43% from 33.63% inline with our strategy to diversify the portfolio.

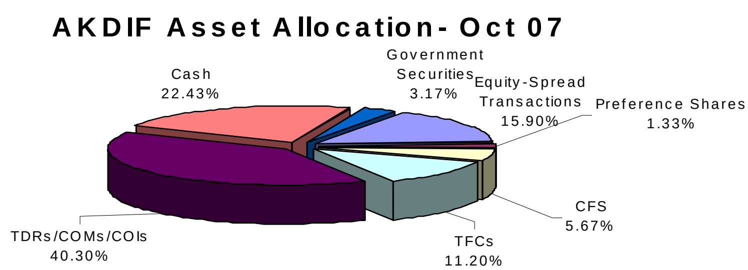
Money Market Activity during the month

The money market remained illiquid during the month due Ramadan and Eid outflow. Borrowing from the discount window continued during the month at the rate of 10%. On Oct 19 the State Bank of Pakistan conducted a Reverse Repo and injected Rs. 40.9 billion in the banking system. The offer was made at 9.5 % p.a.. Despite prevailing tight liquidity position owing to Eid-related withdrawals, banks still found it attractive to invest in long-term treasury bills and Pakistan Investment Bonds. SBP conducted two PIB auctions during the month (three for the current fiscal year). Bids accepted were to the amount of Rs. 30.65 billion in tenor of 3 Years, 5 Years, 10 Years 15 Years and 30 Years. On the other hand two T-bill auctions took place during the month. Bids worth Rs. 32 Billion were accepted. Most of the interest was for one year T-bill. However bids worth Rs. 2 billion were also accepted for 6 Month T-bill at the previous cut-off of 9.1426%. Money market rates however started to ease in the later days of the month as inflows after Eid started to come into the market.

Market Overview



Portfolio Composition (% of total)



Investment Objective

AKD Income Fund is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDIF is to offer investors an ideal vehicle to invest in a diversified portfolio of fixed income securities/instruments that provide consistent optimum returns with concern for preservation of capital.

Base Currency of Fund: PkR

Total Units: 86.08 mln Units

Face Value: PkR 50

Assets under Management
PkR 4.466 bn

Dividend Yield for FY07
3.1874% (Inception March 22nd 2007 Rs. 50)

Type of Fund
Open end

Date of Fund launch
22 March, 2007

Fund Benchmark
6-Month KIBOR

Net Asset Value (31st Oct 07)
PkR 51.8866

KSE symbol
AKDIF

Management Fee
1.10%

Sales load (front-end)
1.00%

Financial Year
July 1st ~ June 30th

Auditor
A. F. Ferguson

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AKD Investment Management Ltd.