

# TRUST DEED CONSTITUTING



Managed by



AKD Investment  
Management Ltd.

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**Trust Deed**



**FIRST SUPPLEMENTAL TRUST DEED OF AKD INDEX TRACKER FUND**

**MODIFIED AND RESTATED TRUST DEED**

This Trust Deed is made and entered into at Karachi, on this 02 day of May 2007:

1. Name of the Scheme  
AKD Index Tracker Fund
2. Participating Parties and Constitution of the Trust:
  1. AKD Investment Management Limited, a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at 6th Floor, Continental Trade Centre, Block-8, Clifton, Karachi (hereinafter called the "Management Company" which expression where the context so permits shall include its successors in interest and assigns) of the One Part;

and

- II. Central Depository Company of Pakistan Limited, ("CDC"), a public company, incorporated under the Companies Ordinance, 1984, having its Registered Office at CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi and registered to act as central depository company under Rule 4(3) of the Central Depository Companies (Establishment & Regulations) Rules, 1996, (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the Other Part.

**WHEREAS:**

- A. The Management Company (then known as the "Investment Adviser") is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) to undertake investment advisory and asset management services.



- B. The Investment Adviser had been conveyed No Objection by the SECP vide its letter No. NBFC-II/JD-II/AKDITF/1071, dated 22 December, 2004 appended hereto as Annexure "A" to constitute the closed end scheme under the name and title of AKD Index Tracker Fund and to register this Trust Deed, pending authorization for the establishment and operation of the Scheme in accordance with the provisions of the Rules and this Trust Deed;
- C. The Management Company (then known as the "Investment Adviser") launched a closed-end scheme under the name of "AKD Index Tracker Fund" on 21 November 2005, hereinafter referred to as the "Scheme" or "AKDITF" or "the Fund" or the "Trust", the Management Company pursuant to the Trust Deed and in accordance with Rule 61(2) of the Rules, for the benefit of the Certificate Holders, proposed the conversion of the Fund from a closed-end scheme to an open-end scheme. The Certificate Holders at a meeting called for this purpose on 26 January 2007 approved the conversion by passing the following resolution with no dissenting vote, "RESOLVED that, as recommended by the Board of Directors of AKD Investment Management Limited, the Investment Adviser of AKD Index Tracker Fund (AKDITF), the conversion of AKDITF into an Open-end Scheme be and is hereby approved subject to the approval of the Trustee and the Securities and Exchange Commission of Pakistan." (the "Certificate Holders' Resolution");
- D. The Management Company (then known as the "Investment Adviser") has nominated and appointed CDC as Trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions herein contained;
- E. The SECP has approved the appointment of Trustee, through its letter No. NBFC-II/JD (R)/AKD-ITF/1041, 2004 dated DEC 16, 2004 appended hereto as Annexure-"B".
- F. The Management Company and the Trustee have executed the Supplemental Trust Deed (the "Supplemental Deed"), to give effect to the Certificate Holders' Resolution, and to incorporate the impact thereof.



NOW THIS DEED WITNESSETH:

**I. INTERPRETATION**

Words and expressions used herein but not defined shall bear the meanings ascribed to them in the Trust Deed or the Rules, as the case may be and words and expressions used and defined herein shall bear the meanings ascribed to them in the Supplemental Trust Deed. Unless the context otherwise requires, Section and Sub-Section references made herein refer to the Sections and Sub-Sections of the Trust Deed.

**II. EFFECTIVE DATE OF CONVERSION**

The conversion of the Fund from a "Closed-end Scheme" to an "Open-end Scheme" shall come into effect from the commencement of the first Business Day after the expiry of the book closure to be announced by the Management Company for the purpose of determining the entitlement of the Initial Unit Holders (Core Investors) to the Units of the Open-end Scheme, in lieu of the Certificates of the Closed-end Scheme held by them, which date shall be the effective date of the conversion ("the Effective Date").

**3. DECLARATION OF TRUST**

3.1 A Closed end Scheme was constituted on 3 January 2005 as a Trust under the Trusts Act, 1882, under the name of AKD Index Tracker Fund, and the same is hereby converted into an open-end scheme. The Trustee is hereby nominated and appointed to continue to act as trustee of the Fund and the Trustee hereby accepts such appointment and declares that:

- (a) the Trustee shall hold and stand possessed of the Fund Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holder ranking *pari passu* inter se according to the number of Units held by each Unit Holder;



- (b) the Fund Property shall be invested/disinvested from time to time by the Trustee at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Document, the Rules and the conditions (if any) which may be imposed by the SECP from time to time.
  - (c) the Management Company shall manage, operate and administer the Fund in accordance with the Rules.
- 3.2. The Trust shall have such minimum investment in compliance with the requirement of Rules 67(2) (f) of the Rules, and the Management Company shall ensure the investment of the required amount for a period of two years, having commenced from 21 November 2005 to 21 November 2007.
- 3.2.1 From the Effective Date of the conversion of the Funds status from a Closed-end Scheme to an Open end Scheme mentioned in sub-clause 1A above all the existing Certificates stand converted into the Units of the Open end Scheme. However the Core Investors shall be issued Core Units. The status of Certificate Holders stands changed to that of Unit Holders or Core Investors, who have come entitled to be issued Units or Core Units respectively of the Open-end Scheme in lieu of the Certificates held by the Certificate Holders of the Closed-end Scheme, for which purpose, a book closure shall be announced by the Management Company (then known as the Investment Adviser) in leading newspapers.
- 3.2.2 Each Certificate Holder holding Certificates under the Closed-end Scheme as at the date of the book closure shall be issued as soon as may be practicable, Units or Core Units of the Open-end Scheme in the ratio of 1:1, i.e. each Unit Holder (formerly Certificate Holder) shall be issued one Unit or one Core Unit for each Certificate of the Closed end Scheme that was held by him on the date of the book closure.



3.2.3 A Statement of Account shall be issued by the Registrar to the Initial Unit Holders as to their entitlements of the number of Units or Core Units, which shall be credited to their respective accounts with CDC or alternatively, upon their request, the Unit Holders or Core Investors shall be issued physical certificates of the Unit of the Open-end Scheme in lieu of the Certificates of the Closed-end Scheme upon payment of a fee determined by the Management Company.

3.2.4 After the conversion of the Fund's status from Closed-end to Open-end Scheme from the Effective Date, the Management Company shall offer Units of the Fund through an amended and restated Offering Document. The amended and restated Offering Document shall be in the form and substance as prescribed under the Rules, which shall be subject to the approval of the SECP.

3.3 The Trustee shall hold and stand possessed of the Fund Property that may from time to time hereafter be vested in the Trustee upon Trust as a single common fund for the benefit of the Unit Holders ranking *pari passu* inter se according to the number of Units held by each Unit Holder. The Management Company and the Trustee hereby further declare that:

a) The Fund Property shall be invested from time to time by the Trustee at the discretion and directions of the Management Company strictly in accordance with the provisions and conditions stipulated in this Deed, the Offering Document, restated Offering Document, the Rules and the conditions (if any) which may be imposed by the SECP from time to time, by virtue of the power vested in the SECP under the Rules.

b) The Management Company shall operate and administer the Scheme in accordance with the Rules.

#### 4. TRUST DEED

4.1 Where this Deed has been altered or supplemented the Management Company shall notify the Unit Holders in accordance with procedure mentioned in Clauses 18.1 and 18.2 of this Trust Deed.





4.2 The Management Company may from time to time with the consent of the Trustee frame rules or regulations for conducting the business of the Scheme or in respect of any other matter incidental thereto; provided such rules or regulations are not inconsistent with the provisions of this Deed or the Offering Documents.

4.3 If at any time, any Clause of this Deed is and/or becomes in whole or in part, illegal, invalid or unenforceable in any respect under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Clauses of the Deed hereof, nor the legality, validity or enforceability of such Clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.

## **5. GOVERNING LAW and Jurisdiction**

5.1 This Deed shall be subject to and be governed by the Laws of Pakistan including the Ordinance, the Rules (Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003), the Trusts Act, 1882 and other applicable laws of Pakistan, It shall be deemed for all purposes whatsoever that all the provisions that are mandatory required to be contained in a Trust Deed of an open end scheme by the Rules are incorporated in this Deed as a part and parcel thereof and in the event of any conflict between this Deed and the provisions required to be contained in a Trust Deed by the Rules, the latter shall supersede and prevail over the provisions contained in this Deed.

## **6. Effect of this Deed, status of Unit Holder(s) and retirement/change of Trustee, etc**

### **a) Deed Binding on Unit Holders**

The terms and conditions of this Deed or any deed supplemental hereto, shall be binding on each Unit Holder as if he had been a party to it and each Unit Holder authorizes and requires the Trustee and the Management Company to do so as required by the terms of this Deed and the Rules:



**b) Unit Holder(s) not liable to make further payments**

A Unit Holder is not liable to make any further payments to the Trustee and the Management Company after he had paid the Offer Price of his Units and no further liability shall be imposed on him in respect of the Unit(s), which he holds

**(c) Unit to rank pari passu**

All Units and fractions thereof represent an undivided share in the Scheme and shall rank pari passu according to the number of Units held by each Unit Holder, including as to the rights of the Unit Holder(s) in the Net Assets, earnings and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Trust proportionate to the Units held by such Unit Holder and shall have such rights as are set out in this Deed and the Offering Document.

Core Units subscribed by the Core Investors shall however be offered and issued at a ratio of 1:1 and shall not be redeemable (but are transferable) for a period of two years from the close of Initial Period. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units.

The Trustee shall issue a report to the Unit Holders included in the annual - report or any other interim report as required by the SECP under the Rules, whether in its opinion, the Management Company has in all material respects managed the Scheme in accordance with the provision of the Rules and this Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof

**(d) Retirement of Trustee**

The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new Trustee. In the event of the Trustee desiring to retire, the Management Company, within a period of six months, with the prior written consent of the SECP, may by a Deed supplemental hereto under the seal of the Management Company or the Trustee (as the case may be) appoint a new Trustee under the provisions of the Rules in the place of the retiring Trustee and also provide in such Deed for the automatic vesting of all the assets of the Scheme in the name of the new Trustee. Provided that the Trustee shall continue to perform its functions, as Trustee of the Scheme and to receive the remuneration until a new Trustee is appointed, as above



**7. ROLE OF MANAGEMENT COMPANY AND TRUSTEE**

**7.1 DUTIES AND POWERS OF THE MANAGEMENT COMPANY**

**7.1.1 Role of the Management Company**

The Management Company shall manage, operate and administer the Scheme in accordance with the Rules.

**7.2 Primary Functions of the Management Company**

**7.2.1 Fund Management**

The Management Company has the responsibility to make all investment decisions within the framework of the Rules, this Deed and the Offering Document(s).

**7.2.2 Investor Services**

The Management Company has the responsibility to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing applications in this regard.

**7.2.3 Investor Records**

The Management Company has the responsibility to maintain investor records and for this purpose it may appoint a Registrar, who is responsible for performing the Registrar Functions, i.e. maintaining investors' (Unit Holders) records and providing related services. The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities.

The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without prior written permission of the SECP and the Trustee.



## 7.2.4 Distribution

The Management Company, shall from time to time appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on the Distribution Functions at one or more locations on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distributor and the Management Company. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions. The Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee and perform all other Distribution Function(s), as defined in this Trust Deed hereafter.

## 7.2.5 Investment Facilitators (Facilitators)

The Management Company may, at its own responsibility from time to time appoint Facilitators to assist it in promoting sale of Units of the Fund.

## 7.2.6 Record Keeping

The Management Company has the primary responsibility for all record keeping, regular determination and announcement of prices and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

## 7.3 Other Functions and Responsibilities of the Management Company

### 7.3.1

The Management Company shall manage the Scheme and the Fund in the best interest of the Unit Holders, in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in this Deed and the Rules and subject to any special exemptions granted by the SECP. Any purchase or sale of investments made under any of the provisions of this Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of this Deed or the Rules. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.



7.3.2.

The Management Company shall comply with the provisions of the Rules and this Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer(s) or responsible official(s) of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of this Deed to be the act of the Management Company.

7.3.3

The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions, as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Fund Property where such loss has been caused by its gross negligence or reckless or willful act and/or omission or of its officers, officials or agents.

7.3.4

The Management Company may from time to time appoint, remove or replace the Registrar.

7.3.5

The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Scheme.

7.3.6

The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the Rules and this Deed, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, nor for anything expect for its own gross negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of this deed, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder.

7.3.7

The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Trust, all transactions for the account of the Trust and amounts received by the Trust in respect of issuance of Units and paid out by the Trust on redemption of Units and by way of distributions.



- 7.3.8 The Management Company shall prepare and transmit (physically or through electronic means or on the web) an annual report, together with a copy of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the Trustee and the Unit Holders within four months of the closing of the accounting date and balance sheet and income and expenditure accounts shall comply with the requirements set out in the Rules.
- 7.3.9 The Management Company shall within one month of the closing of the first and third quarter and within two months of the closing of the second quarter (6 months) of each Accounting Date, prepare and transmit (physically or through electronic means or on the web) to the Unit Holders and the SECP, balance sheet as at the end of that quarter, profit and loss account, cash flow statement and statement of changes in equity for that quarter, whether audited or otherwise.
- 7.3.10 The Management Company shall maintain a Register of the Unit Holders of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- 7.3.11 The Management Company shall with the consent of the Trustee, appoint and upon vacancy, the Auditor and such Auditor shall not be appointed for more than three consecutive years and the contents of the Auditor's report shall be in accordance with the provisions of the Rules.
- 7.3.12 The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the SECP within four months of the close of the Accounting Period, together with a statement containing the following information, namely:
- Total Number of Unit Holders; and
  - Particulars of the pertinent personnel (senior executives) of the Management Company.
- 7.3.13 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/disinvestment transactions entered into by it on behalf of the Trust. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with the dictates of the transaction.



**7.4 CHANGE OF MANAGEMENT COMPANY**

7.4.1 In case of removal of the Management Company by SECP under the provisions of the Rules, the Trustee shall appoint another management company as the management company for the Scheme according to the provisions of this Deed and the Rules.

7.4.2 The removal of Management Company and appointment of a new management company shall always require prior approval of the SECP and the Trustee.

7.4.3 The Trustee may with the prior approval of the SECP, remove the Management Company by giving at least twenty-one days notice in writing to the Management Company if any of the following events have occurred:

- a) The Management Company has contravened the provisions of this Deed in material respect and has failed to rectify the contravention within a reasonable period after the contravention has been brought to its notice by the Trustee and/or by the SECP;
- b) The Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
- c) A receiver is appointed over any of the assets of the Management Company
- d) The Management Company may retire at any time with the prior written consent of the SECP and the Trustee.

7.4.4 Upon a new management company being appointed, the Management Company will take immediate steps to hand over all the Documents and records pertaining to the Trust available with it or its agents or delegates to the new management company and shall pay all sums due to the Trustee.

7.4.5 Upon its appointment the new management company shall exercise all the powers and enjoy all rights and shall be subjected to all duties and obligations of the Management Company hereunder as fully as though such new management company had originally been a party hereto.



**7.5 TRUSTEE FUNCTION**

**7.5.1 DUTIES AND POWERS OF TRUSTEE**

7.5.1.1 The Trustee shall comply with the provisions of the Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible officials' of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Management Company. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by negligence or any reckless or willful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

7.5.1.2 The Trustee shall take into its custody or under its control all the property of the Open-end Scheme and hold it in trust for the Unit Holders in accordance with the law and the provisions of the constitutive documents and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.

7.5.1.3 The Trustee shall be liable for any act or omission of any agent with whom any investments are deposited as if they were the act or omission of any nominee in relation to any investment forming part of the property of the Open-end scheme.

7.5.1.4 The Trustee shall be liable for the acts and omissions of the lenders and its agents in relation to assets forming part of the property of the Open-end scheme and, where borrowing is undertaken for the account of the Open-end scheme, such assets may be registered in the lender's name or in that of a nominee appointed by the lender.

7.5.1.5 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interest of the Holders. The Trustee shall not be under any liability on account of anything done in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of this Deed or the Rules. Whenever, pursuant to any provision of this Deed, any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as





sufficient evidence thereof a document signed or purporting to be signed on behalf of the Management Company by any person whose signature the Trustee is, for the time being, authorized in writing by the Management Company to accept.

7.5.1.6 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property unless such instructions are in conflict with the provisions of this Deed or the Rules.

7.5.1.7 The Trustee shall not, be liable for any loss caused to the Scheme or the value of the Fund Property due to any elements or circumstances beyond its control.

7.5.1.8 The Trustee shall ensure that the sale, issue, repurchase, redemption and cancellation of Units effected by the Scheme are carried out in accordance with the provisions of the Deed.

7.5.1.9 The Trustee shall ensure that the methods adopted by the Management Company in calculating the value of the Units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the Trust Deed.

7.5.1.10 The Trustee shall ensure that the investment and borrowing limitations set out in the constitutive documents and the conditions under which the Scheme was authorized are complied with.

7.5.1.11 The Trustee shall insure that Unit Certificates are not issued until subscription moneys have been paid.

7.5.1.12 The Trustee may, in consultation with the Management Company, from time to time appoint, remove or replace one or more "Custodians" for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company.

7.5.1.13 The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Trust.



7.5.1.14 The Trustee shall, if requested by the Management Company and may if it considers necessary for the protection of the Fund Property or for safeguarding the interest of Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and/or officers. All costs, charges and expenses (including reasonable legal fee) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such losses, claims, liabilities, costs, charges and expenses, out of the Fund Property. Provided that no such indemnity shall be given in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties under this Deed or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Management Company and the Trustee shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Scheme.

7.5.1.15 Neither the Trustee nor the Custodian (if Trustee has appointed another person as Custodian) shall sell or purchase or deal in the sale or purchase of any Investment, save in the capacity of an intermediary.

7.5.1.16 Any transaction between the Scheme and the Management Company or any of the Connected Persons as principal shall only be made if permissible under the Rules and with the prior written consent of the Trustee.

7.5.1.17 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except for its own or for any of its agents' negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed or the Rules, the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.



7.5.1.18 The Trustee shall promptly forward to the Management Company within four Business Days any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any /depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with the transaction. The Trustee shall promptly act on any instruction by the Management Company in all such matters relating to recovery of the Fund Property.

7.5.1.19 The Trustee shall promptly provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attached to any investment.

7.5.1.20 The Trustee shall ensure that the investment limits set out in the Rules and the Deed and the conditions under which AKDITF has been authorized are complied by the Management Company.

7.5.1.21 A director or employee of the Trustee shall not be involved in the affairs of the Management Company.

## **7.5.2 CHANGE OF TRUSTEE**

7.5.2.1 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Management Company) or ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a Trustee of the Trust under the provisions of the Rules, the Management Company shall forthwith by instrument in writing remove the Trustee from its appointment under this Deed and shall, by the same or some other instrument in writing, simultaneously appoint as Trustee, some other company or corporation, legally qualified to be appointed as trustee for a Open-end scheme with the approval of the SECP, according to the provisions of the Rules and this Deed as the new Trustee.

7.5.2.2 The Management Company may, with the prior approval of the SECP, remove the Trustee after giving at least twenty-one days notice in writing to the Trustee on grounds of any material default or non compliance with the provisions of this Deed or the Rules, and appoint another Trustee.



7.5.2.3 Upon the appointment of a new Trustee the Trustee shall immediately hand over all the documents and records to the new Trustee and shall transfer all the Fund Property and any amount deposited in any Distribution Account to the new trustee and make payments to the new Trustee of all sums due from the Trustee

7.5.2.4 The new Trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new Trustee had originally been a party hereto.

## **8. INVESTMENTS OF THE FUND PROPERTY AND INVESTMENT AND BORROWING RESTRICTIONS**

### **8.1 INVESTMENT OBJECTIVES.**

8.1.1 Portfolio Diversification - AKDITE will seek to capture not less than 85% of the return of the KSE-100 index, minimizing specific sector/stock risk and reliance on market timing and Fund Manager performance. If an investor is taking equity risk then an index fund is the best way to achieve diversification. However, for liquidity maintained from time to time by the Management Company which can be up to 15% of Net Assets for redemption requests shall always be invested in the Authorized Investments defined herein.

8.1.2 Low Cost and Management Fees - The objective of the Fund is to enhance returns to the investor in the long term due to its low cost and management fees.

8.1.3 Full Transparency - In index funds there are no issues relating to front running and market manipulation. The investments are made in a fair and prudent manner.

8.1.4 Provide consistent returns - In the long term equities have provided great returns. Through long term capital gains and dividend yields this funds objective is to provide consistent returns over a period of time.

8.1.5 Hedging and Leveraging Instrument - The Fund can be used as hedging tool in a falling or rising market (by buying or selling the Fund) as it gives the investor complete coverage of the market instead of individually buying or selling the stocks, incurring high transactions costs.



## 8.2 INVESTMENT OF THE TRUST PROPERTY

8.2.1 It is declared that the Scheme shall offer investment opportunities in accordance with the investment policy announced in the Offering Document.

8.2.2 Any Investment may at any time be realized at the discretion of the Management Company either in order to invest the proceeds of sale in any other Authorized Investment or to provide cash required for the purpose of any provision of this Deed or in order to retain the proceeds of sale in cash or on deposit in the name of the Trustee as aforesaid or partly one and partly another. Any investment which ceases to be an Authorized Investment shall be realized and the net proceeds of realization shall be applied in accordance with this Clause. Provided that the Trust may postpone the realization of such Investment for such period as the Management Company and the Trustee may determine to be in the interest of the Holders.

8.2.3 The purchase or sale of any Investment in listed securities for the account of the Scheme shall be made on the Stock Exchange through a broker who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible, subject to applicable law, to make such purchase or sale more advantageously in some other manner., the Management Company shall not nominate, directly or indirectly, as a broker any of its directors, officers or employees or their family members (which term shall include their spouse, parents, children, brothers and sisters).

## 8.3 Investment Restrictions

8.3.1 The Fund Property shall be subject to such exposure limits as are provided in the Rules. Provided further that such exposure limits shall not be applicable in case, on application of the Management Company, SECP provides a relaxation of any or all of the exposure limits provided in the Rules. Provided further that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation in the value of any Investment or disposal of investment or Redemption of Units, such limit shall be exceeded subsequent to the acquisition of such investment the management company shall have 3 months to adjust the excessive holding



8.3.2 If and as long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Rules or and any exemption thereof, the Management Company shall not cause the Trustee to purchase any further investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other share offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust. However any excessive holding would always be adjusted by the Management Company within period of (3) months.

8.3.3 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company owns more than five percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company own more than ten percent of those securities.

8.3.4 AKDITF shall not purchase from or sell to the Management Company or the Trustee or to any director, officer or employee of the Management Company or the Trustee or to any person who beneficially owns ten percent or more of the equity or other securities with voting rights, if any, issued by the Management Company, save in the case of such party acting as an intermediary.

For the purpose of the above sub-clauses the term director, officer or employee shall include their relatives including the spouse, parents, children, brothers and sister and other family members.

8.3.5 AKDITF will not at any time:

8.3.5.1 Purchase or sell:

- Bearer securities
- effect a short sale in any security;
- purchase any security on margin;
- participate in a joint account with others in any transaction;
- apply any part of its assets to real estate, commodities or commodity contracts;



- employ as a broker, directly or indirectly, any director, officer or employee of the fund or its Management Company or any connected person or member of family of such person and enter into transactions with any connected broker, which shall equal or exceed ten per cent or more of the transactions of the fund in any one accounting year of that fund (where the term "family" includes spouse, lineal ascendants and descendants and brothers and sisters).

Provided that the SECP may, in each case on merits, permit the ten per cent to be exceeded if the connected broker offers advantages to the fund not available elsewhere:

- apply for de-listing from stock exchange, unless it has obtained prior approval of the SECP in writing to the scheme of de-listing.
- invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively;

#### **8.4 EXCEPTION TO INVESTMENT RESTRICTIONS**

8.4.1 The SECP has upon request and vide its letter no. NBFC-II/JD/AKDITF/2007/231 dated 2 April 2007 granted exceptions under Sub-rule 3 & 4 of Rule 71 of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 to the above restrictions.

8.4.2 In the event the weightage of shares exceed the limits laid down in the Offering Document or the Rules as a result of the relative movement in the market prices of the Investments including subscription to right shares or through any disinvestments, the Management Company shall make its best endeavors to bring the exposure within the prescribed limits within three months of the event. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists.



**8.5 BORROWING RESTRICTIONS**

**8.5.1**

Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time, at the request of the Management Company, concur with the Management Company in making and varying arrangements with Banks or financial institutions for borrowing by the Trustee for account of the Fund, for the purpose of meeting redemption request(s) provided that the charges payable to such Bank or financial institution are not higher than the prevailing market rates. Provided further that the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Rules but if subsequent to such borrowing, the Net Assets are reduced as a result of the depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing. The maximum borrowing for the account of the Trust shall not exceed fifteen percent of the total Net Assets of the Scheme or such other limit as may be provided in the Rules at any time and shall be payable within a period of 90 (ninety) days. However, subsequent to such borrowing if the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be obligated to reduce such borrowing before 90 days as stipulated above.

**8.5.2**

The charges payable to any bank or financial institution against borrowings on account of the Scheme as permissible under Clause 8.5.1 above, shall not be higher than the normal prevailing bank charges or normal market rates.

**8.5.3**

Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

**8.5.4**

For the purpose of securing any such borrowing the Trustee may, with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules.





8.5.5 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trustee or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.

**9 VALUATION OF PROPERTY**

9.1.

9.1.1 A security listed on the stock exchange shall be valued at its last sale price on the date as of which it is valued, or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date, the security shall be valued at an amount not higher than the closing ask price nor lower than the closing bid price;

9.1.2

An investment purchased and awaiting payment against delivery shall be included for valuation purposes as security held, and the cash account of the company shall be adjusted to reflect the purchase price including broker's commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;

9.1.3

An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;

9.1.4

The value of any dividends, bonus shares or rights which may have been declared on securities in the portfolio but not received by the company as of the close of business on the valuation date shall be included as assets of the company, if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;

9.1.5

A security not listed or quoted on a stock exchange shall be valued at investment price or its break-up value as per last audited accounts, whichever is lower;

9.1.6

Interest/Profit/mark-up accrued on any Interest/profit/mark-up bearing security in the portfolio shall be included as an asset of the Scheme if such accrued interest/profit/mark-up is not otherwise included in the valuation of the security;



- 9.1.7 Any other income accrued up to the date on which computation was made shall also be included in the assets; and
- 9.1.8 All liabilities, expenses, taxes and other charges due or accrued up to the date of computation which are chargeable under this Trust Deed shall be deducted from the value of the assets;
- 9.1.9 Notwithstanding any thing stated above valuation of the assets of the Fund will be carried out according to the Rules and/or in accordance with the directions of the SECP.
- 9.2 ISSUE AND REDEMPTION OF UNITS AND DETERMINATION OF OFFER PRICE AND REDEMPTION PRICE**

**Issue of Units**

- 9.2.1 The Management Company shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Units and for the issue, publication or circulation of the Offering Document.
- 9.2.2 Application for issue of Units will be received at the authorized offices or branches of the Distribution Companies on all Business Days during business hours as announced by the Management Company from time to time. Provided that the Management Company may also accept applications for issue of Units through electronic means or through its corporate website.
- 9.2.3 Except for the issuance of Units to the Initial Unit Holders due to the conversion of the Fund from a closed-end Scheme to an open-end Scheme as mentioned above, Units shall be issued against an application for Purchase of Units. An application for issuance of Units shall be made by completing the prescribed application form and submitting it with the payment in such form as is prescribed by the Management Company in favor of the Trustee at the authorized branch or office of any Distribution Company. The Distribution Company shall verify the particulars given in the application for issue



of Units and ensure that the signature of any applicant or joint applicants for purchase of Units to any document required to be signed by him under or in connection with the application for issue of Units is verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfactions.

9.2.4 Each applicant shall only be liable to pay the Offer Price of the Units to be subscribed by him and no further liability shall be imposed on him in respect of any Units held by him. The Units shall be issued only against the receipt of full payment. The Units shall be issued in fractions up to four decimal points, only against receipt of full payment.

9.2.5 An application for issuance of Units shall deem to have been made in accordance with the provisions of the Offering Document or a Supplementary Offering Document, if such documents prescribe automatic issuance of Units under certain circumstances.

9.2.6 In case the Unit Holder already holding units of an open-end scheme managed by the Management Company wants to convert from one open-end fund to another open-end fund under the management of the Management Company, such applicants shall not be required to complete another Purchase of Units Form and instead shall be required to complete the Conversion Form prescribed by the Management Company, indicating the number of Units to be converted from the existing fund invested in to the other fund to be invested in.

### **9.3 Determination of Offer Price**

9.3.1 After the conversion, the Offer (Purchase) Price for the Unit Holder shall be determined from time to time pursuant to this Deed hereafter and Rule 80 of the Rules and shall be calculated and announced by the Scheme on a daily basis.

The Offer Price shall be equal to the sum of:



- a) The Net Asset Value as of the close of the Business Day on which the completely and correctly filled purchase of Units form is received by the Management Company or Distributor from time to time;
- b) Any Front-end Load;
- c) Such amount as the Management Company may consider an appropriate provision for Duties, Charges, levies, taxes, etc.;
- d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs: the Offer Price so determined shall apply to purchase requests, complete in all respect, received by the Distributor or the Management Company during the business hours on the Business Day on which the completely and correctly filled purchase of Units application form is received.  

Such sum to be adjusted upwards to the nearest Paisa.

9.3.2 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 9.3.1 is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Fund Property).

9.3.3 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 9.3.1(c) exceeds the relevant amount of Duties and Charges, the Registrar shall issue additional Units or fractions thereof to the Unit Holders based on the price applicable to the Units issued against the relevant application.



9.3.4 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in at least one daily newspaper widely circulated in Pakistan.

**9.4 Allocation of Front-end Load**

9.4.1 The remuneration of Distributors and Facilitators shall be paid exclusively from any Front-end Load received by the Trustee and/or may be paid by the Management Company when the Trustee pays the Front-end Load to the Management Company or to Distributors or Facilitators upon instructions of the Management Company, and no charges shall be made against the Fund Property or the Distribution Account in respect. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.

9.4.2 Such payments may be made to the Distributors and Facilitators and the Management Company by the Trustee or may be made by the Trustee on the instructions of the Management Company on monthly basis in arrears within thirty days of the end of the calendar month.

9.4.3 A distributor located outside Pakistan may if so authorized by the Management Company and the Trustee retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

**9.5 Determination of Redemption Price**

9.5.1 After the conversion of the Fund the Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of the Business Day on which a correctly and properly filled redemption of units form is received, less:



- a. Any Back-end Load;
- b. Any taxes imposed by the Government; and
- c. Such amount as the Management Company may consider an appropriate provision for Duties, Charges, Levies, etc.;
- d. Such amount as the Management Company may consider an appropriate provision for Transaction Costs;

Such sum to be adjusted downwards to the nearest Paisa.

The Redemption Price so determined shall apply to redemption request, complete in all respects, received by the Distributor or the Management Company during the business hours (as announced by the Management Company from time to time) on the Business Day on which a correctly and properly filled redemption application is received.

9.5.2 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 9.5.1(c) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Trust Property).

9.5.3 In the event that the provision for payment of Duties and Charges pursuant to sub-clause 9.5.1(c) exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders.

9.5.4 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in at least one daily newspaper circulating in Pakistan.



**9.6 Redemption of Units**

- 9.6.1 The Trustee shall at any time during the life of the Trust on the instructions of the Management Company authorize redemptions of Units out of the Trust's funds through duly authorized Distributors and/or Investment Facilitators.
- 9.6.2 An application for Redemption of Units shall be made by completing the prescribed Redemption of Units Form and submitting it at the authorized branch or office of the Distributor within the Business Day during the business hours as may be announced by the Management Company from time to time. The Distributor may retain Redemption of Units Form and a copy may be supplied to the Registrar, if so required by the Management Company. No person shall be entitled to redeem only part of the Units comprised in a Certificate; provided however in case where a Certificate is not issued any number of Units may be redeemed by the Unit Holders thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. In case of application for redemption by Joint Unit Holders such application should be signed by signatories as mentioned and required at the time of opening of the account within the Unit Holder Register through Investor Account Opening Form.
- 9.6.3 The Management Company may also accept application for Redemption of Units through electronic means, including its corporate website from time to time.
- 9.6.4 In case the Unit Holder already holding units of an open-end scheme managed by the Management Company wants to convert from one open-end fund to another open-end fund under the management of the Management Company, such applicants shall not be required to complete a Redemption of Units Form and instead shall be required to complete the Conversion Form prescribed by the Management Company, indicating the number of Units to be converted from the existing fund invested in to the other fund to be invested in.



- 9.6.5 The Trustee may at its option dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him from the replacement thereof.
- 9.6.6 The amount payable on redemption may be paid to the Unit Holders by transfer to the Unit Holder's designated banker or registered address as mentioned in the Investor Account Opening Form and any other mode(s) of payment and such payment(s) shall be subject to the Rules.
- 9.6.7 The receipt of the Unit Holders for any moneys payable in respect of the Units shall be a good discharge to the Trustee and if several persons are registered as joint Unit Holders any one of them may give effectual receipt for any such moneys.
- 9.6.8 Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Business Days. Where redemption requests on any one Business Day exceed ten percent of either the total number of Units outstanding or NAV of the Fund, such redemption requests in excess of ten percent may be deferred in accordance with the procedure elaborated in Clause 9 hereof.
- 9.6.9 The Registrar shall verify the particulars given in the application for Redemption of Units.
- 9.6.10 A redemption request shall deem to have been made in accordance with the provisions of the Offering Document, if such document prescribes automatic redemption under certain circumstances.
- 9.6.11 The maximum interval between the receipt of a properly documented request of Redemption of Units and payment of Redemption (Repurchase) Price to such Unit Holder(s) shall be 6 (six) working days.





**10. DEALING, SUSPENSION AND DEFERRAL OF DEALING**

**10.1 Temporary change in the method of dealing**

Subject to compliance with the Rules and under the circumstances mentioned in the Offering Document, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

**10.2. Circumstances of Suspension of Redemption**

The Redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchanges on which any of the securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price so determined in accordance with the Net Asset Value (NAV). The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue or 10% of the Fund's NAV. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund.

**10.3 Suspension of Redemption of Units**

In the event of extra ordinary circumstances, the Management Company may suspend or defer Redemption of Units. The circumstances under which



the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and/or the banking system or strikes or other events that render the Management Company or the Distributors unable to function.

Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in newspapers in which the Fund's prices are normally published.

#### **10.4 Suspension of Fresh Issue of Units**

The Management Company may at any time, subject to the Rules, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP if fresh issue of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

#### **10.5 Refusal to Accept Application for Issue of Units**

The Management Company may at any time refuse to accept any issue (sale) of Units application, if such application is contrary to the interest of the Unit Holders, Management Company, Trustee or the Fund.

#### **10.6 Queue System**

In the event redemption requests on any day exceed ten percent of either the number of Units outstanding



or the rupee redemption value of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent of the Units in issue.

The Management Company shall proceed to sell adequate assets of the Fund and/or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportionate basis proportionate to the size of the requests. The requests in excess of the ten percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent of the Units in issue or 10% of the NAV of the Fund, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.

#### **10.7 Winding up in view of major redemptions**

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value of the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption (Repurchase) Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.



**11 FEES AND CHARGES**

**11.1 REMUNERATION OF TRUSTEE AND ITS AGENTS**

**11.1.1**

The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on the annual tariff as defined in Annexure "C". For a period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned. Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.

**11.1.2**

In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Holders or against the Fund Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Rules and this Deed.

**11.1.3**

Any increase in the remuneration of the Trustee agreed to by the Management Company shall require prior approval of the SECP

**11.2 REMUNERATION OF MANAGEMENT COMPANY AND ITS AGENTS**

The Management Company shall be entitled to receive:

**11.2.1**

An annual remuneration of an amount not exceeding three percent of the average annual Net Asset as defined under the Rules during the first five years of the Scheme and two percent of such assets thereafter. In respect of any period other than a full calendar year, remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the accounting year concerned.



11.2.2 The Management Company shall be entitled to draw advance remuneration on a monthly basis from the Fund Property out of its accrued remuneration.

11.2.3 In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company. The Management Company shall not make any charge against the Holders or against the Fund Property or against the Distribution Account for its services or for its expenses except such expenses as are expressly authorized under the provisions of the Rules and this Deed to be payable out of Fund Property.

11.2.4 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed

### **11.3 Conversion Costs**

Conversion Costs as defined sub-clause 25.12 shall be amortized over a period not exceeding five years from the date of the conversion of the Fund from a closed-end scheme to the open-end scheme.

### **11.4 Other Fees and Charges**

Other material fees and charges to be borne by the Scheme are as follows:

11.4.1 Brokerage and transaction costs related to investing and disinvesting of the Fund Property

11.4.2 Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Holders;

11.4.3 Bank charges and borrowing/financial costs;

11.4.4 Audit fees;

11.4.5 Taxes applicable to the Trust on its income, turnover, assets or otherwise



- 11.4.6 Annual Fee payable to the SECP in accordance with Rule 54 of the NBFC Rules.
- 11.4.7 Other charges and fees such as listing fees and associated membership fees of the Exchanges.
- 11.4.8 Formation Costs amortized over a period not exceeding five years.
- 11.4.9 All expenses incurred in effecting the registration of all registerable Fund Property subject to the Rules
- 11.4.10 Fees/Charges payable to the SECP under the Rules.
- 11.4.11 Marketing expenses specifically related to the Fund.

## **12 CURRENCY AND ISSUE OF UNITS IN FOREIGN CURRENCY**

- 12.1 The currency of transaction of the AKDITF is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the issuance or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt of payment in any other currency or for any obligations arising therefrom.
- 12.2 Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance of Units to person(s) not resident in Pakistan for the delivery in any country outside Pakistan, the price at which such Units may be issued may include in addition to the Offer Price as hereinabove provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan.

- 12.3 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may include as a deduction to the Redemption Price as hereinabove



provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment.

12.4 The Management Company may appoint one or more scheduled bank(s) as the Authorized Dealer to manage Offer and Redemption of Units from outside Pakistan in foreign currency under the provisions of the Foreign Exchange Manual of the State Bank of Pakistan.

12.5 Payments received in foreign currency to issue units shall be converted into Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost shall be deducted from the receipt before Units are issued.

12.6 Amount received in foreign currency for issue of Units will directly be made part of the Fund Property after deduction of the relevant duties, charges, Transaction Costs and Sales Load. The Units issued with be denominated in Pakistani Rupees using as conversion rate the rates quoted by the Authorized Dealer at the issue date of the Units.

12.7 Payments to be made in foreign currency on redemption of Units shall be converted from Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost shall be deducted from the payment to be made.

### **13 TRANSACTION WITH CONNECTED PERSONS**

#### **13.1**

##### **i.**

The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.

##### **ii.**

The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any



director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.

For the purpose of sub-paragraphs (i) and (ii) above, the term Director, Officer and Employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

#### **14 TYPES OF UNITS**

14.1 The Management Company may initially issue the following types of Units:

Class "A" Units being offered and issued after the conversion of the Fund from a closed-end to an open-end Scheme with Front-end Load.

Class "B" Units are Units being issued in lieu of the certificate(s) held by the Holders on the Effective Date, such Units shall be redeemable by the Fund with a Back-end Load charge (as prescribed in the restated Offering Document), which shall only be charged up to 21 November 2007 following such Units shall be redeemed free of Back-end Load. Provided that the Management Company shall not issue further Class "B" Units after the Effective Date.

Class "C" Units are Core Units (Restricted) being issued in lieu of the Certificates held by Holders on the Effective Date. These Units cannot be redeemed for a period of two (2) years from 21 November 2005 to 21 November 2007; however, such Units are transferable.

14.2 All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Scheme, proportionate to the Units held by each Holder.





14.3 Core Units to be subscribed by the Core Investors shall be Type "C" (Restricted) Units, which shall be offered and issued in lieu of Certificates held on the Effective Date. Such Core Units shall not be redeemable for a period starting from 21 November 2005 to 21 November 2007. A mention of this restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued or Account Statement. These Units shall however be transferable.

14.4 Following the conversion of the Scheme to an open-end Scheme, the Offer Price shall be determined from time to time pursuant to this Deed and Rule 80 of the Rules.

14.5 By a Supplemental Deed to this Deed the Management Company may at any time with the approval of the Trustee and the SECP on giving not less than 21 days notice in writing to each Unit Holder subdivide or consolidate the whole or any part of the Units and the Holder shall be bound accordingly.

The Management Company shall require in such notice that each Holder to whom physical Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation, provided that any delay or failure to deliver up the Certificate shall not delay or otherwise affect any such sub-division or consolidation.

## **15 DETERMINATION OF DISTRIBUTABLE INCOME**

### **A. Distribution Policy and date**

15.1 The Management Company shall decide as soon as possible but not later than four months after the Accounting Date whether to distribute among Unit Holders, profits, either in the form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit.

15.2 The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditor and shall be the sum total of:



- a. the total income earned on the Fund Property during such Accounting Period including all amounts accrued in respect of dividend, markup, interest, profit and fee;
  - b. net realized appreciation from which shall be deducted expenses and such other adjustment as the Management Company may determine in consultation with the Auditors subject to the Rules and the provisions of the Income Tax Ordinance and the rules there under.
- 15.3 The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditor to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company after consulting the Auditor to be in the nature of the net realized appreciation may be distributable to the Certificate Holders by the Trustee and shall thereafter cease to form part of the Fund Property once transferred to Distribution Account.
- 15.4 The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting expenses defined herein.
- 15.5 The income qualifying for distribution in respect of the relevant period shall be adjusted as under:
- a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit, or markup.
  - b) adjustment considered necessary by the Management Company to reflect the diminution in value of Fund Property in consultation with the Trustee.



**B. DISTRIBUTION OF INCOME**

15.6 In case of cash dividend on each Accounting Date the Management Company shall instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of this Deed be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided.

15.7 After the fixation of the rate of distribution per Unit, distribution payment shall be made by cheque or warrant by the Trustee and sent through the registered post to the registered address of such Holder or by transfer to the Unit Holders' designated bank accounts, or in the case of joint Unit Holders to the designated bank account of the joint Unit Holders', first named on the Register. The receipt of funds by such designated bankers shall be a good discharge thereof.

15.8 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any income or other taxes, Zakat (if applicable), charges or assessments whatsoever and issue to the Holder the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.

15.9 The Management Company shall give the Unit Holders the option after the conversion (via a prescribed form provided by the Management Company) within the Unit Holders Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option.

15.10 In case of distribution in the form of bonus Units on each distribution date the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same.

15.11 After the fixation of rate of bonus entitlement per Unit, the Management Company shall instruct the Registrar to credit the respective Unit Holder's account with the designated number of Units calculated on the basis of the rate of distribution determined against the number of Units held by them on the date of Register closure.



- 15.12 The Management Company shall give the Unit Holder(s) the option after the conversion of Scheme through a prescribed form by the Management Company within the Unit Holders Register to encash bonus Units.
- 15.13 In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the redemption value determined for the day immediately succeeding the Business Day on which the bonus Units are credited and the proceeds shall be credited in accordance with the normal procedure already detailed above for the Redemption of Units.
- 15.14 In any case, the Unit Holders shall be entitled to change such options or mandates at their discretion, provided always that an appropriate application acceptable to the Management Company is given.

- 15.15 Where Units are placed under pledge/lien the payment of dividends will be made in accordance with Clause 21.8.3 of this Deed.

**16 ANNUAL ACCOUNTING PERIOD & DATE**

- 16.1 The annual Accounting Period shall commence on 1 July of the calendar year and shall end on 30 June of the ensuing calendar year.

- 16.2 Accounting Date means the thirtieth day of June in each year and any interim date(s) at which financial statements of the Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining the necessary approvals change such date to any other date.

**17 TRUSTEESHIP ARRANGEMENT**

**17.1 ADMINISTRATIVE ARRANGEMENTS**

The Trustee shall have all the obligations entrusted to it under the Rules, this Trust Deed and the Offering Document of the Fund. However, the Trustee shall, in addition to the aforesaid, facilitate the Management Company's business in the following manner:



- (a) Attorney(s) and Point Person(s): The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company.
- (b) Custodian(s): The Trustee shall act as Custodian for securities for which custody services are available with the Trustee at such terms as the Trustee and Management Company may mutually agree. For other securities the Management Company may advise the Trustee to make appropriate arrangements with one or more Custodians for custody of securities in which investment may be made on behalf of the Fund. The Trustee shall provide custodial services to the extent others cannot be identified for this purpose.

## **17.2 BANK ACCOUNTS**

- (a) The Trustee, at the request of the Management Company shall open Bank Accounts titled "CDC Trustee - AKD Index Tracker Fund" for the Unit Trust at designated Bank(s) for collection, investment, redemption or any other use of the Trust's funds.
- (b) The Trustee shall also open additional Bank Account(s) titled "CDC - Trustee AKD Index Tracker Fund" at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.
- (c) The Management Company may require the Trustee to open separate Bank Accounts for the Scheme to facilitate investment on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. This account may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
- (d) The Trustee shall open additional bank accounts at such branches of Schedule banks and at such locations (including outside Pakistan), subject to the applicable regulations and after obtaining all necessary approvals from the relevant regulatory



authority in Pakistan as may be required by the Management Company from time to time.

(e) The Management Company may also require the Trustee to open separate Bank Accounts for each dividend distribution out of the Scheme. Notwithstanding anything in this Deed the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.

(f) All bank account(s) shall be opened under the title "CDC - Trustee AKD Index Tracker Fund".

(g) Notwithstanding anything contained in the sub-paragraphs (a), (b), (c), and (d) above, the beneficial interest in the balances in all the bank accounts shall vest in the Holders in accordance with the provisions of this Deed and the Rules.

### **17.3 FUND PROPERTY**

17.3.1 As of the Effective Date of the conversion of the Fund into an Open-end Fund, the Fund Property shall consist of Net Assets of the Fund.

17.3.2 The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges and after deducting therefrom or providing there against any applicable Front-end Load shall constitute part of the Fund Property and the Distribution Company shall remit such proceeds to the Trustee in accordance with the instructions given by the Management Company from time to time.

17.3.3 The Trustee shall take the Fund Property into its custody or under its control either directly or through the Custodian and hold it in trust for the benefit of the Holders in accordance with the provisions of the Rules and this Deed. The Fund Property shall always be kept as a separate property and may be applied for the acquisition of assets for the benefit of the Trust. All registerable Investment shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Fund Property.



17.3.4 Save, as herein expressly provided, the Fund Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or the Custodian shall not create or purport to create any mortgages, charges, liens or any other encumbrances, whatsoever to secure any loan, guarantee, or any other obligation actual or contingent incurred, assumed or undertaken by the Trustee, the Custodian or any other person, except for securing finances obtained from financial institutions upon the direction of the Management Company for the Scheme and subject to the limitations contained in the Rules.

17.3.5 The Trustee shall have the sole responsibility for the safe-keeping of the Fund Property. In the event of any loss caused due to wilful negligence or bad faith on part of the Trustee, the Trustee shall have an obligation to replace the lost Investment forthwith with similar investment of same class and issue together with all rights and privileges pertaining thereto or compensate the Scheme to the extent of any loss.

17.3.6 The Base Currency of the Scheme shall be Pakistani Rupee, it being clarified however, that the Authorized Investments may be denominated in Pakistani Rupee or (subject to applicable law) any other foreign currency

#### **17.4 VOTING RIGHTS ON FUND PROPERTY**

17.4.1 All rights of voting attached to any Fund Property shall be exercisable by the Management Company on behalf of the Trust and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain. The Management Company shall maintain records for all the Votes exercised.

17.4.2 The Trustee shall, upon written request by the Management Company and at the expense of the Fund Property, from time to time execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote, consent



or otherwise act in respect of any Investment in such form and in favor of such persons as the Management Company may require in writing. The Management Company shall keep a record of using such authorization and the justification for the same. The phrase "rights of voting" or the word "vote" used in this sub-clause shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement of scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.

17.4.3 The Trustee shall forward to the Management Company, not later than two Business Days of receipt, all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any Investment.

17.4.4 The Management Company shall keep a record of voting stating the reasons for casting the vote in favor or against or abstaining on any resolution for six years.

## **17.5 TRANSACTIONS RELATING TO FUND**

17.5.1 The Trustee shall authorize and facilitate the Management Company to receive daily statements of account for all the bank accounts being operated by the Trustee as a nominee of the Scheme.

17.5.2 The Management Company shall, from time to time, advise the Trustee of the dividend distribution for the Scheme. The Trustee shall establish the separate bank accounts for each dividend distribution and transfer the amount payable as cash dividend to such accounts after deducting such taxes and Zakat as may be required under the law. The Trustee shall rely on the amount certified by the Auditors as the dividend payable in cash after adjusting for the dividend being distributed in the form of Units of the Trust, which shall be explained in the Offering Document.





**17.6 TRANSACTIONS RELATING TO INVESTMENT  
ACTIVITY/ PORTFOLIO MANAGEMENT**

17.6.1 The Management Company shall, from time to time, advise the Trustee of the settlement / instructions relating to any investment / disinvestment transactions entered into by it on behalf of the Scheme. The Trustee shall carry out the settlements in accordance with the information/instructions given by the Management Company subject to the Rules and this Trust Deed. The Management Company shall ensure that the settlement instructions are given promptly, completely and accurately after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction. Provided the instructions are in line with the rules, regulations or any exemptions thereof.

17.6.2 The Trustee shall ensure that, where applicable, payments against investments are made against delivery and vice versa.

17.6.3 The Trustee shall promptly forward to the Management Company any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with the transaction.

17.6.4 The Trustee shall also, if so required by the nature of such notices or documents mentioned in the foregoing clause, act in the manner that is in the best interest of the Trust. Such action shall include legal action if called for and the Trustee shall be entitled to recover any legal costs reasonably incurred from the Trust.



17.6.5 The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights and warrants relating to the Investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.

17.6.6 The Trustee shall provide the proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attaching to any investment.

## **17.7 TRANSACTIONS RELATING TO INVESTORS (UNIT HOLDERS)**

17.7.1 The Trustee shall authorize and facilitate the Management Company to receive daily statements of the account for the bank accounts being operated by the Trustee as a nominee of the Unit Trusts.

17.7.2 For applications received through the Conversion Form from Unit Holders already holding Units in an open-end scheme under the management of the Management Company, the Unit Holders investment shall be converted from one open-end scheme to another open-end scheme, for which the Management Company shall advise the Trustee of such daily conversions between unit trusts and the Trustee shall transfer the funds so required from the account of one unit trust to the other.

17.7.3 The Management Company shall also advise the Trustee on a daily basis of the details of amounts to be paid to respective Unit Holders against redemption requests. Such payments shall be effected by the Trustee out of the respective accounts of the Unit Trusts by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holders or by transfer to a temporary parking account.



17.7.4 The Management Company may request the Trustee to make arrangements through branches of banks to facilitate issue and redemption of Units in any of the Unit Trusts. A request for the issue of Units may also be made through electronic means, that is, the Internet and ATM facilities. A request for redemption of Units, may be made through the ATM facility only when the relevant bank / branches have been instructed by the Management Company to accept Unit Holders' requests to redeem the Units of the concerned Unit Trusts. The Trustee shall agree to such arrangements after satisfying itself that all appropriate safeguards have been taken, without incurring any liability for additional risks involved. The compensation for such services shall be mutually agreed between the Management Company and the Trustee.

17.7.5 The Management Company shall, from time to time, advise the Trustee of the dividend distribution for each Unit Trust. The Trustee shall establish separate bank accounts for each dividend distribution and transfer the amount payable as cash dividend to such accounts after deducting such taxes and Zakat as may be required under law. The Trustee shall rely on the amount certified by the Auditors as the dividend payable in cash after adjusting for dividend being distributed in the form of Units of the Unit Trust.

17.7.6 The Trustee shall pay to the Management Company's order such sums of the sale proceeds of (Units of any Unit Trust or the sums retained out of the redemption amounts as are representative of Front-end or Back-end Loads or charges or other recoveries that are specified in the Trust Deeds, Offering Documents or Supplementary Offering Documents as being payable out of the Issue or Redemption Prices.



**18 MODIFICATION OF THE TRUST DEED**

- 18.1 The Trustee and the Management Company acting together shall be entitled by deed supplemental hereto to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to prior approval of the SECP, which may require, in the interest of the Holders, any modification or approval by a certain percentage of Holders. Provided that, the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of this Deed to be more conveniently or economically managed or to enable the Units to be dealt in or quoted on Stock Exchange or otherwise for the benefit of the Holders and that it does not prejudice the interests of the Holders or any of them or operate to release the Trustee or the Management Company from any responsibility to the Holders.
- 18.2 Where this Deed has been altered or supplemented the Management Company shall notify the Holders immediately by publication in widely circulated newspaper.

**19 TERMINATION OF THE SCHEME**

- 19.1 The Management Company may terminate the Scheme, if the Net Assets at any time fall below Rs50m (rupees fifty million) and the Management Company shall give at least 3 months notice to the Unit Holders and the SECP and shall disclose the grounds of its decision. The Management Company may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund Property to meet such redemption requests would jeopardize the interest of the remaining Unit Holder(s) and that it would be in the interest of the Unit Holder(s) that the Trust be wound up and would notify the same to the SECP and Unit Holders.



19.2 The Scheme may also be terminated by the SECP on the grounds given in the Rules.

19.3 This Deed may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of this Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Scheme.

19.4 Upon the Trust being terminated the Management Company shall proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property.

19.5 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Fund Property after making payment as mentioned in sub-clause 19.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

19.6 In case the Trust is being terminated by the SECP on the grounds given in the Rules the SECP may appoint a liquidator.

## 20 UNITS

### 20.1 LEGAL STATUS

20.1.1 All Units represent an undivided share in the Scheme and rank *pari passu* as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in AKDITF proportionate to the Units held by such Unit Holder. However, for the convenience of the Holders, the Management Company may issue Units with different quantum of Sales Load when determining the Offer and Redemption Prices.



20.1.2 By a deed supplemental to this Deed the Management Company may at any time with the approval of the Trustee on giving not less than twenty-one days previous notice through publication in two newspapers (one Urdu and one English) widely circulated in the city in which the Units are listed on a stock exchange subdivide or consolidate the whole or any part of the Units and the Unit Holders shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Units have been issued, (who shall be bound accordingly) deliver up his Units for endorsement or encasement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Units shall not delay or otherwise affect any such sub-division or consolidation.

## **20.2 ISSUE OF UNITS AND LIMITATION OF LIABILITY**

20.2.1 The Management Company shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Units and for the issue, publication or circulation of the Offering Document.

20.2.2 Except as provided herein the Units shall be offered through the authorized branches of the Distribution Companies.

20.2.3 Each Unit Holder shall only be liable to pay the issue price of the Units subscribed by him and no further liability shall be imposed on him in respect of any Units held by him. The Units shall only be issued against receipt of full payment. No further liability shall be imposed on a subsequent Unit Holder save any transfer fees or taxes applicable to transfers and transmission.

20.2.4 The Management Company may require the Trustee to issue additional Units by way of bonus Units out of distributable income of the Scheme or against the receipt of payment at such issue price and other terms as may be set by the Management Company, subject to regulatory requirements.



## **20.3 ISSUE OF UNITS OUTSIDE PAKISTAN**

20.3.1 Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance of Units to persons not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company include in addition to the initial offer price as hereinbefore provided, a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation, whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery, or issue of Units or any additional costs relating to the delivery of Units or the remittance of money to Pakistan.

20.3.2 The currency of transaction of the Fund is the Pakistani Rupee and the Management Company is not obliged to transact the issuance in any other currency.

## **20.4 REGISTER OF UNIT HOLDERS**

20.4.1 The Register shall be maintained by the Transfer Agent at such a place as is agreed by the Management Company. The Management Company shall ensure that the Transfer Agent shall comply with all relevant provisions of this Deed and the Rules and inform the SECP of the address where the Register is kept.

20.4.2 The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of this Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the restated



Offering Document and for a period of at least 2 hours in each Business Day) be opened in eligible form to the inspection of any Holder without charge.

20.4.3 The Transfer Agent shall, within two working days of receiving a written request from any Holder, post (or send by courier or through electronic means) to such Holders details of such Holder's account in the Register. Such service shall be provided free of charge to any Holder requesting so once in any financial year. The Management Company may prescribe reasonable charges for servicing of any additional requests.

20.4.4 The Register shall contain the following information in respect of each class of Units:

- a) Full names, father's/husband's name, nationalities, NICs or passports (in respect of Pakistan nationals and for foreign nationals) and addresses of each Unit Holder and Joint Unit Holders;
- b) NIC Number or Passport No. or Registration No. (in respect of Foreign Nationals).
- c) The number and type of Units held and the distinctive Certificate(s) number, if any
- d) The date on which any transfer or redemption is registered
- e) Record of specimen signature of Unit Holder or joint Holders
- f) Nominess of the Unit Holder(s)
- g) Information about pledge on Units;
- h) Tax/Zakat status of the Unit Holders;
- i) Information about loss of Certificates and issuance of duplicates;





- j) Such other information as Management Company may require.
- k) The Register shall be conclusive evidence as to the Units held by each Unit Holder.
- 20.4.5 Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Transfer Agent who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate(s) previously issued to such Unit Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue a new Certificate(s) to such Unit Holder.
- 20.4.6 The Transfer Agent shall not register more than four joint Unit Holders for a Certificate. In case of the death of any one of the joint Unit Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Unit Holders. Provided however, the Transfer Agent could request the survivors to provide succession certificate or other such mandate from a Court or any lawful authority, if they consider necessary.
- 20.4.7 A body corporate may be registered as a Unit Holder or as one of joint Certificate holders.
- 20.4.8 The Register may be closed in consultation with the Trustee for such period as the Management Company may from time to time determine and after giving at least seven days notice to Unit Holders, provided that it is not closed for more than forty-five days in any calendar year.
- 20.4.9 The Holder shall be the only person to be recognized by the Trustee, the Management Company and the Transfer Agent as having any right, title or interest in or to such Units and the Trustee, the Management Company and the Transfer Agent may recognize the Unit Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the



execution of any trust except where required by any court of competent jurisdiction. However, the Management Company may authorize the Transfer Agent to record a pledge on any or all Units held by a Unit Holder in favor of a third party at the request of such Unit Holder or Joint Unit Holders as the case may be.

20.4.10 The nominee(s), in case of nomination(s) and the executors or administrators or succession certificate holder of deceased Unit Holder (not being one of several joint Unit Holders) shall be the only persons recognized by the Trustee and the Management Company as having title to the Units represented thereby.

20.4.11 Any person becoming entitled to a Units in consequence of the death or bankruptcy of any Sole Holder or of the survivor of joint Unit Holders may subject as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient, either be registered himself as holder of such Units upon giving the Transfer Agent such notice in writing of his desire or transfer such Units to some other person. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Unit Holder. Provided however, the Transfer Agent could request the survivors to provide succession certificates or other such mandate from a Court or any lawful authority, if they consider necessary.

20.4.12 The Trustee shall retain any moneys payable in respect of any Units of which any person is, under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Unit Holder.

20.4.13 The Transfer Agent shall, subject to any law in force, ensure at all times and shall endeavor to implement prudent practices to ensure that the Register or the information contained therein of all or any particular Holder(s) is not provided to any third party without express permission from the Management Company or the Holder(s)



himself, unless any disclosure is required in compliance with any applicable laws, rules and regulations or where such disclosure is required by an appropriate court or competent authority.

20.4.14 Where the Transfer Agent is found guilty of breach of trust as referred to above, the Management Company may impose such penalty as deemed fit in accordance with the nature of breach. Provided further where the Fund, the Management Company, the Trustee or the Holders suffer any loss due to the aforementioned breach of trust, the Transfer Agent shall be liable to make good such loss in addition to the penalty, if any imposed by the Management Company.

20.4.15 Where there is a dispute between the Management Company and the Transfer Agent on account of ascertaining the breach of trust as given above or the loss or the penalty, an Arbitrator shall be appointed for its resolution with mutual consent of the Management Company and the Transfer Agent, the decision of which shall be binding on all the parties to the dispute.

## **20.5 ISSUANCE OF CERTIFICATES**

20.5.1 Upon being satisfied that the Offer Price for each Unit or fraction thereof has been received in full from the applicant, the Transfer Agent shall issue an Account Statement which will constitute evidence of the number of Units registered in the name of the Holder(s).

20.5.2 Certificates shall only be issued if so requested by the Holders at the time of application or at any later stage and upon payment of a fee of twenty five (25) rupees per Certificate of any denomination, subject to revision of the fee from time to time by the Management Company together with a sum sufficient in the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate. The proceeds of such fee will accrue to the Management Company.



- 20.5.3 Certificates shall only be issued for Units that have been fully paid for.
- 20.5.4 Certificates where requested shall be issued as herein provided not later than twenty-one Business Days after the date of receipt of evidence of payment. The Certificate may be sent to the Unit Holder or his duly authorized nominee at his own risk by registered post or by courier service or may be collected by the Holder(s) from the Distributor.
- 20.5.5 In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 20.5.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee.
- 20.5.7 A Certificate shall be dated, shall bear the name of Trust and or Scheme, name and address of the Management Company and the name of the Trustee; shall bear a distinctive serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- 20.5.8 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Transfer Agent, which shall always be



autographic. No certificate shall be of any force or effect until signed as herein above mentioned. Certificate so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Transfer Agent or an authorized signatory.

**20.5.9**

Where the Units are in the form of book entry and such Units are registered with the Central Depository Register of the Central Depository Company of Pakistan, Limited (CDC), the issue of certification or receipt in lieu of physical Certificates or any other record shall be in accordance with the procedures laid down by the Central Depository Company of Pakistan Limited Regulations.

**20.6 REPLACEMENT OF CERTIFICATES**

**20.6.1**

Subject to the provisions of this Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Unit Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as be may required representing the same aggregate number of Units.

**20.6.2**

In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Transfer Agent with the approval of the Management Company may issue to the person entitled new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have (i) returned the mutilated or defaced Certificate or furnished to the Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate, (ii) paid all expenses incurred in connection with the investigation of the facts;



(iii) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause. Provided further that the Trustee and/or the Management Company may also require issuance of public notices in newspapers and/or obtaining of such indemnification, as the Management Company and the Trustee may deem appropriate, at the cost of the pertinent Unit Holder before issuing any new Certificate.

20.6.3 Before the issuance of any Certificate under the Provisions of this sub-clause the Transfer Agent may require from the applicant for the payment of a fee of Twenty Five Rupees for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

## **20.7 TRANSFER OF UNITS**

20.7.1 Every Unit Holder shall be entitled to transfer the Units held by him by an instrument in such form as the Management Company may prescribe from time to time i.e. through a Form prescribed by the Management Company.

20.7.2 A Certificate shall be transferable only in its entirety.

20.7.3 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.

20.7.4 Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value, if applicable. Where Certificates have been issued the Trustee may dispense with the production



of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Deed.

20.7.5 All instruments of transfer shall be retained by the Transfer Agent and a copy supplied to the Management Company/Trustee, if required by them.

20.7.6 The Transfer Agent with the prior approval of the Management Company and the Trustee shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of ten years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of three years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Scheme at any time after the expiration of six years from termination of the Scheme. The Trustee or the Management Company or the Transfer Agent shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent; and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly cancelled, provided always that:

- I. The provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant;
- II. Nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Distributor



or Registrar any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled; and

III. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

## **20.8 PLEDGE OF UNITS**

20.8.1 Any Holder or all joint Holders may request the Transfer Agent to record a pledge of all or any of his/their Units in favor of any third party legally entitled to invest in such Units in its own right. The Transfer Agent shall register a lien on any Units in favor of any third party with the consent of the Management Company. Any charges, duties, levies, etc applicable on such Pledge/Lien will be borne by the Pledgor. The Transfer Agent shall take a note of the pledge/lien charge in his record, whether the Certificate has been issued or not, provided sufficient evidence of pledge to the satisfaction of the Management Company.

20.8.2 The pledge once registered shall be removed by the authority of the party in whose favor the pledge has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Transfer Agent shall be liable for ensuring the validity of any such pledge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Transfer Agent takes any responsibility in this matter.

20.8.3 Payments of dividends or the issue of bonus Units under pledge shall be made to the pledge holder for the account of the Holder.





**20.9 DEPOSITORY ARRANGEMENT.**

20.9.1 The Units, if eligible and deposited with any depository company, shall be subject to the terms and conditions prescribed by the depository company and any inconsistent terms and conditions applicable to the Units herein, shall not apply.

**21 AUDIT**

21.1 The first Auditors shall be M. YOUSUF ADIL SALEEM & CO, Chartered Accountants, Karachi. Thereafter, the Management Company shall in consultation with the Trustee appoint a firm of Chartered Accountants as an Auditor who shall be independent of the auditor of the Management Company and the Trustee. The Management Company, in consultation with the Trustee, will ensure that the Auditor so appointed is competent to act as Auditor. The Management Company may at any time, with the concurrence of the Trustee, and shall, if directed by the SECP, remove the Auditor and appoint another Auditor in its place.

21.2 The Auditor shall hold office until transmission of the annual report and accounts but may not be re-appointed beyond three consecutive terms of one year each unless permitted by applicable rules and regulations prevailing at the time of re-appointment. The following persons shall not qualify to be the Auditor of the Trust:

- a) A person who is or at any time during the preceding three years was a director, officer or employee of the Management Company or the Trustee.
- b) A person who is partner of, or in employment of, a director, officer, employee, or Connected Person of the Management Company or Trustee,
- c) The spouse of a director of the Management Company or Trustee.



d) A person who is indebted to the Management Company or Trustee, and

e) A body corporate.

21.3 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being.

21.4 The Auditor shall have access to the books, papers, accounts and vouchers of the Scheme, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent, or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

21.5 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.

21.6 The Auditor shall prepare a written report to the Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and an every other document forming part of the balance sheet and income and expenditure account, including, notes, statement or schedules appended thereto.

21.7 The contents of the Auditors report shall be as required in the Rules.

21.8 The Management Company shall:

a) within four months of closing of the Accounting Period, prepare and transmit the annual report of AKDITF together with a copy of the balance sheet, income and expenditure account together with the Auditor's report for the Accounting Period to the SECP and Holders in accordance with the Rules.



- b) Within two months after the close of the first half of its year of account, prepare and transmit to the Holders and the SECP a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules.
- c) Within a month after the close of the first and third quarter, prepare and transmit quarterly report to the Holders, the Management Company, the Trustee and the SECP, along with a Profit and Loss account and Balance Sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules.

## **22      ARBITRATION**

Subject to the Arbitration Clause described below, which is applicable between the Management Company and the Trustee inter se, each party, including the Unit Holder(s) irrevocably submit to the exclusive jurisdiction of the Courts at Karachi:

In the event of any dispute arising out of this Trust Deed or Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and the conditions of this Trust Deed. Offering Documents and/or the Supplementary Offering Documents, relating to the Scheme, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before the commencement of the reference. The unanimous decision of both the arbitrators, of the decision of the umpire, as the case may be shall be final and binding upon both the parties. The arbitrators and the umpires shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners or renowned law firms, CFA charter holders in good standing, or senior bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited, (who



may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940. Each party shall bear its own cost of Arbitration award.

## **23 CONFIDENTIALITY**

The Trustee, the Management Company, the Transfer Agent and the Custodian and every director or officer of the said parties who are in any way engaged in the business of the Scheme and all persons employed or by the said parties in connection with the business of the Scheme shall observe strict confidentiality in respect of all transactions of the Scheme, its Holders and all matters relating thereto and shall not disclose any information or document which may come to his knowledge or possession in the discharge of his duties except when required to do so in the ordinary course of performance of his Duties or by law or if compelled by any court of law or a competent authority.

## **24 MISCELLANEOUS**

24.1 Any notice required to be served upon the Holder shall be deemed to have been duly given if sent by registered post or courier service to or at his address as appearing in the Register. Any notice so served by registered post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted and if served by Courier Service, the date of the Courier receipt.

24.2 The Management Company shall advertise any such notice in two leading daily newspaper in Pakistan having its primary circulation in Karachi.

24.3 Service of a notice or document on any one of several joint Holders shall be deemed effective service on the other joint Holders.

24.4 Any notice or document sent by registered post or courier service to or left at the registered address of the Holder shall notwithstanding that such Holder be then dead or bankrupt and



whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

- 24.5 A copy of this Deed and of any such supplemental Deed shall be made available for inspection at the respective Head Offices of the Trustee and of the Management Company at all times during usual business hours and shall be supplied by the Management Company to any person or application at a charge of twenty five (25) Rupees per copy or at such rate as determined from time to time by the Management Company.

**25 DEFINITIONS**

Unless the context requires otherwise the following words or expressions shall have the meaning respectively assigned to them viz.:

- 25.1 **"AKD Index Tracker Fund", "Fund", "AKDITF", "Trust" or "Scheme" or "Open-end Scheme"** means the Trust Constituted by this Trust Deed.
- 25.2 **"Auditor(s)"** means such audit firm that is appointed by the Management Company as the Auditor of the Open-end Scheme in accordance with the Rules.
- 25.3 **"Authorized Investment"** means investments transacted, issued, traded or listed in Pakistan and includes any of the following::
- 25.3.1 Securities, shares, stocks, bonds, debentures, debenture stocks, warrants, options, participation term certificates. Modaraba certificates, musharika certificates, term finance certificates, convertible bonds and other asset backed or mortgage backed securities. Such investments shall include those for ready settlement as well as those for future settlement;



- 25.3.2 Treasury bills and other government securities;
- 25.3.3 Money market instruments; certificates of deposit and bankers' acceptances;
- 25.3.4 Deposits with banks or financial institutions (subject to an appropriate investment grade rating or as per the criteria that may be laid down by the SECP from time to time), including deposits in currencies other than the Pakistan Rupee;
- 25.3.5 Units or Certificates in any other unit trust schemes
- 25.3.6 Any other equity or debt security (subject to an appropriate investment grade rating or as per the criteria that may be laid down by the SECP from time to time) in respect of which permission to deal on a stock exchange is effective;
- 25.3.7 Reverse REPOs including Continuous Funding System (CFS). Purchase or sale of a security for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement. Continuous Funding System is a form of financing transacted through the Stock Exchange. It consists of two simultaneous transactions, the first for purchase of an underlying security (shares) on the settlement date scheduled for the security and the second for selling back the security at a higher price for a subsequent settlement date; and
- 25.3.8 Investment in any money market security that may or may not be listed on the Stock Exchange, but does not include bearer security or any security that would involve assumption of unlimited liability.
- 25.3.9 Derivatives and contracts subject to the prior approval of the SECP, investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the SECP from time to time.
- 25.3.10 Any other security and/or instrument that may be allowed by the SECP, the NBFC Rules or any other regulatory authority from time to time.



- 25.4 **"Back end-Load"** means a Processing Charge (excluding duties and charges) not exceeding 5 percent of the Net Asset Value, deducted by the Management Company from the Net Asset Value in determining the Redemption Price.
- 25.5 **"Bank"** means an institution providing banking services under the Banking Companies Ordinance, 1962 of Pakistan or if operating outside Pakistan, under the banking laws of the jurisdiction of operation outside Pakistan.
- 25.6 **"Bank Accounts"** means accounts maintained with a Bank, the beneficial ownership of which rests in the Unit Holders for which CDC has been appointed the as Trustee.
- 25.7 **"Business Day"** means a day (such business hours thereof) when the offices of the Management Company are open for business in Pakistan.
- 25.8 **"Certificate"** means the definitive Certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of the Trust Deed.
- 25.9 **"Conversion Form"** means the Form prescribed by the Management Company allowing existing Unit Holders to invest or convert from one open-end scheme to another open-end scheme under the management of the Management Company.
- 25.10 **"Connected Person"** shall have the same meaning as in the Rules.
- 25.11 **"Constitutive Document"** means this Trust Deed that is the principal document governing the formation, management or operation of the Scheme and any related material agreement envisaged under the Rules.
- 25.12 **"Conversion Costs"** means all costs and expenses relating to the conversion of AKDITF into an Open-end Scheme, including but not limited to expenses in connection with all issues



related to the authorization for conversion of the Scheme, execution and registration of the Supplemental Constitutive Document, issue, printing, publication and circulation of revised Offering Document, any announcements to the public, certificate holders/Unit Holders prior to conversion of the Scheme, banks and other concerned parties, legal expenses and all other costs and expenses incurred up to the period of the Effective Date and implementing the conversion of AKDITF into an Open-end Scheme.

25.13 **"Core Investors"** of the Scheme shall be the initial investors or Certificate Holders of the Closed-end Scheme to whom Units of the Open-end Scheme shall be issued in pursuance to this Trust Deed on the Effective Date. The Core Investors shall be issued with Core Units representing their holding.

25.14 **"Core Units"** shall mean such Units of the Trust that are issued to the Core Investors with the condition that these are not redeemable for a period of two years from 21 November 2005 to 21 November 2007. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the mentioned period, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.

25.15 **"Custodian"** means a Bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund with the approval of the Management Company at competitive terms, as part of the normal line of its business, with the consent of SECP.





25.16 **"Distributor" or "Distribution Company" or "Distribution Companies"** means a company or companies, firm, or bank appointed by the Management Company for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions.

25.17 **"Distribution Functions"** means the functions with regard to:

- a) Receiving applications for Purchase of Units together with aggregate Offer Price for Units applied for by the applicants;
- b) Interfacing with and providing services to the Unit Holders including receiving Redemption, Transfer and Pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
- c) Acknowledging receipt by delivering customer copy in respect of (a) and (b) above;
- d) Accounting to the Management Company for (i) monies received from the applicants when they purchase Units of the Fund; (ii) payments made to the Unit Holders on Redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.

25.18 **"Duties and Charges"** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Zakat, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Fund Property or the Creation, Issue, Sale, Transfer, Redemption or Purchase of Units or the sale or purchase of investments or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which



may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distributor or any Front-end or Back-end Load or commission payable to agents on Sales and Redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

25.19 **"Distribution Account"** means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Schedule Bank approved by the Management Company in which the amount required for distribution of income to the Holders shall be transferred.

25.20 **"Effective Date"** means the date the AKDITF Closed-end Mutual Fund assets, properties, rights privileges, powers, bank accounts and all any other assets as at that date shall without further act or deed stand transferred to and be vested into AKDITF Open-end Mutual Fund.

25.21 **"Fund Property"** means the aggregate proceeds of the sale of all Units at Purchase (Offer) Price and any Transaction Costs recovered in the Purchase (Offer) or Redemption (Repurchase) price after deducting there from or providing there against the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the Purchase or Redemption of Units and any expenses chargeable to the Fund; and includes the investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon



trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed and shall include the income, profit, interest etc, earned on the amount credited to the Distribution Account.

25.22 **"Formation Cost"** means all preliminary and floatation expenses of the Scheme including expenses in connection with authorization of the Scheme and its application fee payable to the SECP, execution and registration of the Constitutive Document, issue, legal cost, printing, circulation and publication of the Offering Document, announcement describing the Scheme inviting investment therein and all expenses incurred during and the period leading up to the initial issue of the closed-end scheme provided that the formation costs will not exceed Rs7,500,000/- (rupees seven million five hundred only) in total.

25.23 **"Front-end Load"** means the sales and processing charges, also described as Sales Load, payable to the Management Company, which are included in the Offer Price of the Units.

25.24 **"Initial Unit Holders"** means the Core Investors or Certificate Holders of the Closed-end Scheme to whom Core Units of the Open-end Scheme shall be issued in pursuance to this Trust Deed on the Effective Date.

25.25 **"Investment"** means any Authorized Investment forming part of the Fund Property.

25.26 **"Investment Facilitators"** or "Facilitators" means an individual, Firm, Corporate or other entity appointed by the Management Company, at its sole responsibility, to identify, solicit and assist Investors in investing in the Scheme. The Management Company shall compensate the Facilitators out of the Sales Load collected by it in the Offer Price.



- 25.27 **"Net Assets"** means the excess of assets over liabilities of the Scheme such excess being computed in the manner specified in the NBFC Rules.
- 25.28 **"Net Assets Value"** means per Unit value of the Scheme arrived at by dividing the Net Assets by the number of Units outstanding.
- 25.29 **"Offering Document"** means the advertisement or other documents (approved by the SECP) which contains the investment and distribution policy and all other information in respect of the Scheme, as required by the Rules and is circulated to invite offers by the public to invest in the Scheme.
- 25.30 **"Ordinance"** means the Securities and Exchange Ordinance, 1969 (XVII of 1969), as amended from time to time.
- 25.31 **"Par Value"** means ten rupees (Rs. 10/-) per Unit which is equivalent to the original issue price of Rs. 10/- per certificate of the Closed-end Scheme.
- 25.32 **"Personal Law"** means the law of inheritance and succession as applicable to the individual Unit Holder.
- 25.33 **"Registrar"** means the Register of the Unit Holders kept pursuant to the Rules and this Deed
- 25.34 **"Registrar" or "Transfer Agent"** means an organization, including a Bank that the Management Company shall appoint for performing the Registrar or Transfer Agent Functions, as defined hereafter.
- 25.35 **"Registrar or Transfer Agent Functions"** means the function with regard to:



- Maintaining the Register;
  - Processing requests for Purchase (Offer), Redemption (Repurchase), transfer and transmission of Units and requests for recording of pledge or for recording of changes in information/particulars/data with regard to the Unit Holders;
  - Issuing Account Statement to the Unit Holders;
  - Issuing Certificates to the Unit Holders if required;
  - Dispatching income distribution advice/warrants and bank transfer intimations;
  - Canceling old Certificates on Redemption or Replacement;
  - Maintaining record of lien/pledge/charge; and
  - Keeping record of change of addresses/other particulars of the Unit Holders.
- 25.36 **"Reporting"** or "Base Currency" means Pakistani Rupee in which financial statements are reported.
- 25.37 **"Rules"** mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time.
- 25.38 **"Sales Load"** or **"Load"** means Front-end Load/Back-end Load, the sales and processing charge or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Net Asset Value. The Management Company may, at its discretion, charge different levels of the Load to different Investors from time to time.



- 25.39 **"SECP"** means the Securities and Exchange Commission of Pakistan, established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997, and its legal successor.
- 25.40 **"Stock Exchange"** means Karachi Stock Exchange, Lahore Stock Exchange, or any other physical or electronic stock exchange registered under the Ordinance.
- 25.41 **"Service Request Form"** means the prescribed form which is to be stated in the Offering Document.

- 25.42 **"Transaction Costs"** means the costs incurred or estimated by the Management Company to cover the costs (such as but not restricted to, brokerage, trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or to be deducted from the NAV in determining the Redemption (Repurchase) Price.

- 25.43 **"Term Finance Certificates"** means redeemable equity instruments issued on profit and loss sharing basis.

- 25.44 **"Trust"** or **"Scheme"** means the Open end scheme constituted by this Trust Deed and the Supplemental Trust Deed(s).

- 25.45 **"Unit"** means one undivided share in the Fund and, where the context so indicates, a fraction thereof. The term "Certificate" while the Scheme was a Closed-end status, shall henceforth means Unit "as defined herein".

- 25.46 **"Unit Holder"** or **"Holder"** means a Holder of one or more Units or fractions thereof in the Fund whether or not definitive Certificates have been issued representing such Units for the time being entered in the Register as owner of



a Unit or fraction thereof, including investors jointly so registered pursuant to the provisions of this Deed.

25.47 **"Zakat"** has the same meaning as in Zakat and Ushr Ordinance (XVIII of 1980), 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules, words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction. The headings and table of contents are for convenience only and shall not affect the construction of this Deed.

## **26 REPRESENTATIONS AND WARRANTIES**

Each of the parties hereby represents and warrants to each of the other party as follows:

- a) it is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.
- b) It has the power and authority to execute and deliver this Deed, and to consummate the transactions contemplated hereby. The execution and delivery by it of this Deed, and the consummation by it of the transactions contemplated hereby, have been duly authorized by all necessary corporate action and have been duly authorized by the prescribed governmental entity or other person. Each of the representatives of each such party signing this Deed has full power and authority to execute this Deed in such representative's indicated capacity and to consummate the transactions contemplated hereby. Upon its execution and delivery, this Deed will be duly executed and delivered and will constitute a valid and binding obligation of such party, enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies,



- c) The execution and delivery of the Deed by it does not, and the consummation by it of the transactions contemplated by this Deed will not, violate provision of its bylaws or other charter or governing documents, or violate any agreement, instrument, law, ordinance, regulation, order arbitration award, judgment, or decree to which it is party, or by which it is bound.

**27 SURVIVAL**

All obligations of either party which expressly or by their nature survive termination or transfer of this Deed shall continue in full force and effect after the termination or transfer, until they are satisfied, or by their nature expire.

**IN WITNESS WHEREOF THIS DEED HAS BEEN EXECUTED ON THE DATE FIRST MENTIONED ABOVE,**

The Common Seal of AKD Investment Management Limited was hereunto affixed in the presence of the Directors/Officers mentioned below:

**For AKD Investment Management Limited**

1. \_\_\_\_\_  
Designation: \_\_\_\_\_  
NIC No. \_\_\_\_\_

2. \_\_\_\_\_  
Designation: \_\_\_\_\_  
NIC No. \_\_\_\_\_

The Common Seal of Central Depository Company of Pakistan Limited was hereunto affixed in the presence of the directors/Officers mentioned below:

**For Central Depository Company of Pakistan Limited**

1. \_\_\_\_\_  
Designation: \_\_\_\_\_  
NIC No. \_\_\_\_\_

2. \_\_\_\_\_  
Designation: \_\_\_\_\_  
NIC No. \_\_\_\_\_

WITNESS:

1. \_\_\_\_\_  
2. \_\_\_\_\_

**Trust Deed**





## ANNEXURE A

Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
NBFC Department



No.NBFC-II/ID-II/AKDITF/1671

December 22, 2004,

The Chief Executive Officer  
AKD Investment Management Ltd.  
606,6<sup>th</sup> Floor, Continental Trade Centre,  
Block 8, Clifton,  
Karachi

**Subject: Trust Deed of AKD Index Tracker Fund**

Dear Sir,

I am directed to refer to your letter dated December 15, 2004 and to convey that the Securities and Exchange Commission of Pakistan has no objection to the registration of Trust Deed of proposed AKD Index Tracker Fund under the Trust Act, 1882. The clearance of the draft trust deed is without prejudice to the consequences of verifying compliance to the conditions stipulated in the license issued in favour of AKD Investment Management Limited and the requirements stipulated in the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. Further action will be taken on receipt of duly registered copy of the trust deed.

Yours truly

  
Tanzila Mirza  
(Joint Director)

NIC Building, Jinnah Avenue, Blue Area, Islamabad

PABX: 9207091-4 Fax: No. 9218590, E-mail: [scspbd@sbs.pskcnet.com.pk](mailto:scspbd@sbs.pskcnet.com.pk)



**ANNEXURE B**

Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
NBFC Department



No. NBFC-II/D(R)/AKD-ITF/104

December 16, 2004

Chief Executive Officer,  
AKD Investment Management Limited,  
606, Continental Trade Center,  
Block 8, Clifton,  
Karachi

Fax No.021-5373217

**SUBJECT: APPROVAL FOR APPOINTMENT OF TRUSTEE**

Dear Sir,

I am directed to refer to your letter dated December 15, 2004 concerning the subject matter and to convey approval of Securities and Exchange Commission of Pakistan to the appointment of Central Depository Company of Pakistan Limited as trustee of AKD Index Tracker Fund in terms of rule 43 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Yours truly,

*Muhammad Alizai*  
(Muhammad Alizai)  
Joint Director

Cc:

C.E.D.,  
Central Depository Company of Pakistan Limited, with reference to their letter  
No.CDC/CEO/L-0474/2004 dated September 7, 2004 addressed to CEO, AKD  
AMC. (8<sup>th</sup> Floor, KSE Building, Stock Exchange Road, Karachi-74000)



**ANNEXURE C**



CDC/TC/D/445/2007

April 12, 2007

**Mr. Imran Motiwala**  
Chief Operating Officer  
**AKD Investment Management Limited**  
606, Continental Trade Center  
Block-8, Clifton  
Karachi-74000

Dear Mr. Imran

**SUB: CDC CONSENT ON THE FIRST SUPPLEMENTAL TRUST DEED OF  
AKD INDEX TRACKER FUND**

With reference to the captioned subject, we have reviewed the enclosed draft first supplemental trust deed of **AKD Index Tracker Fund** and we hereby convey our consent for the submission of the same with the SECP for approval, under NBFC Rules, 2003.

With best regards

**Aliqur Rehman**  
Head of Trustee & Custodial Operations

CC: **Mr. Muhammad Afzal**  
Director, NBFC/D  
Securities & Exchange Commission of Pakistan

Encl: As above

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**

Head Office: CDC House, 9/8, Block 9, 35A/C/4 S, Main Square+Jinnah, Karachi-74000, Pakistan. Ph: (92)2111111-5200, Fax: (92)211-4346027  
KSE Branch: Office 8th Floor, Market Block, Exchange, Karachi-74000, Pakistan. Ph: (92)211-2478740, Fax: (92)211-2448799  
URL: www.cdfpakistan.com Email: info@cdfpakistan.com



Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
NBFC Department

License No. NBFC-II/47/AKDIML/IA/14/2006      Islamabad, September 12, 2006

**LICENSE TO CARRY ON INVESTMENT ADVISORY SERVICES AS NON-BANKING  
FINANCE COMPANY**

The Securities and Exchange Commission of Pakistan, having considered the application for the renewal of license to carry out **Investment Advisory Services** submitted by **AKD Investment Management Limited** under rule 5 of the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003, and being satisfied that it would be in the public interest so to do, in exercise of powers conferred by sub-rule 5 of rule 5 of the said rules, hereby renew the license of **AKD Investment Management Limited** to carry out **Investment Advisory Services** subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

- (i) **AKD Investment Management Limited** shall ensure compliance to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 by itself as well as by the collective investment schemes managed by it;
- (ii) **AKD Investment Management Limited** shall submit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditors' report within four months of the close of its year of account and a half yearly report, together with a copy of the balance sheet and income and expenditure account within two months of the close of its half year;
- (iii) No person shall be appointed as a director on the Board for more than one Asset Management Company or Investment Advisor;
- (iv) The license is valid for a period of one year w.e.t September 10, 2006 and shall be renewable annually as specified in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

  
(Jaweria Athar)  
Director (NBFC/D)



AKD Index Tracker Fund

**NO OBJECTION TO CONSTITUTE THE CLOSED END SCHEME**



**Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
NBFC Department**

No. SEC/NBFC-II/D/AKD IML/2007 - 242

April 25, 2007

Mr. Imran Moitwala  
Chief Operating Officer  
AKD Investment Management Ltd.  
606, Continental Trade Centre  
Block 8, Clifton  
Karachi

Subject: AKD Index Tracker Fund - Conversation from Closed-end to an Open -  
ended scheme

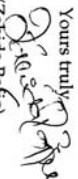
Dear Sir,

I am directed to refer to your letter dated April 12, 2007 whereby you have submitted the final draft of First Supplemental Trust Deed of AKD Index Tracker Fund for approval.

In this regard, the Securities and Exchange Commission of Pakistan has no objection to the registration of the amended version of First Supplemental Trust Deed of AKD Index Tracker under the Trust Act, 1882 subject to the following condition:

“Repo transactions shall be in Money Market Instruments only and to the extent and for the purpose specified in the NBFC Rules, 2003.”

Please note that clearance of the trust deed is without prejudice to the consequences of verifying compliance to the conditions stipulated in the licence issued in favour of AKD Investment Management Limited and the requirements stipulated in the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. Further action will be taken on receipt of duly registered copy of the trust deed.

Yours truly  
  
(Zahida Rafiq)  
Joint Director

NIC Building, Jinnah Avenue, Blue Area, Islamabad.

P-ABX: 9207091-4 Fax: No. 9218590, E-mail: scspbq@sb.pakret.com.pk



Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
NBFC Department

License No. NBFC-II/36/AMC/14/2006

December 14, 2006

LICENCE TO CARRY ON  
ASSET MANAGEMENT SERVICES  
AS NON-BANKING FINANCE COMPANY

The Securities and Exchange Commission of Pakistan, having considered the application for renewal of license to carry out **Asset Management Services** submitted by **AKD Investment Management Limited** under rule 5 of the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003, and being satisfied that it would be in the public interest so to do, in exercise of powers conferred by sub-rule 5 of rule 5 of the said rules, hereby renew the license of **AKD Investment Management Limited** to carry out **Asset Management Services** subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

- (i) **AKD Investment Management Limited** shall ensure compliance to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 pertaining to Asset Management Services including the collective investment schemes managed by it;
- (ii) **AKD Investment Management Limited** shall submit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditors' report within four months of the close of its year of account and a half yearly report, together with a copy of the balance sheet and income and expenditure account within two months of the close of its half year;
- (iii) **AKD Investment Management Limited** shall not appoint a person as director on its Board who is on the Board of any other Asset Management Company/ Investment Advisor and
- (iv) The license is valid for a period of one year w.e.f November 21, 2006 and shall be renewable annually as specified in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

  
(Araf Saeed)  
Executive Director (SCD)



**TARIFF STRUCTURE FOR OPEN ENDED MUTUAL FUNDS**

The trustee remuneration shall consist of reimbursement of actual custodial expenses / charges plus the following tariff:

<b>NET ASSETS (Rupees in million)</b>		<b>TARIFF</b>
<b>From</b>	<b>To</b>	
1	1,000	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher.
>1,000	& Above	Rs. 2.0 million plus 0.10% p.a. of NAV, on amount exceeding Rs. 1,000 million.

Managed by



## **AKD Investment Management Ltd.**

**HEAD OFFICE:**  
Karachi

606, Continental Trade Centre, Block-8, Clifton, Karachi.  
PABX : 92-21-5371305-7 FAX : 92-21-5373217 - 5303125

**BRANCH OFFICES:**

**Islamabad**

2nd Floor, Razia Sharif Plaza, Fazl-e-Haq Road,  
Blue Area, Islamabad  
Tel : 051-2802215-6  
Fax : 051-2802012

**Lahore**

Shop No. 7 Al-Latif Centre,  
Gulberg III, Lahore.  
Tel : 042-5789956-9  
Fax : 042-5789960

**UAN : 111-253-465 Email : [info@akdinvestment.com](mailto:info@akdinvestment.com) Website : [www.akdinvestment.com](http://www.akdinvestment.com)**