

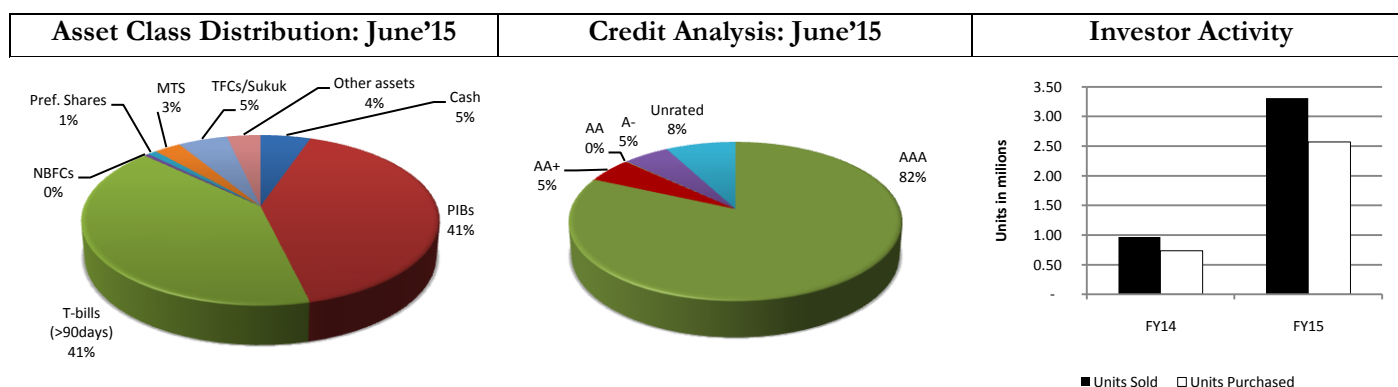
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**Investment Objective**

The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

AKD Aggressive Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>BBB(f)</b>	<b>BBB(f)</b>
	<i>Dec 31, '15</i>	<i>Sep 26, '14</i>
Management Company	AKD Investment Management Limited	
Chief Executive	Mr. Imran Motiwala	
Fund Manager	Mr. Muhammad Mahd	
External Auditors – Fund	Deloitte Yousuf Adil	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1%	
Back-end Load	-	
Management Fee	1.5% of daily average net assets of the fund	
Benchmark	1 Year KIBOR	



Launched in March 2007, AKD Aggressive Income Fund (AKD-AIF) is an open-end fund managed by AKD Investment Management Limited. In August 2011, the fund was converted from an Income Fund to an Aggressive Income Fund. In line with its categorization, the fund's ability to assume risk is on the higher side, with no minimum threshold defined for assuming credit risk in addition to which there is no restriction on time to maturity of a single security. The Weighted Average Maturity (WAM) of net assets however is capped at 5 years.

Within the universe of fixed income instruments, the following limits have been defined in the operational investment policy for FY16:

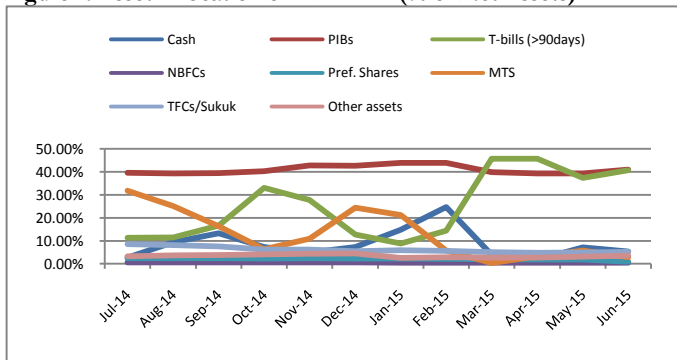
**Table 1: Operational Investment Policy**

Asset Description	Allocation Limit
Term Finance Certificates / Sukuk	Maximum 50% of net assets
Margin Trading System and Spread transactions	Maximum 60% of net assets
Cash and cash equivalents and T-bills with maturities less than 90 days	Minimum 10% of net assets
Government securities (more than 90 days maturity)	
Money market placements	
Deposits	Maximum 50% of net assets
CODs / COMs	
Term deposit receipts	
Commercial paper	
Reverse repo	

As per the investment policy, maximum investment allowed in TFCs/Sukuk and MTS & spread transactions are 50% and 60% of net assets, respectively. Investment in government securities (having more than 90days maturity) and money market placements is allowed up to 50% of net assets. Exposure to cash and bank balances and T-Bills (with maturity less than 90 days) is required to be maintained at a minimum of 10% at all times.

During FY15, majority of fund’s assets were placed in Pakistan Investment Bonds; as per month end data, the allocation to cash peaked at 24.73% at end-Feb’2015, however, the same averaged 8.55% during FY15. The allocation to MTS (Margin-Trading-System) was significantly lower during FY15 vis-à-vis FY14 and averaged 12.84% during FY15.

**Figure 1: Asset Allocation of AKD-AIF (% of Net Assets)**



During FY15, the fund has built substantial holding in T-bills, reaching 45.77% at end-April’2015. Allocation to corporate debt instruments has steadily declined from 9.06% at end-June’2014 to 5.23% at end-June’2015.

**Table 2: Asset Allocation of AKD-AIF (% of Total Assets)**

	Jun’14	Dec’14	Jun’15	Average FY’15	Sep’15
<b>Cash</b>	11.32%	7.34%	5.30%	8.55%	0.87%
<b>PIBs</b>	39.73%	42.72%	40.92%	40.95%	31.28%
<b>T-Bills</b>	0%	12.75%	40.73%	25.47%	57.37%
<b>NBFCs</b>	0.58%	0.55%	0.51%	0.53%	0.38%
<b>Pref. Shares</b>	2.36%	2.25%	0.93%	2.10%	0.69%
<b>MTS</b>	31.71%	24.46%	2.84%	12.84%	3.60%
<b>TFCs/Sukuk</b>	9.06%	5.47%	5.23%	6.13%	3.92%
<b>Other assets</b>	5.24%	4.46%	3.55%	3.43%	1.90%

No fresh exposure in TFCs/Sukuk has been taken during FY15. The fund has 3.48% and 0.44% exposure in instrument issued by Summit Bank Limited (SBL) and

Maple Leaf Cement which are rated A and A-, respectively. Details of TFCs/Sukuk held by AKD-AIF are presented below:

**Table 3: TFCs/Sukuk Portfolio of AKD-AIF**

Issuer	Rating (Latest)	% of net assets			
		Jun’14	Dec’14	Jun’15	Sep’15
<b>Worldcall Telecom Limited*</b>	D	2.28%	0.30%	-	-
<b>Avari Hotels Limited</b>	A-	2.11%	-	-	-
<b>Summit Bank Limited</b>	A	3.35%	4.23%	4.65%	3.48%
<b>Maple Leaf Cement Factory Limited*</b>	A-	1.29%	0.95%	0.67%	0.44%
<b>ENGRO Fertilizer</b>	A+	0.03%	-	-	-

\* Ratings by P.A.C.R.A

Weighted average time to maturity of net assets was reported at 2.97 years at end-June’15. The duration of the fund has decreased gradually from 3.27 years at end-June’14 to 2.20 years at end-Sep’15.

**Table 4: Performance Summary of AKD-AIF**

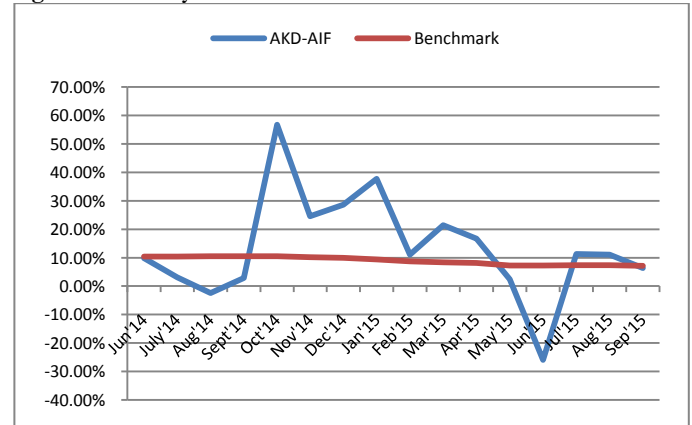
	FY13	FY14	FY15
<b>Return*</b>	6.58%	5.41%	15.51%
<b>Benchmark**</b>	10.23%	10.16%	9.25%
<b>Peer Max.*</b>	17.59%	22.18%	15.51%
<b>Peer Avg.*</b>	9.66%	10.52%	11.48%
<b>Peer Ranking*</b>	8/9	8/9	1/8

\* W/WF provisioning in case of all funds has been reversed for comparability

\*\*Benchmark of the fund was changed from 6M KIBOR to 1Y KIBOR subsequent to year-end 2011

The fund’s returns depicted significant volatility during FY15, as depicted in the chart below. Overall return posted by the fund for the year was the strongest amongst peers.

**Figure 2: Monthly Returns of AKD-AIF**



Net assets of AKD-AIF stood at Rs. 536m at end-June' 2015, marginally higher from Rs. 471m at the end of the preceding year. Investor concentration level in the fund continue to be on the higher side with top 10 investors holding 96.4% of net assets at end-June'15<sup>JCR-VIS</sup>

## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
31-Dec-15	BBB(f)			Reaffirmed
26-Sep-14	BBB(f)			Reaffirmed
19-Jun-13	BBB(f)			Reaffirmed
27-Mar-12	BBB(f)			Reaffirmed
15-Dec-10	BBB(f)			Reaffirmed