

SUPPLEMENTARY OFFERING DOCUMENT
OF
AKDIML MONTHLY INCOME PLAN (AKDMIP)
AN ADMINISTRATIVE PLAN UNDER AKD CASH FUND AND
AKD AGGRESSIVE INCOME FUND

MANAGED BY

AKD INVESTMENT MANAGEMENT LIMITED

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

SECP has approved this Supplementary Offering Document vide its letter No: SCD/AMCW/AKDIML/Plans/323/2018 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:

AKDIML Monthly Income Plan is an administrative plan offered by AKD Investment Management Limited to ensure a monthly stream of income for the investors. AKDMIP is a good product for investors with a low risk appetite and offers a reasonable rate of return through investment in the Units of AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF).

Investment Objective and Philosophy

AKDIML Monthly Income Plan is based on AKD Aggressive Income Fund and or AKD Cash Fund and is a great tool to achieve the goal of stable income on monthly basis through investments in fixed income instruments (through investment in AKDAIF and AKDCF Units). However it is clarified that no capital preservation is promised or guaranteed.

Key Benefits

- AKDIML Monthly Income Plan offers the flexibility to get payment on monthly, quarterly or semi-annual basis
- No charges on withdrawal
- Investors may choose to get the payment either on monthly, quarterly or semi-annually basis.

2. Plan Type

This administrative arrangement allows option of periodic profit. The investor will have the option to choose the Fund on which the saving plan should be based on. At present, investors can invest in the following Plan:

Indicative percentage allocation invested in Collective Investment Scheme(s)			
Plan Name	AKDCF	AKDAIF	Total
<u>Monthly Income Plan</u>	0% - 100%	0% - 100%	100%

The administrative arrangement offered shall be governed by the Trust Deed and Offering Document of AKD Aggressive Income Fund and AKD Cash Fund, and any Supplement to the same thereof.

3. Administrative Arrangements

3.1 At present, the minimum amount of investment to be maintained by investor, for the administrative arrangement described above is Rs. 100,000. 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.

3.2 The Investor can opt for the following 4 options:

3.2.1 Fixed Monthly Payment: The Unit Holder shall receive a fixed amount pre-determined by the Unit Holder at the time of investment. This amount shall not be less than Rs.500.

3.2.2 100% Appreciation Payment: The Unit Holder shall receive an amount equal to the actual appreciation in the investment amount at the end of each period. If investment value declines during the Period, no payment will be made.

3.2.3 90% Appreciation Payment with savings: The Unit Holder shall receive an amount equal to 90% of the actual appreciation in the investment amount at the end of each period. If investment value declines during the Period, no payment will be made.

3.2.4 90% Appreciation Payment with remaining at year end: The Unit Holder shall receive an

amount equal to 90% of the actual appreciation in the investment amount and the remaining amount shall be paid to the Unit Holder at year end. If investment value declines during the Period, no payment will be made.

All payments as mentioned above would be made from capital appreciation of each respective fund on a proportionate basis. If in a period there is no capital appreciation in a respective fund, no payment would be made from the respective fund.

- 3.3 The amount mentioned in clause 3.2 above shall not be less than Rs. 500, in which case the amount so determined shall remain invested in the Fund. The Management Company may alter this amount with the consent of the Trustee and announce on its website giving at least 30 days prior notice before its implementation.
- 3.4 All Units issued under the administrative arrangement shall rank pari passu with units of AKDAIF and/ or AKDCF, as the case may be.
- 3.5 The period for periodic payment as decided by the Investor shall be monthly, quarterly, half yearly or annually.
- 3.6 The periodic payment options mentioned in clause 3.2 above, shall be made by redeeming the required number of Units, **hence the number of Units held by the Investor shall decrease.** In such instances, where the NAV of the Fund subsequently decreases, the Investment value shall as a result also decrease.
- 3.7 The payment shall be processed by the Management Company on 25th of each month. Provided that if 25th of the each month is not a Business Day the redemption arrangements of Units would be transferred to the next Business Day. Redemption due to periodic payment for administrative arrangement, the maximum interval between date of NAV applied for redemption under administrative arrangement and the issuance of payment instrument to the Unit Holder shall not exceed six (6) Business Days.
- 3.8 The Management Company reserves the right to amend the date of periodic profit payment keeping in view the interest of the Unit Holders in consultation with the Trustee and under intimation to the Unit Holders.
- 3.9 Cash dividends and/or Bonus Units (as the case may be) declared on the respective Units held in AKDMIP shall be reinvested in the respective Fund (s) to which such dividends relate at that point in time.
- 3.10 The Management Company may at its discretion allow for partial pledging of units in AKDMIP.
- 3.11 The Unit Holder may submit a redemption request for redeeming partial or all Units purchased under the AKDMIP. The redemption proceeds shall be payable in accordance with the Offering Documents of AKDAIF and AKDCF.
- 3.12 Partial redemption from the Plan will only be allowed subject to maintenance of a minimum investment amount in the Plan.
- 3.13 The Unit Holder may also convert the Units held by him in AKDMIP into any other plans being offered by the Management Company and vice versa. Such conversions to/from AKDMIP shall be as per the pricing mechanism of each respective fund as defined in its constitutive documents and without any sales load.

4. Features and Benefits

- Risk and return potential – Low
- Minimum Investment: Rs. 100,000 with subsequent investments of Rs. 10,000 only
- Front End Load as per the Funds
- No charges on withdrawal
- Back – end Load is not applicable
- Redemption proceeds will be dispatched within 6 Business Days
- No sales load on conversion from one plan to another plan

5. Modifications to this Plan:

5.1 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

5.2 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.

6. Front-End Load

AKD Investment Management Limited may 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.

However, 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:

Fund Name	Front End Load
AKDCF	0%
AKDAIF	1%

6.1 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.

6.2 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.

7. Risk Disclosure:

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

- (A) The NAV of the Fund 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) The target amount of monthly income and returns thereon in the underlying Fund(s) are based on best estimates of the performance of that particular Fund and is dependent on the ability to continue investing in similar investments on maturity of the investments in the portfolio. There is no guarantee as to the actual performance of the underlying Fund(s).
- (E) Investors may note that the Fund Manager's investment/ asset allocation decisions for the Funds may not be always profitable.
- (F) 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.
- (G) In case of Fixed Monthly Payment option mentioned under clause 3.2, the initial amount invested may deplete in case sufficient returns are not earned to cover the amount distributed to the Unit Holder.
- (H) The liquidity of the Plan's investments is inherently restricted by systematic/liquidity risk pertinent to the underlying funds.
- (I) If Front end load is applied on initial investment of the investor, the investment value will be the initial investment. The units shall be allocated on the offer price and subsequently the value of the investment may fall below the initial investment due to the front-end load charged, hence no profit payment will be made if the value of investment remains below the initial investment. Profit will only be paid if value of investment exceeds the initial investment.

8. 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

Unit holders may be liable to pay tax even though they may not have earned any gain on their investment as return of capital through distribution to investors is also taxable as per Income Tax Ordinance, 2001.

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.

9. 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 AKDMIP.

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

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