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GLOSSARY OF TECHNICAL TERMS

AKD	Aqeel Karim Dhedhi Securities (Pvt.) Limited
AKDIML or the Company	AKD Investment Management Limited
AKDITF or the Fund	AKD Index Tracker Fund
Bn	Billion
CDC	Central Depository Company of Pakistan Limited
Certificate	One undivided Certificate in AKDITF
Closed-End Scheme	A scheme constituted by the way of trust to raise funds through issue of Certificates to the public for investment in securities including money market instruments for a definite or indefinite period but which does not continuously offer Certificates entitling the holder of such certificates, to receive, on demand, his proportionate share of the net assets of the closed-end scheme
The Ordinance	The Companies Ordinance, 1984
CAGR	Compounded Annual Growth Rate
Constitutive Document	The 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.
Custodian	Appointed by the Trustee with the approval of the Investment Adviser 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 Investment Adviser at competitive terms, as part of the normal line of its business.
EOBI	Employees Old-Age Benefits Institution
Fund Property	The aggregate proceeds of the sale of all Certificates after deducting there from or providing there against any expenses chargeable to the Scheme and includes the Investment and all income, profit and other benefits arising there from and all cash and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Certificate Holders pursuant to this Deed, but does not include any amount standing to the credit of the Distribution Account
GOP	Government of Pakistan
Investment Adviser	AKD Investment Management Limited
IPO	Initial Public Offering

KSE	Karachi Stock Exchange (Guarantee) Limited
Mn	Million
NAV	Net Assets Value is per unit value of the Fund arrived at by dividing the Net Assets by the number of Certificates outstanding
NBFC Rules	The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time
Net Assets	The excess of assets over liabilities of the Scheme such excess being computed in the manner specified
Par Value	The initial offer price of a certificate, which shall be ten rupees
SECP or the Commission	Securities and Exchange Commission of Pakistan
Scheme	A closed-end scheme constituted as a Trust under the Trust Act, 1882 under the name of AKD Index Tracker Fund
Trust	The closed-end scheme constituted by the Trust Deed

SUMMARY

Name	AKD INDEX TRACKER FUND		
Structure of Scheme	Closed-end Scheme		
Date of Publication	October 11, 2005		
Investment Adviser	AKD Investment Management Limited licensed by the Securities & Exchange Commission of Pakistan to undertake Investment Advisory Services under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003		
Registered Address	606, Continental Trade Centre, Block-8, Clifton, Karachi		
Trustee and Custodian	Central Depository Company of Pakistan Limited 8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi		
Registrar and Computer Ballotter	GANGJEES Associates 413, Clifton Centre, Khayaban-e-Roomi, Kehkashan, Block-5 Clifton, Karachi		
Auditor of the Fund	M. Yousuf Adil Saleem & Co, Chartered Accountants A-35, Cavish Court, Block 7 & 8, K.C.H.S.U., Sharah-e-Faisal, Karachi		
Dates of Subscription	October 19, 2005 to October 20, 2005 (both days inclusive)		
Listed on Stock Exchange	Applied for listing at the Karachi Stock Exchange		
Regulatory Approvals	SECP letter no.SEC/NBFC-DD-I/701/2005		
Issue Price of Certificate	Rs. 10 per Certificate (par value)		
Minimum Application Amount	Rs. 5,000/-		
Capital:			
1) Pre- IPO	Rs. 425,000,000	i.e. 42,500,000	Certificates of Rs. 10/- each
2) Investment Adviser	Rs. 75,000,000	i.e. 7,500,000	Certificates of Rs. 10/- each
3) Public Offer	Rs. 250,000,000	i.e. 25,000,000	Certificates of Rs. 10/- each
Total Issue	Rs. 750,000,000	i.e. 5,000,000 C	ertificates of Rs. 10/- each
reen Shoe Option*	s. 2 50,000,000 i	e.2 5,000,000 C	ertificates of Rs. 10/- each
otal Capital After Exercise of Options	s.1,000,000,000 i	e.1 00,000,000 C	ertificates of Rs. 10/- each
ankers to the Issue	A llied Bank Limited A skari Commercial Bank Limited .B ank Alfalah Limited .B ank Al Habib Limited .C rescent Commercial Bank Limited .F aysal Bank Limited H abib Bank Limited M etropolitan Bank Limited M CB Bank Limited O.National Bank of Pakistan 1U nited Bank Limited		
uration P	erpetual		
lace K	arachi		
ate of Creation of Scheme J	anuary 03, 2005		

*** Note**

In accordance with the Rule 33 (b), AKD Investment Management Limited would subscribe or arrange to subscribe the proportionate amount of the Green Shoe Option exercised at a price of Rs.10 per Certificate.

1. CONSTITUTION OF AKD INDEX TRACKER FUND

1.1 Offering Document

This offering document sets out the arrangements covering the basic structure of the AKD Index Tracker Fund (the Fund or AKDITF). The provisions of the Trust Deed govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in any Certificate of AKDITF.

1.2 Introduction

The Fund has been established through a trust deed (Trust Deed or Deed) under the Trusts Act, 1882, executed between AKD Investment Management Limited (AKDIML), 606, Continental Trade Centre, Block-8, Clifton, Karachi, which has been licensed to undertake Investment Advisory Services by the Securities & Exchange Commission of Pakistan (SECP), vide its letter no. SC/NBFC-AD/776/2004 dated September 10, 2004 under the NBFC Rules and Central Depository Company of Pakistan Limited (CDC), 8th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, duly approved by the SECP to act as the Trustee vide its letter no. NBFC-II/JD(R)/AKD-ITF/1041 dated December 16, 2004.

If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your investment advisers, legal advisers, bank managers, stockbrokers, or other financial advisers.

Investors must recognize that all investments involve varying levels of risk. The portfolio of AKDITF consists of market-based investments and is subject to market fluctuations and risks inherent in all such investments. Therefore the value of the Certificates of AKDITF cannot be assured. The level of dividends declared by the Fund cannot be assured. Investors are requested to read the Risk Disclosure and Disclaimer statement contained in paragraph 2.5 of this Offering Document.

1.3 Definitions

Unless the context requires otherwise all words, terms or expressions used in this Offering Document shall have the meaning assigned to them in section 19 hereof.

1.4 Regulatory Approval

SECP vide its letter no. NBFC-II/JD-(R)/AKD-AITF/83 dated January 27, 2005 has authorized the formation of a closed-end scheme, AKD Index Tracker Fund (AKDITF), under Rule 41 of the NBFC Rules, 2003 (the Rules). The SECP has approved this Offering Document; under Rule 48 of the Rules vide its letter no. SEC/NBFC-DD-I/701/2005 dated September 28, 2005.

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

1.5 Clearance of the Offering Document

The Offering Document has been cleared by the Karachi Stock Exchange (Guarantee) Limited (KSE) in accordance with the requirements under its respective Listing Regulations. While clearing the Offering Document, the KSE neither guarantees the correctness of the contents of the Offering Document nor the viability of the Scheme.

The Stock Exchange has not evaluated the quality of the offer and clearance of the offer should not be construed as any commitment of the same. The public / investors should conduct their own independent investigation and analysis regarding the quality of the offer before subscribing.

1.6 Filing of the Offering Document

The Investment Adviser has filed a copy of this Offering Document with the Registrar of Companies, Companies Registration Office at Karachi, signed by all directors of the Investment Advisor along with copies of the Documents below:

- 1) Letter dated September 19, 2005 from the Auditors of AKDITF, M. Yousuf Adil Saleem & Co., Chartered Accountants, confirming subscription to the Certificates of AKDITF by the Pre-IPO Investors and Investment Advisor.
- 2) Consents of the Auditor, Legal Adviser, Bankers to the issue, Trustee, Directors, Secretary and Chief Executive of the Investment Adviser to their respective appointments and having been named and described as such in this Offering Document.
- 3) Letter dated September 19, 2005 from the Auditors of AKDITF, M. Yousuf Adil Saleem & Co., Chartered Accountants, consenting to the issue of report appearing in the Annexure to this Offering Document.
- 4) Letter No. SC/NBFC-AD/776/2004 dated September 10, 2004 from SECP, licensing AKDIML to undertake Investment Advisory Services, under NBFC Rules 2003
- 5) Letter No. NBFC-II/JD(R)/AKD-ITF/1041 dated December 16, 2004 from SECP to AKDIML, approving Central Depository Company of Pakistan to act as Trustee of AKDITF under Rule 43 & 44 of the NBFC Rules 2003.
- 6) Letter No. NBFC-II/JD-(R)/AKD-AITF dated January 27, 2005 from SECP to AKDIML authorizing the establishment of a closed-end scheme named AKD Index Tracker Fund under Rule 41 of the NBFC Rules 2003.
- 7) Letter No. SEC/NBFC-DD-I/701/2005 dated September 28, 2005 from SECP to AKDIML, approving this Offering Document under Rule 48 of the NBFC Rules 2003.
- 8) Letter No. KSE/GEN-8484, dated October 3, 2005 from the KSE, clearing the Offering Document under the Listing Regulation.
- 9) Material Contracts as given in Annexure A.

1.7 Listing on the Stock Exchange

Application has been made to the KSE for permission to deal in and for quotation of Certificates of AKDITF.

In accordance with the "Regulations for Future Trading on Provisionally Listed Companies" of the KSE, the AKDITF shall stand listed provisionally for trading and for the quotation of its Certificates on the Stock Exchange from the date of publication of the Offering Document.

If for any reason, the application for formal listing is not accepted by the Stock Exchange, the Investment Adviser undertakes that a notice to that effect will be immediately published in the press, and thereafter to refund application money to the applicants in pursuance of this Offering Document, as required under the provisions of Section 72 of the Companies Ordinance, 1984.

2. INVESTMENT OBJECTIVES AND RESTRICTIONS

2.1 Investment Objectives

2.1.1 Portfolio Diversification

AKDITF will invest in full depth of the market (KSE-100 Index) eliminating specific sector/stock risk, reliance on market timing and Fund Manager's performance. The Index Fund is the best way to diversify equity risk for an investor.

2.1.2 Low Cost and Management Fees

The objective here is to launch a fund which enhances returns to the investor in the long-term due to its low cost and management fees.

2.1.3 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.

2.1.4 Consistent Returns

Historically long-term equity investments have provided above average returns. Through long-term capital gains and dividends, AKDITF's objective is to provide consistent returns over a period of time.

2.2 Functions of Investment Committee

Decisions about the asset allocation of the Fund will be made by the Investment Committee every six months. Such decisions will be documented.

2.3 Investment Policy

An Index fund is a mutual fund that seeks to produce the same return that investors would get if they owned all the securities in a particular index, in the case of AKD Index Tracker Fund, the fund will be tracking the KSE-100 index.

100% proceeds of the fund will be invested in companies constituting the KSE-100 Index, according to the weightage of each company prescribed by the KSE.

The Fund will not switch from one security to another on any circumstance, except where there is a re-composition in the KSE-100 index.

The weightage of the KSE-100 index is assigned by market capitalization, ensuring all the sectors are represented, thus providing a well diversified representation of the Index. However, the fund did not receive the permission from the SECP to invest in other closed-end mutual funds included in the KSE-100 index. AKD Index Tracker Fund will mirror the KSE-100 Index with 96% accuracy. The divergence resulting from dynamically changing weightages, which change on a daily basis, lack of float availability in illiquid contracts, inclusion of other closed-end funds, and the issue of non-marketable lots.

Initially, the funds will be deployed in the market over a 90-day period, from the date of subscription, as advised by SECP, in order to avoid unusual stock price movements. The weightages will slightly vary in these 90 days as the KSE-100 Index is dynamic and changes on a daily basis. KSE reconstitutes the KSE-100 Index semi-annually. As per past practice Karachi Stock Exchange notifies the composition of KSE-100 Index 15 days prior to the implementation. These changes will be mirrored in the AKD Index Tracker Fund within 15 days to ensure tracking accuracy.

The weightage of the KSE-100 Index, as of October 3, 2005 is as follows:

Company Name	Index Weightage (%)	Market Cap. (PkRmn)	Market Cap. (US\$mn)
National Bank	4.35	90229	1504
D.G.K.Cement	0.69	14327	239
MCB Bank Limite	2.69	55748	929
Oil and Gas Dev.	23.93	495897	8265
B.O.Punjab	1.07	22241	371
P.S.O.	3.29	68179	1136
Nishat Mills	0.68	14032	234
P.T.C.L.A	11.28	233799	3897
Fauji Fert Bin	1.63	33768	563
Fauji Cement	0.3	6210	103
Pak Oilfields	2.47	51278	855
Pak Petroleum	6.52	135107	2252
Bank Alfalah	0.74	15300	255
Faysal Bank	1.08	22457	374
M.Leaf Cem.	0.41	8596	143
Lucky Cement	0.69	14235	237
PICIC Growth	0.41	8411	140
Bosicor Pak	0.19	3848	64
PICIC Bank	0.46	9526	159
Hub Power	1.63	33847	564
Askari Bank	0.67	13985	233
Dewan Salman	0.29	5916	99
Adamjee Ins.	0.48	9914	165
Sui North Gas	1.55	32198	537
Kot Addu Power	1.79	37103	618
Union Bank	0.59	12295	205
Engro Chemical	1.03	21282	355
Pak.PTA Ltd.	0.54	11205	187
Sui South Gas	0.77	15873	265
Pakistan Cement Ltd.	0.26	5315	89
Nishat (Chunian)	0.39	8002	133
P.I.C.I.C.	1.06	21928	365
K.E.S.C.	0.67	13937	232
Fauji Fertilizer	2.82	58432	974
PICIC Inv.Fund	0.21	4376	73
Pak ReInsurance	0.15	3105	52
Attock Refinery	0.4	8229	137
P.I.A.C.(A)	0.62	12887	215
P.N.S.C.	0.65	13506	225
I.C.I.	0.63	13082	218
Cherat Cement	0.3	6117	102
Kohinoor Energy	0.19	3991	67
Azgard Nine	0.18	3800	63
Kohinoor Textile	0.16	3353	56
NDLC-IFIC Bank	0.42	8706	145
Saudi Pak Bank	0.15	3060	51
National Ref.	1.19	24656	411
Indus Motor	0.51	10513	175
Pak Tobacco	0.85	17552	293
Prime Bank	0.23	4840	81

Company Name	Index Weightage (%)	Market Cap. (PkRmn)	Market Cap. (US\$mn)
Orix Leasing	0.1	2067	34
Honda Atlas	0.23	4736	79
Bank AL-Habib	0.59	12325	205
BOC (Pak)	0.2	4104	68
General Tyre	0.09	1952	33
Soneri Bank	0.4	8391	140
J.D.W.Sugar	0.08	1618	27
Pak Suzuki	0.39	8039	134
Mari Gas	0.23	4746	79
J.O.V.and CO.	0.14	2870	48
Shell Pak	1.29	26738	446
Millat Tractors	0.2	4241	71
Pak Refinery	0.31	6520	109
Thal Limited	0.08	1725	29
Atlas Honda	0.4	8300	138
Arif Habib Sec.	0.34	7096	118
GlaxoSmithkline	0.93	19181	320
Dawood Lawrencepur	0.12	2420	40
International Industries	0.2	4189	70
Abbott (Lab)	0.5	10436	174
Jah.Siddiq.Co	0.16	3355	56
Ibrahim Fibres	0.57	11799	197
Attock Cement	0.26	5376	90
Ghani Glass	0.11	2235	37
Kohinoor Weaving	0.05	992	17
AL-Ghazi Tractor	0.33	6818	114
Metro Bank	0.52	10764	179
Gul Ahmed Tex.	0.13	2656	44
Packages Ltd.	0.56	11603	193
Dawood Hercules	0.7	14484	241
Clariant Pak	0.12	2480	41
I.G.I.Insurance	0.18	3715	62
Wazir Ali	0.01	141	2
Gadoon Textile	0.08	1734	29
Security Paper	0.13	2683	45
Lakson Tob.	0.61	12573	210
UniLever Pak	0.94	19542	326
Gatron Ind.	0.2	4067	68
Bannu Woollen	0.01	127	2
Bata (Pak)	0.02	448	7
Bestway Cement	0.45	9300	155
Century Paper	0.11	2310	39
Colgate Pal.	0.11	2263	38
Dreamworld	0.17	3528	59
Fay.Mfg.Modaraba	0.06	1148	19
New Jub.Insurance	0.25	5108	85
Pak.Services	0.28	5724	95
Rafhan Maize Product	0.3	6304	105
Siemens Engg.	0.25	5213	87
Nestle Pakistan	1.22	25308	422

2.4 Investment Procedures

- 2.4.1 During and prior to the completion of the Public Offering, the Trustee shall hold the Fund Property in one or more separate bank account(s) in the name of the Trustee with one or more Scheduled Bank(s) with an investment grade credit rating, rated by an international rating agency or any other rating agency licensed by the SECP or the State Bank of Pakistan, and approved by the Investment Adviser. The Bank or financial institution shall allow profit thereon in accordance with the rules prescribed by the Bank or the financial institution for sharing of profits and losses on deposits maintained in such account or under any other arrangement approved by the Investment Adviser. After the Initial Period, all cash, except cash in so far as such cash may in the opinion of the Investment Adviser be required for transferring into the Distribution Account, shall be invested by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of the Trust Deed) be directed by the Investment Adviser.
- 2.4.2 Any Investment may at any time be realized at the discretion of the Investment Adviser either in order to invest the proceeds of sale in other Authorized Investment or to provide cash required for the purpose of any provision of the Trust Deed or in order to retain the proceeds of sale in cash or on deposit in the name of 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 Policy. Provided that the Trust may postpone the realization of such Investment for such period as the Investment Adviser and the Trustee may determine to be in the interest of the Certificate Holders.
- 2.4.3 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 Investment Adviser is satisfied that it is possible, subject to applicable law, to make such purchase or sale more advantageously in some other manner. Save as allowed under the law, the Investment Adviser 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).
- 2.4.4 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 Investment Adviser, 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 of any Investment or disposal of investment, such limit shall be exceeded subsequent to the acquisition of such investment.
- 2.4.5 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 Investment Adviser 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 Investment Adviser is satisfied that accepting such offer is in the interest of the Trust. However, any excessive holding would always be adjusted by the Investment Adviser within a period of six (6) months.
- 2.4.6 The Fund Property shall not be invested in any security of a company if any director or officer of the Investment Adviser owns more than five percent of the total nominal amount of the securities issued or collectively the directors and officers of the Investment Adviser own more than ten percent of those securities.
- 2.4.7 AKDITF shall not purchase from or sell to the Investment Adviser or the Trustee or to any director, officer or employee of the Investment Adviser 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 Investment Adviser or the Trustee, save in the case of such party acting as an intermediary.

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

2.4.8 Restrictions

AKDITF will not at any time:

- a) merge with, acquire or takeover any other closed-end fund, unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or takeover;
- b) pledge any of the securities held or beneficially owned by it;
- c) make a loan or advance of money to any person except in connection with the normal business of the closed-end fund;
- d) effect a short sale in any security;
- e) purchase any security in a forward contract;
- f) purchase any security on margin;
- g) participate in a joint account with others in any transaction;
- h) apply any part of its assets to real estate, commodities or commodity contracts;
- i) acquire any security of which another closed-end fund is the issue;
- j) make an investment in a company, which has the effect of vesting the management, or control over the affairs, of such company in the closed-end fund;
- k) employ as a broker, directly or indirectly, any director, officer or employee of the closed-end fund or its investment adviser 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 Commission 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;

- l) issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- m) apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
- n) invest in any security of a company, if any director or officer of the investment adviser owns more than five per cent of the total amount of securities issued, or the directors and officers of the investment adviser own more than ten per cent of those securities, collectively; and
- o) enter into any transaction in any security other than a security, which is listed on a stock exchange or for the listing of which an application has been made to a stock exchange.

2.4.9 Exception to Investment Restrictions

- a) The SECP has upon request and vide its letter no. NBFC-II JDI/AKD-ITF/999 dated December 9, 2004 granted exceptions under Sub-rule 3 & 4 of Rule 49 of the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003 to the above restrictions and allowed the Fund to adjust the Investment Portfolio in the best interest of the Fund up to a maximum weightage of the securities given by Karachi Stock Exchange in its Index.
- b) 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 Investment Adviser shall make its best endeavors to bring the exposure within the prescribed limits within six months of the event. But in any case the Investment Adviser shall not invest further in such shares or sectors while the deviation exists.

- c) AKDITF may deposit securities in favor of the exchange or clearing house or National Clearing and Settlement System for the purpose of facilitating or guaranteeing settlement of the Fund's own transactions / trades on acquiring Associate Membership of the concerned clearing system. AKDITF will not pledge its securities with any other person or entity for any other reason.

Note:

Sub-rule 3 of Rule 49 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 states that:

The investment of a closed-end fund in any other company or security shall not, at any time, exceed an amount equal to ten percent of paid-up capital of the closed-end fund or an amount sufficient to acquire ten percent of issued capital of that other company or issue, whichever is lower:

Sub-rule 4 of Rule 49 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 states that:

No closed-end fund shall invest more than twenty five per cent of its net asset value in securities of any one sector as per the classification of the stock exchange.

2.5 Description of the Risks involved

2.5.1 Risk Disclosure and Disclaimer

Risk Factors Specific to Index Fund:

1. No operational history

Index Fund has no operating history in Pakistan, by which investors can evaluate its previous performance, as it will be the first one of its kind to be listed on the Karachi Stock Exchange, therefore, there can be no assurance that the Investment Objective will be met.

2. Market Risk

The fund's NAV will react to securities markets movements. Certificate holders could gain as well as lose money over short periods due to fluctuation in the fund's NAV in response to market movements.

3. Lack of discretion by Manager to adapt to market changes

Any adverse changes in the financial condition or share performance of any company included in the KSE-100 Index will be likely to affect adversely Index Fund's Net Asset Value and the trading price of the certificates. The Investment Advisor will have no discretion to adapt to the market changes as a result of fall in the index which would lead to corresponding fall in the value of the scheme.

4. Lack of Market Liquidity

Trading in Fund shares is subject to trading halts caused by extra ordinary market volatility due to circuit breakers. The Stock Exchange may suspend the trading of certificates whenever the Stock Exchange determines that it is appropriate in the interests of a fair and orderly market to protect investors.

5. Tracking Error Risk

Imperfect correlation between the Fund's securities and those in its underlying index may cause Fund's performance to not match the performance of its underlying index. This "tracking error" may also result because the fund incurs fees and expenses while its underlying index does not incur such expenses. Tracking errors are inherent in any index fund and such errors may cause the scheme to generate returns which are not in line with the performance of the KSE-100 index.

KSE-100 Index Risk Factors**1. KSE-100 Index is subject to fluctuations**

The performance of the fund will correspond closely with the performance of the KSE-100 Index. In the past, the KSE-100 Index has experienced periods of sharp volatility therefore, the price of the certificates will likely to increase or decrease accordingly.

2. Concentration of the KSE-100 Index in certain companies

There are few companies that account for more than 60% of the market weighting of the KSE-100 Index. As a result, variations in the performance of these companies could have a larger effect on the price of the certificates than a similar variation in the performance of other sectors or companies included in the KSE-100 Index. Fluctuations in the share price of the companies with larger weightage in the KSE-100 Index may result in gain or decline in the price of the certificates.

Investments are subject to varying degrees of risk. The risk emanates from various factors that include, but are not limited to:

- Change in business cycles, affecting the business of the company in which the investment is made;
- Change in business circumstances of the company, its business sector, industry and / or the economy in general;
- Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment was made;
- Senior rights of creditors over shareholders of the company in the event of winding up;
- Volatility in shares prices, resulting from their dependence on market sentiment, speculative activity, supply and demand for the shares and the liquidity in the market;
- The possibility of defaults by participants or failure of stock exchanges, the depositories, the settlement or clearing system;
- The inability of the issuer of the instrument, the relevant financial institution or the counter party in the case of reverse repurchase or other arrangements to fulfill their obligations;
- Increase in lending rates as a result of a change in the supply and demand of liquidity in the market, or on account of an increase of the underlying inflation rate;
- Break down of law and order, war, natural disasters, etc;
- Any governmental actions, legislative changes or court orders restraining payment of principal or income; and
- Changes in exchange rates.

- 2.5.2 Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose substantial value.
- 2.5.3 Prices of Certificates and income from them may go down as well as up.
- 2.5.4 The Certificates will be traded on stock exchanges. The price of the Certificates quoted in stock exchange might be well below the NAV of the Certificates.

Disclaimer: The Certificates of the Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, the Stock Exchange, any Government agency, the Trustee, the Investment Adviser, any of the sponsor, shareholders or employee of the Investment Adviser or any other bank or Financial Institution (except to the extent specifically stated in this document and the Trust Deed).

3 OPERATORS AND PRINCIPALS

3.1 The Investment Adviser

AKD Investment Management Limited

AKD Investment Management Limited (the Company) was incorporated on July 30 2004. Subsequently AKDIML has acquired the rights to manage Pakistan's one of the oldest closed-end mutual fund in the private sector: "Golden Arrow Selected Stocks Fund". AKDIML is in the process of restructuring the portfolio as AKDIML has inherited a number of illiquid and non-performing stocks. The investment strategy is to invest in high dividend paying, blue chip stocks, in order to create a quality portfolio, which provides investors with consistent capital gains, and assured dividend yields.

The Company is engaged in providing investment advisory services. It is licensed by the Commission to act as an Investment Adviser under Rule 5(2) of the NBFC Rules, vide License No. NBFC 48/IAS/06/2004 dated September 10, 2004.

The company has a paid up capital of Rs. 75,000,000, divided into 7,500,000 ordinary shares of Rs. 10 each, of which Aqeel Karim Dhedhi Securities (Private) Limited holds 7,499,700 (99.99%) ordinary shares of Rs. 10 each.

3.1.1 Funds Managed by AKDIML

Golden Arrow Selected Stocks Fund Limited (GASSFL)

GASSFL is a closed-end mutual fund. GASSFL invests in a mix of listed equity and debt securities. It is listed on the Karachi and the Lahore Stock Exchanges.

Date of Launching	May 9, 1983
Nature of Fund	Closed-end Fund
Net Asset Value	Rs. 626,339,000/-*
Par Value per Share	Rs. 5.00/-
N.A.V. per Share	Rs.8.92/-*
Listing	KSE & LSE
Last Distribution (2004-2005)	40.00% Cash

* As on June 30, 2005

3.2 Board of Directors of AKDIML:

Name, Occupation & Address	Position	Directorships in Listed Companies
Mr. Mohammad Aliuddin Ansari Business Executive B-429, Siraj-ud-Daulah Road Bahadurabad, Karachi	Chairman	None
Mr. Faisal Bengali Business Executive A-21/A-1, Sunset Boulevard DHA Phase II, Karachi	Chief Executive Officer	Golden Arrow Selected Stocks Fund Limited
Mr. Sadiq Hussain Investment Officer 81/1, Khayaban-e-Badar Phase VI, DHA, Karachi	Director	None

Mr. Farrukh Shaukat Ansari Business Executive 58/II, Khayaban-e-Janbaz DHA, Phase V, Karachi	Director	Saudi Pak Leasing Company Limited Saudi Pak Commercial Bank Limited
Mr. Kashif Shamim Investment Banker 100/1, 5th Commercial Street Phase IV, DHA, Karachi	Director	None
Mr. Farooq Ahmed Awan Investment Officer 74-B, GOR III Shadman, Lahore	Director	Universal Leasing Corporation Limited
Mr. Farrukh Hamid Sabzwari Business Executive Bungalow A-27, KDA Kehkashan, Street No.16 Block-5, Clifton, Karachi	Director	None

3.2.1 Performance of last 5 years of the Listed Associated Companies:

Golden Arrow Selected Stocks Fund Limited

(Rupees in millions - except per shares)

Year ended June 30	2005	2004	2003	2002	2001
Shareholders' Equity	626	208	128	88	77
Total Assets	639	215	153	92	80
Earnings Per Share	3.25	3.32	3.06	0.28	0.19
Cash Dividend	40.00%	17.50%	22.00%	-	-
Stock Dividend	-	20.00%	24.00%	-	-

Saudi Pak Leasing Company Limited

(Rupees in millions - except per shares)

Year ended June 30	2004	2003	2002	2001	2000
Shareholders' Equity	326	313	293	360	353
Total Assets	3,746	2,824	2,807	2,963	2445
Earnings Per Share	2.82	1.37	0.62	1.56	1.65
Cash Dividend	10.00%	7.50%	-	12.50%	12.50%
Stock Dividend	-	-	-	-	-

Saudi Pak Commercial Bank Limited

(Rupees in millions - except per shares)

Year ended Dec 31	2004	2003	2002	2001	2000
Shareholders' Equity	1,617	1,110	218	516	(213)
Total Assets	42,721	35,142	18,820	9,513	9,949
Earnings Per Share	1.37	2.33	4.56	(1.47)	(16.74)
Cash Dividend	-	-	-	-	-
Stock Dividend	-	-	-	-	-

Universal Leasing Corporation Limited

(Rupees in millions - except per shares)

Year ended June 30	2004	2003	2002	2 001	2000
Shareholders' Equity	153	146	140	137	76
Total Assets	216	213	228	222	114
Earnings Per Share	0.34	0.41	0.11	(3.63)	(3.88)
Cash Dividend	-	-	-	-	-
Stock Dividend	-	-	-	-	-

Note**Saudi Pak Commercial Bank Limited**

Saudi Pak Commercial Bank Limited, the director of which also hold directorship in AKD Investment Management Limited, the Investment Adviser of AKD Index Tracker Fund, is in default of Listing Regulation 32(1)(b) of the Listing Regulation of the Exchange i.e., non-declaration of Dividend/Bonus for five years.

Mr. Farrukh Shaukat Ansari is nominated director by the Saudi Pak Industrial and Agricultural Investment Company (Private) Limited, on the board of Saudi Pak Commercial Bank Limited.

Saudi Pak Commercial Bank does not hold any shares in AKD Investment Management Limited and Mr. Furrukh Shaukat Ansari is an independent director on the board of AKDIML.

At the time of taking over the Bank (Prudential Commercial Bank Limited) by the Saudi Pak Group in 2001, the accumulated losses of the Bank were Rs. 1,598.362 million. The Bank has made tremendous efforts to reduce the losses which have come down to Rs. 865.318 million as of June 30, 2005.

The Banking Companies Ordinance, 1962, Sub-section I of Section 19 states that " No banking company shall pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organization expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written-off.

Therefore, as per sub-section I of Section 19 of the Banking Companies Ordinance 1962, the Bank at the moment cannot pay any dividend to its shareholders. However, the company is of the view that they would rectify the default shortly.

Universal Leasing Corporation Limited

Universal Leasing Corporation Limited, the director of which also hold directorship in AKD Investment Management Limited, the Investment Adviser of AKD Index Tracker Fund, is in default of Listing Regulation 32(1)(b) of the Listing Regulations of the Exchange i.e., non-declaration of Dividend/Bonus for five years.

Employee Old Age Benefit Institution has taken over the management of Universal Leasing Corporation Limited in the year 2003. The directors' (including Mr. Farooq Ahmed Awan) nominated by the EOBI on the board of Universal Leasing Corporation Limited consist of eminent personalities and have vast financial and administrative experience of corporate bodies and institutions.

Universal Leasing Corporation Limited does not hold any shares in AKD Investment Management Limited and Mr. Farooq Ahmed Awan is an independent director on the board of AKDIML.

Due to earlier year losses, the Company is not paying dividend to its shareholders, which were accumulated since 1998-1999 and related to the previous management. The management decided to buildup equity up to desired level to the extent of Rs. 200 Million as prescribed by the SECP in NBFC Rule, 2003 only then the Company will be in a position to give dividend and the Company is of the view that they would rectify the default shortly.

3.3. Particulars of the Directors

3.3.1 Mohammad Aliuddin Ansari

Ali Ansari is one of the leading investment bankers in Pakistan, with 15 years of experience in international investment banking. He is the Chairman of TMT Ventures & dvcom Limited among others as part of his Private Equity and Venture Capital interests. He has held a number of senior management positions including the Chief Executive of AKD Securities (Private) Limited and was based in London with Credit Lyonnais Securities (CLS) as Chief Operating Officer (Emerging Europe, Middle East & Africa - EEMEA). Earlier, he joined CLSA as Chief Executive Officer, Pakistan. Mr. Ansari earned BA (Hon.), Business Administration & Economics majoring in Finance, from Richmond College, London, England, in 1985 and received Investment Management Program Certification from London Business School in 1988.

3.3.2 Faisal Bengali - Chief Executive Officer

AKD Investment Management Limited has assembled a seasoned and motivated team with a track record of global fund management headed by Mr. Faisal Bengali. He has been working with Aqeel Karim Dhedhi since 1994. As Director Sales & Trading of AKD, he provided investment advice and recommendations to institutional fund managers and high net worth clients. He enjoys close working relationship with reputable foreign and local institutional clients. Mr. Bengali has a Masters in Business Administration degree from Rice University, USA.

3.3.3 Sadiq Hussain - Chief Investment Officer

Mr. Sadiq Hussain has joined AKDIML as its Chief Investment Officer. He brings with him more than a decade of experience in financial services, including 9 years with Merrill Lynch. His last assignment was with Merrill Lynch's Global (Private) Wealth Management Group, where he was the Senior Financial Adviser managing over USD120m in assets. Prior to that, he spent 8 years with Merrill Lynch Asia Pacific, where he was a Director in the Institutional Client Division. Mr. Hussain is a graduate from the Wharton School of Business, University of Pennsylvania.

3.3.4 Farrukh Shaukat Ansari

Mr. Ansari has 19 years of rich and diversified experience in Investment Banking as well as the corporate sector. He has spent over 14 years in senior management with highly reputable organizations. He held the position of Chief Financial Officer for the Dewan Mushtaq Group; handling banking lines of over Rs. 19bn. Currently, Mr. Ansari is serving as the Chief Executive Officer of Saudi Pak Leasing Company Limited.

3.3.5 Kashif Shamim

Kashif Shamim has over nine years of work experience in investment banking, equity research and audit. He has played an important role in the structuring and execution of corporate finance deals totaling over Rs.30bn. Presently, he is heading the Investment Banking department at AKD Securities (Pvt.) Ltd. He is also the Chief Executive of TMT Incubation Fund that has a paid-up capital of Rs.250mn and has invested in nine technology start-ups.

3.3.6 Farooq Ahmed Awan

Mr. Awan has a distinguished track record dating back till 1998 when he was an Economic Adviser to the Government of Punjab. He moved on to hold the position of Additional Secretary, Management & Information Technology, Government of Punjab. Currently, Mr. Awan is the Investment Adviser of Employees Old-Age Benefits Institution ("EOBI"), GoP, managing EOBI's portfolio of Rs.71bn.

3.3.7 Farrukh Sabzwari

Prior to joining KASB as Chief Executive Officer, Farrukh was working with AKD Securities (Pvt.) Limited as Head of Sales and Research. He has worked with Credit Lyonnais Emerging Markets as Vice President Sub-Continent Sales in New York. He has over ten years of investment banking experience and has previously held the positions of Country Manager and Head of Sales for Credit Lyonnais's Pakistan operations.

3.4 Company Secretary

Mr. Muhammad Amin Hussain is working as Company Secretary of AKD Investment Management Limited. He is an Associate Member of the Institute of Cost and Management Accountants of Pakistan. Before joining AKD Investment Management Limited he was working as General Manager Corporate Affairs and Company Secretary in Gul Ahmed Energy Limited for over five years. Preceding that, he was also involved with Al-Noor Group of Companies for over nine years in the capacity of Senior Finance Executive. His areas of expertise include finance, secretarial and taxation.

3.5 Powers of Directors of Investment Adviser

The business of the Fund shall be managed by the Directors of the Investment Adviser, who may exercise all such powers as are prescribed by the Rules or any statutory modification thereof for the time being in force or by the articles of the Investment Adviser or by a special resolution, required to be exercised by the Company in its General Meeting, subject nevertheless to any regulation of its Articles, to the provisions of the Companies Ordinance, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in its General Meeting; but no regulation made by the Investment Adviser in its General Meeting shall invalidate any prior act of the Directors, which would have been valid if that regulation had not been made.

3.6 Remuneration of Directors of the Investment Adviser

The remuneration of a Director for attending meetings of the Board or any Committee of the Board shall from time to time be determined by the Directors provided that neither the Chief Executive nor any other Directors in full time remunerated service with the Company shall be entitled to any payment for attending meetings of the Board. A Director may also be paid all traveling, hotel and other expenses properly incurred by him in attending and returning from meetings of the Directors or any committee of Directors or General Meeting of the Company or in connection with the business of the Company.

3.7 Interest of Directors of Investment Adviser in the promotion of the Fund

The interest of the Directors of the Investment Adviser in promotion of the Fund shall be to the extent of management fee earned by the Investment Adviser.

3.8 Interest of Directors of the Investment Adviser in property acquired for the Fund

No property has been acquired for the Fund.

3.9 Election / Appointment of Directors of the Investment Adviser

The Directors shall, unless the number of persons who offer themselves for election is not more than the number of directors fixed under Article 59 of the Articles of Association of the Company, be elected by the Members of the Company in General Meeting in the following manner namely:

- i. Every Member present in person or by proxy shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of directors to be elected;
- ii. The number of votes calculated in accordance with the preceding clause (i) may be given to a single candidate or may be divided between any two or more candidates in such manner as the person voting may choose;
- iii. The candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of directors to be elected has been so elected; and
- iv. Notwithstanding that the number of persons offering themselves for election as directors is not more than the number of directors fixed under Article 59 the number of votes cast in favor of each candidate and the name of the member casting such vote shall be recorded in the minutes of the meeting. Provided further that the provisions of the Rules will be followed in case of any change in the Directors.

3.10 Benefit to Promoters and Officers of the Fund during Last Two Years

There are no benefits to the Promoters and Officers of the Fund, as it is a new Fund.

3.11 Borrowing Powers of the Investment Adviser

The Directors may exercise all the powers of the Investment Adviser to raise money and to mortgage or charge its undertaking or property or any part thereof and to issue debentures or redeemable capital and other securities whether outright or as security for any obligation or liability or debt of the company or of any third party.

In exercising the powers of the company aforesaid the Directors may, from time to time and on such terms and conditions as they think fit, raise money from banks and financial institutions and from other persons under any permitted system of financing, whether providing for payment of mark-up or some other form of return, in particular the Directors may raise money on the basis of mark-up price, musharika, morabaha, modaraba, sale and lease back or any other permitted mode of financing, and without prejudice to the generality of the foregoing, the Directors may exercise all or any of the powers of the company arising under Section 196 of the Ordinance.

Subject to provisions of the Article 70(1), in regard to the issue of securities the Directors may exercise all or any of the power of the Company rising under Sections 87, 120 and 196 of the Ordinance and in particular the Directors may issue any securities as defined in Section 2(1) (34) of the Ordinance or may issue any Instrument or Certificate representing redeemable capital as defined in Section 2(1) (30A) of the Ordinance or participatory redeemable capital as defined in Section 2(1) (25) of the Ordinance.

3.12 Break-up Value per Certificate of Investment Adviser

The break up value is Rs. 9.89 as on June 30, 2005.

3.13 Overdue Loans of the Investment Adviser

There are no overdue loans of the Investment Adviser.

3.14 Legal Proceedings against the Investment Adviser

There are no legal proceedings against the Investment Adviser.

3.15 Professional and Independent Management

AKDIML manages the funds strictly on a professional basis. An Investment Committee, consisting of experienced professionals, makes the investment decisions. The Investment Committee has the support of in-house research team, carrying out comprehensive fundamental and technical analysis. The Company hires and retains professionals who have a high standing in the Market.

3.16 Duties and Responsibilities of the Investment Adviser

- i. The duties and responsibilities of the Investment Adviser are to promote the establishment of AKDITF, to invest and manage the assets of AKDITF according to the provisions of the Trust Deed and the Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any Connected Persons or its officers.
- ii. The Investment Adviser shall maintain proper accounts and records of AKDITF to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of subscription of Certificates and paid out on purchase of securities for investment purposes and by way of distribution.
- iii. The Investment Adviser follows the Code of Corporate Governance for listed Companies for mutual funds under its management. The Investment Adviser shall prepare and transmit the Annual Report, together with a copy of balance sheet and income and expenditure account and the Auditor's Report of the Scheme, within four months of the closing of the accounting period to Certificate Holders and the SECP and the balance sheet and income and expenditure account shall comply with the requirements set out in the Rules.
- iv. The Investment Adviser shall within one month of the close of the first and third quarters and within two months of the close of the half-year of its Accounting Year prepare and transmit to the Certificate Holder and the SECP, balance sheet as at the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for the quarter or half-year, whether audited or otherwise.
- v. The Investment Adviser shall cause to be published in the Bulletin or other such publication of the stock exchange on which the fund is listed, the names and the value of Fund's portfolio securities as at the end of each quarter.
- vi. The Investment Adviser shall make available to the Trustee all information relating to the Fund. The Investment Adviser shall account to Trustee for any loss in value of the assets of AKDITF caused by its negligence, reckless or willful act or omission.
- vii. The Investment Adviser shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as Investment Adviser as if these were its own acts and omissions.
- viii. The Investment Adviser shall instruct the Trustee on purchase, and sale of investments, including placement of cash with various Scheduled Banks.
- ix. The Investment Adviser shall if it considers necessary request the Trustee in writing, for the protection of Deposited Property or safeguarding the interest of the Certificate Holders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or Certificate Holders' action in respect of the Deposited Property or any part thereof.

- x. The Investment Adviser shall not be under any liability except such liability as may be expressly assumed under the Rules and the Trust Deed nor shall the Investment Adviser (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty.

3.17 The Trustee

3.17.1 The Central Depository Company of Pakistan Limited

The Central Depository Company of Pakistan Limited (CDC) was incorporated in 1993. It was formed inter alia, for facilitating efficient, risk free and cost-effective settlement of securities transactions in accordance with the International standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan. Given CDC's significance, the legislature enacted a special law, known as Central Depositories Act, 1997 and the Government has also approved the rules and regulations relating to the operational aspects of the Central Depository System. The NBFC Rules, 2003 allow a Central Depository Company to act as the Trustee of closed-end schemes set up under the Rules. The SECP has approved appointment of CDC as Trustee of AKDITF vide letter No. NBFC-III/JD(R)/AKD-ITF/1041 dated December 16, 2004.

3.17.2 Shareholders

The sponsors and the shareholders of CDC include the Karachi Stock Exchange, the Lahore Stock Exchange, the Islamabad Stock Exchange, International Finance Corporation (IFC), Citibank Overseas Investment Corporation, National Investment Trust Limited (NIT), Investment Corporation of Pakistan (ICP), Pakistan Industrial Credit and Investment Corporation Limited (PICIC), Muslim Commercial Bank Limited and Habib Bank Limited.

3.17.3 Professional and Independent Management

CDC is run purely on professional management basis and most of the Directors on the Board of CDC represent their respective investor institutions, without any personal stake in the Company. The Chief Executive is a highly qualified professional without any affiliation in any investor institution.

3.17.4 Electronic Book Entry System

CDC's electronic book entry system to record and transfer securities, the Central Depository System (CDS), has been developed by an IBM led consortium.

3.17.5 Trustee Division

CDC has set up a separate Trustee Division with a senior professional responsible for its day-to-day functions. The Trustee Division has the benefit of CDC's existing structure, as well as that under development for handling the National Clearing and Settlements System.

3.17.6 Mission and Vision

The mission of CDC is to offer a wide range of services that will support the capital markets so as to contribute to the country's ability to support and develop the Pakistani Capital Market as the hub of financial activities in the region. CDC's goals are to eliminate paper based settlement, to diversify its services, and to become a leading institution of the region.

3.17.7 Basic Role of the Trustee

The Trustee shall:

- i. take into its custody or under its control all the property of the Fund including cash and hold it in trust for the Certificate Holders in accordance with the law, the Rule and the provision of the Constitutive Documents and get the cash and registerable assets be registered in the name of, or to the order of the Trustee;
- ii. be liable for any act or omissions 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 Fund;
- iii. ensure that the sale, purchase, issue, and transfer of Certificates affected by the Fund are carried out in accordance with the provisions of the Constitutive Document;
- iv. carry out the instructions of the Investment Adviser in respect of Investments unless they are in conflict with the provisions of the Offering Document (prospectus) or Constitutive Document;
- v. ensure that the investment limits set out in the Rules and Constitutive Document and the constitution under which the Fund has been authorized are complied with;
- vi. exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the certificate holders;
- vii. issue a report to the Certificates Holders to be included in the annual report, whether in its opinion, the Investment Adviser has in all material respects managed the Deposited Property in accordance with the provisions of the Rules and the Constitutive Documents and if the Investment Adviser has not done so, the respects in which it has not done so and the steps the Trustee has taken in respect thereof;
- viii. institute or defend any suit proceedings, arbitration or inquiry or any corporate or Certificate Holders' action in respect of the Deposited Property or any part thereof, if so requested by the Investment Adviser in writing. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Deposited Property, for all reasonable costs and expenses incurred in taking the aforesaid action(s);
- ix. not be under any liability on account of anything done or suffered by "AKDITF" in good faith in accordance with or in pursuance of any request of the Investment Adviser provided they are not in conflict with the provision of the Deed or the Rules; and
- x. be required to adhere to performance standards, as mutually agreed upon between the Investment Adviser and the Trustee, from time to time.

3.18 Foreign Promoters of AKDITF

There are no Foreign Promoters of the Fund.

3.19 The Auditors of the Fund

M. Yousuf Adil Saleem & Co.,
Chartered Accountants
A-35, Cavish Court, Block 7 & 8
K.C.H.S.U., Sharah-e-Faisal,
Karachi, Pakistan

3.20 The Auditors of the Investment Advisor

Rafiq & Co.
Chartered Accountants
Suit # 302, 3rd Floor
The Forum, G-20 Block-9
Khayaban-e-Jami Clifton
Karachi, Pakistan

3.21 The Registrar and Computer Balloter

GANGJEES Associates
413, Clifton Center, Khayaban-e-Roomi
Kehkashan, Block-5 Clifton
Karachi, Pakistan

3.22 The Legal Advisers

Sattar & Sattar
Attorneys-at-law
3rd Floor, UBL Building
I.I. Chundrigar Road
Karachi, Pakistan

4. CHARACTERISTICS OF CERTIFICATES**4.1 Minimum amount of application**

Application for subscription in AKD Index Tracker Fund must be made for 500 Certificates or multiples thereof. Application for Certificates below the value of Rs.5,000/- shall not be entertained. Certificates will be issued in lots of 500 Certificates of the face value of Rs. 10/- each. An applicant will be entitled to apply in one category of applications only.

Fictitious and more than one applications are prohibited and such applicants' money shall be liable to confiscation under section 18-A of the Securities and Exchange Ordinance, 1969.

5. TYPES OF CERTIFICATES

5.1 Issue of Certificates

	Number of Certificates of Rs. 10 each	Total Value (Rupees)
Fully Paid up in cash by an investor arranged by AKDIML for a minimum period of two years	7,500,000	75,000,000
Fully paid in cash by Pre-IPO investors	42,500,000	425,000,000
Initial Public Offering	25,000,000	250,000,000
Sub-Total	75,000,000	750,000,000
Green Shoe Option	25,000,000	250,000,000
Total Issue	100,000,000	1,000,000,000

Investment made or arranged by AKDIML

Rule 33(b) of The Rules, states that the Investment Adviser shall at all times hold or beneficially own equity securities of closed-end scheme of an amount which is neither less than 10% (ten percent) nor more than 20% (twenty percent) of the paid-up value of the Certificates at any given time, except that where the Investment Adviser is a manager of more than one closed-end funds (AKDIML manages Golden Arrow Selected Stocks Fund Limited), the Investment Adviser can invest or arrange the investment of the required amount for a minimum period of two years rather than directly investing the above amount. In compliance with this Rule, AKDIML has arranged that AKD Securities (Private) Limited will hold investment equivalent to 10% beneficial ownership of AKDITF on its behalf, for a minimum period of two years. AKD Securities (Private) Limited shall not sell or transfer these Certificates for the said period.

In the event of over-subscription of the Public Offering, the Investment Adviser reserves the right to exercise the Green Shoe Option up to 25,000,000 Certificates at a price of Rs.10 per Certificate. To enable AKD Investment Management Limited comply with above mentioned Rule, it would subscribe or arrange to subscribe the proportionate amount of the Green Shoe Option exercised at a price of Rs.10 per Certificate.

List of Investors to Whom Certificates Were Allocated through Pre-IPO including Investment Adviser

S. No	Names of Investors	No. of Certificates	Total value in Rs.
1	Aqeel Karim Dhedhi Securities (Private) Limited	7,500,000	75,000,000
2	Javed Omer Vohra & Company Limited	3,000,000	30,000,000
3	Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	2,500,000	25,000,000
4	National Bank of Pakistan	2,500,000	25,000,000
5	Pakistan Kuwait Investment Company (Pvt.) Ltd	2,500,000	25,000,000
6	Metropolitan Bank Limited	2,500,000	25,000,000
7	Robert Finance Corporation AG	2,000,000	20,000,000
8	Bank Alfalah Limited	1,500,000	15,000,000
9	Crescent Standard Investment Bank	1,500,000	15,000,000
10	Pakistan Industrial Credit & Investment Corporation Ltd.	1,000,000	10,000,000
11	Habib Bank AG Zurich	650,000	6,500,000
12	First International Investment Bank Limited	500,000	5,000,000
13	Habib Bank Limited	500,000	5,000,000
14	Intermarket Securities (Pvt.) Ltd.	500,000	5,000,000
15	Attock Cement Pakistan Ltd. Non-Management Employees Pension Fund	300,000	3,000,000
16	Attock Cement Pakistan Ltd. Non-Management Employees Gratuity Fund	300,000	3,000,000
17	Sherman Securities (Pvt.) Ltd.	250,000	2,500,000
18	Elixir Securities Pakistan (Pvt.) Ltd.	250,000	2,500,000
19	Seren Global Investments BVI	250,000	2,500,000
20	Shafi (Private) Limited	250,000	2,500,000
21	AKD Investment Management Limited	250,000	2,500,000
22	Jan Muhammad A. Latif Nini & Sons (Pvt.) Ltd.	200,000	2,000,000
23	Gasco Engineering (Pvt.) Ltd.	200,000	2,000,000
24	Zillion Capital Securities (Pvt.) Ltd.	100,000	1,000,000
25	Ismail Iqbal Securities (Pvt.) Ltd.	100,000	1,000,000
26	Avari Hotels Limited	10,000	100,000
27	Individuals	18,890,000	188,900,000
	Total	50,000,000	500,000,000

The Pre-IPO Investors have subscribed to the Certificates of Rs. 500 Million comprising 50 Million Certificates of Rs. 10/- each as confirmed by the Auditor's Certificate in Annexure "B" of the Offering Document.

5.2 Opening and Closing of Subscription List

THE SUBSCRIPTION LIST OPEN "INSHA-ALLAH" AT THE COMMENCEMENT OF BANKING HOURS ON OCTOBER 19, 2005 AND WILL CLOSE ON OCTOBER 20, 2005 AT THE CLOSE OF BANKING HOURS.

5.3 Underwriting

The present offer of 25,000,000 certificates of the face value of Rs. 10 per Certificate has been fully underwritten as under:

S. No.	Names of Underwriters	No. Of Certificates	Amount of Underwriting
1	A.R. Securities (Private) Limited	5,000,000	50,000,000
2	Javed Omer Vohra & Company Limited	3,000,000	30,000,000
3	National Bank of Pakistan	2,500,000	25,000,000
4	First International Investment Bank Ltd.	2,500,000	25,000,000
5	Pakistan Kuwait Investment Company (Pvt.) Limited	2,500,000	25,000,000
6	Saudi Pak Leasing Company Limited	2,000,000	20,000,000
7	Arif Habib Securities Limited	2,000,000	20,000,000
8	Aqeel Karim Dhedhi Securities (Pvt.) Ltd.	2,000,000	20,000,000
9	Pakistan Industrial Credit & Investment Corporation Limited	1,500,000	15,000,000
10	Crescent Standard Investment Bank Ltd.	1,500,000	15,000,000
11	Crescent Leasing Corporation Limited	500,000	5,000,000
	Total	25,000,000	250,000,000

If and to the extent, certificates hereby offered are not subscribed and paid for in cash in full by the closing of the subscription date, the Underwriters shall within 15 days of being duly called upon by the Investment Adviser to do so, subscribe and pay for or procure subscribers to subscribe and pay for in cash in full those certificates not subscribed, in proportion of their underwriting commitments.

In the opinion of the Issuer, the resources of the Underwriters are sufficient to discharge their underwriting commitments.

5.4 No Buy-Back / Repurchase Agreement

The Underwriters have not entered into any buy-back / repurchase agreement with the Investment Adviser or any other person in respect of this Issue.

5.5 Investor Eligibility

Any investor or any group of investors qualified or authorized to subscribe or purchase the Certificates may make applications for the issue of Certificates in AKDITF. The onus for being so qualified lies with the investor and neither the Investment Adviser, nor the Trustee, nor the Registrar accepts any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph below including but not limited to:

- Citizens of Pakistan resident in Pakistan.
- Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated

in Pakistan as long as such investment is permitted under their respective memorandum and articles of association and/ or bye-laws. In respect of trusts the trustees of such trust may make an application to subscribe the Certificates.

5.6 Basis of Allotment of Certificates

The basis and conditions of allotment shall be as follows:

1. Application for the Certificates below the total value of Rs.5,000/- shall not be entertained.
2. Application for Certificates must be made for 500 certificates or in multiples thereof.
3. An applicant will be entitled to apply in one category of application only.
4. If the Certificates to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
5. If the issue is oversubscribed in terms of number of applications and amount, the distribution shall be made by computer balloting, in the presence of representatives of the Stock Exchange.
6. In case of over subscription of amount only, then all applications shall be accommodated initially for 500 Certificates and the balance shall be allotted on pro-rata basis to applicants who have applied for Certificates in multiples of 500 certificates.

5.7 Refund of Subscription Money to Unsuccessful Applicants

The Investment Adviser shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of the date of such decision as required under the provision of section 71 of the Companies Ordinance, 1984.

As per sub-section (2) of section 71 of the Companies Ordinance, if the refund is not made within ten days as required by sub section (1) of section 71 of the Companies Ordinance within the time specified therein, the Investment Adviser of the Fund shall be jointly and severally liable to repay the money with surcharge at the rate of one and a half percent, for every month or part thereof from the expiration of the 15th day and in addition, to a fine not exceeding Rs. 5,000 and in case of a continuing offence to a further fine not exceeding Rs. 100/- for every day after the said 15th day on which the default continues.

Provided that the Investment Adviser shall not be liable if he proves that the default in making the refund was not due to any misconduct or negligence on its part.

5.8 Issues and Dispatch of Certificates

The Fund will dispatch physical Certificates to successful applicants or credit the respective CDS account within thirty (30) days from the date of close of public subscription, in compliance with the requirement of the Stock Exchange.

Certificates will be issued either in scrip-less form (in the Central Depository System) or in the shape of physical scrips on the basis of option exercised by the successful applicants. Certificates in physical scrips shall be dispatched to the Bankers to the Issue for onward delivery to successful applicants, whereas scrip-less Certificates shall be directly credited through book entries into the respective CDS account of the successful applicants maintained with the Central Depository Company of Pakistan Limited (CDC).

The applicants who opt for the issuance of Certificates in scrip-less form in the CDS should fill in the relevant columns of the Application form. In order to exercise the scrip-less option, the applicant must also have a CDS account at the time of subscription date.

If the Investment Adviser makes default in compliance with the requirements of the Listing Regulations, it shall pay to the Stock Exchange a penalty of Rs. 500/- per day during which the default continues. The Stock Exchange may also notify the fact of such default and the name of the Fund by notice and also by publication in its Ready Board Quotation.

5.9 Transfer of Certificates

5.9.1 Physical Certificates

The Investment Adviser of the Fund shall not refuse to transfer any fully paid Certificate unless the transfer deed for any reason is defective or invalid under the provisions of section 77 of the Companies Ordinance 1984. Provided that the Investment Adviser shall within (30) days from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity be entitled to re-lodge the transfer deed with the Fund.

5.9.2 Transfer under Book Entry system

The Certificates maintained within the Central Depository System (CDS) in the book entry form shall be transferred in accordance with the provisions of the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations (CDC Regulations).

5.10 Principal Purpose for Issuance of Certificates

The purpose of this offering is to invite the general public to participate in the ownership of the Fund so that the general public can share in the development of the capital market and also to avail the benefit of lower income tax rate.

5.11 Interest of Certificate Holders / Investment Adviser / Underwriter / Bankers to the Issue

None of the holders of the issued Certificates of the Fund have any special or other interest in the property or profit of the Fund other than that as Holders of Certificates in the capital of the Fund except for the following:

5.11.1 Underwriters of the Issue interested in Underwriting Commission

1. Javed Omer Vohra & Company Limited
2. National Bank of Pakistan
3. First International Investment Bank Limited
4. Pakistan Kuwait Investment Company (Pvt.) Limited
5. Pakistan Industrial Credit & Investment Corporation Limited
6. Crescent Standard Investment Bank Limited
7. Aqeel Karim Dhedhi Securities (Pvt.) Limited

5.11.2 Bankers to the Issue Interested in Banking Commission

1. Bank Alfalah Limited
2. Habib Bank Limited
3. Metropolitan Bank Limited
4. National Bank of Pakistan

5.12 Right Certificates

The Investment Adviser may decide to offer Right Certificates to the existing Certificate Holders at a subscription price not higher than the Net Asset Value (NAV) of the closed-end scheme at the close of business day on the date of renunciation of the Certificates. The issue of Right Certificates is subject to prior approval of majority Certificate Holders in their meeting to be held specifically for this purpose and subsequent approval by SECP. The meeting of Certificate Holders shall follow the requirements for holding of General Meetings as per the Companies Ordinance, 1984.

5.13 Conversion of Fund into Open-end Fund

The Investment Adviser may convert the Fund into an open-end fund with the approval of the Certificate Holders, Trustee and the SECP, after complying to the provisions of the Rules.

6. NO MONEY SHALL BE PAID TO THE INTERMEDIARY EXCEPT THE CERTIFICATE HOLDER OR HIS AUTHORIZED REPRESENTATIVE**7. DISTRIBUTION POLICY****7.1 Distribution Policy**

At least 90% of the income, excluding realized and unrealized capital gains received by AKD Index Tracker Fund reduced by such expenses as are chargeable to the Fund under the Rules, will be distributed annually, as dividend and the balance of income will be retained for re-investment. The entire amount available for distribution may be distributed as cash dividend or in the form of stock dividend, which would comprise of the Bonus Certificates of the Trust. The Bonus Certificates would rank pari passu as to their rights in the Net Assets, earning and the receipt of dividend and Bonus Certificates. The issue of Bonus Certificates shall comply with the provisions of the Stock Exchanges, where the Fund is listed and shall require prior written approval of the SECP, and shall also qualify under the tax laws. AKDITF is an Index based closed-end equity Mutual Fund. AKDITF is to invest its funds in equities, which are components of the KSE-100 Index with ample time being allocated for one time investment to ensure that the investment in individual stocks is done in a staggered, balanced manner, eliminating any chances for stock or market run-up. The Fund will rebalance itself semi-annually according to the exact changes made in the KSE-100 index. As per past practice Karachi Stock Exchange notifies the composition of 100 Index 15 days prior to the implementation. This gives AKDITF enough time to re-arrange its portfolio. To bring such exposure in line with the prescribed limit, AKDITF reserves the prerogative to sell the right allotment letters also. This would result in no Capital Gains for the fund leading to no distribution in such manner.

The Investment Adviser may from time to time pay to the members such interim dividends as appear to the Investment Adviser to be justified by the profits of the Fund. No dividends shall be paid otherwise than out of profits of the Fund for the year or any other undistributed profits. No unpaid dividends shall bear interest or mark-up against the Fund.

The dividends shall be paid within the period laid down in the Companies Ordinance, 1984.

7.2 Fractional Certificates/Less than Marketable Holding

At the end of every financial year the Investment Adviser may review and may offer to buy all certificates that are less than the marketable lots at the closing bid price of Certificates at KSE. However, if buy back of fractional certificates has exhausted the Investment Adviser's maximum limits (currently 20%) of investment in Closed-end Scheme, the Investment Adviser shall sell excess holding of Certificates within six months of acquiring such Certificates.

7.3 Eligibility for Dividend

The Right Certificates and Bonus Certificates shall rank pari passu with the existing Certificates of the Fund in all matters, including their rights in the net assets, earnings and the receipt of dividends and distribution.

7.4 Withholding Tax on Dividends

Unless exempt from such taxation by applicable law or double taxation treaties, the withholding tax on profit distribution by the Fund will be as under:

Public companies including Insurance Companies:	Rate: 5%;
Others:	10%

In terms of the provisions of section 5 read with section 8 of the Income Tax Ordinance, 2001, the withholding tax deducted at source on dividend would be final tax in respect of such income. However, under the provision of sub-section 4 of Section 18 of the Income Tax Ordinance, 2001 any amount received by a bank or a non-banking finance company, where such amount represents distribution by a mutual fund out of its income from profit on debt (such as profits on Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates, Commercial Paper and Continuous Funding System), shall be chargeable to tax at normal tax rates.

7.5 Deduction of Zakat

Income distribution will be subject to deduction of Zakat at source pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

8. FEES AND CHARGES

8.1 Expenses Borne by the Fund

The following expenses will be borne by the Fund:

- a) Remuneration of the Investment Adviser.
- b) Remuneration of the Trustee.
- c) Brokerage and transaction costs relating to investing and disinvesting of the Fund's property.
- d) Legal and related costs incurred in protecting or enhancing the interests of the Fund or collective interests of the certificate holders.
- e) SECP annual fee.
- f) Stock Exchanges annual subscriptions.
- g) CDC annual fee and custody charges.
- h) Bank charges and borrowing/financial costs, if any.
- i) Auditor's Fees and charges.
- j) Listing fee, including renewals payable to stock exchange.
- k) Formation costs estimated at and not exceeding Rs. 7.5 million that will be amortized over a period of five years.
- l) Taxes if any applicable to the Trust on its income, turnover, assets, etc.
- m) Rating fee payable to an approved rating agency.

8.2 Investment Adviser Fee

The Investment Adviser shall be entitled to receive an annual remuneration of an amount not exceeding three percent of the average annual Net Assets as defined under the Rules during the first five years of the Scheme and two percent of such assets thereafter.

AKDIML has taken an in-principle decision that it will charge an annual remuneration, after the accounts of the Fund have been audited, of an amount not exceeding one percent (1%) of the average annual Net Assets as defined under the Rules.

8.3 Trustee Fee

The Trustee shall be entitled to an annual remuneration out of the Fund Property based on the annual tariff as defined in Annexure "C" which shall be applied to the average Monthly Net Assets during such calendar month. Any costs incurred by the Trustee such as legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Certificate holders, are reimbursable at actual.

8.4 Expenses of the Investment Adviser and the Trustee

The Investment Adviser and the Trustee shall bear all expenditures in respect of their secretarial and office space and professional management including all accounting and administrative services provided in accordance with the provisions of the Trust Deed. Neither the Investment Adviser nor the Trustee shall make any charge against the Certificate holders or the Fund except such expenses or fees as are expressly authorized under the provisions of the Rules and the Trust Deed, payable out of Fund Property.

8.5 Preliminary and Floatation Expenses

The expenses of this Issue inclusive of underwriting commission, commission to the bankers to the issue and brokerage to the members of the Stock Exchange are estimated not to exceed 1% of the paid-up capital of the Fund i.e. Rs. 7.5 Million and will be borne by the Investment Adviser and shall be reimbursable by the Fund in equal amounts paid annually over a period of not less than five years.

Break-up of these expenses is as follows:

Expenses	Rupees
Underwriting commission*	1,875,000
Bankers to the Issue commission**	625,000
Stock Exchange Initial Listing Fee	775,000
Stock Exchange Annual Fee	60,000
CDC issuer fee	67,500
Broker commission on issue of certificates **	2,500,000
Legal & professional charges	250,000
Other expenses including advertising, publication, printing of Offering Document, computer services, etc	1,347,500
Total	7,500,000

* Take-up commission at the rate of 0.75% shall be paid at actual take-up of Certificates

** Represents maximum possible expenses under these heads.

Note: Estimates of expenses may be adjusted under one head or another; however the total expenses shall not exceed Rs. 7,500,000.

However, in the event that the Green Shoe is to be exercised the expenses would be adjusted to the maximum of 1% of the then paid-up capital of the Fund under the following heads:

- **Stock Exchange initial Listing Fee**
- **Bankers to the Issue commission**
- **Broker commission on issue of Certificates**
- **Other expenses**

8.6 Underwriting Commission

The Investment Adviser has paid the Underwriters an initial underwriting commission @ 0.75% on account of the Fund on the amount underwritten. In addition, the Underwriters shall be paid by the Investment Adviser an additional take-up commission @ 0.75% in respect of Certificates actually taken up by them in accordance with their underwriting commitments.

8.7 Commission to the Bankers to the Issue

A commission at the rate of 0.25% of the amount collected on allotment in respect of successful applicants plus out of pocket expenses, if any, will be paid by the Investment Adviser on account of the Fund to the bankers to the issue for services to be rendered by them in connection with this issue. No commission shall be paid to the bankers in respect of Certificates taken up by the Underwriters by virtue of their underwriting commitments.

8.8 Brokerage

Brokerage will be paid by the Investment Adviser to the members of the Karachi Stock Exchange (Guarantee) Limited at the rate of 1% of the value of Certificates actually sold through them. No brokerage shall be paid to the members in respect of Certificates taken up by the Underwriters by virtue of their underwriting commitments.

9. DETAILS OF EXEMPTIONS, TAXES LEVIED ON AKDITF

The information herein below is accurate as of the date of printing of this Offering Document. The taxability and tax rates are subject to change from time to time, as may be announced by the Government.

9.1 Taxation

Provision for current taxation may be based on taxable income at current tax rates after taking into account tax rebates and tax credit available, if any.

9.2 Taxation on the Income of the Fund

Under the Tax Law in Pakistan, the definition of a public company includes a trust whose units are widely available to the public and any other trust as defined in the Trust Act, 1882 (II of 1882). Accordingly, the Fund will be regarded as a public fund liable to tax rate applicable to a public fund.

The income of the Fund will accordingly be taxed at the following rates:

- i. Dividend income is taxable at the rate of 5% for public companies on gross income basis.
- ii. Capital gains on sale of shares listed on any Stock Exchange in Pakistan are exempted from tax till Income Year 2006-07.
- iii. All other income, if not otherwise exempt shall be taxed at the rate of 35% of net income.

Notwithstanding the tax rates stated above, the income of the Fund will be exempted from Income Tax, if not less than 90% of its accounting income of that year, as reduced by capital gains whether realized or unrealized, is distributed amongst the Certificate Holders. Further, under the provisions of Clause 47(b) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 the Fund's income from dividend, profit on debt and commission is exempt from deduction of withholding tax under relevant provisions of law. It is the policy of the Fund to comply with this law so as to obtain tax exemption. However, in the event the tax impact is not significantly adverse, the capital gains realized shall normally be retained for reinvestment by the Fund.

Capital Value Tax

Under Finance Act, 1989 (V of 1989) as amended by Finance Act 2004 (II of 2004), read with Circular No. 06 of 2004 dated July 01, 2004 a Capital Value Tax at the rate of 0.01% of the purchase value of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. This tax will be collected by the Stock Exchange concerned.

9.3 Taxation on Certificate Holders and liability for Zakat

The information set forth below is included for general information purposes only. In view of the individual nature of tax consequences, each investor is advised to consult with his/her tax adviser with respect to the specific tax consequences to him of investing in the Fund.

9.4 Withholding Tax on Dividend

Unless exempt from such taxation by applicable law or double taxation treaties, the withholding tax on profit distribution by the Fund will be as under:

	Rate
Public Companies including Insurance Companies	5%
Others	10%

In terms of the provisions of Section 5 read with Section 8 of the Income Tax Ordinance, 2001, the withholding tax deducted at source on dividend would be final tax in respect of such income. However, under the provisions of Sub-Section 4 of Section 18 of the Income Tax Ordinance, 2001 any amount received by a banking company or a Non-Banking Finance Company, where such amount represents distribution by a mutual fund out of its income from profit on debt (such as profits on Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates, Commercial Paper and Continuous Funding System, shall be chargeable to tax at normal tax rates.

9.5 Zakat

Under Zakat and Ushr Ordinance 1980, (XVIII of 1980), except for certain category of investors, Certificates held by resident Pakistani Certificate holders are subject to Zakat at 2.5% of the value of Certificates held on the Zakat Valuation Date. Except for those Certificate Holders exempted under the said Ordinance, Zakat will be collected from the dividend payment and paid into the government treasury.

9.6 Exemption from Capital Gains

Capital gains derived from the sale of listed securities are presently not liable to income tax pursuant to Clause (110) of part I of the Second Schedule of the Income Tax Ordinance, 2001. This exemption is presently available up to income year ending June 30, 2007.

Disclaimer: - The tax and Zakat information given above is based on the Investment Adviser's tax adviser's interpretation of the law, which to the best of the Investment Adviser's understanding is correct but investors are expected to seek independent advice so as to determine the tax liability arising from their investment in the Certificates of the Fund.

10. REPORTS AND ACCOUNTS**10.1 Date of AKDITF Financial Year**

Financial Year date for the closed-end scheme is 30 June.

10.2 Revenue Recognition**10.2.1 Realized gain/ losses on investment**

Sales and purchases of marketable securities shall be recognized on the date of contract. Capital gains and losses on the sale of marketable securities shall be recognized in the year in which these arise.

10.2.2 Dividend / Return

Dividend income shall be recognized at the time of closure of shares transfer books of the company declaring dividend and return on securities other than shares may be recognized on receipt basis.

10.2.3 Brokerage and Underwriting Commission

Brokerage and underwriting commission shall be accrued as and when due.

10.3 Valuation of Property Method

10.3.1 A security listed on a stock exchange shall be valued at its last sale price on such exchange 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 asked price nor lower than the closing bid price;

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

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

10.3.4 The value of any dividends, bonus-certificates or rights which may have been declared on securities in the portfolio but not received by the Fund 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;

10.3.5 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;

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

10.3.7 Any other income accrued up to the date on which computation was made shall also be included in the assets;

10.3.8 All liabilities, expenses, taxes and other charges, including annual fee due or accrued up to the date of computation which are chargeable under the Rules shall be deducted from the value of the assets;

10.3.9 The remuneration accrued up to the date of computation payable to the Investment Adviser, for providing management and other services, shall be included as an expense; and

10.3.10 For any asset class where no specific method of valuation is prescribed in the Rules, the guidance from the SECP shall be obtained and valuation shall be done accordingly.

10.4 Accounting Method

The accounts will be prepared in accordance with the International Accounting Standards issued by the International Accounting Standards Committee (IASC) as adopted in Pakistan and the requirements of the Companies Ordinance, 1984 and NBFC Rules.

10.4.1 Marketable Securities

The Fund will adopt International Accounting Standards (IAS) through which Investments will be classified as held for trading, held to maturity and available for sale. These investments will be measured at fair value, being their market value at balance sheet date. The resulting gain or loss may be included in profit and loss for the period whereas cost may be calculated on moving average basis.

Classification of investments may be made based on the intended purpose of holding such investments, which are as follows:

a) **Securities held for trading**

These are investment securities, which are acquired principally for the purpose of generating profit, from short-term fluctuations in price.

b) **Securities held to maturity**

These are investment securities with fixed or determinable payments and fixed maturity.

c) **Securities available for sale.**

These are investments, which do not fall under the "held for trading" or "held to maturity" categories.

10.5 Foreign Currencies

Foreign currencies transactions shall be translated into Pak rupees at the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in foreign currencies shall be translated into Pak rupee at the rate of exchange ruling on the balance sheet date. Exchange differences shall be included in income currently.

11. REPORTS TO THE CERTIFICATE HOLDERS

11.1 The Investment Adviser shall transmit to its Certificate holders:

- a) an annual report, together with a copy of the balance sheet and income and expenditure account along with a trustee report and the auditor's report, within four months of closing of the accounting period;
- b) a half yearly report along with a limited scope audit review by the auditors of the Fund within two months; and
- c) a quarterly report within thirty days of the close of first and third quarter of the year of account of the Fund.

11.2. Such report, in so far as may be applicable, shall be in accordance with requirements laid down in clauses (e), (f) and (h) of rule 34 of the Rules and shall contain a statement showing the shares / securities/ certificates owned at the beginning of the relevant period, shares purchased or sold during such period, and the shares / securities held at the end of such period together with the value (at cost and at market), and the percentage in relation to its own assets and the paid- up capital of the company whose certificates / shares / securities are owned.

11.3. The statement of income and expenditure of the closed-end scheme shall include a statement of income and expenditure of the Investment Adviser in relation to the Fund.

11.4. The Investment Adviser shall disclose the Net Asset Value (NAV) of the Fund on daily basis by posting such information on its web-site or by providing such information to the Stock Exchange, where the Fund is listed.

12. WARNINGS

- a) **Prospective investors should consult one or more from amongst their investment advisers, legal advisers, bank managers, stockbrokers, or other financial advisers.**
- b) **Investors must recognize that all investments involve varying levels of risk. AKDITF invests in equity securities which are subject to market fluctuations and risk inherent in all such investments. The prices of the Certificates in AKDITF are not assured. The level of dividends declared by the Fund cannot be assured. Investors are requested to read the Risk Disclosure statement contained in Section 2.5 herein above.**

GENERAL INFORMATION

13. LIST OF DOCUMENTS AND WHERE THEY CAN BE INSPECTED

All documents concerning the close-end scheme, as given in 1.6 above, may be inspected at the registered office of AKDIML at 606, Continental Trade Center, Block-8, Clifton, Karachi or at any other address, which may be notified by Investment Adviser to the general public through newspapers.

14. DATE OF PUBLICATION OF PROSPECTUS

Date of publication of Offering document is October 11, 2005.

15. INVESTMENT ADVISER ACCEPTS RESPONSIBILITY FOR INFORMATION

We as an adviser for the issue accept the responsibility for the information contained in this Offering Document as being accurate at the date of publication.

16. AKDITF IS NOT AUTHORIZED TO:

- 16.1 merge with, acquire or takeover any other closed-end fund, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or takeover;
- 16.2 pledge any of the securities held or beneficially owned by it;
- 16.3 make a loan or advance of money to any person except in connection with the normal business of the Fund subject to the limits specified under the Rules;
- 16.4 effect a short sale in any security except where the Fund has a long position (settled or in contract) of that quantity in the same underlying security;
- 16.5 purchase any security in a forward contract;
- 16.6 purchase any security on margin;
- 16.7 participate in a joint account with others in any transaction;
- 16.8 apply any part of its assets to real estate, commodities or commodity contracts;
- 16.9 acquire any security of which another closed-end fund is the issuer;
- 16.10 make an investment in a company, which has the effect of vesting the management, or control over the affairs, of such company in the closed-end fund;
- 16.11 employ as a broker, directly or indirectly, any director, officer or employee of the closed-end fund or its investment adviser 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 percent to exceed if the connected broker offers advantages to the fund not available elsewhere;
- 16.12 purchase or sell any bearer securities, or securities which may result in assumption of unlimited or undetermined liability;
- 16.13 issue at any time, without the prior approval of the SECP in writing, a senior security which is either stock or represents indebtedness;
- 16.14 apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;

17. TERMINATION OF THE CLOSED-END SCHEME

17.1 By the Investment Adviser

The Investment Adviser may terminate AKDITF at any time by giving at least three months notice to Certificate holders and shall disclose the grounds of its decision.

17.2 By the Securities and Exchange Commission of Pakistan

If the SECP considers that further continuation of the authorization of AKDITF will not be in the interest of Certificate holders, it will give a three months notice to the Certificate holders about its intention not to maintain such authorization, provided that no notice shall be served without offering an opportunity of hearing to the Investment Adviser.

17.3 Winding up

In case of termination of the AKDITF, the Investment Adviser shall be required to wind-up the AKDITF and distribute the realized proceeds to the Certificate holders in such a manner and within such time as may be specified by the SECP.

18. APPLICATION AND ALLOTMENT INSTRUCTIONS

18.1 Name(s) and address(es) must be written in full, in block letters, in English and should not be abbreviated. All applications must bear the signature and addresses corresponding with that recorded with the bank in that account. In case of difference of signature with the bank and the National Identity Card / Power of Attorney (as the case may be), both signatures should be affixed on the application form.

18.2. APPLICATION MUST BE MADE ON THE FUND'S PRINTED FORM OR A LEGIBLE PHOTOCOPY THEREOF.

18.3. The applicants opting for scrip-less form of security are required to complete the relevant sections of the application. In case of discrepancy between the information provided in the application form and the information already held by CDS, the Investment Adviser reserves the right to issue Certificates in physical form.

18.4 a) In case of individual investors, an attested copy of National Identity Card / Passport (in case of overseas Pakistanis) should invariably be enclosed and the number indicated against the name(s) of applicant(s), except in case of the application filed by the Investment Corporation of Pakistan on behalf of their account holders / investors. Copy of the National Identity Card / Passport can be attested by any Federal / Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner or Head Master of High School etc.

b) Original National Identity Card, along with one attested photocopy, must be produced for verification, to the branch at the time of presenting an application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

18.5 a) Applications made by companies, corporate bodies, pension / gratuity funds / trusts and other legal entities must be accompanied by a copy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copy of such documents can be attested by any Federal / Provincial Government Gazetted Officer, Councilors, Bank Manager, Oath Commissioner or Head Master of High School etc.

b) Attested copies of the documents mentioned in the para above must be produced for verification to the branch at the time of submission of application. The attested copy will, after verification, be retained by the bank along with the application.

- 18.6 a) Subscription money must be paid by cheque / drafts drawn on the applicant's own account.
- b) Remittance for the full amount of Certificates at Rs. 10/- per certificate must accompany each application and must be forwarded to any one of the bankers to the offer named in the Offering Document. Payments should be in the form of cheques or drafts drawn payable to one of the Bankers to the Offer **"A/C CDC - TRUSTEE --- AKD INDEX TRACKER FUND"** and crossed, **"A/C PAYEES ONLY"** and must be drawn on a bank in the same town as the bank to which the application has been sent.
- c) All applications must bear the signature and address corresponding with that recorded with the bank in the applicant's account.
- d) Only one application will be accepted against each account. In case of Joint accounts, one application will be accepted in the name of each of the joint account holders. No application will be accepted in the name of a person shown as minor in the records of the bank.
- 18.7. Copies of the Offering Document and application forms can be obtained from members of the Karachi Stock Exchange (Guarantee) Limited, the Bankers to the Offer and their branches and the registered office of the Investment Adviser (AKD Investment Management Limited).
- 18.8. Applications are not to be made by minors and persons of unsound mind.
- 18.9 Joint applications from more than four persons will not be accepted. In case of joint applications each party must sign the application form and submit copies of attested National Identity Card / Passport (in case of overseas Pakistanis). The Certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the respective CDS account and where any amount is refundable, in whole or in part, the same will be refunded by cheque by post, or through the bank where the application was lodged, to the person named first on the application form, without interest, profit or return.
- 18.10 Applications for Certificates above the total value of Rs.5,000/- may be made by banks / members of the Stock Exchange on behalf of their constituents but must contain all the information in respect of each constituent on the application form. All such applications made by banks / members of the stock exchanges must also be certified by the Bank Manager concerned as provided in the application form. Certificates in respect of such applications will be made in the name of banks / member of the stock exchanges on account of the constituent and the relevant Certificates and advice for refunds will be sent to the bank / stock exchange member concerned.
- 18.11 No receipt will be issued for payment made with the application but an acknowledgement will be forwarded in due course either by issuance of Certificates in whole or in part or by return of the money paid with the application. The Bankers to the Offer will issue provisional acknowledgement for applications lodged with them. No interest or profit will be payable in respect of the refunded amount.
- 18.12 It would be permissible for a bank to refund subscription money to unsuccessful applicants having an account in their bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should therefore, not fail to give their bank account numbers.
- 18.13 Allotment shall be made in accordance with the instructions of the Securities and Exchange Commission of Pakistan.
- 18.14 Applications shall be subject to pre-ballot as well as post-ballot scrutiny. Applications, which do not meet with the above requirements, or applications, which are incomplete, will be rejected. Subscription money in respect of rejected applications shall not be refunded without the approval of the Securities & Exchange Commission of Pakistan.
- 18.15 In case of application made by a banker or Stock Exchange member, the banker or Stock Exchange member shall obtain the certificate from the applicant(s) in terms of paragraph 3 of the application form and forward the same in original to the company with the application.

- 18.16 Making of any false statement in the application or will fully embodying incorrect information therein will make the applicant or the bank liable to legal action.
- 18.17 Fictitious and multiple applications are prohibited and such application money shall be liable to confiscation under section 18A of the Securities and Exchange Ordinance, 1969.
- 18.18 The basis of allotment shall be as follows:
- 18.18.1 Application for the Certificate below the total value of Rs. 5,000/- shall not be entertained.
- 18.18.2 Application for the Certificates must be made for 500 Certificates or in multiples thereof.
- 18.18.3 An applicant will be entitled to apply in one category of application only.
- 18.18.4 If the Certificates to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
- 18.18.5 If the issue is oversubscribed in terms of number of applications and amount, the distribution shall be made by computer balloting, in the presence of representatives of the Stock Exchange.
- 18.18.6 In case of over subscription of amount only, then all applications shall be accommodated initially for 500 Certificates and the balance shall be allotted on pro-rata basis to applicants who have applied for Certificates in multiples of 500 certificates.
- 18.18.7 Allotment of Certificates will be subject to scrutiny of applications for subscription.

BANKERS TO THE ISSUE	
01) Allied Bank Limited	07) Habib Bank Limited
02) Askari Commercial Bank Limited	08) Metropolitan Bank Limited
03) Bank Alfalah Limited	09) MCB Bank Limited
04) Bank Al Habib Limited	10) National Bank of Pakistan
05) Crescent Commercial Bank Limited	11) United Bank Limited
06) Faysal Bank Limited	

CODE OF OCCUPATION	
01. Business	02. Business Executive
03. Service	04. Housewife
05. Household	06. Professional
07. Student	08. Agriculturist
09. Industrialist	10. Others

19. DEFINITIONS

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

- 19.1. **"Accounting Date"** means in case of the final Accounting Period, the date on which money required for the final distribution is transferred to the Distribution Account, and in any other case the thirtieth day of June in each year provided that the Investment Adviser with the written consent of the Trustee and approval of SECP may change such date to any other date.
- 19.2. **"Accounting Period"** means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Deposited Property is first paid and transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 19.3. **"Annual Fee"** means any fee payable to SECP under the Rules.
- 19.4. **"Auditors"** means the Auditor of the Trust appointed by the Investment Adviser.
- 19.5. **"Authorized Investment"** means investments transacted, issued, traded and listed inside Pakistan and includes any of the following:
 - a) All Companies which are and would constitute the KSE-100 Index.
 - b) Dividend income would be invested in:
 - i) Deposits in Scheduled Banks on profit and loss (PLS) basis;
 - ii) Units in any unit trust schemes;
 - iii) Any other Investment which is/are in line with the basic investment objectives of the Fund, with the approval of SECP.

The Authorized Investment shall not include bearer security or any other security that would involve the assumption of unlimited or undeterminable liability.
- 19.6. **"Bank"** means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force.
- 19.7. **"Bank Accounts"** means accounts maintained with a Bank, the beneficial ownership of which vests in the Holder.
- 19.8. **"Business Day"** means a day on which Banks are open for business in Pakistan.
- 19.9. **"Bonus Certificates"** means the certificates issued on distribution of the distributable income, in the form of stock dividend.
- 19.10. **"Book Entry Certificates"** means certificates that have been entered into the Central Depository System.
- 19.11. **"CDC"** means Central Depository Company of Pakistan Limited.
- 19.12. **"Central Depository System"** means the central depository system (CDS) established and operated by the CDC under section 4 of the Central Depositories Act, 1997.
- 19.13. **"Certificate"** means one undivided certificate in the Trust.
- 19.14. **"Certificate of holding"** means the definitive certificate acknowledging the number of certificates of the par value of Rs. 10/- registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of this Deed.

- 19.15 **"Companies Ordinance"** means the Companies Ordinance, 1984, as amended from time to time.
- 19.16 **"Connected Person"** shall have the same meaning as in the Rules.
- 19.17 **"Constitutive Document"** means the Trust Deed, which is the principal document governing the formation, management or operation of the Trust.
- 19.18 **"Custodian"** means a Bank, a Central Depository Company, or any other depository for the time being appointed by the Trustee with the approval of the Investment Adviser to hold and protect the Deposited Property or any part thereof as custodian on behalf of the Trustee.
- 19.19 **"Deposited Property"** means the Investment and all income, profit and other benefits arising there from and all cash and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Holders pursuant to this Deed but does not include any amount standing to the credit of the Distribution Account.
- 19.20 **"Distribution Account"** means the Bank Account, which may be current, saving or deposit account, maintained by the Trustee with a Bank, approved by the Investment Adviser, in which the amount required for the distribution of income to the Holders shall be transferred.
- 19.21 **"Duties and Charges"** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property or increase or decrease of the Deposited Property on the sale or purchase of investments or in respect of the issue, 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 any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 19.22 **"Formation Cost"** means all preliminary and floatation expenses of the Trust, including expenses in connection with the authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation and publication of the Prospectus and all other expenses incurred during the Initial Offering Period.
- 19.23 **"Financial Institution"** means a NBFC, licensed under the Rules, a Modaraba registered under the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 and a DFI regulated by the State Bank of Pakistan or any other corporate body recognized as a financial institution under the laws of Pakistan.
- 19.24 **"Holder" or "Holders" or "Certificate Holder" or "Certificate Holders"** means the Certificate Holder(s) for the time being entered in the Register as owner of the Certificate, including jointly so registered, pursuant to the provisions of this Deed.
- 19.25 **"Investment"** means any Authorized Investment forming part of the Deposited Property.
- 19.26 **"Net Assets"**, in relation to the Trust, means the excess of assets over liabilities of the Trust, such excess being computed in the manner specified hereunder: -
- a) A security listed on a stock exchange shall be valued at its last sale price on such exchange 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 asked price nor lower than the closing bid price.
 - b) An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held, and the cash account of the Fund shall be adjusted to reflect the purchase price, including brokers commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;

- c) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
 - d) The value of any dividends, bonus, certificates or right which may have been declared on securities in the portfolio but not received by the Fund as of the close of business on the valuation date shall be included as assets of the Fund, 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;
 - e) 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;
 - f) Mark-up accrued on any mark-up bearing security in the portfolio shall be included as an asset of the Fund, if such accrued interest is not otherwise included in the valuation of the security;
 - g) Any other income accrued up to the date on which computation was made shall also be included in the assets; and
 - h) All liabilities, expenses, taxes and other charges, including Annual Fee due or accrued up to the date of computation which are chargeable under these rules, other than the paid-up capital of the Fund, shall be deducted from the value of the assets.
 - i) The remuneration accrued up to the date of computation payable to the Investment Adviser shall be included as an expense.
- 19.27 **"Net Asset Value" or 'NAV'** means per Certificate value of the Fund arrived at by dividing the Net Assets by the number of Certificates outstanding.
- 19.28 **"Ordinance"** means the Securities and Exchange Ordinance, 1969, as amended from time to time.
- 19.29 **"Par Value"** means the face value of a Certificate that shall be Rupees Ten (Rs. 10).
- 19.30 **"Personal Law"** means the law of inheritance and succession as applicable to the individual Holder.
- 19.31 **"Pre-IPO Investors"** means the initial investors, who shall be required to subscribe to the Certificates in the pre-IPO.
- 19.32 **"Prospectus"** means the advertisement or other document, which contains the investment and distribution policy and all other information in respect of the Trust, as required by the Rules and is calculated to invite offers by the public to invest in the Trust.
- 19.33 **"Proxy"** means written authority given by a Holder to another person to attend the meeting of the Holders, called by the Investment Adviser, pursuant to this Deed. Proxy shall be issued in the same manner and on the same terms as provided in the Companies Ordinance.
- 19.34 **"Register"** means the Register of the Holders kept pursuant to the Rules and this Deed.
- 19.35 **"Registrar"** means a company including a Bank that the Investment Adviser shall appoint for performing the Registrar Functions.
- 19.36 **"Registrar Functions"** means the functions with regard to:
- a) Maintaining the Register;
 - b) Receiving application for transfer/ transmission of Certificates directly from Holder or legal representatives;
 - c) Processing requests for transfer and transmission of Certificates with regard to the Holders and effectuating such transfers in the Register;

- d) Issuing Certificates to Holders;
- e) Dispatching income distribution warrants;
- f) Canceling old Certificates on replacement; and
- g) Keeping record of change of addresses/ other particulars of the Holders.

19.37 **"Reporting" or "Base Currency"** means Pakistani Rupee in which financial reports are presented.

19.38 **"Resolution"** means a resolution that has been passed pursuant to this Deed by a majority of not less than three-fourth of such Certificate Holders entitled to vote as are present in person or by Proxy at a general meeting of which not less than twenty-one days notice specifying the intention to propose the resolution has been duly given.

19.39 **"Rules"** means the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, as amended from time to time.

19.40 **"Scheme of Arrangement for Amalgamation" or "Scheme"** means a Scheme for re-organization and merger of this Trust with other closed-end or open-ended trust, as approved by SECP. The Scheme shall also lay down the investment, distribution and other operational policies of the Fund.

19.41 **"SECP or Commission"** 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.

19.42 **"Stock Exchange"** means Karachi Stock Exchange.

19.43 **"Transaction Day"** means every Business Day on which the Stock Exchange is open for business.

19.44 **"Trust", "Fund", "Closed-end Scheme" or "Closed-end Trust"** means the AKD Index Tracker Fund constituted by the Trust Deed dated January 03, 2005, as a closed-end scheme, whose Certificates are traded at a Stock Exchange.

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 words, "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.

20. SIGNATORIES TO THE OFFERING DOCUMENT

Name	Position on the Board of the Investment Adviser	Signature
Mr. Mohammad Aliuddin Ansari	Chairman	-sd-
Mr. Faisal Bengali	Chief Executive Officer	-sd-
Mr. Sadiq Hussain	Director	-sd-
Mr. Farrukh Shaukat Ansari	Director	-sd-
Mr. Kashif Shamim	Director	-sd-
Mr. Farooq Ahmed Awan	Director	-sd-
Mr. Farrukh Hamid Sabzwari	Director	-sd-

Dated: September 27, 2005

Place: Karachi, Pakistan.

Witness: Muhammad Yaqoob Sultan

Address: AKD Investment Management Limited

NIC No.: 42201-5923953-3

LIST OF MATERIAL CONTRACTS
Trust Deed

Trust Deed signed between AKD Investment Management Ltd. as the Investment Adviser and Central Depository Company of Pakistan Limited as the trustee, on January 03, 2005 to constitute AKD Index Tracker Fund.

Underwriting Agreements between AKD Investment Management and following underwriters:

1. Agreement with A.R. Securities (Private) Limited dated June 29, 2005 to underwrite 5,000,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
2. Agreement with Javed Omer Vohra & Company Limited dated February 21, 2005 to underwrite 3,000,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
3. Agreement with National Bank Pakistan Ltd dated March 7, 2005 to underwrite 2,500,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
4. Agreement with Pakistan Kuwait Investment Company (Private) Limited dated March 1, 2005 to underwrite 2,500,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
5. Agreement with First International Investment Bank Limited dated February 18, 2005 to underwrite 2,500,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
6. Agreement with Saudi Pak Leasing Company Limited dated March 1, 2005 to underwrite 2,000,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
7. Agreement with Arif Habib Securities Limited dated June 7, 2005 to underwrite 2,000,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
8. Agreement with Aqeel Karim Dhedhi Securities (Private) Limited dated June 29, 2005 to underwrite 2,000,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
9. Agreement with Pakistan Industrial Credit and Investment Corporation Limited dated February 21, 2005 to underwrite 1,500,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
10. Agreement with Crescent Standard Investment Bank Limited dated May 18, 2005 to underwrite 1,500,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.
11. Agreement with Crescent Leasing Corporation Ltd. dated February 18, 2005 to underwrite 500,000 certificates at Rs. 10 per certificate for a fee of 0.75% with a take-up fee of 0.75%.

ANNEXURE "B"
**AUDITORS' CERTIFICATE ON RECEIPT OF SUBSCRIPTION MONEY FROM
INVESTORS OF AKD INDEX TRACKER FUND (AKDITF)**

The Board of Directors
AKD Investment Management Limited
606, Continental Trade Centre
Block - 8 Clifton,
Karachi.

Dear Sir,

As requested we are pleased to confirm to have verified from books and records of the company that Rs. 500 million (Rupees Five Hundred Million) have been received in the subscription bank account by AKD Index Tracker Fund (the Fund) as Pre-Initial Public Offer subscription money procured by AKD Investment Management Limited as follows:

S. No	Names of Investors	No. of Certificates	Total value in Rs.
1	Aqeel Karim Dhedhi Securities (Private) Limited	7,500,000	75,000,000
2	Javed Omer Vohra & Company Limited	3,000,000	30,000,000
3	Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	2,500,000	25,000,000
4	National Bank of Pakistan	2,500,000	25,000,000
5	Pakistan Kuwait Investment Company (Pvt.) Ltd.	2,500,000	25,000,000
6	Metropolitan Bank Limited	2,500,000	25,000,000
7	Robert Finance Corporation AG	2,000,000	20,000,000
8	Bank Alfalah Limited	1,500,000	15,000,000
9	Crescent Standard Investment Bank	1,500,000	15,000,000
10	Pakistan Industrial Credit & Investment Corporation Ltd.	1,000,000	10,000,000
11	Habib Bank AG Zurich	650,000	6,500,000
12	First International Investment Bank Limited	500,000	5,000,000
13	Habib Bank Limited	500,000	5,000,000
14	Intermarket Securities (Pvt.) Ltd.	500,000	5,000,000
15	Attock Cement Pakistan Ltd. Non-Management Employees Pension Fund	300,000	3,000,000
16	Attock Cement Pakistan Ltd. Non-Management Employees Gratuity Fund	300,000	3,000,000
17	Sherman Securities (Pvt.) Ltd.	250,000	2,500,000
18	Elixir Securities Pakistan (Pvt.) Ltd.	250,000	2,500,000
19	Seren Global Investments BVI	250,000	2,500,000
20	Shafi (Private) Limited	250,000	2,500,000
21	AKD Investment Management Limited	250,000	2,500,000
22	Jan Muhammad A. Latif Nini & Sons (Pvt.) Ltd.	200,000	2,000,000
23	Gasco Engineering (Pvt.) Ltd.	200,000	2,000,000
24	Zillion Capital Securities (Pvt.) Ltd.	100,000	1,000,000
25	Ismail Iqbal Securities (Pvt.) Ltd.	100,000	1,000,000
26	Avari Hotels Limited	10,000	100,000
27	Individuals	18,890,000	188,900,000
	Total	50,000,000	500,000,000

We also confirm that the above amount includes Rs. 29,000,000/- (Rupees Twenty Nine Million Only) received from outside Pakistan in respect of which we have verified Proceed Realization Certificates.

We further confirm that to the best of our information the Fund has not carried on any business activity nor has acquired any property, to date.

Sd/-
M. Yousuf Adil Saleem & Co.
Chartered Accountants

ANNEXURE "C"
TARIFF STRUCTURE

The trustee remuneration shall consist of reimbursement of actual custodial expense/charge plus the following tariff:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Up to Rs. 250 million	0.20% p.a.
On amount exceeding Rs. 250 Million up to Rs. 500 million	Rs.500,000 plus 0.15% p.a. on amount exceeding Rs. 250 million
On amount exceeding Rs. 500 Million up to Rs. 2,000 million	Rs. 875,000 plus 0.08% on amount exceeding Rs.500 million
On amount exceeding Rs. 2,000 Million up to Rs.5,000 million	Rs.2, 075,000 plus 0.06% p.a. on amount exceeding Rs. 2,000 million
On amount exceeding Rs. 5,000 Million	Rs. 3,875,000 plus 0.05% p.a. on amount exceeding Rs. 5,000 million

FICTITIOUS AND MULTIPLE (MORE THAN ONE) APPLICATIONS ARE PROHIBITED AND SUCH APPLICANTS' MONEY SHALL BE LIABLE TO CONFISCATION UNDER SECTION 18-A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969.

AKD INDEX TRACKER FUND

Managed by AKD Investment Management Limited

APPLICATION FOR CERTIFICATES
(Please see overleaf for instructions)

**Subscription Dates: During Banking hours on
October 19, 2005 and October 20, 2005**



**AKD Investment
Management Ltd.**

Central Depository Company of Pakistan
Trustee-AKD Index Tracker Fund
8th Floor, KSE Building
Karachi.

For the applicant(s) opting for credit to their Account in the Central Depository Company of Pakistan Limited, refer to Instruction No. 3 overleaf.
(Please fill in any one of the applicable Category)

ISSUE AND DISPATCH OF CERTIFICATES									
Tick one		☐		Physical		at Rs. 10 per Certificate			
☐		☐		CDC		at Rs. 10 per Certificate			
1 CDC PARTICIPANT NAME:		SUB-ACCOUNT NO.				HOUSE ACCOUNT NO.			
ID									
2 CDC INVESTOR SERVICES A/C ID		CDC INVESTOR ACCOUNT NO.							

Gentleman,

1 I/We enclose the sum of Rs. _____ being the amount payable on application for _____ Certificates of Rs. 10 each

Category of Application	Amount (Rs.)
For 500 Certificates	
For Certificates in multiples of 500 Certificates	

2. I/We apply for and request you to issue me/us the above number of Certificates for the value indicated above and I/We agree to accept the same or any smaller number that may be issued to me/us upon the terms of the Prospectus and subject to the Trust Deed of the Fund and I/We authorise you to send the certificates issued to me/us pursuant to /this application and in case no Certificates are issued to me / us you are hereby authorized to return to me / us by cheque or other means any application money by post at my / our risk to the first address written below or to the bank through which I / We tender this application.

3 I/WE DECLARE THAT:

- I AM/WE ARE NATIONAL (S) OF PAKISTAN AND RESIDENT(S) / NON RESIDENTS IN PAKISTAN
- I AM/WE ARE NOT MINOR (S)
- I/WE HAVE NOT MADE NOR HAVE I/WE INSTRUCTED ANY OTHER PERSON(S)/INSTITUTION(S) TO MAKE ANY OTHER APPLICATION(S) IN MY/OUR NAME(S) ANY OTHER APPLICATION(S) IN MY/OUR NAME(S) OR IN THE NAME OF ANY OTHER PERSON ON MY/OUR BEHALF OR IN ANY FICTITIOUS NAME
- I/WE AGREE TO ABIDE BY THE INSTRUCTIONS PRINTED OVERLEAF AND IN CASE OF ANY INFORMATION GIVEN HEREIN BEING INCORRECT I/WE UNDERSTAND THAT I/WE SHALL NOT BE ENTITLED TO THE ISSUE OF CERTIFICATES.
- I/WE AGREE TO ABIDE BY THE INSTRUCTIONS PRINTED OVERLEAF AND IN CASE OF ANY INFORMATION GIVEN HEREIN BEING INCORRECT I/WE UNDERSTAND THAT I/WE SHALL NOT BE ENTITLED TO THE ISSUE OF CERTIFICATES.

Yours faithfully,

(a) _____ (b) _____ (c) _____ (d) _____ Signature(s)

4. FULL NAME(S) & ADDRESS(ES) MUST BE WRITTEN IN BLOCK LETTERS. PLEASE ALSO INDICATE MR./MISS/MRS. BEFORE THE NAME (S) IN CASE OF DIFFERENCE OF SIGNATURE(S) WITH THE BANK AND ON NIC, BOTH SIGNATURES SHOULD BE AFFIXED ON THIS FORM

In case of difference of signature(s) with the Bank and on N.I.C. both the signatures should be affixed on the form.									
a) Name in Full (Mr./Mrs./Miss)					New NIC No				
Father's Name / Husband's Name					Address				
Banker's Name and Address									
Bank A/c #						Whether Muslim or Non-Muslim Tick one ☐ Muslim ☐ Non-Muslim			
FOR JOINT HOLDERS									
a) Name in Full (Mr./Mrs./Miss)					New NIC No				
Father's Name / Husband's Name					Address				
Banker's Name and Address									
Bank A/c #						Whether Muslim or Non-Muslim Tick one ☐ Muslim ☐ Non-Muslim			
a) Name in Full (Mr./Mrs./Miss)					New NIC No				
Father's Name / Husband's Name					Address				
Banker's Name and Address									
Bank A/c #						Whether Muslim or Non-Muslim Tick one ☐ Muslim ☐ Non-Muslim			
a) Name in Full (Mr./Mrs./Miss)					New NIC No				
Father's Name / Husband's Name					Address				
Banker's Name and Address									
Bank A/c #						Whether Muslim or Non-Muslim Tick one ☐ Muslim ☐ Non-Muslim			

* Occupation
CODE
* Occupation
CODE
* Occupation
CODE
* Occupation
CODE

* Please indicate the applicable code number of occupation as per overleaf.

(TO BE FILLED IN BY THE APPLICANT'S BANKER)	
I, _____ Manager of _____ (the "Bank") certify that the Bank has not advanced any money for the purpose of this application / has advanced Rs. _____ /- for the purpose of this application and that to the best of my knowledge and belief, the declaration of or on behalf of the applicant contained in sub-paragraph (iii) of paragraph 3 above is correct.	MANAGER'S SIGNATURE

SPECIMEN SIGNATURE (S) OF APPLICANTS OR OF THE BANKER OR BROKER ON BEHALF OF THE APPLICANT(S) (THIS WILL NOT BE SIGNED BY THE BANKER / BROKER IF THE APPLICATION IS FOR 500 CERTIFICATES)

NAME(S) IN BLOCK LETTERS	SPECIMEN SIGNATURE(S)
(a) Mr./Mrs./Miss.	(a)
(b) Mr./Mrs./Miss.	(b)
(c) Mr./Mrs./Miss.	(c)
(d) Mr./Mrs./Miss.	(d)

Banker's provisional acknowledgment of application for Certificates of AKD Index Tracker Fund			
Received from _____ an application for _____ Certificates of Rs. 10 each			
Name of Bank	Branch Code	Serial No.	Date of Receipt

IMPORTANT: This slip must be retained by the Applicant

APPLICATION AND ALLOTMENT INSTRUCTIONS

1. Name(s) and address(es) must be written in full, in block letters, in English and should not be abbreviated. All applications must bear the signature(s) and address(es) corresponding with that recorded with the bank in that account. In case of a difference between the signature(s) with the bank and on the National Identity Card/Power of Attorney (as the case may be), both signatures should be affixed on the application form.
2. APPLICATION MUST BE MADE ON THE FUND'S PRINTED FORM OR A LEGIBLE PHOTOCOPY THEREOF.
3. The applicants opting for scrip less form of security are required to complete the relevant sections of the application. In case of a discrepancy between the information provided in the application form and the information already held by CDS, the offerer reserves the right to issue the certificates in physical form.
4. a) In case of individual investors, an attested copy of the National Identity Card/Passport (in case of overseas Pakistanis) should invariably be enclosed and the number indicated against the name(s) of applicant(s), except in case of the application filed by the Investment Corporation of Pakistan on behalf of their account holders/investors, Copies of the National Identity Card/Passport can be attested by any Federal/Provincial Government Gazetted Officer, Councillor, Bank Manager, Oath Commissioner or Head Master of High School, etc.
- b) Original National Identity Card, along with one attested photocopy, must be produced for verification, to the branch at the time of presenting an application. The attested photocopy will, after verification, be retained by the bank branch along with the application.
5. a) Application made by companies, corporate bodies, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by a copy of their Memorandum and Articles of Association or equivalent instrument/document. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copy of such documents can be attested by any Federal/Provincial Government Gazetted Officer, Councillor, Bank Manager, Oath Commissioner or Head Master of High School, etc.
- b) Attested copy of the documents mentioned paragraph (5 a) above must be produced for verification to the branch at time of application.
6. a) Subscription money must be paid by cheque/draft drawn on the applicant's own account.
- b) Remittance for the full amount of Certificates at Rs. 10/- per Certificate must accompany each application and must be forwarded to any one of the Bankers to the Issue named in the Offering Document. Payment should be in the form of cheque of drafts payable to one of the Bankers to the Issue "**A/C TRUSTEE - AKD INDEX TRACKER FUND**" and crossed "**A/C PAYEES ONLY**" and must be drawn on a bank in the same town as the bank to which the application has been sent.
- c) All Application(s) must bear the signature and address corresponding with that recorded with the bank in the applicant's account.
- d) Only one application will be accepted against each account. In case of joint accounts, one application will be accepted in the name of each of the joint account holders. No application will be accepted in the name of a person shown as minor in the records of the bank.
7. Copies of the Offering Document and application forms can be obtained from members of the Karachi Stock Exchange (Guarantee) Limited, the Bankers to the Issue and their branches and the registered office of the Investment Adviser, **AKD INVESTMENT MANAGEMENT LIMITED**.
8. Applications are not to be made by minors and persons of unsound mind.
9. Joint applications from more than four persons will not be accepted. In case of joint applications, each party must sign the application form and submit copies of their attested National Identity Card/Passport (in the case of overseas Pakistani & foreign nationals). The Certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the respective CDS account. Where any amount is refundable, in whole or in part, the same will be refunded by cheque by post, or through the bank where the application was lodged, to the person named first on the application form without interest, profit or return.
10. Banks are not allowed to make applications for Certificates of the value Rs. 5,000/- on account of their constituents except in the case of overseas Pakistanis. Such applications will be made by the subscriber himself, complete in all respects and shall be certified by the Bank Manager as provided in the application form. Certificates in respect of such applications shall be issued in the name of the applicant and sent to the postal address stated in the application or the address of the Bank through which the application was tendered, while in the case of CDS, it will be credited to the respective CDS account. These will not be issued in the name of aforesaid banking companies.
11. Applications for the Certificates above the total value of Rs. 5,000/- may be made by Banks/members of the Stock Exchanges on behalf of their constituents but must contain all the information in respect of each constituent on the application form. All such applications made by banks/members of the Stock Exchanges must also be certified by the concerned Branch Manager as provided in the application form. Certificates in respect of such applications will be made in the name of the Banks/members of the Stock Exchanges on account of the constituent and the relevant Certificates and advice for refunds will be sent to the Bank/Stock Exchange member concerned.
12. No receipt will be issued for payment made with the application but an acknowledgement will be forwarded in due course either by issuance of Certificates in whole or in part or by return of the money paid with the application. The Bankers in the offer will issue provisional acknowledgement for applications lodged with them. No interest or profit will be payable in respect of the refunded amount.
13. It would be permissible for a bank to refund subscription money to unsuccessful applicants having an account in their bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should therefore not fail to give their bank account numbers.
14. Allotment shall be made in accordance with the instructions of the Securities & Exchange Commission of Pakistan.
15. Applicants shall be subject to pre-ballot as well as post ballot scrutiny. Applications which do not meet with the above requirements or applications which are incomplete will be rejected. Subscription money in respect of rejected applications shall not be refunded without the approval of the Securities and Exchange Commission of Pakistan.
16. In case of application made by a banker or member of the Stock Exchange, the banker or the member shall obtain the Certificate from the applicant(s) in terms of paragraph 3 of the application form and forward the same in original to the Investment Advisor with the application.
17. Making of any false statement in the application or willfully embodying incorrect information therein will make the applicant or the bank liable to legal action.
18. **Fictitious and multiple applications are prohibited and such application money shall be liable to confiscation under section 18 A of the Securities and Exchange Ordinance, 1969.**
19. The basis of allotment shall be as follows:
 - a) Application for the Certificates below the total value of Rs. 5,000/- shall not be entertained.
 - b) Application for the Certificates must be made for 500 certificates or in multiples thereof.
 - c) An applicant will be entitled to apply in one category of application only.
 - d) If the Certificates to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
 - e) If the issue is oversubscribed in terms of number of applications and amount, the distribution shall be made by computer balloting, in the presence of representatives of the Stock Exchange.
 - f) In case of over subscription of amount only, then all applications shall be accommodated initially for 500 Certificates and the balance shall be allotted on pro-rata basis to applicants who have applied for Certificates in multiples of 500 Certificates.
 - g) Allotment of Certificates will be subject to scrutiny of applications for subscription.

BANKERS TO THE ISSUE

01) Allied Bank Limited	07) Habib Bank Limited
02) Askari Commercial Bank Limited	08) Metropolitan Bank Limited
03) Bank Alfalah Limited	09) MCB Bank Limited
04) Bank Al Habib Limited	10) National Bank of Pakistan
05) Crescent Commercial Bank Limited	11) United Bank Limited
06) Faysal Bank Limited	

CODE OF OCCUPATION

01. Business	02. Business Executive
03. Service	04. Housewife
05. Household	06. Professional
07. Student	08. Agriculturist
09. Industrialist	10. Others