

**SUPPLEMENTARY OFFERING DOCUMENT**

**OF**

**AKDIML ASSET ALLOCATION PLAN (AKDAAP)**

**AN ADMINISTRATIVE PLAN UNDER AKD OPPORTUNITY FUND (AKDOF), AKD INDEX TRACKER FUND (AKDITF), AKD CASH FUND (AKDCF) AND AKD AGGRESSIVE INCOME FUND (AKDAIF)**

**MANAGED BY**

**AKD INVESTMENT MANAGEMENT LIMITED**

[An Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003]

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SECP has approved this Supplementary Offering Document vide its letter No: SCD/AMCW/AKDIML/Plans/324/2018 dated March 29, 2018, under Regulation 54 of NBFC Regulations 2008.

It must be clearly understood, that in giving this approval, SECP does not take any responsibility of the financial soundness of the Plan nor for the accuracy of any statement made in this Supplementary Offering Document.

**1. Introduction:**

The investment aim of the plan is to generate growth on savings by providing a lump sum amount in the future to the investors.

**Investment Objective and Philosophy**

This Investment Plan allows the investors to actively allocate their savings between Equity, Money Market and Fixed Income to meet financial goals.

All transactions under this arrangement are governed by the Trust Deed of the respective Fund, unless specifically altered by this document; all the terms and conditions of the Offering Document of the respective Fund shall apply to the respective Units of the Fund in which investment is made under this Plan.

**2. Plan Types**

AKDIML Asset Allocation Plan offers the ideal systematic solution for the investors to build savings for future financial needs. These investments are made in equities through AKD Opportunity Fund (AKDOF) and AKD Index Tracker Fund (AKDITF), while AKD Aggressive Income Fund (AKDAIF) or AKD Cash Fund (AKDCF) will be used to take exposure in Income/Money Market Instruments. Based on their risk appetite, clients can choose from one of the following approaches:

	<b>Indicative percentage allocation invested in Collective Investment Scheme(s)</b>			
<b>Plan Type</b>	<b>AKDCF</b>	<b>AKDAIF</b>	<b>AKDITF</b>	<b>AKDOF</b>
<b><u>Plan A</u></b>	75 %	Nil	10%	15%
<b><u>Plan B</u></b>	40%	20%	20%	20%
<b><u>Plan C</u></b>	0%	0%	30%	70%
<b><u>Customized Plan</u></b>	0% to 100%	0% to 100%	0% to 100%	0% to 100%

**DISCLAIMER: - It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of the Plan nor for the accuracy of any statement made or any opinion expressed in this Supplemental Offering Document.**

### **3. Rebalancing**

Overtime period as a result of different levels of performance of underlying funds, the overall portfolio is likely to have deviation from the target asset allocation for that plan. However, Investor account shall normally be re-allocated if required on the first day of each calendar year to bring the allocation in line with investors chosen plan.

### **4. Administrative Arrangements**

- 4.1.** At present, the minimum amount of investment to be maintained by Investor, for the administrative arrangement described above is Rs. 10,000. However, the Management Company may change the minimum amount of investment to be maintained by Investor for purposes of this administrative arrangement, at a later date by giving a prior notice of at least 30 days.
- 4.2.** All Units issued under the administrative arrangement shall rank pari passu with units of AKDOF and/ or AKDITF and/or AKDAIF and/or AKDCF, as the case may be.
- 4.3.** Cash dividends and/or Bonus Units (as the case may be) declared on the respective Units held in AKDAAP shall be reinvested in the respective Fund(s) to which such dividends relate at that point in time.
- 4.4.** Management Company may at its discretion allow for partial pledging of units in AKDAAP.
- 4.5.** The Unit Holder may submit a redemption request for redeeming partial or all Units purchased under the AKDAAP. The redemption proceeds shall be payable in accordance with the Offering Documents of AKDOF, AKDITF, AKDAIF and AKDCF.

- 4.6. Partial redemption from the Plan will only be allowed subject to maintenance of a minimum investment amount in the Plan.
- 4.7. The Unit Holder may also convert the Units held by him in AKDAAP into the units of any other plans being offered by the Management Company and vice versa. Such conversions to/from AKDAAP shall be at the NAV of the respective Funds, AKDOF, AKDITF, AKDAIF and AKDCF, as per its constitutive document and without any sales load.

**5. Features and Benefits:**

- Minimum Investment Rs. 10,000
- Minimum Subsequent Investment Rs. 5,000
- Front-end load as per the Funds
- No charges on withdrawal
- No Bank-end load
- No sales load on conversion from one plan to another plan

- 5.1. An investor may invest by filling out the prescribed form and submitting it along with the payment instrument (drawn in favor of CDC – Trustee AKD Funds) either directly or through any distributor.

**6. Modifications to this Plan:**

- 6.1. In the event any changes are introduced in the Plan after an existing Subscriber has made an initial investment in the Plan, the existing Subscriber shall be given a prior notice of at least 90 days to comply with the changes. Any subsequent investments shall be in accordance with any changes so made. Provided, however that the Unit Holder may opt to redeem his or her Investment without any exit charge.
- 6.2. The Management Company may at any time, in consultation with the Trustee, and with prior notice of at least 90 days to the Unit Holders, discontinue the Plan under a particular Fund. Provided that the Unit Holder may opt to redeem his or her Investment, or to subscribe to Units of any other Fund being offered under the Plan without charge of any load.

**7. Front End Load**

*AKD Investment Management Limited can charge sales load maximum upto 3% of the NAV per unit if investor approaches directly for investment and may charge sales load maximum of upto 1.5% of the NAV per unit where transactions are done online or through website or as amended by the SECP from time to time.*

*Front-end load of each respective fund may be applicable. There would be no additional front-end load charged separately for the Plan.*

The current level of Front End Load is:

<b>Fund Name</b>	<b>Front End Load</b>
AKDCF	0%

AKDAIF	1%
AKDITF	1%
AKDOF	3%

7.1. In case of discontinuation of plan by the Investor, redemption of Units will be done and proceeds paid to the Investor as per Trust Deed and Offering Document of the respective Fund to which the Investor has subscribed.

7.2. All Units and fractions of each individual Fund being offered under this Plan thereof shall rank pari passu as to the assets, earnings and receipt of the dividend or distribution of that Fund, as may be declared by the Management Company.

## 8. Risk Disclosure:

In addition to the risks disclosed in the Offering Documents of the underlying Fund(s) to this Plan, investment in AKDAAP is exposed to the following risks:

- (A) The NAV of the Fund(s) may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various market related factors and trading volumes, settlement periods and transfer procedures.
- (B) The liquidity of the Plan's investments is inherently restricted by the trading volumes in the securities in which the Fund invests.
- (C) Investors in the Plan are not offered any guaranteed returns.
- (D) Investors may note that the Fund Manager's investment/ asset allocation decisions for the Funds may not be always profitable.
- (E) The underlying Fund(s) is/are subject to being wound up under certain circumstances as explained in the Offering Document. In the event of the Funds being wound up, Units standing to the credit of the Unit Holder shall be dealt with in the manner as specified in Clause 7.1 above.
- (F) The liquidity of the Plan's investments is inherently restricted by systematic/liquidity risk pertinent to the underlying funds.

## 9. Taxation

This section is for advice only and potential investors should consult their tax experts for their liability with respect to taxation on income from investment in this administrative plan.

The income of this plan from the underlying Funds will be taxed accordingly

- Dividend income tax as applicable according to the relevant law;
- Capital Gains Tax as applicable according to the relevant law

**Distribution Risk** - Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by fund and not out of the profits earned by each unitholder. Unitholders who invest in a fund before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.

**10. All other Matters:**

The Offering Document relating to the underlying Fund(s), shall apply to all such matters, relating to the investment in Units issued under the Fund(s).

**“Administrative Plan”** means any investment plan(s) offered by the Management Company where such plans allow Unit Holders a focused investment strategy in any one or a combination of Collective Investment Schemes managed by the Management Company and for which CDC is appointed as the Trustee.

**“Subscriber”** means an Investor/ Unit Holder in the Fund(s) being offered under AKDAAP.

All other definitions, terms and conditions, as per Offering Documents of the underlying Fund(s) to AKDAAP, shall apply unless stated otherwise.

The Subscribers are advised to read the Constitutive Documents and Offering Documents of the respective funds.