

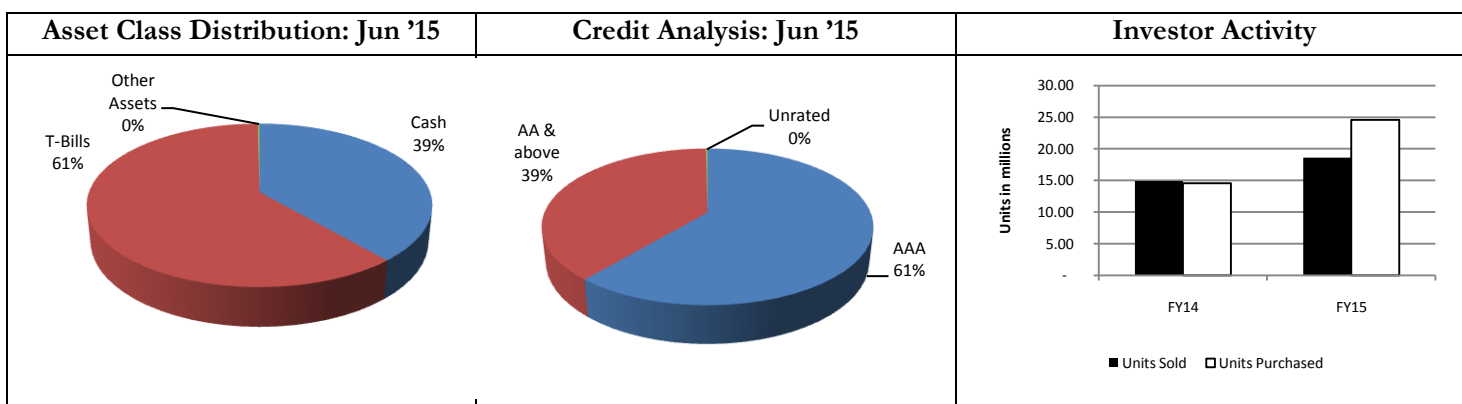
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Investment Objective

To provide optimum returns consistent with minimal risk from a portfolio constituted of high quality short term securities/instruments, which will provide liquidity.

AKD Cash Fund (AKD- CF)		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f)	AA+(f)
	<i>Dec 31, '15</i>	<i>Sep 26, '14</i>
Management Company	AKD Investment Management Limited	
Chief Executive	Mr. Imran Motiwala	
Fund Manager	Ms. Laraib Mohib	
External Auditors – Fund	Deloitte Yousuf Adil	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	0%	
Back-end Load	-	
Management Fee	0.4% per annum	
Benchmark	50% Average return of 3-months deposit rates of AA and above rated scheduled commercial Bank(s), and 50% average 3-months T-Bill rate	



Launched in January 2012, AKD Cash Fund (AKD-CF) is a money market fund with an investment policy to maintain a very low-level of risk. Both by the operational investment policy in place for the fund and the actual asset allocation, the fund’s exposure to credit and price risk have been maintained at low end of the risk spectrum.

The operational investment policy lays down limits for the fund’s exposure to various types of instruments and credit quality of the same. These limits are further subject to the following:

- Maximum exposure in AA rated entities/instruments is capped at 20% of net assets with the remaining exposure to be maintained in

higher rated assets, including government securities.

- Minimum exposure in AAA rated securities / instruments is stipulated at 50% of net assets.

As per policy, time to maturity of any asset shall not exceed six months and weighted average time to maturity of net assets is capped at 90 days. Furthermore, duration of portfolio of T-bills or re-price able instruments shall also not exceed 60 days.

The table below presents the operational investment policy of the fund:

Table 1: Investment Policy of AKD-CF (% of Net Assets)

Investments	Minimum Entity Rating	Maximum Exposure Limit*
Cash in Bank Accounts	AA	100%
Treasury Bills, PIBs & Govt. Securities	N/A	100%
Placements with Bank and DFI including Certificates of Deposit and TDR.	AA	80%
Commercial paper	AA	10%
Money Market placements, under LOP etc. with Commercial Banks and DFIs*	AA	80%
Placement of Funds with NBFCs and Modaraba	AAA	25%
Reverse Repo transactions against Government Securities with Commercial Banks and DFIs or NBFCs and Modarabas.	AA in case of Banks and DFIs /AAA in case of NBFCs and Modarabas.	50%
Subject to prior written approval of the Commission and other regulatory approvals, the fund may invest in foreign money market income securities and any other instruments issued, listed and traded outside Pakistan as per regulatory and SBP guidelines	AA (or equivalent rating) by a reputed International Rating Agency	30% (subject to a cap of US\$ 15 million)

* These limits are further subject to maximum exposures by credit ratings as stated earlier.

The fund has remained primarily invested in T-bills during FY14 and FY15; average asset allocation to the same was 94.6% in FY15 as compared to 96.4% in FY14. Average net assets of the fund during FY15 were lower at Rs. 388.6m as compared to Rs. 503.2m in FY14. At end-June'2015, net assets amounted to Rs. 213.3m.

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

	June'13	Jun'14	Jun'15	Average FY15
T-Bills	80.01%	99.17%	61.21%	94.65%
Cash	0.70%	0.68%	38.60%	5.04%
Other assets	19.21%	0.15%	0.19%	0.31%

As per the operational investment policy, maximum duration of the fund has been capped at 60 days. AKD-CF has remained compliant with this requirement during FY15. Maximum duration during FY15 was 57 days at end-November'2014. As at end-FY15, duration of the fund was reported at 21 days.

Investor concentration in the fund has increased significantly on a timeline basis with top 10 investors holding 93.7% of outstanding units at end-FY15 as compared to 72.6% at end-FY14. Ability to meet redemptions is supported by the liquidity profile of assets.

Fund performance has been slightly volatile on a month on month basis in FY15. The fund generated a return of 8.59% during FY15 and ranked 13th in a peer group of 22 funds. Return generated by the fund during FY15 was higher than the benchmark. Benchmark of the fund is set as an equal weighted average return of 3-months deposit rates of AA and above rated scheduled commercial banks and average 3-months T-bill rate ^[JCR-VIS]