AKD Investment Management Ltd.

Stewardship Policy

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Table of Contents

INTRODUCTION:

At AKD Investment Management Limited (“AKDIML”), we recognize the critical role we play as institutional investors in safeguarding the interests of our unit holders, investors and beneficiaries. Our stewardship policy underscores our commitment to responsible and impactful stewardship, guiding our engagements with investee companies to promote transparency, accountability, and sustainable growth. This policy encompasses the principles and practices that govern our interactions, reflecting our dedication to acting in the best interests of those we serve.

GUIDING PRINCIPLES:

Stewardship Policy of AKD Investment Management Limited has been developed as required under Non-Banking Finance Companies and Notified Entities Regulations, 2008 and in accordance with the Stewardship Guidelines for Institutional Investors issued under section 40B of the SECP Act, 1997 (XLII of 1997). The Stewardship Guidelines comprise a set of principles, intends to guide institutional investors on effective exercise of their stewardship responsibilities with due regard both to their investors and investee companies. These principles are:

Principle 1 – Stewardship Policy
Principle 2 – Voting Policy and its Disclosure
Principle 3 – Monitoring Investee Companies
Principle 4 – Policy on Engagement with the Investee Companies
Principle 5 – Managing Conflict of Interest
Principle 6 – Incorporating Sustainability Considerations

DISCLOSURE:

The Stewardship policy will be disclosed on the website of AKDIML and would be updated as and when required. AKDIML, on annual basis, will publish the report indicating how they have fulfilled their stewardship responsibilities based on ‘comply or explain’ approach.

This policy is owned by the BOD, however the responsibility of maintenance, review and update lies with Investment committee.

PRINCIPLE 1 – STEWARDSHIP POLICY

The Stewardship Policy applies to all Funds managed by AKDIML that have direct investments in listed companies. For Separately Managed Accounts with a specific investment mandate, the extent and nature of the stewardship activities are tailor made and dependent on the beneficial owner's needs. AKDIML stewardship activities are executed within the organization; we do not outsource stewardship activities.

This Stewardship Policy, including the Engagement Policy and Proxy Voting Policy, is updated annually or more frequently, if required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of our stewardship approach. All changes to policies will be approved by Board of Directors. AKDIML in accordance with the requirements of the regulations and guidelines will publicly disclose Stewardship Policy on its website.

The investment management philosophy, strategy, rights & duties, and procedures related to stewardship activities will be governed by respective constitutive documents, applicable laws and Investment Policy Statements. The Stewardship Policy shall be backed by procedures to be included in the system of internal controls to ensure its effective implementation.

AKDIML has also implemented the following documented policies to effectively implement stewardship activities:

i) Corporate Governance & Proxy Voting Policy: To review business operations of listed companies in which we invest and review their statement of companies with the code of corporate governance. To exercise voting responsibilities for the investment of the Funds in the best interest of Investors.

ii) Personal Trading policy: Applies to AKDIML employees to covers all transactions/securities held directly or indirectly in his/her name, spouse name and/or in the name of dependent children, locking period, transaction approvals and etc.

iii) Alignment of Interest policy: Its developed to ensure align the interest of key employees in accordance with the direction of Securities and Exchange Commission of Pakistan (SECP) via NBFC Regulation, 2008 as amended from time to time.

PRINCIPLE 2 – VOTING POLICY AND ITS DISCLOSURE

We recognize the importance of responsible corporate governance and the pivotal role that proxy voting plays in influencing the decisions and actions of the companies in which we invest. To ensure transparency, accountability, and alignment with our values and objectives, AKDIML has formulated a comprehensive Proxy Voting Policy, duly approved by our Board of Directors, that outlines the mechanisms through which we participate in shareholder meetings, whether physically or through proxy voting. Our policy commits to carefully considering various factors when determining our vote on matters, including potential conflicts of interest.

We are dedicated to evaluating each vote to ensure that it aligns with the best interests of our shareholders and the principles of sound corporate governance. Furthermore, our policy underscores our commitment to safeguarding the rights of minority shareholders.

PRINCIPLE 3 – MONITORING INVESTEE COMPANIES

AKDIML has established a structured approach to monitor investee companies comprehensively, taking into account both financial and non-financial factors that could impact their value and sustainable growth. Our overarching objective is to safeguard our investments, ensure adherence to relevant regulations, assess performance, and encourage sustainable growth of the investee companies.

In our monitoring process, we focus on two key categories of factors. First, financial factors encompass the evaluation of the investee company's capital structure, financial performance and remuneration practices. We closely examine their capital allocation strategies, financial health, and executive compensation packages to ensure alignment with business objectives and industry benchmarks.

Secondly, we scrutinize non-financial factors, including compliance with Listed Companies (Code of Corporate Governance) Regulations, the effectiveness of business strategies, risk management practices and the quality of financial audits. This holistic approach enables us to identify risks, assess compliance, and evaluate the long-term viability of the investee companies.

Our monitoring process involves the collection of data from various sources; including but not limited to publicly available information, management interaction through meetings / analyst briefing, and sell side research reports etc. Our Research and Risk Management department conducts a rigorous analysis to identify trends, anomalies, and areas of concern in both financial and non-financial aspects.

Depending on the monitoring level assigned to each investee company and the findings from our monitoring process, we may engage with investee companies to find collaborative solutions, escalate issues to regulatory bodies if necessary, adjust our investment portfolio, or advocate for improved corporate governance and transparency.

Additionally, we specify situations where monitoring may not apply, particularly in the case of immaterial and short-term investments, where the cost of monitoring could outweigh potential benefits.

PRINCIPLE 4 – POLICY ON ENGAGEMENT WITH THE INVESTEE COMPANIES

Our policy underscores the importance of investee companies' adherence to Listed Companies (Code of Corporate Governance) Regulations and outlines our approach to engaging with them when concerns arise. We expect full compliance with these regulations, complemented by periodic assessments to evaluate corporate governance practices and adherence to ethical standards.

In cases where concerns regarding non-compliance or governance issues surface, the Investment

Committee will initiate constructive engagement with investee companies. Our engagement focuses on a wide array of matters, including strategic direction, long-term performance, risk management, capital structure, and corporate governance practices, encompassing culture and remuneration.

Our engagement efforts strictly adhere to legal and ethical boundaries, excluding any pursuit of inside information. We emphasize transparency and conflict avoidance throughout the engagement process.

However, in situations involving immaterial and short-term investments where the Investment Committee believes that the cost of engagement significantly outweighs potential benefits, we may opt not to engage actively.

PRINCIPLE 5 – MANAGING CONFLICT OF INTEREST

AKDIML covers conflict of interest under its Personal Trading Policy and also Proxy Voting Policy. Conflict of interest refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activity. Whenever an issue of conflict arises the mechanism to address conflict of interest will be in accordance with the Regulations.

This will be to identify and manage actual or potential conflict of interest which may include establishment of appropriate Chinese walls.

PRINCIPLE 6 – INCORPORATING SUSTAINABILITY CONSIDERATIONS

AKDIML will deliberate corporate governance and sustainability considerations including Environmental, Social and Governance (ESG) factors to deliver sustainable returns in the long-term interest of Investors. This will include the mechanism of reviewing sustainability considerations, including ESG, in our investment analysis and activities. ESG factors of investee companies will be given due consideration such as environment and social impact and diversity based on available information.