

THE INVESTORS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE OFFERING DOCUMENT IN PARTICULAR THE RISK FACTORS MENTIONED IN SECTION 3.8 AND WARNINGS IN SECTION 10 BEFORE MAKING ANY DECISION



# Offering Document

## Pakistan International Element Islamic Fund (PIEIF)

An Open-end Fund Managed By:

Arif Habib Investment Management Limited

Initial Offer Period:  
From 27 April 2006 to 30 April 2006



# TABLE OF CONTENTS

TABLE OF CONTENTS .....	1
1. PART 1: APPROVAL AND CONSENT .....	3
1.1. OFFERING DOCUMENT .....	3
1.2. DEFINITIONS .....	3
1.3. REGULATORY APPROVAL .....	3
1.4. FILING OF THE OFFERING DOCUMENT .....	3
1.5. RESTRICTIONS .....	4
2. PART II: CONSTITUTION OF THE SCHEME .....	6
2.1. CONSTITUTION OF THE SCHEME .....	6
2.2. OBJECTIVES AND INVESTMENT POLICY .....	6
2.3. TRUST DEED .....	6
2.4. DURATION .....	7
2.5. OPEN-ENDED FUND .....	7
2.6. INITIAL PUBLIC OFFER .....	7
2.7. TRANSACTIONS IN UNITS AFTER THE INITIAL PUBLIC OFFER .....	7
2.8. OFFERING DOCUMENT .....	8
3. PART III: INVESTMENT POLICY AND RESTRICTIONS .....	9
3.1. INVESTMENT OBJECTIVE .....	9
3.2. INVESTMENT POLICY .....	9
3.3. INVESTMENTS OUTSIDE PAKISTAN .....	11
3.4. RESTRICTIONS .....	13
3.5. EXCEPTION TO INVESTMENT RESTRICTIONS .....	14
3.6. BORROWING .....	14
3.7. TRANSACTIONS WITH CONNECTED PERSONS .....	15
3.8. RISKS .....	15
4. PART IV: OPERATORS AND PRINCIPALS .....	17
4.1. MANAGEMENT COMPANY .....	17
4.2. OPEN-ENDED FUNDS: .....	19
4.3. CLOSED-END FUNDS .....	20
4.4. FINANCIAL HIGHLIGHTS OF MANAGEMENT COMPANY .....	20
4.5. DUTIES AND POWERS OF THE MANAGEMENT COMPANY .....	21
4.6. DIRECTORS OF THE MANAGEMENT COMPANY .....	23
4.7. FINANCIAL SUMMARY OF LISTED COMPANIES HAVING COMMON DIRECTORS .....	27
4.9. THE TRUSTEE .....	29
4.10. TRUSTEE: DUTIES AND RESPONSIBILITIES .....	29
4.11. THE DISTRIBUTION COMPANIES .....	31
4.12. THE CORE INVESTORS .....	32
4.13. THE EXTERNAL AUDITOR .....	34
4.14. SHARIAH COMPLIANCE AUDITOR .....	34
4.15. THE REGISTRAR .....	34
4.16. THE LEGAL ADVISOR .....	34
4.17. THE SHARIAH ADVISORY COUNCIL .....	34
5. PART V: CHARACTERISTICS OF UNITS .....	36
5.1. TYPE OF UNITS AND MINIMUM INVESTMENT .....	36
5.2. LEGAL STATUS .....	45
5.3. CORE UNITS .....	45
5.4. DETERMINATION OF NAV .....	45

5.5.	DETERMINATION OF OFFER PRICE .....	46
5.6.	PURCHASE PROCEDURE- ISSUE OF UNITS .....	47
5.7.	REDEMPTION PRICE .....	50
5.8.	REDEMPTION PROCEDURE .....	51
5.9.	TRANSFER, TRANSMISSION AND CONVERSION PROCEDURE .....	52
5.10.	DEALING, SUSPENSION, AND DEFERRAL OF DEALING .....	54
5.11.	CONSOLIDATION OF UNITS .....	56
5.12.	ISSUANCE OF CERTIFICATES .....	57
5.13.	PLEDGE OF UNITS .....	58
6.	PART VI: DISTRIBUTION POLICY .....	59
6.1.	DISTRIBUTION POLICY AND DATE .....	59
6.2.	DISTRIBUTION OF INCOME .....	60
6.3.	DISTRIBUTION OF LIQUIDATION PROCEEDS .....	61
7.	PART VII: FEES AND CHARGES .....	62
7.1.	MANAGEMENT COMPANY REMUNERATION .....	62
7.2.	TRUSTEE REMUNERATION .....	63
7.3.	FORMATION COST .....	63
7.4.	ALLOCATION OF FRONT-END/BACK-END LOAD .....	63
7.5.	PAYMENT OF UNITS IN FOREIGN CURRENCY .....	64
7.6.	OTHER FEES AND CHARGES .....	65
8.	PART VIII: TAXATION .....	66
8.1.	TAXATION ON INCOME OF PIEIF .....	66
8.2.	TAXATION OF UNIT HOLDERS AND LIABILITY OF ZAKAT .....	66
9.	PART IX: REPORTS AND ACCOUNTS .....	68
9.1.	ACCOUNTING PERIOD .....	68
9.2.	ACCOUNTING DATE .....	68
9.3.	AUDIT .....	68
10.	PART X: WARNINGS .....	70
11.	PART XI: GENERAL INFORMATION .....	71
11.1.	CONSTITUTIVE DOCUMENTS .....	71
11.2.	DATE OF PUBLICATION OF THIS OFFERING DOCUMENT .....	72
11.3.	STATEMENT OF RESPONSIBILITY .....	72
12.	PART XII: TERMINATION OF THE SCHEME .....	73
12.1.	TERMINATION AND LIQUIDATION OF TRUST .....	73
13.	DEFINITIONS .....	74

## 1. PART 1: APPROVAL AND CONSENT

### 1.1. OFFERING DOCUMENT

This Offering Document sets out the arrangements covering the basic structure of the Pakistan International Element Islamic Fund (the “Fund”, the “Scheme” or “PIEIF”). It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund. The provisions of the Trust Deed mentioned in Part 2.2, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (“the Rules”) and the Shariah Code as specified hereafter govern this Offering Document .

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 financial advisers.

Investors must recognize that all Investments involve risk. It should be clearly understood that the Fund’s portfolio will be subject to market fluctuations and risks inherent in all such Investments. The value of Units of the Fund may appreciate as well as depreciate and the level of dividends declared by the Fund cannot be assured.

All Investments of the Fund shall be in adherence with the Islamic Shariah. It is possible that adherence to the Islamic Shariah will cause the Fund to perform differently from funds with similar objectives, but that are not subject the Islamic Shariah.

### 1.2. 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 13 hereof or in the Trust Deed.

### 1.3. REGULATORY APPROVAL

The Commission has, vide its letter No. NBFC (II)-R/AHIM-PIEIF/796 dated 10 November 2005, authorized the formation of an open-ended scheme, under the name, “Pakistan International Element Islamic Fund”, under Rule 67 of the Rules. The Commission has approved this Offering Document, under Rule 70 of the Rules vide letter No. NBFC-II/JD(R)/AHIML-PIEIF-142 dated 10 March 2006

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

### 1.4. FILING OF THE OFFERING DOCUMENT

The Management Company has filed a copy of this Offering Document with the Securities and Exchange Commission of Pakistan (SECP), signed by all Directors of the Management Company, along with copies of the Documents mentioned below :

- (1) Trust Deed, dated 14 December 2005, executed between AHIML and the Central Depository Company of Pakistan Limited (the “CDC”), appointing the CDC as Trustee to the Fund;

- (2) Letter dated XX XXXX 2006 from the Auditors giving the subscription to the Units of PIEIF by the core investors and pre-IPO investors.
- (3) Consents of the Auditor, Shariah Council, Legal Adviser and Trustee to their respective appointments and having been named and described as such in this Offering Document.
- (4) Letter No. NBFC-45/AMC & IA/05/2003 dated 21 August 2003 from SECP, licensing AHIML to undertake Asset Management and Investment Advisory Services, under Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (5) Letter No. NBFC (II)-R-JE/AHIM-PIEIL/842/2005 dated 28 November 2005 from SECP to AHIML, approving CDC to act as Trustee of PIEIF under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (6) Letter No. NBFC (II)-R/AHIM-PIEIF/796 dated 10 November 2005 from SECP to AHIML, authorizing an open-end scheme named Pakistan International Element Islamic Fund under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (7) Letter No. NBFC-II/JD(R)/AHIML-PIEIF-142 dated 10 March 2006 from SECP to AHIML, approving this Offering Document under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (8) Letter No. EPD/ 3691/EPP.12(36)-2005 dated 24<sup>th</sup> May 2005 from the State Bank of Pakistan to AHIML, stating that the State Bank has in principle allowed the Fund to invest outside Pakistan subject to some limits.
- (9) Letter No. EPD/ 2063/EPP.12(165)-2006 dated 3<sup>rd</sup> April 2006 from the State Bank of Pakistan to AHIML, granting approval in continuations of State Bank's earlier approval granted vide letter No. EPD/ 3691/EPP.12(36)-2005 dated 24<sup>th</sup> May 2005.
- (10) Letter No. EPD/ 2064/EPP.12(165)-2006 dated 3<sup>rd</sup> April 2006 from the State Bank of Pakistan to AHIML, stating that the State Bank has no objections to the Fund issuing Units outside Pakistan.
- (11) Letter No. NBFC-II/JD(R)/AHIML-PIEIF-185/2006 dated 29 March 2006 from SECP to AHIML, relaxing the requirement of Rule 67 (2) (f) of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

#### 1.5. RESTRICTIONS

This Offering Document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No person in any jurisdiction may treat this Offering Document as constituting an invitation to purchase Units unless it is lawful to make such an invitation to such person in the relevant jurisdiction and all registration and other legal requirements have been complied with in that jurisdiction. It is the responsibility of any person wishing to acquire Units to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection

therewith, including the obtaining of any governmental or other consents which may be required or the observance of other formalities which need to be observed or the payment of transfer or other taxes which may be required to be paid in such jurisdiction.

The Management Company may redeem any Units sold in contravention of any of the prohibitions contained in this Offering Document. In addition, the Management Company may with the consent of the Trustee and under intimation to the Commission compulsorily redeem the Units of any investor at any time if such redemption would be appropriate to protect the Fund from adverse consequences.

## 2. PART II: CONSTITUTION OF THE SCHEME

### 2.1. CONSTITUTION OF THE SCHEME

The Fund has been established through a trust deed (the “Trust Deed”), dated 14 December 2005 under the Trusts Act, 1882, executed between:

- (1) Arif Habib Investment Management Limited (the “Management Company” or “AHIML” or the “Offeror”), having its registered office at 2/1, R.Y. 16, Old Queens Road, Karachi, Pakistan, and having been licensed to provide asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (the “Rules”) by the Securities and Exchange Commission of Pakistan (the “Commission”) vide its letter No. SC/NBFC-II/421/2003 dated 21 August 2003, of the one part; and
- (2) Central Depository Company of Pakistan Limited (the “CDC” or the “Trustee”), having its registered office at the Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan, and having been approved by the Commission to act as the Trustee vide its letter No. NBFC(II)-R-JE/AHIM-PIEIL/842/2005 dated 28 November 2005, of the other part.

### 2.2. OBJECTIVES AND INVESTMENT POLICY

The Fund has been formed to enable Unit Holders to participate in a diversified professionally managed investment portfolio of Shariah Compliant securities, such as equities, debt securities, and other Shariah Compliant instruments including Shariah Compliant securities available outside Pakistan. The Management Company shall, in consultation with well-known Shariah experts lay down the criteria for Shariah compliance to be called the Shariah Code and shall comply with the Shariah Code in making Investments for the Trust. The Shariah Code may be modified from time to time, in consultation with the Shariah experts, which shall be notified to the Unit holders in accordance with the provisions of the Trust Deed. The Management Company will manage the Fund with the objective of maximizing Unit Holders’ returns on their Investments while at all times observing prudent Investment practices, the highest professional standards, all applicable laws, and the Shariah Code.

### 2.3. TRUST DEED

The Trust Deed is subject to and governed by the laws of Pakistan, including the Ordinance, the Rules and all other applicable laws and regulations and shall be deemed for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel hereof, and in the event of any conflict between this Deed and the provisions required to be contained in a trust deed by the Rules, the latter shall supersede and prevail over the provisions contained in this Deed. Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Council. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency..

The terms and conditions of the Trust Deed and any deed supplemental thereto shall be binding upon each Unit Holder.

The Trustee and the Management Company, acting together with the approval of the Commission, shall be entitled, by supplemental deed, to modify, alter, or add to the provisions of the Trust Deed on any of the following grounds:

- (a) To the extent required to ensure compliance with any applicable laws and regulations;
- (b) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- (c) To enable the Units to be listed on the Stock Exchange;
- (d) To otherwise benefit the Unit Holders; or
- (e) To comply with the provisions of the Shariah

Provided that in the case of (b), (c), and (d) above, such alteration or addition shall not prejudice the interests of the Unit Holders; and in any event, it shall not release the Trustee or the Management Company of their responsibilities.

#### 2.4. DURATION

The duration of the Fund is perpetual. However, it can be wound up by the Commission or the Management Company on the occurrence of events stated in Part XII of this Offering Document under the heading "TERMINATION OF THE SCHEME".

#### 2.5. OPEN-ENDED FUND

PIEIF is an open-ended Fund. It shall offer Units on a continuous basis. There is no upper or lower limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. Units may be redeemed for cash pursuant to the Redemption Procedures. Units are also transferable. Units will be in registered and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates, being the definitive certificate acknowledging the number of Units registered in the name of the Holder, shall be issued at the request of the Unit Holder.

#### 2.6. INITIAL PUBLIC OFFER

Units with a value of Rs. 196 million have been subscribed by the Core Investors. In addition, certain investors have subscribed to Units of the Fund on a pre-IPO basis. Please see section 4.12 for details. The Initial Offer is made during the Initial Period, which will be starting banking hours on 27<sup>th</sup> April 2006 and shall close on 29<sup>th</sup> April 2006 (30<sup>th</sup> April 2006 for overseas banks/investors). During the Initial Period, Units shall be offered at the Initial Price of Rs. 50 with no Front-end Load or Transaction Costs. No Units will be redeemable during the Initial Period.

#### 2.7. TRANSACTIONS IN UNITS AFTER THE INITIAL PUBLIC OFFER

After the Initial Public Offer, the public sale of Units at the Initial Price shall be discontinued; the Units can then be purchased at their Offer Price and redeemed at the Redemption Price, which shall be calculated on the basis of NAV. The Offer and Redemption Prices shall be calculated and the Units will be available for purchase and redemption on each Dealing Day. Please see Part V for details.

The Management Company may at some future time register the Units with a depository



organization, such as the Central Depository Company of Pakistan. Any issue, redemption, transfer or transmittal of de-materialized Units registered with the depository will take place according to the rules and regulations of the depository organization and the Management Company may frame its own rule and regulations to deal with such situations.

The Issue and Redemption of Units may be suspended or deferred by the Management Company under certain circumstances as detailed in Part V.

## 2.8. OFFERING DOCUMENT

This Offering Document is governed by the provisions of the Trust Deed and the Rules and the Islamic Shariah as advised by the Shariah Council. It sets forth the information about the PIEIF that a prospective investor should know before investing in any Unit. Arif Habib Investment Management Limited accepts responsibility for the accuracy of the information herein contained as of the date of publication.

No person is authorised to give any information to make any representation in connection with the issue of Units, which is not contained or referred to herein. Neither the delivery of this Offering Document nor the offer, issue or sale of Units shall constitute a representation that the information contained in this Offering Document is correct as at any time subsequent to the date hereof. This Offering Document will be updated to take account of any relevant material changes of law or fact relating to the Fund. Any such amendments will be approved in advance by the Commission and notified to Unit Holders in the subsequent periodic reports issued by the Management Company and published on the website of the Management Company. Any changes in the Trust Deed approved by the Commission and agreed by the Trustee will affect the Offering Document as well and no further approval from Unit Holders will be required for such corresponding changes in this Offering Document. Any changes in the Offering Document will also be binding on existing Unit Holders.

### 3. PART III: INVESTMENT POLICY AND RESTRICTIONS

#### 3.1. INVESTMENT OBJECTIVE

The Fund has been formed to enable Unit Holders to participate in a diversified portfolio of primarily Pakistan based Shariah Compliant investments. The Management Company will manage the Fund with the objective of maximizing Unit Holders' returns on their Investments while at all times observing prudent Investment practices, the highest professional standards, all applicable laws, and the Islamic Shariah as advised by the Shariah Council.

#### 3.2. INVESTMENT POLICY

3.2.1 The Scheme is a purely Shariah-based Unit Trust which shall make Investments only in Shariah-Compliant Authorized Investments and shall thus offer Shariah-Compliant returns to investors in the Units of the Scheme. Hence, no investments of the Fund Property or any portion thereof shall be made in any security or instrument, or deposited in any account, that is inconsistent with Islamic Shariah as advised by the Shariah Council.

3.2.2 The Fund shall be invested in the following asset classes:

- (a) Equity including depositary receipts such as Global Depositary Receipts and American Depositary Receipts.
- (b) Participation Term Certificates
- (c) Modaraba Certificates
- (d) Musharika, Murahaba, Sukuk and Term Finance Certificates
- (e) Sukuk Islamic Bonds and other types of Islamic bonds.
- (f) Any other asset-backed securities
- (g) Contracts, securities, instruments issued by companies, organizations, and establishments issued on the principles of Bai'Mu'ajjal, Bai'Salam, Istisna'a, Modaraba, Murabaha, and Musharika
- (h) Mutual funds and other managed accounts and co-mingled accounts and schemes outside Pakistan.
- (i) Any other securities or instruments that may be permitted by the Commission and the Shariah Council.
- (j) The above and other Shariah-Compliant Investments available outside Pakistan.

The Fund may also hold assets in the form of Riba-free cash deposits including deposits in foreign currencies with Banks offering Shariah-Compliant accounts.

3.2.3 During and prior to the commencement of the Initial Period, the Trustee shall hold the Fund Property on deposit in a separate Shariah-Compliant account with a Bank of good standing (having an Investment grade rating, or in the absence of a rating, with the approval of the Commission) approved by the Management Company, or in Shariah-Compliant money market Investments as advised by the Management Company. After the Initial Period, all Fund Property, except in so far as such cash may, in the opinion of the Management Company, be required for transfer to the Distribution Account or to be kept for meeting the redemption requirements, , shall be applied by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of this Deed, the Offering Document, the Rules, and the Islamic Shariah as advised by the Shariah Council) be directed by the Management Company.

3.2.4 Any Investment may at any time be disinvested at the discretion of the Management Company

either in order to invest the proceeds of sale in other Authorized Investments or to provide fund required for the purpose of any provision of the Trust Deed or in order to retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid. Any Investment, which ceases to be an Authorized Investment, shall be disinvested within 3 months and the net proceeds of disinvestment shall be applied in accordance with this Section, provided that such disinvestment may, subject to the Rules, be postponed, with the consent of the Shariah Council, for such period as the Management Company and the Trustee determine to be in the best interest of the Unit Holders.

- 3.2.5 The purchase or sale of any Investment in domestic listed securities for the account of the Trust shall be made on a stock exchange through a broker who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible and permissible under the Rules to make such purchase or sale more advantageously in some other manner. Save as allowed under the law, the Management Company shall not nominate, directly or indirectly, as a broker any of its directors, officers or employees or their family members (which term shall include their spouse, parents, children, brothers and sisters).
- 3.2.6 The Fund Property shall be subject to such exposure limits as are provided in the Rules, provided that the Trustee and the Management Company will have a period of six months to bring the Fund into compliance with the exposure limits if the deviation is due to appreciation or depreciation of any Investment or disposal of any Investment.
- 3.2.7 If and, so long as the value of the holding in a particular company shall exceed the limit imposed by the Rules, the Trustee shall not make any further Investments in such company. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Unit Holders. However, the Management Company shall bring the Fund into compliance with exposure limits within six months as mentioned in 3.2.6.
- 3.2.8 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company or any of its Connected Persons owns more than five percent of the total nominal amount of the securities issued or if the directors and officers of the Management Company and any of its Connected Persons collectively own more than ten percent of those securities.
- 3.2.9 The Fund may engage in sale/repurchase transactions of sovereign risk securities and listed securities provided that the transactions in listed securities are regulated by a Stock Exchange or take place with a financial institution as counterparty or done through a financial institution acting as an intermediary. The Fund will follow risk management parameters prescribed under Rule 73(1) of the Rules with regard to such transactions:

**Risk Management with Regard to Securities Under Sale/Repurchase**

- (a) There will be no limit with regard to sale/repurchase of sovereign securities with a term of one year or less. Not more than 40% of the net assets of the Fund will be exposed at any one time to sovereign risk securities with a term of more than one year.
- (b) Not more than 10% of the net assets of the Fund will be exposed to any one non-sovereign issuer of securities.
- (c) Not more than 25% of the net assets of the Fund will be exposed to any one sector as defined by a Stock Exchange.

**Risk Management with Regard to Counterparty Under Sale/Repurchase**

- (d) There will be no limit with regard to Fund exposure to counterparties if the sale/repurchase transaction are regulated and/or guaranteed by a stock exchange.

- (e) For sale/repurchase transactions with a local financial institution as counterparty, where the financial institution has an 'AA' rating or better (from a domestic rating agency licensed by SECP), the maximum exposure of the Fund to such financial institution will not exceed 20% of the Net Assets of the Fund and where the financial institution has an 'A' rating, it will not exceed 10% of the Net Assets of the Fund. In all other cases, it will not exceed 2.5% of the Net Assets of the Fund. Transactions outside Pakistan will be limited to financial institutions having at least investment grade rating from Standard and Poors (or equivalent rating from reputable international rating agency) and in any case will not exceed 10% of the NAV with any one institution.
- (f) For repurchase transactions through a financial institution, the maximum exposure of the Fund to any one counterparty (with all group and associated companies treated as one counterparty) will not exceed 2.5% of the Net Assets of the Fund.

#### Further Restrictions

- (g) The Management Company, at its sole discretion, may impose additional risk management parameters/restrictions.

- 3.2.10 The Fund shall not purchase from or sell any security to the Management Company or to any director, officer or employee of the Management Company or to any person who beneficially owns ten per cent or more of the equity of the Management Company, save in the case of such party acting as an intermediary.

For the purposes of above sub-sections, the term director, officer or employee shall include their relatives including the spouse, parents, children, brothers and sisters.

### 3.3. INVESTMENTS OUTSIDE PAKISTAN

- 3.3.1 Investments outside Pakistan will enable the Fund to diversify risk as well as avail opportunities for higher returns in markets that are undervalued. The State Bank of Pakistan has allowed, vide its letter No. EPD/3691/EPP.12(36)-2005 dated 24 May 2005, and the Commission has endorsed foreign Investment by the Fund up to the following limits:

- (a) 30% of the Net Assets of the Fund.
- (b) The above percentage is subject to a cap of US\$ 15 million.

At some time in the future, the Management Company may expand the above after seeking permission from the Commission and /or the State Bank of Pakistan.

The limit to international Investment will apply at the time of Investment and it will not be necessary for the Trustee to sell any Investment merely because, owing to appreciation or depreciation of any Investment, change in foreign exchange parities, disposal of any Investment or change in limit due to increase or decrease in Units, such limit shall be exceeded.

In case, due to the relative movement of the value of foreign Investment and/or change in the limit, the value of foreign Investment exceeds the above limit, the Management Company will have six months to bring the Fund into compliance.

- 3.3.2 Fund Property can be invested in international Investments including the following:

- (a) international equities;
- (b) international profit-bearing securities;
- (c) international money markets;
- (d) foreign currency bank deposits & certificates of investments;
- (e) foreign currency bank accounts in Pakistan

(f) mutual funds

provided that the above Investments are Shariah Complaint as per the advise of Shariah Council.

3.3.3 While investing in international equities, international profit-bearing securities and international money markets, the Management Company will only invest through the following avenues unless it has built in-house capacity to manage international Investments and provided evidence of the same to the Trustee:

- a) Mutual funds;
- b) Index funds or securities that give exposure to international equity indices;
- c) Managed accounts with a reputable international fund manager;
- or
- d) Directly invested after acquiring the services of a reputable international fund manager through a joint venture or a service agreement.

The Management Company has developed a working relationship with some investment advisors of International repute and with experience of managing/marketing Shariah Compliant Funds.

The Management Company may build its capacity to manage Investments in a limited number of countries/markets and may start to manage Investments directly in those countries/markets after providing evidence of the capacity to the Trustee while using the above means to manage Investments in other countries/markets.

Any advisory, management or consultancy fee charged directly by an international fund manager/advisor on Fund investments abroad will be the responsibility of the Management Company and any fees paid out of Fund Property will be netted-off from the fees paid to the Management Company.

The Management Company will reduce its own fee by up to fifty percent on the Fund Property invested in international mutual funds managed by third party.

3.3.4 While investing internationally, Fund Property will not be placed in any Investment that has the effect of leveraging the Fund and if any such instrument/security is used, it must be supported by Investment in a bank deposit or money market Investment such that the effect of leverage is cancelled out.

3.3.5 If a company listed in one country is the parent company or associate of a company listed in another country, Investment in any of these companies will not fall within the definition of Investment in a single company for the purpose of per company limit.

3.3.6 Direct investments of the Fund in debt securities will only take place in 'investment grade' securities and 'sovereign risk' securities. Only up to 50% of the allowed limit of international investments shall be placed in sovereign risk securities of countries outside Pakistan and only up to 20% of the allowed limit of international investments in sovereign risk securities of any one country with the sovereign risk portion, if fully invested, divided among five different countries. The above limit will be applicable only to direct investments by the Fund.

3.3.7 Not more than 50% of allowable limit of international investment will be placed in any one country.

3.3.8 The Management Company may use derivatives only to hedge existing exposure of the fund in foreign currencies, provided they are cleared by the Shariah experts. The derivatives used may also hedge the US Dollar, however, the Management Company will attempt to hedge, in all cases where hedging is desirable, to the Base Currency if cost-effective and practical.

### 3.4. RESTRICTIONS

The Fund will not at any time:

- 3.4.1 Make any Investments that are not compliant with the Shariah as advised by the Shariah Council;
- 3.4.2 Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or take over;
- 3.4.3 Pledge any of the securities held or beneficially owned by it, except for its own benefit;
- 3.4.4 Make a loan or advance money to any person except in connection with the normal business of the Scheme, subject to the limits specified under the Rules;
- 3.4.5 Participate in a joint account with others in any transaction;
- 3.4.6 Apply any part of its assets to real estate (save and except that the Management Company may invest in securities secured by real estate or interest therein or equity securities issued by companies that invest in real estate or have interest therein);;
- 3.4.7 Make an Investment in a company which has the effect of vesting the management or control over the affairs of such company, in the Scheme;
- 3.4.8 Employ as a broker, directly or indirectly, any director, officer or employee of the Fund or its Management Company or any Connected Person or member of the family of such person and enter into transactions with any Connected Broker, which shall equal or exceed 10% of the transactions of the Fund in any one Accounting Year of that Fund,  
  
Provided that the Commission may, in each case on merits, permit the 10% limit to be exceeded if the connected broker offers advantages to the Fund not available elsewhere;  
  
Explanation: For the purposes of this Section the term “family” includes spouse, lineal ascendants and descendants and brothers and sisters.
- 3.4.9 Invest in any company, at any time, in excess of an amount equal to 10% of the Net Asset Value of the Fund or an amount sufficient to acquire 10% of issued capital of the company. The limit of 10% of issued capital will apply individually to the various kinds of equity and debt instruments issued by the company and the Fund's Investment in any single type of security will not exceed 10% of the total issue of that type of security. The Commission vide its letter NBFC-II-R/AHIM-PIEIF/796 dated 10 November 2005 has clarified that the above limit does not apply to Pakistan Government securities and as such the Fund can invest more than 10% of its Net Asset Value in a particular Pakistan Government security or in Pakistan Government securities in general with Pakistan Government Securities defined to exclude securities issued by provincial, local or municipal government, government-owned corporations and government guaranteed securities issued by government sponsored agencies;
- 3.4.10 Invest more than 25% of the Net Asset Value of the Fund in securities of any one business sector as per classification of the stock exchange in which such security is listed. Domestic sector limit of 25% will not apply to foreign investment sector limit.
- 3.4.11 The limits given in 3.4.9 and 3.4.10 above are based on the current limits defined in the Rules and may be modified based on any change in the Rules and any exemptions/clarifications given by the Commission.
- 3.4.12 Engage in short sale of a security, whether listed or unlisted.
- 3.4.13 Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. This provision where applicable, shall not apply to sale and repurchase transactions of Government securities or those regulated by

a stock exchange or those in which the counterparty is a Financial Institution or the transaction takes place through a Financial Institution.

- 3.4.14 Engage in leveraged transactions or borrow, except that the Fund may borrow as provided by the Rules to meet redemption requests, provided the borrowing complies with the Shariah.

### 3.5. EXCEPTION TO INVESTMENT RESTRICTIONS

- 3.5.1 In the event the weightage of shares exceeds 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 and corporate actions, including bonus shares and subscription to right shares, the Management Company shall make its best endeavors to bring the exposure within the prescribed limits within six months of the event. But, in any case, the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering if the Management Company is satisfied that accepting such offer is in the interest of the Trust provided that the Management Company will bring exposure within limits in six months as mentioned above.
- 3.5.2 The Commission has vide its letter no. NBFC(II)-R-/AHIM-PIEIF/796 dated 10 November 2005 has clarified the following :
- (a) The Fund may deposit securities, for facilitation or guaranteeing settlement of its own trades and transactions in favour of an exchange or clearing house or national clearing and settlement system, on acquiring associate membership of the concerned settlement system. The securities, however, shall not be pledged for any other reason with any other person or entity;
  - (b) The Fund may sell its securities under forward contracts if the trustee of the Fund confirms that securities of such value are available in the portfolio of the Fund or will be available pursuant to a duly executed contract;
  - (c) The Fund may invest in other closed-end and open-end mutual funds outside Pakistan;
  - (d) The Fund may enter into forward purchase of currency or other hedging instruments, including derivatives listed on foreign markets, for the purpose of hedging the foreign currency exposure of the fund. The derivatives used may also hedge to the US Dollars, however, the Management Company will attempt to hedge, in all cases where hedging is desirable, to the Base Currency if cost-effective and practical. No other use of derivatives is permissible and only currency derivatives will be used and only up to the limit of the Fund's exposure to foreign currency.

### 3.6. BORROWING

- 3.6.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying Shariah Compliant arrangements with Banks or financial institutions for borrowing by the Trustee for the account of the Fund for the purpose of meeting redemption request(s): Provided that the charges payable to such Bank or financial institution are not higher than the prevailing market rates. Provided further that the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Rules but if subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.
- 3.6.2 Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks and

financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

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

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

### 3.7. TRANSACTIONS WITH CONNECTED PERSONS

3.7.1 All cash forming part of the Fund Property shall be deposited by the Trustee in a separate account to be opened in the name of the Trustee, as a nominee of the Fund, with a bank of Investment Grade Rating approved by the Management Company. Such bank shall be required to allow profit thereon in accordance with the rules prescribed by such bank or the financial institution for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company.

3.7.2 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust save in the capacity of an intermediary.

3.7.3 Subject to the Rules, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.

### 3.8. RISKS

It should be clearly understood that portfolio of PIEIF is subject to market fluctuations and risks inherent in all such Investments. The value of Units in PIEIF may appreciate as well as depreciate, and the Fund may or may not declare a dividend. Past performance does not necessarily indicate future performance.

Investments will primarily be in equity securities. Such Investments carry a risk that is considered higher than that to which fixed income or debt securities are subject. This risk emanates from various factors including, but not limited to, the following:

- Change in business cycles affecting the business of the company in which Investment is made
- Change in business circumstances of the company, its business sector, industry, and/or economy in general
- Mismanagement of the investee company, third party liability, whether through class action or otherwise, or occurrence of such other events as strikes, fraud, etc. in the investee company
- Breakdown of law and order, war, natural disasters, etc.
- Senior rights of creditors, over the shareholders, in the event of winding up of the



investee company

- Volatility of share prices resulting from their dependence on market sentiment, speculative activity, supply and demand for shares, and liquidity in the market
- The possibility of default of the participants or failure of the stock exchanges, the depositories, the settlement system, or the clearing system
- Any governmental or court orders restraining payment of capital income

The Fund will also invest outside Pakistan and such investments outside Pakistan may be exposed to certain additional risk including political, economic and exchange rate risks that may reduce the value of the investments. However, studies show that diversifying internationally would tend to reduce the overall volatility of a portfolio and thus may reduce risks for investors.

Investment in PIEIF is suitable for investors who have the ability to bear the risks associated with stock market Investments. Capital invested in the stock market could in extreme circumstances lose its entire value. However, studies show that diversification of the Investment reduces the risk associated with investing in the stock market.

All Investments made by PIEIF will be made in adherence with the principles of Shariah as advised by the Shariah Council. It is possible that the effect of the Shariah compliance on Investments of the Fund will result in PIEIF performing differently from other funds with similar objectives, but that are not subject to Shariah compliance.

PIEIF may also invest in Shariah compliant debt instruments on a profit / loss basis, and there is a possibility that the net result from such Investments may be a loss.

The Units of PIEIF are not bank deposits and are neither issued by, insured by, or the obligation of the Commission, any Government agency, any of the shareholders or the Management Company, or any other bank or financial institution.

The forward contracts, derivative transactions and currency hedging will only be undertaken after a Shariah compliant procedure duly approved by the Shariah Council has been developed for these transactions and which will form the guidelines for undertaking these transaction.



## 4. PART IV: OPERATORS AND PRINCIPALS

### 4.1. MANAGEMENT COMPANY

Arif Habib Investment Management Limited is registered with the Commission as an asset management company under the Rules. AHIML started operations by offering two funds with a total seed capital of Rs. 500 million in March 2002. AHIML, which offers both close and open-ended collective investment schemes, currently manages in excess Rs. 17 billion in assets. AHIML has developed a number of products for retail investors and set-up a network of branches and investment facilitators that gives it outreach into major cities of Pakistan. It currently operates four open-ended and two closed-end mutual funds.

#### 4.1.1 Compliance and transparency

- AHIML has self imposed an ongoing (daily), three-tier compliance audit. The audit ensures compliance with:
  - ◀ NBFC Rules 2003 (imposed by the SECP)
  - ◀ Offering Document
  - ◀ Internal policies and processes
- The daily NAV prices are post audited by the external auditors.
- The management company has written a mandatory change of auditors after every three year in Offering Documents of most funds.
- The Management Company has self imposed a strong cut-off timing discipline. All forms are time stamped at the head office.
- The Management Company also ensures that assets in the all open-ended as well as closed-end funds are marked to market on a daily basis. This includes funds investing in all available asset classes.

AHIML was the first fund manager to start publishing a monthly fund managers' report. The report is designed to ensure transparency and investor confidence by seeking to explain fund manager decisions and views.

#### 4.1.2 The best performing fund manager

The Management Company received the Mutual Funds Association of Pakistan's 'Performance Excellence Award' for 2003-04, in both fixed income and equity categories of open-end funds. AHIML received trophies for both Pakistan Stock Market Fund and Pakistan Income Fund.

#### 4.1.3 Ratings of Management Company & Funds

Management Company/Funds	Rating Agency	Rating	Rating Reflects
Arif Habib Investment Management Limited	PACRA	AM2	The rating reflects the company's outstanding capacity to master the risks inherent in asset management. The rating recognizes the company's strong market position, sound internal systems and processes, a high degree of independence and control, qualified and experienced management team, effective asset allocations and risk management policies and continuous initiatives by the management for refinement in the system and processes to further enhance the efficiency of operations.
Pakistan Stock Market Fund (PSM)	PACRA	5-star	The rating reflects a superior performance relative to its peers. The rating is a composite measure of two factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio.
Pakistan Income Fund (PIF)	PACRA	4-star	The rating reflects a good performance relative to its peers. The rating is a composite measure of three factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio, and c) credit quality of the assets.
Pakistan Premier Fund Limited (PPFL)	PACRA	5-star	The Rating reflects a superior performance relative to its peers. The rating is a composite measure of two factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio.
Pakistan Capital Market Fund (PCM)	PACRA	5-star	The rating reflects its superior performance. The rating is a composite measure of two factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio.
Pakistan Strategic Allocation Fund (PSAF)	PACRA	5-star	The rating reflects a superior performance relative to its peers. The rating is a composite measure of two factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio.
Arif Habib Investment Management Ltd	JCR-VIS	AM2	High Management Quality
Pakistan Stock Market Fund (PSM)	JCR-VIS	5-star	Very good performance

#### 4.1.4 Customer Facilitation through Technology

AHIML is the first fund manager in Pakistan to provide the facility of instant redemption through Automated Teller Machines (ATMs). A Unit Holder may redeem Units of the Fund to such extent as the Management Company may arrange from time to time through Automated Teller Machines (ATMs) supported by one or more banks.

#### 4.2. OPEN-ENDED FUNDS:

THE FOLLOWING ARE THE OPEN-ENDED FUNDS PRESENTLY BEING MANAGED BY THE MANAGEMENT COMPANY

<b>Name:</b>	<b>Pakistan Stock Market Fund</b>
Date of Launching:	March 12, 2002
Nature of Fund:	Equities Fund NAV
on December 31, 2005:	Rs. 3,780 million
Par value of unit:	Rs. 50.00
NAV per unit on December 31, 2005:	Rs. 116.89
Distribution (June 30, 2005):	50% Bonus ; 20% Cash

<b>Name:</b>	<b>Pakistan Income Fund</b>
Date of Launching:	March 12, 2002
Nature of Fund:	Money Market Fund
NAV on December 31, 2005:	Rs. 4,363 million
Par value of unit:	Rs. 50.00
NAV per unit on December 31, 2005:	Rs. 52.23
Distribution (June 30, 2005):	9.6 %

<b>Name:</b>	<b>Pakistan Capital Market Fund</b>
Date of Launching:	January 2004
Date of Conversion (Close to Open Ended)	November 2005
Nature of Fund:	Asset Allocation
NAV on Launch:	Rs. 1,500 million
NAV on December 31, 2005:	Rs. 1,473.00 million
Par value of unit:	Rs. 10.00
NAV per share on December 31, 2005:	Rs. 14.85
Distribution (June 30, 2005):	30.00% Cash

<b>Name:</b>	<b>Metro-Bank Pakistan Sovereign Fund</b>
Date of Launching:	March 1, 2003
Nature of Fund:	Govt. Bonds Fund
NAV on December 31, 2005:	Rs. 461.62 million
Distribution (June 30, 2005):	Nil

#### 4.3. CLOSED-END FUNDS

THE FOLLOWING ARE THE CLOSED-END FUNDS PRESENTLY BEING MANAGED BY THE MANAGEMENT COMPANY

<b>Name:</b>	<b>Pakistan Premier Fund Limited</b>
Date of Acquisition:	December 26, 2002
Nature of Fund:	Equities Fund
NAV on December 31, 2005:	Rs. 2,702.529 million
Par value of unit:	Rs. 10.00
Paid up Capital on December 31, 2005:	Rs. 1,476.563 million
NAV on December 31, 2005:	Rs. 18.30 per share
Distribution (June 30, 2005):	25.0% Bonus ; 15.0% Cash 15.0% Cash (interim 2006)

<b>Name:</b>	<b>Pakistan Strategic Allocation Fund</b>
Date of Launching:	August 2004
Nature of Fund:	Contrarian Quantitative Model based Fund
NAV on Launch:	Rs. 3,000.00 million
Par value of unit:	Rs. 10.00
NAV on December 31, 2005:	Rs. 4,169.01 million
NAV per share on December 31, 2005:	Rs. 13.90 per share
Distribution : (June 30, 2005):	25% Cash

#### 4.4. FINANCIAL HIGHLIGHTS OF MANAGEMENT COMPANY

	(Rupees in '000)				
<b>Year Ended 30 June:</b>	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>	<b>2000-01</b>
Authorized Capital	100,000	100,000	100,000	100,000	100,000
Paid-up Capital	40,000	40,000	40,000	40,000	32,000
Total Equity	266,801	131,310	53,684	25,009	22,158
Total Assets	734,812	389,656	111,880	29,281	31,510
Revenue	348,540	141,855	38,988	6,974	609
Expenses	178,976	97,110	36,655	23,861	10,448
Profit/(Loss) after Tax	122,705	29,145	531	(9,167)	(9,842)

#### 4.4 A DETAILS OF SHAREHOLDING OF MANAGEMENT COMPANY

Sr. No.	Name	% of Holding
1	Arif Habib Securities Limited	62.40000 %
2	Mr. Arif Habib	15.99989%
3	Mr. Nasim Beg	10.00002 %
4	AHIML Employees Stock Beneficial Ownership Trust	10.00000%
5	Mr. John Kirkham	1.600000 %
6	Mr. Amin Umer	0.00002%
7	Mr. Muhammad Yousuf	0.00002%
8	Mr. Sirajuddin Casim	0.00002%
9	Mr. Saleem Chamdia	0.00002%
10	Mr. Akmal Jameel	0.00002%

#### 4.5. DUTIES AND POWERS OF THE MANAGEMENT COMPANY

- 4.5.1 The responsibilities of the Management Company are to invest and manage the assets of the Fund according to the provisions of this Deed, the Offering Document, the Rules and Islamic Shariah (as advised by the Shariah Council) in good faith, to the best of its ability, and without gaining any undue advantage for itself or any Connected Persons or its officers. The Management Company may appoint investment advisors to assist in investing and managing the assets of the Fund or to invest and manage part or whole of the assets of the Fund both locally and abroad, at its own cost and discretion.
- 4.5.2 The Management Company shall comply with the provisions of the Rules and this Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of this Deed to be the act of the Management Company.
- 4.5.3 The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions
- 4.5.4 The Management Company shall account to the Trustee for any loss in value of the Fund Property where such loss has been caused by its negligence reckless or willful act and/or omission or by its officers, officials or agents.
- 4.5.5 The Management Company shall manage the Fund Property in the interest of the Unit Holders in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons and subject to the restrictions and limitations as provided in this Deed and the Rules. Any purchase or sale of Investments made under any of the provision of this Deed shall be made by the Trustee according to the instructions of the Management Company, unless such instructions are in conflict with the provisions of this Deed or the Rules. The Management Company shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- 4.5.6 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and

expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issues of Units and paid out by the Scheme on redemption of Units and by way of distributions;

- 4.5.7 The Management Company shall prepare and transmit the annual report, together with a copy of the balance sheet, income and expenditure account and the auditor's report of a Scheme within four months of closing of the accounting period to the Unit Holders, and the balance sheet and income and expenditure account shall comply with requirements set out in Schedule IV of the Ordinance;
- 4.5.8 The Management Company shall within one month of the close of the first and the third quarter of its year of account, prepare and transmit to the Unit Holders and the Commission balance sheet as on the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise provided that these accounts may be transmitted to Unit Holders electronically by publication on the Management Company's website unless a Unit Holder elects to receive them physically.
- 4.5.9 The Management Company shall within two months after the close of the first half of its year of account, prepare and transmit to the Unit Holders and the Commission a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules provided that these accounts may be transmitted to Unit Holders electronically by publication on the Management Company's website unless a Unit Holder elects to receive them physically.
- 4.5.10 The Management Company shall maintain a register of unit holders of a scheme and inform the Commission of the address where the register is kept. However, the Management Company may appoint a Registrar, as its agent, to maintain the register and may from time to time remove or replace the Registrar
- 4.5.11 The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure account and the auditor's report of a scheme to the Commission within four months of the close of the accounting period together with a statement containing the following information, namely:-
- (i) total number of unit holders; and
  - (ii) particulars of the personnel (executive, research and other) of the asset management company;
- 4.5.12 The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Trust.
- 4.5.13 The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed nor shall the Management Company (save as herein otherwise provided) be liable neither for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Management Company shall not be under any liability there for or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 4.5.14 The Management Company shall, after obtaining approval of the Trustee, from time to time appoint, remove or replace one or more Distribution Company(ies) for carrying out the Distribution Function at one or more locations both locally and abroad, on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distribution



Company(ies) and the Management Company. Provided the Management Company and its affiliates may also perform Distribution Function and act as a Distribution Company(ies).

#### 4.6. DIRECTORS OF THE MANAGEMENT COMPANY

Name	Address	Position	Other Directorships
Mr. Arif Habib	86/2, 10 <sup>th</sup> Street Khayaban-e-Sehar, Defence Housing Authority, Karachi	Chairman	Arif Habib Securities Ltd. Arif Habib Equity (Pvt.) Ltd. Pakistan Premier Fund Ltd. Thatta Cement Ltd. Rotocast Engineering (Pvt.) Ltd. Pak Arab Fertilizers (Pvt.) Ltd. Reliance Exports (Pvt.) Ltd. Sukh Chayn Gardens (Pvt.) Ltd. Essa Textiles & Commodities (Pvt.) Ltd. Nooriabad Spinning Mills (Pvt.) Ltd. Real Estate Modaraba Mgt. Company Ltd.
Mr. John Kirkham	28 The Charter Road, Woodford Green, Essex, IG8 9QU, UK	Vice Chairman	World Era Ltd. Fund Consulting Ltd.
Mr. Nasim Beg	F 61/6, Block 4, Clifton, Karachi	Chief Executive	Haroon Oils Ltd. First International Investment Bank Ltd. Rotocast Engineering (Pvt.) Ltd. Al-Abbass Cement Industries Limited (formerly Essa Cement Industries Ltd.) Reliance Exports (Pvt.) Ltd. Pak Arab Fertilizers (Pvt.) Ltd. Real Estate Modaraba Mgt. Company Ltd.
Mr. Muhammad Akmal Jameel	146-M, Block 2, PECHS, Karachi.	Director	Arif Habib Securities Ltd. Rozgar Microfinance Bank Ltd. Real Estate Modaraba Mgt. Company Ltd.
Mr. Sirajuddin Cassim	D-43 Block 9, KDA Scheme No.5 Kehkashan, Clifton, Karachi	Director	Arif Habib Securities Ltd. S igma Leasing Corporation Sirajuddin Cassim (Pvt.) Ltd. D. R. H. Logistics Pakistan (Pvt.) Ltd. Real Estate Modaraba Mgt. Company Ltd.

Name	Address	Position	Other Directorships
Mr. Muhammad Yousuf	JM 4/775 Mustafa Garden, Jamshed Road, Karachi	Director	Arif Habib Limited Real Estate Modaraba Mgt. Company Ltd.
Mr. Samad A. Habib	86/2, 10 <sup>th</sup> Street, Khayaban-e-Sehar, Defence Housing Authority, Karachi	Director	Arif Habib Limited Arif Habib Equity (Pvt.) Ltd. Rotocast Engineering (Pvt.) Ltd. Reliance Exports (Pvt) Ltd. Pak Arab Fertilizers (Pvt.) Ltd. Thatta Cement Ltd. Nooriabad Spinning Mills (Pvt.) Ltd. Real Estate Modaraba Mgt. Company Ltd.
Mr. Salim Chamdia	14/1, 2nd Gizri Street, Phase IV, DHA, Karachi	Director	Salim Chamdia Securities (Pvt.) Ltd. Lucky Cotton Mills (Pvt.) Ltd. Essa Textiles & Commodities (Pvt.) Ltd. Sun Textile Mills (Pvt.) Ltd. Reliance Exports (Pvt.) Ltd. Pak Arab Fertilizers (Pvt.) Ltd. Nooriabad Spinning Mills (Pvt.) Ltd. Real Estate Modaraba Mgt. Company Ltd.

## PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

### 4.6.1 Mr. Arif Habib

Mr. Arif Habib is the Chief Executive and Chairman of Arif Habib Securities Limited, a listed financial services holding company. He has worked on the Karachi Stock Exchange from 1971, and in 1989, founded, as a sole proprietorship, the brokerage firm that is now AHSL. In 1995, Mr. Habib converted the successful business into a corporate entity and, in June 2001, listed the Company on the Karachi, Lahore, and Islamabad stock exchanges.

Mr. Arif Habib has been elected Chairman/President of the Karachi Stock Exchange on six different occasions during the past fifteen years. Mr. Arif Habib is responsible for key modernizations in the securities market of Pakistan, including the installation of an automated trading system at the Karachi Stock Exchange, and the introduction of a dematerialized Central Depository System. He is also the founding Chairman of the Central Depository Company and has laid the foundation for a strong risk management system for the clearinghouse.

During 2003 he was selected to represent the private sector of Pakistan in the World Economic Forum meetings in Jordan. He has also participated in a number of professional advancement courses, including one on the development of Securities Market organized by the Securities and Exchange Commission of the United States, held in Washington, D.C. in 1992.

#### 4.6.2 Mr. John Kirkham

Mr. John Kirkham is a fund management professional with proven ability to build investment and fund management business. Mr. Kirkham has built a number of companies from inception. He has been in the financial services industry since 1970 of which a substantial portion has been in the asset management sector, both in the developed, as well as the emerging markets.

#### 4.6.3 Mr. Nasim Beg, Chief Executive

Mr. Nasim Beg is the founder and Chief Executive of Arif Habib Investment Management Ltd. He qualified as a Chartered Accountant in 1970 and has over the years worked in the financial sector as well as in the industry. Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period, and played an instrumental role in its modernization and turn around. He also served as the Chief Executive for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies. His experience in the financial sector consists of both the Pakistan domestic market as well as the international markets.

#### 4.6.4 Mr. Muhammad Akmal Jameel, Director

Mr. Akmal Jameel, Chartered Financial Analyst, heads the Corporate Finance department of AHSL and is highly experienced in a broad range of capital market transactions. He has over 12 years of experience in financial markets and financial consulting in Pakistan and the Gulf. He has previously worked as a Supervising Consultant at Ernst & Young in Saudi Arabia, and with Anjum Asim Shahid & Company (Grant Thornton Associates) and Hagler Bailly Pakistan. He has extensive experience in structuring projects, evaluating private equity proposals and conducting feasibility studies and has been responsible for corporate finance and business development at AHSL.

#### 4.6.5 Mr. Sirajuddin Cassim, Director

Mr. Sirajuddin Cassim is a Chartered Accountant and Director of AHSL. With over 40 new listings and public offers to his credit, he has vast technical experience in all aspects of public offers, from valuation, to document preparation, to listing on all three of the stock exchanges. Mr. Sirajuddin Cassim, a former Partner in Daudally Siraj & Company, Chartered Accountants, has been engaged in financial & investment advisory and corporate consultancy services since 1985. He has been a member of the Karachi Stock Exchange since 1975 and served on the board of Directors in the years 1990 and 1991. He has served as its Vice President 1993 and as President in 1995. He also served as Chairman of the CDC in 1995 and as the Vice President of the Institute of Chartered Secretaries and Managers from 1997 to 2000.

Mr. Cassim served as the Executive Director of Standard Chartered Mercantile Leasing Company Limited from 1989 to 1998. He has served as a member of the Taxation & Fiscal and Banking & Fiscal sub-Committees of the Karachi Chamber of Commerce and Industries and attended the General Assembly meeting and Technology meeting of the Federation of Euro-Asian Stock Exchange in the year 1995 and 1996.

#### 4.6.6 Mr. Mohammad Yousuf, Director

Mr. Muhammad Yousuf heads the securities market division at Arif Habib Limited. He has been in the securities market since 1969. He has an intimate knowledge of the workings of the Karachi Stock Exchange and is well acquainted with other major traders. Mr. Ahmed has wide experience in all aspects of capital market transactions.

#### 4.6.7 Mr. Samad A. Habib, Director

Mr. Samad Habib is the Chief Executive of Arif Habib Limited. He holds a Masters degree in Business Administration with a major in finance from College of Business Management. He began his career with AHSL as a management trainee and also worked as an Investment Analyst. After obtaining an MBA in August 2001, he was elected to the Company's Board of Directors. Mr. Habib has extensive experience in IPOs; Offers for sale, underwriting consortium arrangements, and in serving corporate clients, institutions and high net worth individuals for their investments in the securities market.

#### 4.6.8 Mr. Salim Chamdia, Director

Mr. Salim Chamdia is the Chairman and Chief Executive of Chalim Chamdia Securities (Pvt.) Limited. He is a member of Institute of Chartered Accountants of Pakistan. He is an experienced veteran of the Karachi Stock Exchange. He has been engaged in financial & investment advisory and corporate consultancy services since 1985. He has been a member of the Karachi Stock Exchange since 1991 to 2000 and served on the board of Directors in the years 1993 to 1994 and 1996 to 2000. He has served as its Vice Chairman 1999 to 2000 and as Vice President in 1997. He has held both the Chairmanship of the Karachi Stock Exchange in 2002 and the National Commodity Exchange Limited (NCEL) from 2002 to 2004.

Mr. Chamida has headed various committees in the implementation of effective, efficient and reliable treasury procedures and the transfer of trading from Open Outcry System to Automated Trading System (KATS). He was fully involved in the evolution, introduction and implementation process of the Central Depository System, electronic transfer of shares in Pakistan

#### 4.6.9 Syed Ajaz Ahmed, Company Secretary

Syed Ajaz Ahmed, ACMA, LLB, B.Com. Having graduated in 1969, he has acquired work experience in the financial services industry as well as in industrial undertakings. He is the CEO of Pakistan Premier Fund Limited of which AHIML is the investment adviser.

Syed Ajaz Ahmed has extensive national and international experience of the industry and financial sector, which spans over thirty years. Mr. Ahmed has also served as a consultant at Tasir Hadi Khalid (an associate of KPMG) and the Malaysian Customs.

In the financial sector, Mr. Ahmed's experience ranges from leasing to brokerage house to investment bank and asset management companies. His assignments have provided him exposure to settlement systems such as Euroclear, SWIFT and the CDC. Mr. Ahmed while serving at senior positions at various financial institutions have had in depth experience of various international markets in North America, Europe, Far East and Pakistan. These markets include stocks, money, commodities and forex. He also has operational experience of financial derivatives such as futures and options. Mr. Ahmed has also been involved in the setting up of companies.

#### 4.7. FINANCIAL SUMMARY OF LISTED COMPANIES HAVING COMMON DIRECTORS

##### 4.7.1 Arif Habib Securities Limited

Rupees in million

	2005	2004	2003	2002	2001
Profit before tax	2,639.96	1,753.90	767.32	265.40	140.87
Profit after tax	2,583.37	1,705.33	751.92	253.59	132.56
Paid up Capital	200.00	80.00	60.00	50.00	50.00
Shareholders' Equity	5497.87	3,000.49	1,415.16	723.24	494.65
Total Assets	7,837.92	3,222.75	2,178.95	803.20	1,091.12
Earning per share (Rs.)	129.17	213.17	125.32	50.72	26.51
Cash dividend (%)	100.00%	150.00%	100.00%	50.00%	50.00%
Bonus (%)	50.00%	150.00%	33.33%	20.00%	-

##### 4.7.2 Pakistan Premier Fund Limited

Rupees in million

	2005	2004	2003	2002	2001
Profit after tax	681.46	445.98	336.61	20.41	18.58
Net Assets	2,207.13	1,221.91	650.93	378.51	327.92
NAV per share (Rs.)	18.6842	18.10	16.27	9.45	8.19
Earning per share (Rs.)	6.54	7.43	8.41	0.51	0.46
Cash dividend (%)	12.50%	12.50%	-	5.00%	3.50%
Bonus (%)	25.00%	25.00%	12.50%	-	-

##### 4.7.3 Haroon Oils Limited

Rupees in million

	2005	2004	2003	2002	2001
Profit before tax	0.161	5.76	3.44	(5.55)	4.91
Profit after tax	(1.136)	1.37	1.85	(7.52)	2.52
Paid up Capital	8.00	8.00	8.00	8.00	8.00
Shareholders' Equity	28.15	29.25	28.99	26.40	33.92
Earning per share (Rs.)	(1.42)	1.72	2.31	(9.40)	3.14
Cash dividend (%)	-	14.00%	13.00%	-	15.00%
Bonus (%)	-	-	-	-	-

##### 4.7.4 First International Investment Bank Limited

Rupees in million

	2005	2004	2003	2002	2001
Profit before tax	80.866	48.04	89.93	62.50	71.94
Profit after tax	74.965	42.01	44.85	43.12	45.94
Paid up Capital	419.175	364.50	230.00	200.00	200.00
Shareholders' Equity	665.942	571.43	496.32	444.29	363.90
Earning per share (Rs.)	1.78	1.15	1.95	2.16	2.30
Cash dividend (%)	14.00%	-	-	-	15.00%
Bonus (%)	-	15.00%	15.00%	15.00%	-

#### 4.7.5 Sigma Leasing Corporation Limited

Rupees in million

	2005	2004	2003	2002	2001
Profit before tax	35.076	42.33	28.30	20.60	12.32
Profit after tax	31.213	33.17	12.30	20.23	11.01
Paid up Capital	250.00	200.00	200.00	150.00	100.00
Shareholders' Equity	287.958	245.35	244.23	182.98	128.95
Total Assets	1,154.805	1,045.44	636.24	511.68	401.50
Earning per share (Rs.)	1.50	1.66	0.61	1.39	1.10
Cash dividend (%)	15.00%	13.00%	3.50%	8.50%	3.50%
Bonus (%)	-	-	-	-	-

#### 4.7.6 Al-Abbas Cement Industries Limited (formerly Essa Cement Industries Limited)

Rupees in million

	2005	2004	2003	2002	2001
Profit before tax	(72.612)	25.648	4.430	24.664	10.257
Profit after tax	(82.341)	1.855	1.521	21.2567	7.057
Paid up Capital	380.927	380.927	380.927	380.927	380.927
Shareholders' Equity	380.751	463.092	566.695	584.220	582.010
Total Assets	1,882.564	1,697.908	1,729.142	1,761.240	1,796.592
Earning per share (Rs.)	(2.16)	0.05	0.04	0.56	0.19
Cash dividend (%)	-	10%	5%	5%	-
Bonus (%)	-	-	-	-	-

#### 4.8 MAIN SPONSOR

The main sponsor of the Management Company is Arif Habib Securities Limited ("AHSL"). AHSL is a public limited company listed on all three stock exchanges in Pakistan since 2001. The company was formed to continue the brokerage business that Mr. Arif Habib had formed in the late 1980s. Due to its excellent management, the company has made profits in every year since its incorporation and has been awarded the 'Best 25 Companies' award for each year since listing. The current capital of the company stands at over 5 billion and it has a record of being profitable for each year since its formation even in midst of market declines and other crisis.

The brokerage operations of the company have been recognized as one of the largest in Pakistan and it has successfully ventured into other financial services. AHSL has re-organized into a financial services and holding company and has transferred its brokerage business to Arif Habib Limited a wholly owned subsidiary. The re-organization was completed by the end of November 2005. The company's business is now concentrated in corporate finance and project advisory and on its investment portfolio which includes direct investment in a number of businesses together with partner organizations.

AHSL has an impressive record in transactions ranging from new listings and public offerings, to offers for sale, block sales/tenders, private placements (both domestically and internationally), and underwriting arrangements. AHSL's financial services are characterized by a dedication to excellence and attention to client needs.

## 4.9 THE TRUSTEE

The Trustee for the Scheme is the Central Depository Company of Pakistan Limited (CDC), a company incorporated in 1993 under the Companies Ordinance, 1984 and registered with the Securities & Exchange Commission of Pakistan (SECP) as a Central Depository Company, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan.

CDC 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 SECP has also approved the Regulations made pursuant to the said Act governing the operational and other aspects of the Central Depository System. The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) allow a CDC to act as the Trustee of Close-end and Open-ended schemes set up under the Rules. SECP has approved appointment of CDC as trustee of PIEIF vide its letter No. NBFC(II)-R-JE/AHIM-PIEIL/842/2005 dated 28 November 2005.

### 4.9.1 Shareholders

The shareholders of CDC include the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited, Citibank Overseas Investment Corporation, Muslim Commercial Bank Limited, Habib Bank Limited, National Investment Trust Limited, Investment Corporation of Pakistan, Pakistan Industrial Credit & Investment Corporation Limited, Islamabad Stock Exchange (Guarantee) Limited, Crescent Steel and Allied Products Limited, Crescent Leasing Corporation Limited, Shakarganj Mills Limited, International General Insurance Company of Pakistan Limited, Crescent Standard Investment Bank Limited and Crescent Standard Business Management (Pvt.) Limited.

### 4.9.2 Professional and Independent Management

CDC is run by professional management and most of the Directors on 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 with any investor institution.

### 4.9.4 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 structure.

### 4.9.5 CDC's Mission Statement

CDC is committed to provide secured and dependable services to the capital and financial markets in an efficient and cost effective manner comparable to best international practices.

## 4.10 TRUSTEE: DUTIES AND RESPONSIBILITIES

- 4.10.1 The Trustee shall comply with the provisions of this Deed and the Rules, for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Management Company. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss

in value of the Fund Property where such loss has been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

- 4.10.2 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Management Company, provided they are not in conflict with the provisions of this Deed or the Rules. Whenever, pursuant to any provision of this Deed any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof, a document signed or purporting to be signed on behalf of the Management Company, by any person whose signature the Trustee, is for the time being, authorized in writing by the Management Company to accept.
- 4.10.3 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- 4.10.4 The Trustee shall ensure that the sale, issue, repurchase, redemption and cancellation of units effected by a scheme are carried out in accordance with the provisions of the constitutive documents;
- 4.10.5 The Trustee shall ensure that the methods adopted by the management company in calculating the value of units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the constitutive documents;
- 4.10.6 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property, unless such instructions are in conflict with the provisions of this Deed or the Rules or law.
- 4.10.7 The Trustee shall ensure that the investment and borrowing limitations set out in the constitutive documents and the conditions under which the scheme was authorized are complied with;
- 4.10.8 The Trustee shall issue a report to be included in the annual report to be sent to unit holders whether, in the trustee's opinion, the asset management company has in all material respects managed the scheme in accordance with the provisions of the constitutive documents, if the asset management company has not done so, the respects in which it has not done so and the steps which the trustee has taken in respect thereof;
- 4.10.9 The Trustee shall insure that unit certificates are not issued until subscription moneys have been paid.
- 4.10.10 The Management Company shall, after obtaining approval of the Trustee, from time to time appoint, remove or replace one or more Distribution Company(s) for carrying the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company and the Management Company.
- 4.10.11 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust save in the capacity of an intermediary.
- 4.10.12 Subject to the Rules, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.



- 4.10.13 The Trustee shall, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company.
- 4.10.14 The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require, from time to time, in respect of the Fund Property and all other matters relating to the Trust.
- 4.10.15 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- 4.10.16 The Trustee shall, if requested by Management Company, and may, if it considers necessary for the protection of Fund Property or safeguarding the interest of Unit Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses, provided that no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under this Deed or the Rules. For the avoidance of doubt it is clarified that, notwithstanding anything contained in this Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities, whatsoever, suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise, howsoever, and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Fund.
- 4.10.17 The Trustee shall not be under any liability, except such liability as may be expressly assumed by it under the Rules and this Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company nor for anything except its own negligence or willful breach of duty hereunder. If, for any reason, it becomes impossible or impracticable to carry out the provisions of this Deed, the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

#### 4.11 THE DISTRIBUTION COMPANIES

The Fund shall be distributed through the distribution companies and their branches authorised for this purpose including the main office and branches/representative offices of the Management Company.

A list of the authorised distribution companies and their branches is given in Annexure B updated up to the issue date of this Offering Document. This list is based on the current address of the Area offices of the Management Company and the address of the current authorised branches of Distributors and can be changed due to relocation of offices or addition or deletion of authorised branches and additional distributors.

#### 4.12 THE CORE INVESTORS

The Core Investors of PIEIF, and details of their investments in the fund as under:

Core Investors	No. of Units	Rupees
INDUSTRIAL & MECHANICAL ENGINEERS	100,000.00	5,000,000.00
HOECHST PAKISTAN GROUP OF COMPANIES (Senior Executive Pension Fund)	200,000.00	10,000,000.00
SONERI BANK LIMITED.	200,000.00	10,000,000.00
ORIX INVESTMENT BANK PAKISTAN LTD.	100,000.00	5,000,000.00
HALEEB FOODS LTD. (Employee PF Trust)	100,000.00	5,000,000.00
SEARLE PAKISTAN LIMITED.	100,000.00	5,000,000.00
THE BANK OF PUNJAB	2,000,000.00	100,000,000.00
TREET CORPORATION LIMITED.	100,000.00	5,000,000.00
AMER COTTON MILLS (Pvt.) LTD.	100,000.00	5,000,000.00
SAPPHIRE FIBRE LIMITED.	100,000.00	5,000,000.00
FIRST NATIONAL EQUITIES LTD.	200,000.00	10,000,000.00
METROPOLITAN BANK LIMITED.	500,000.00	25,000,000.00
JAVED & CO. CHARTERED ACCOUNTANTS	20,000.00	1,000,000.00
SAJID USMAN KAUL	20,000.00	1,000,000.00
TASNIM BEG	60,000.00	3,000,000.00
MIAN TAJAMMAL HUSSAIN	20,000.00	1,000,000.00
<b>TOTAL</b>	<b>3,920,000.00</b>	<b>196,000,000.00</b>

Core Investors have agreed to hold their investments for a minimum period of two years from the date of payment in full of such Units. The Units can be transferred, subject to the condition that these will not be redeemed during the remaining period of two years.

In addition to the Core Investors, the following investors have agreed to subscribe to the various Units of the Fund on a pre-IPO basis. A list of the pre-IPO investors and their subscription is given below:

Pre-IPO Investors	No. of Units	Rupees
CITY SCHOOLS PROVIDENT FUND TRUST	200,000.00	10,000,000.00
ABBOT LABORATORIES (PAK) STAFF PENSION FUND	100,000.00	5,000,000.00
SONERI BANK LIMITED.	300,000.00	15,000,000.00

AL-ZAMIN LEASING MODARABA	200,000.00	10,000,000.00
THE BANK OF PUNJAB	2,000,000.00	100,000,000.00
SECURITY LEASING CORPORATION LTD.	200,000.00	10,000,000.00
TRUST LEASING & INVESTMENT BANK LTD.	200,000.00	10,000,000.00
SITARA CHEMICAL INDUSTRIES LTD. (Employee Provident Fund Trust-SCIL)	100,000.00	5,000,000.00
HAMDARD LABORATORIES (WAQF) PAKISTAN.	500,000.00	25,000,000.00
THE BANK OF KHYBER	600,000.00	30,000,000.00
ALSTOM-EMPLOYEE PROVIDENT FUND TRUST	120,000.00	6,000,000.00
HABIB BANK LTD. FINANCIAL INSTITUTIONS DIVISION	1,000,000.00	50,000,000.00
PNSC EMPLOYEE CONTR. PRO FUND	500,000.00	25,000,000.00
BAYER GROPSINCE EMPLOYEE'S PF	100,000.00	5,000,000.00
BANK ALFALAH LTD.	400,000.00	20,000,000.00
PRIME COMMERCIAL BANK LTD.	500,000.00	25,000,000.00
ALLIED BANK LIMITED.	1,500,000.00	75,000,000.00
NOMAN ABID & COMPANY	200,000.00	10,000,000.00
AL-HOQANI SECURITIES & INVESTMENT CORP. (PVT.) LTD.	500,000.00	25,000,000.00
NATIONAL BANK OF PAKISTAN	300,000.00	15,000,000.00
PAKISTAN KUWAIT INVESTMENT COMPANY (PVT.) LTD.	400,000.00	20,000,000.00
METROPOLITAN BANK LIMITED.	500,000.00	25,000,000.00
PICIC ASSET MANAGEMENT COMPANY LTD.	200,000.00	10,000,000.00
BANK AL-HABIB LIMITED.	1,000,000.00	50,000,000.00
ALLIED ENGINEERING & SERVICES LTD. EMPLOYEE PROVIDENT FUND	200,000.00	10,000,000.00
M. KHALIL MIAN	20,000.00	1,000,000.00
DR. KAMAL ILAHI	20,000.00	1,000,000.00
SALMAN SHEHRYAR	20,000.00	1,000,000.00
SULAIMAN AHMED AL HOQANI	500,000.00	25,000,000.00
TOTAL	12,380,000.00	619,000,000.00

There are no redemption restrictions on investors subscribing on a pre-IPO basis.

#### 4.13 THE EXTERNAL AUDITOR

A. F. Fergusons & Co. (PricewaterhouseCoopers - PwC)  
State Life Building No.1, I.I. Chundrigar Road,  
Karachi, Pakistan.

#### 4.14 SHARIAH COMPLIANCE AUDITOR

The External Auditor of the Fund will also act as a Shariah Compliance Auditor, and will complete a Shariah Compliance Audit of the Scheme for each Accounting Period within four months from the relevant Accounting Data becoming available, and will issue a Shariah Compliance audit report. The report will assess the compliance of the Fund with the Islamic Shariah as advised by the Shariah Council.

#### 4.15 THE REGISTRAR

Gangjees Registrar Services (Pvt) Limited  
516, Clifton Centre, Clifton,  
Karachi, Pakistan

#### 4.16 THE LEGAL ADVISOR

Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza, 6-c1-10,  
Beaumont Road, Civil lines,  
Karachi, Pakistan.

#### 4.17 THE SHARIAH ADVISORY COUNCIL

The Shariah Advisory Council consists of eminent Islamic economic and financial scholars, and who have considerable experience advising mutual funds on Shariah compliance. The first Shariah Advisory Council will be:

- (a) Justice (Rtd) Muhammad Taqi Usmani, Chairman.
- (b) Mualana Mahmood Ashraf Usmani
- (c) Dr. Muhammad Imran Ashraf Usmani
- (d) Mufti Muhammad Zahid

4.17.1 Justice (Rtd) Muhammad Taqi Usmani is a renowned figure in the field of Shariah, particularly in Islamic finance. Currently he holds advisory positions in number of financial institutions practicing Islamic Banking and Finance. Justice Muhammad Taqi Usmani has vast experience in Islamic Shariah. He has been teaching various subjects on Islam for 39 years. He also holds the position of Judge in the Shariah Appellate bench, Supreme Court of Pakistan since 1982. He also edits the magazine Albalagh in English and Urdu, and contributes articles in leading Pakistani newspapers. Born in Pakistan, Justice Muhammad Taqi Usmani holds an LL.B. from Karachi University. He graduated from Punjab University in 1970. Prior to that, he completed Takhassus course i.e. the specialization course of Islamic Fiqh and Fatwa (Islamic Jurisprudence) from Jamia Darululoom Karachi. He holds a number of positions related to Islamic finance:

- (a) Permanent Member International Islamic Fiqh Academy Jeddah

- (b) Vice President, Darul Uloom Karachi
- (c) Chairman, Shariah Council AAOIFI, Bahrain
- (d) Member, Islamic Fiqh Academy of Rabita-al-Alam-e-Islam, Makkah
- (e) Member, European Council of Fatwa and Research, Dublin, Ireland
- (f) Chairman, Centre of Islamic Economics Pakistan since 1991.
- (g) Chairman, Shariah Board Dow Jones Islamic Market Index, New York
- (h) Chairman, Shariah Board, Bahrain Monetary Agency, Bahrain
- (i) Chairman, Shariah Board, Amana Investments Limited, Sri Lanka
- (j) Chairman, Shariah Board, Abu Dhabi Islamic Bank, UAE
- (k) Chairman, Shariah Board, Islamic House of Britain plc, UK
- (l) Chairman, Shariah Board, First Islamic Investment Bank, Bahrain
- (m) Member, Shariah Board, Islamic Corporation for Development of the Private Sector, (ICD) an organ of IDB, Jeddah
- (n) Member Shariah Board, Guidance Financial Group, USA
- (o) Chairman Shariah Board, Meezan Islamic Bank.

4.17.2 Mualana Mahmood Ashraf Usmani has a Masters in Science of Shariah from Jamia Ashrafia, Lahore and a Masters in Science of Shariah from Medina University, Saudi Arabia. He also has a Takhassuss in Ifta (equivalent to a PhD) from Darul Uloom, Karachi. He has over 35 years of cumulative teaching experience in Shariah related subjects.

4.17.3 Dr. Muhammad Imran Ashraf Usmani is an M. Phil, Ph.D. in Islamic Economics and graduated as scholar from Jamia Darul-Uloom, Karachi and did specialization course in Islamic Jurisprudence. He is also involved in conducting training sessions for Meezan Bank staff in Islamic finance and Shariah issues. Dr. Usmani has been teaching at several branches of Islamic learning since 1998 at Jamia Darul-Uloom, Karachi. He is also an adjunct faculty member of Institute of Business Administration (IBA), Karachi. He holds a number of positions related to Islamic finance:

- (a) Shariah Board member/member of Executive Committee of HSBC Amanah Finance.
- (b) Shariah Advisor/Member of Shariah Supervisory Board, Meezan Bank Limited
- (c) Shariah Advisor, Credit Suisse Bank, Switzerland
- (d) Shariah Advisor, Mashreqbank PSC, Dubai, UAE
- (e) Shariah Advisor, Ihilal.com, Dubai, UAE.
- (f) Member, Shariah Supervisory Board, Guidance Financial Group, USA
- (g) Shariah Advisor, Future Growth Equity Fund, South Africa

4.17.4 Mufti Muhammad Zahid has obtained Alimiyyah degree from Jamia Islamia Imdadia in Pakistan. He has been teaching in several branches of Islamic learning especially Fiqh and Hadith and is Vice President of Jamia Islamia Imdadia in Faisalabad. Mufti Zahid has also published a number of books and articles on Islamic topics.

## 5. PART V: CHARACTERISTICS OF UNITS

### 5.1. TYPE OF UNITS AND MINIMUM INVESTMENT

5.1.1 PIEIF is divided into Units having a par value of Rs.50. Three types of Units of the Fund are offered Type A, Type B, Type C and Type D which are meant for various types of investors.

#### 5.1.2 Type A Units

Type A Units are meant for all types of investors and have the following characteristics:

**Minimum Investment:** The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs.5,000 and the minimum amount for adding to an existing account is Rs.1,000 per transaction.

**Front End Load:** Up to 5.0% including Transaction Costs of up to 0.5% \*\*  
(For current level of front end load, please refer to Annexure 'C')

**Back End Load:** None

**Distribution Method:** These Units will be entitled to get Bonus Units or Cash dividend as decided by the Management Company.

**Special Features:** Offered for investment directly as Units as well as through various specialized investment accounts under Type A Units.

#### 5.1.3 Specialized Investment Accounts for Type A Units

##### PIEIF Target Saver Account

- a) The objective of this Account is to facilitate Unit Holders in achieving long-term investment goals in a Halal manner through monthly investments in PIEIF.
- b) The present minimum monthly savings amount is Rs. 1,000 per month. The Management Company may from time to time amend the minimum amount.
- c) The investor shall start a PIEIF Target Saver Account by opening an account with an Investors Account Opening Form and indicating the PIEIF Target Saver Account subscription through an Investment Application Form and select a monthly subscription amount subject to the above minimum. The subscriber may also select a pre-determined annual increase in the level of monthly contributions or may otherwise change the monthly savings amount once in a calendar year subject to the above minimum. The Management Company may at its sole discretion allow a subscriber a more frequent change.
- d) The subscriber shall send each payment to the Distributor under an Investment Application Form as per the procedure for payments of Units. The Management Company may introduce arrangements whereby a subscriber may pay the contributions through standing instructions to a bank. In the event a subscriber does not deposit the monthly contribution for any reason, the account shall remain alive and the subscriber may continue the contributions at any stage. A subscriber may deposit additional funds of a minimum of Rs.1,000 per deposit (or such other minimum amount the Management Company may prescribe from time to time) at any stage.
- e) The Registrar shall send a statement of account to the subscriber each time there is activity in the account. Such statement or report shall be sent by ordinary mail to the Subscriber's address recorded in the register.

\*\* Amended with effect from 1st May 2008

- f) In the event the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing subscribers to continue buying Units under this Account.
- g) Dividends declared on the Units held in the PIEIF Target Saver Account shall be reinvested in the Fund.
- h) In the event of winding up of the Fund, the PIEIF Target Saver Account shall be discontinued and the Units standing to the credit of the subscriber shall be dealt with in the same manner the rest of the Units in the Fund.
- i) The Management Company may make arrangements with Islamic Insurance companies in the future to enable those subscribers who wish to cover their monthly subscription amount in the event of death or permanent and complete disability of the subscriber. The terms and conditions of the policies and the enforcement thereof will be between the insurance company and the subscriber. The Management Company does not take any responsibility in this regard and is only facilitating the arrangement. Where insurance company is willing to provide only group insurance cover, it may be necessary for the Management Company to become the policy holder for the benefit of the account holders. However, in such case, the Management Company does not take any responsibility beyond exercising reasonable care and diligence to ensure that the policy provides adequate cover to the subscribers. The Management Company does not guarantee that any of the insurance companies shall be willing to provide the cover to any subscriber nor does it guarantee performance by the insurance company.
- j) In the event the subscriber opts for an insurance cover with an insurance company, the subscriber shall send the amount of the applicable premium along with the monthly contribution. The Management Company shall pass on the premium to the insurance company concerned as a free service to the Subscriber. The primary responsibility of ensuring that the policy does not lapse is that of the Subscriber, however, in order to assist the subscribers in the event they do not send the monthly contribution and/ or the full insurance premium applicable for any month, the Management Company may send the amount of premium applicable to the insurance company so that the policy does not lapse due to non-payment of premium. The Management Company shall be entitled to full reimbursement by the subscriber and it may redeem such number of Units or fractions thereof standing in favour of the subscriber, that are adequate to pay for the premium. Such redemption shall take place the day (or the next following day) the Management Company is required to send the premium to the insurance company and in the event that day is not a day when a Redemption Price is announced for the Fund for any reason, redemption shall take place on the next day price is announced. Provided, under no circumstances shall the Management Company be obliged to pay any premiums unless there is a sufficient holding of the subscriber. The Management Company shall send quarterly statements to the subscribers indicating the Units redeemed and the amount paid to the insurance company during the preceding quarter. In the event the subscriber wishes to stop paying the premium, such subscriber shall advise the Management Company or the Registrar in writing failing which the Management Company may continue to pay the premium to the insurance company out of the subscriber's investments/funds.
- k) The Registrar shall not record a lien on the Units held in the PIEIF Target Saver Account in the event it is covered by an insurance option.
- l) In the event any changes are introduced in the PIEIF Target Saver Account after an existing subscriber has made an initial investment in the Account, the existing subscriber shall not be under any obligation to comply with the changes. However, if the subscriber

is willing to comply with the changes, he/she shall be welcome to opt for the changed terms and may be required to sign a form accepting the new terms.

- m) In addition to the risks disclosed elsewhere in the Offering Document, the investments in the PIEIF Target Saver Account are exposed to the following risk:
- (i) The target amount of saving and accumulation of the returns thereon are based on best estimates of the performance of the markets and the Management Company's actions based on the expected performance. There is no guarantee as to the actual performance of the Fund and the achievement of the target savings amount.
  - (ii) The Units in which the investor invests may go up or down
  - (iii) This Account is suitable for long-term investors who continue to invest during market cycles. If an investor discontinues investment in a short period of time he may not be able to achieve his investment objective and/or achieve a low or negative rate of return on funds invested.
  - (iv) The Fund is subject to being wound up under certain circumstances as explained in Part 12 In such an event the PIEIF Target Saver Account shall be discontinued without reaching the target savings amount.
  - (v) The Management Company does not take responsibility for any insurance company fulfilling its obligations.
  - (vi) In the event a subscriber fails to pay the insurance premiums or abandons the policy or decides to redeem the Units owned by him/her, the contributions made towards the insurance policy shall stand lapsed.

#### PIEIF Haj Saver Account

- a) Every Muslim must make Haj a priority and plan to perform it as soon as possible at least once in a lifetime. The objective of this Account is to facilitate Unit Holders in achieving savings equivalent to the cost of Haj through monthly investments in PIEIF.
- b) The present minimum monthly savings amount is Rs. 1,000 per month. The Management Company may from time to time amend the minimum amount.
- c) The investor shall start a PIEIF Haj Saver Account by opening an account with an Investors Account Opening Form and indicating the PIEIF Haj Saver Account subscription through an Investment Application Form and select a monthly subscription amount subject to the above minimum. The subscriber may also select a pre-determined annual increase in the level of monthly contributions or may otherwise change the monthly savings amount once in a calendar year subject to the above minimum. The Management Company may at its sole discretion allow a subscriber a more frequent change.
- d) The subscriber shall send each payment to the Distributor under an Investment Application Form as per the procedure for payments of Units. The Management Company may introduce arrangements whereby a subscriber may pay the contributions through standing instructions to a bank. In the event a subscriber does not deposit the monthly contribution for any reason, the account shall remain alive and the subscriber may continue the contributions at any stage. A subscriber may deposit additional funds of a minimum of Rs. 1,000 per deposit (or such other minimum amount the Management Company may prescribe from time to time) at any stage.
- e) The Registrar shall send a statement of account to the subscriber each time there is



activity in the account. Such statement or report shall be sent by ordinary mail to the subscriber's address recorded in the register.

- f) In the event the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing subscribers to continue buying Units under this Account.
- g) Dividends declared on the Units held in the PIEIF Haj Saver Account shall be reinvested in the Fund.
- h) In the event of winding up of the Fund, the PIEIF Haj Saver Account shall be discontinued and the Units standing to the credit of the subscriber shall be dealt with in the same manner the rest of the Units in the Fund.
- i) The Management Company may make arrangements with Islamic insurance companies in the future to enable those subscribers who wish to cover their monthly subscription amount or the target Haj expense amount in the event of death or permanent and complete disability of the subscriber. The insurance amount will be passed on to a nominee of the subscriber to perform Haj on the subscriber's behalf. The terms and conditions of the policies and the enforcement thereof will be between the insurance company and the subscriber. The Management Company does not take any responsibility in this regard and is only facilitating the arrangement. Where insurance company is willing to provide only group insurance cover, it may be necessary for the Management Company to become the policy holder for the benefit of the account holders. However, in such case, the Management Company does not take any responsibility beyond exercising reasonable care and diligence to ensure that the policy provides adequate cover to the subscribers. The Management Company does not guarantee that any of the insurance companies shall be willing to provide the cover to any subscriber nor does it guarantee performance by the insurance company.
- j) In the event the subscriber opts for an insurance cover with an insurance company, the subscriber shall send the amount of the applicable premium along with the monthly contribution. The Management Company shall pass on the premium to the insurance company concerned as a free service to the Subscriber. The primary responsibility of ensuring that the policy does not lapse is that of the Subscriber, however, in order to assist the subscribers in the event they do not send the monthly contribution and/ or the full insurance premium applicable for any month, the Management Company may send the amount of premium applicable to the insurance company so that the policy does not lapse due to non-payment of premium. The Management Company shall be entitled to full reimbursement by the subscriber and it may redeem such number of Units or fractions thereof standing in favor of the subscriber, that are adequate to pay for the premium. Such redemption shall take place the day (or the next following day) the Management Company is required to send the premium to the insurance company and in the event that day is not a day when a Redemption Price is announced for the Fund for any reason, redemption shall take place on the next day price is announced. Provided, under no circumstances shall the Management Company be obliged to pay any premiums unless there is a sufficient holding of the subscriber. The Management Company shall send quarterly statements to the subscribers indicating the Units redeemed and the amount paid to the insurance company during the preceding quarter. In the event the subscriber wishes to stop paying the premium, such subscriber shall advise the Management Company or the Registrar in writing failing which the Management Company may continue to pay the premium to the insurance company out of the subscriber's investments/funds.
- k) The Registrar shall not record a lien on the Units held in the PIEIF Haj Saver Account in

the event it is covered by an insurance option.

- l) In the event any changes are introduced in the PIEIF Haj Saver Account after an existing subscriber has made an initial investment in the Account, the existing subscriber shall not be under any obligation to comply with the changes. However, if the subscriber is willing to comply with the changes, he/she shall be welcome to opt for the changed terms and may be required to sign a form accepting the new terms.
- m) In addition to the risks disclosed elsewhere in the Offering Document, the investments in the PIEIF Haj Saver Account are exposed to the following risk:
  - (i) The target amount of saving and accumulation of the returns thereon are based on best estimates of the performance of the markets and the Management Company's actions based on the expected performance. There is no guarantee as to the actual performance of the Fund and the achievement of the target Haj expense amount in the targeted period.
  - (ii) The cost of performing Haj can increase by more than expected amount and thus the targeted savings amount may not be enough to perform Haj.
  - (iii) The Units in which the investor invests may go up or down
  - (iv) This Account is suitable for long-term investors who continue to invest during market cycles. If an investor discontinues investment in a short period of time he may not be able to achieve his investment objective and/or achieve a low or negative rate of return on funds invested.
  - (v) The Fund is subject to being wound up under certain circumstances as explained in Part 12 In such an event the PIEIF Haj Saver Account shall be discontinued without reaching the target savings amount.
  - (vi) The Management Company does not take responsibility for any insurance company fulfilling its obligations.
  - (vii) In the event a subscriber fails to pay the insurance premiums or abandons the policy or decides to redeem the Units owned by him/her, the contributions made towards the insurance policy shall stand lapsed.

#### PIEIF Monthly Drawings Account

- a) The objective of the PIEIF Monthly Drawings Account is to provide subscribers with a monthly drawing from their investment in PIEIF.
- b) The PIEIF Monthly Drawings Account may be opened with a minimum of Rs.500,000. The subscriber may add minimum of Rs.10,000 per transaction at the subscribers convenience. The Management Company may alter the minimum amounts required for opening, maintaining or adding to an Account. Provided an upward change for maintaining the Account or adding funds thereto shall require reasonable notice.
- c) The investor shall start a PIEIF Monthly Drawings Account by opening an account with an Investors Account Opening Form and indicating the PIEIF Monthly Drawings Account through an Investment Application Form. The payments for the Units of the Fund in the Account shall be as per payment procedure for payment of Units.
- d) In PIEIF Monthly Drawings Account, investors joining the account during any quarter ending on September 30, December 31, March 31 or June 30, shall be eligible to draw the monthly amount from the beginning of the next quarter of their joining of this account. Only those investments will be eligible to draw their monthly amount provided they have completed at least one month of their investment in PIEIF Monthly Drawings Account.

The distributable amount per Unit in the Account for each month during a quarter shall be ninety percent of the average actual monthly earnings per Unit for the previous quarter. The Management Company may alter the monthly distributable amount before the expiry of the quarter if it is of the view that there is a material change in the conditions of the investments of the Fund.

As a result of the drawings, the capital invested can deplete in case sufficient returns are not earned to pay for the amount of monthly drawings, since the shortfall would be made up by redeeming the required number of Units from their account at the rate prevailing at the time of redemption. In addition, the Units of the Fund may lose value due to adverse market conditions.

- e) The monthly distributable amount per Unit will be multiplied by the number of Units held under the PIEIF Monthly Drawings Account (hereinafter referred to as the net PIEIF monthly distributable amount). Such net PIEIF monthly distributable amount shall be paid to the respective Subscribers by redeeming such number of Units (and/or fractions thereof) in their Accounts as equal to such amount in value. During the first three working days of every month, the Management Company shall determine such number of Units (including fractions thereof) of the subscriber that represent the net PIEIF monthly distributable amount determined as above, based on the subscriber's holding.
- f) Management Company and/or the Registrar shall cause such Units (and/or fractions thereof) representing the net PIEIF monthly distributable amount to be redeemed at the Redemption Price applicable for that date without recovering any Back-end Load. The amount of redemption value so derived shall be transferred to the respective subscribers' designated bank accounts by way of transfer of funds to the designated bankers or through payment order/demand draft within six working days of the redemption.
- g) As an alternative to the arrangement described in clauses d & e above, a Subscriber may choose a Fixed Monthly Drawings. Under such an option, the Management Company shall announce every six months (or other such date it may consider necessary) a fixed amount as a percentage of the investment that shall be paid every month to the bank account designated by the Subscriber. The payment shall be made by redeeming such number of Units as are necessary to generate such payment. As a result of operation of this clause, the capital invested can deplete in case sufficient returns are not earned to pay for the amount of monthly drawings, since the shortfall would be made up by redeeming the required number of Units from their account at the rate prevailing at the time of redemption.
- h) Dividends declared on the Units held under the PIEIF Monthly Drawings Account shall be reinvested (net of taxes and the Haram component, if any) in Units of PIEIF and included in the PIEIF Monthly Drawings Account. The reinvestment will be at Net Asset Value without any provision for Transaction Charges or sales load. The Haram component of dividends will be paid to the subscriber or given to charities selected by the Management Company in consultation with the Trustee at the option of the subscriber.
- i) The Registrar shall send a statement of account to the subscriber each time there is activity in the account. Such statement or report shall be sent by ordinary mail or by e-mail to the subscriber's address recorded in the register.
- j) In the event the Management Company announces a suspension of further issue of Units of PIEIF it will also be applicable on the PIEIF Monthly Drawings Account but it may allow existing Subscribers to continue acquiring Units out of any dividends declared on Units held under the Account.

- k) The Subscriber may withdraw funds from the PIEIF Monthly Drawings Account at any stage by filling out and lodging the prescribed form with a Distributor. The request shall be processed provided the Account is left with the minimum amount required for maintaining the Account. However, in the event the principal value of the Account goes below the prescribed minimum amount as a result of loss in valuation or as a result of monthly drawings, the minimum value requirement as stated herein above shall not apply to that extent. In the event the minimum balance is not being maintained, the Subscriber is free to discontinue the PIEIF Monthly Drawings Account and convert the remaining amount into a standard investment account. The redemption request shall be processed on the basis of the Redemption Price applicable to Units of PIEIF on the redemption date.
- l) The Units bought out of funds deposited at the time of opening an account or out of fresh funds added to the account shall be issued at the respective Offer Prices applicable for PIEIF on the day the funds and the Investment Application Form, duly completed, are lodged with the Distributor.
- m) In the event of winding up of PIEIF, the PIEIF Monthly Drawings Account shall be discontinued and the Units standing to the credit of the Subscriber shall be dealt with in the same manner as the rest of the Units in PIEIF. The Management Company may at any stage discontinue the PIEIF Monthly Drawings Account. In that event existing subscriber shall continue to be the investors of PIEIF.
- n) The Registrar shall not record a lien on the funds or Units held in the PIEIF Monthly Drawings Account.
- o) In the event any changes are introduced in the PIEIF Monthly Drawings Account after an existing Subscriber has made an initial investment in the Account, the existing subscriber shall not be under any obligation to comply with the changes. However, if the subscriber is willing to comply with the changes, he/she shall be welcome to opt for the changed terms and may be required to sign a form accepting the new terms.
- p) In addition to the risks disclosed elsewhere in the Offering document, the investment in the PIEIF Monthly Drawings Account is exposed to the following risk:
  - (i) The expected returns are based on best estimates of the earning of the Fund and the ability to continue investing in similar investments in the portfolio. There is no guarantee as to the actual performance of the Fund.
  - (ii) It is possible for Units of PIEIF to lose value. Furthermore, the units held by the subscriber in the PIEIF Monthly Drawings Account can deplete in case sufficient returns are not earned to pay for the amount of monthly drawings, since the shortfall would be made up by redeeming the required number of Units from their account at the rate prevailing at the time of redemption.
  - (iii) PIEIF is subject to being wound up under certain circumstances as explained in Part 12. In such an event the PIEIF Monthly Drawings Account shall be discontinued.

#### 5.1.4 Type B Units

Type B Units are meant for investors that intend to remain invested in the Fund for medium to long term and have the following characteristics:

**Minimum Investment:** The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs.5,000 and the minimum amount for adding to an existing account is Rs.1,000 per transaction.

Front End Load:	No Front End Load only Transaction Costs of up to 0.5%
Back End Load:	3.0% for first year after investment 2.0% for second year after investment 1.0% for third year after investment Nil for redemptions after completion of 3 years from investment
Distribution Method:	These Units will be entitled to get Bonus Units or Cash dividend as decided by the Management Company.

#### 5.1.5 Type C Units

Type C Units are meant for those making sizeable investment and remaining invested for the medium to long term and have the following characteristics:

Minimum Investment:	The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs. 10,000,000 and the minimum amount for adding to an existing account is Rs.1,000,000 per transaction.
Front End Load:	No Front End Load only Transaction Costs of up to 0.5%.
Back End Load:	3.0% for first year after investment 2.0% for second year after investment 1.0% for third year after investment Nil for redemptions after completion of 3 year from investment.
Distribution Method:	These Units will be entitled to get Bonus Units or Cash dividend as decided by the Management Company.
Special Features:	The Management Company offers a special rebate on the management fees to Type C Units. Presently the rebate shall be one-third of the management fee. The Management Company may change the quantum of this special rebate at a later stage. However the change will not adversely affect any existing investment.
Eligibility:	The minimum amount of investment required under the Type C Units shall fixed by the Management Company from time to time. In the event the amount invested falls below the threshold other than through drop in market value, the Type C Units shall automatically be converted to Type A Units. In any case, existing investments in Type C Units will not be affected.

#### 5.1.6 Type D Units

Type D Units are meant for those making sizeable investment and remaining invested for the medium to long term and have the following characteristics:

Minimum Investment:	The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs. 10,000,000 and the minimum amount for adding to an existing account is Rs.1,000,000 per transaction.
Front End Load:	No Front End Load only Transaction Costs of up to 0.5%.
Back End Load:	3.0% for first year after investment

2.0% for second year after investment

1.0% for third year after investment

Nil for redemptions after completion of 3 year from investment.

Distribution Method: All normal distribution to Type D Units will be as cash dividend only, even if distribution for other types of Units is in the form of Bonus Units

Special Features: The Management Company offers a special rebate on the management fees to Type D Units. Presently the rebate shall be one-third of the management fee. The Management Company may change the quantum of this special rebate at a later stage. However the change will not adversely affect any existing investment.

Eligibility: The minimum amount of investment required under the Type D Units shall fixed by the Management Company from time to time. In the event the amount invested falls below the threshold other than through drop in market value, the Type D Units shall automatically be converted to Type A Units. In any case, existing investments in Type D Units will not be affected.

- 5.1.7 The Management Company may offer additional types of Units or prescribe additional account under any types of Units through supplementary Offering Documents.

The Management Company may also at its discretion suspend issue of certain types of Units or suspend issue of Units under different investment accounts

The Management Company may also at its discretion allow relaxation in the minimum investment amount of Type C and Type D to Pre-IPO investors or allow relaxation in the Front-end or Back-end load to any type of Units in the fund.

The Management Company reserves the right to alter the minimum amounts stated hereinabove at its discretion. In the event the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to either change the account/units to another type or to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

Notwithstanding anything stated above, there will be no Transaction Costs or Front-End Load/Back-End Load on Units subscribed by the Core Investors, pre-IPO investors and during the Initial Offer Period.

Investors can convert their investment between C and D types of Units. Such conversion will not attract any Transaction Cost. The Back-End Load on exit from converted C/D type Units will be calculated from the time of initial investment in C/D type Units before the conversion.

The Management Company may allow other conversions between types of Units and may waive the Transaction Cost and Front-End/Back- End Loads for the conversion at its sole discretion.

## 5.2. LEGAL STATUS

All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the Net Assets and earnings. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder. The Units shall be fully paid up before they are issued. Notwithstanding that three or more types of Units will be issued, it is clarified that PIEIF is one Scheme.

## 5.3. CORE UNITS

Core Units subscribed by the Core Investors shall be offered and issued at the Initial Offer Price and shall not be redeemable for a period of two years from the date of issue. However, these Units are transferable with the condition that the Units may not be redeemable for a period of two years from the date of issue. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. The Management Company offers a special rebate on the management fees to the Core Units.

## 5.4. DETERMINATION OF NAV

- 5.4.1 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. Where prices of securities are quoted/available on a dealer system/electronic board such as NASDAQ or Reuters the quoted price shall be used.
- 5.4.2 An Investment purchased, and awaiting payment against delivery, shall be included for valuation purposes as security held and the cash account of the company shall be adjusted to reflect the purchase price, including brokers' commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date.
- 5.4.3 An Investment sold, but not delivered pending receipt of proceeds, shall be valued at the net sale price.
- 5.4.4 The value of any dividends, bonus shares or rights, which may have been declared on securities in the portfolio but not received by the 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.
- 5.4.5 A security bought or sold under a repurchase or reverse repurchase transaction, which has to be settled at a future date, shall be valued by taking the net effect of the complete transaction into account. The gain or loss occurring shall be recognized taking into account the allocation of such gain or loss over the period between the transaction date and the settlement date.
- 5.4.6 A security not listed or quoted on a stock exchange, and whose price does not appear on an electronic bulletin board/trading system, shall be valued on basis of its investment value or break-up value as per last audited account whichever is later.
- 5.4.7 Profit accrued on any profit-bearing security in the portfolio shall be included as an asset of the fund if such accrued profit is not otherwise included in the valuation of the security.
- 5.4.8 A derivative shall be valued at current market price or, if it is an over-the-counter derivative, at the value quoted for it by one or more appropriate financial institution or the inferred value of the derivative based on the value of the commodity for which it has been written. The valuation of the derivative must be congruous to the valuation of the commodity for which it has been written.

- 5.4.9 The valuation shall be conducted as at the close of the Business Day in Pakistan. For international Investments, valuation will be carried-out one hour before the close of business day in Pakistan according to the price of securities at or around that time or, if the price is not available, at the closing price of securities at the end of the last business day in the country in which the securities are quoted.
- 5.4.10 All amounts in foreign currencies will be converted into Pakistani Rupees based on the quotations by the National Bank of Pakistan or the Authorised Dealer(s). The conversion will take place at the average of the buy-sell rates.
- 5.4.11 Any other income accrued up to the date on which computation was made, shall also be included in the assets.
- 5.4.12 All liabilities, expenses, taxes and other charges, due or accrued up to the date of computation, which are chargeable under the Trust Deed, shall be deducted from the value of the assets. The accrued management fee will, however, not be deducted from net assets at the stage of calculation of gross NAV per Unit but will be deducted when calculating net offer/redemption NAV per Unit at the rate for the various types of Units as shown in 5.5.2 and 5.7.2 below.
- 5.4.13 For any asset class, where no specific method of valuation is prescribed in the Rules, the guidance from the Commission shall be obtained and valuation shall be done accordingly.
- 5.5. ....



- 5.5.3 The Offer Price will be calculated on each Dealing Day.
- 5.5.4 The Management Company may announce different units with differing levels of Front-end load and Management Fees. Consequently, the Offer Price may differ for different types of Units issued and for different investors.
- 5.5.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-Section 5.5.2(c) iii is insufficient to pay, in full, such Duties and Charges, the Management Company shall be liable for the payment, in full, of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment, in which case such excess shall be recovered from the Fund Property).
- 5.5.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-Section 5.5.2(c)iii exceeds the relevant amount of Duties and Charges the Registrar shall issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application.
- 5.5.7 The Offer Prices determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and, at the discretion of the Management Company, may also be published in at least one daily newspaper widely circulated in Karachi and be made available at its website.

#### 5.6. PURCHASE PROCEDURE- ISSUE OF UNITS

- 5.6.1 Who Can Apply: Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the issue of Units in the Fund. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Facilitators accept any responsibility in this regard. Application may be made by persons, pursuant to the procedures described in paragraphs below, including but not limited to:
- (a) Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
  - (b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so 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 buy the Units
  - (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units shall be deemed to have warranted that he is duly authorised to purchase such Units.
  - (d) Management Company may seek more information to fulfil know your customer requirement

- 5.6.2 The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based options for the transactions.
- 5.6.3 How Units can be purchased: Before purchasing Units of the Fund an investor must open an account with the Management Company using the Investors Account Opening Form attached to this Offering Document.
- (a) Applications shall be accepted only if the investor designates a bank account. Such account of the investor shall be used for transferring any dividends and redemption proceeds. The investor may at any subsequent stage change the account to another bank account. If the bank account is not in Pakistan and/or denominated in Pakistani Rupee then any cost of conversion or transfer will be borne by the Unit Holder.
  - (b) In case of individual applicants a photocopy of the National Identity Card of the applicant or any other form of identification acceptable to the Management Company.
  - (c) In case of a body corporate or a registered society or a trust, (1) copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations; (2) copy of the relevant resolution of the board of directors approving the investment (3) copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the Investment and (4) copy of the National Identity Card of the officer to whom the authority has been delegated.
  - (d) The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
  - (e) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the mean while the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- 5.6.4 After opening an account an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.
- (a) Payment for Units can be made by banker's draft/pay-order, payable in Karachi, Pakistan.
  - (b) Payments can also be made by cheque drawn on any bank in Pakistan made payable to the "CDC- Trustees AHIM Funds" and crossed "Account Payee only" and must be drawn on a Bank in the same town as the Authorized Branch of the relevant Distribution Company to which the application form has been submitted is located. However, payment by cheques is subject to such conditions that the Management Company may impose from time to time. (The Management Company may impose such limits it deems fit as to the bank branch on which the cheque is drawn and as to the monetary limits on cheques, which may vary for various class of investors).

- (c) Payment for Units in cash will not be accepted, except, by Banks who are also Distributors of the Fund. In this case the money may be deposited through a specifically designed paying-in form into an account in the name of the Trustee (CDC – Trustees AHIM Funds).
- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Cash can only be deposited in a bank account titled “CDC - Trustees AHIM Funds” maintained with designated banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors.
- (f) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms, Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

5.6.5 All Forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company website or requested from the Management Company by mail.

5.6.6 The Investor Account Opening Form and the Investment Application Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Facilitators) is authorized to accept the forms or payment.

5.6.7 Allocation/Issue of Units:

- (a) The Offer Price determined at the end of the Business Day for Units of the Fund shall apply to all Investment Request Forms, complete in all respects including payment, received by the Management Company at its registered address during business hours on that Business Day. Any Investment Request Forms received after business hours will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing Day the Offer Price calculated on the next Dealing Day shall apply to the purchase request.
- (b) In the event payment has been accepted by cheque, the payment will be deemed to be completed on the date the cheque is received by the Management Company. However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on cheques, which may vary for various class of investors, and in the event a cheque is returned unpaid, the Management Company may instruct the Registrar to redeem the Units so allocated at the then prevailing redemption price but not exceeding the redemption price fixed on the day the Units were allocated. In the event the Management Company instructs the Registrar to redeem the Units, the investor may be prosecuted for recovery of the shortfall in the issue and redemption price and /or other punitive action for presenting a cheque that is returned unpaid.
- (c) In general, the payments from outside Pakistan will be deemed to be completed on the date the Trustee receives the payments from international investors in its account.

However, the Management Company may announce a different policy for payments for different classes of investors from outside Pakistan.

5.6.8 Unit Holders may make changes in their account information by using the Request Form for The Changes in Account Information or the Request Form for Changes in The Bank Account Information attached to this Offering Document.

5.6.9 Joint Application

- (a) Joint application can be made by up to four related groups of applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their National Identity Card or other identification document.
- (b) The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligation.
- (c) In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form, shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations.
- (d) Where Units are registered in the name of Joint Holders and subsequently additional Units are purchased by the same Joint Holders but the application is made in different order, such additional Units will be registered under a different account.

5.6.10 The Management Company may frame additional rules and regulations regarding issue of Units in de-materialized form registered with a depository organization.

5.7. REDEMPTION PRICE

5.7.1 During the Initial Period the Units shall not be redeemed.

5.7.2 After the Initial Period the Redemption Price shall be calculated according to the following method.

- (a) The gross NAV of the Fund will be calculated based on the valuation methodology given in 5.4 above;
- (b) The gross NAV will be divided by the number of Units outstanding in the fund to reach the gross NAV per Unit.
- (c) The gross NAV per Unit will be adjusted for the following to arrive at the net redemption NAV per Unit:
  - i. Deduction of Management Fee at the rate applicable for the respective Unit type.
  - ii. Deduction of any Back-end Load;
  - iii. Deduction of any taxes imposed by the Government;
  - iv. Deduction of such amount as the Management Company may consider an appropriate provision for Duties and Charges; and

- v. Deduction of such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- (d) The net redemption NAV will be adjusted downwards to the nearest Paisa to arrive at the Redemption Price.

- 5.7.3 The Redemption Price will be calculated on each Dealing Day.
- 5.7.4 The Management Company may announce different units with differing levels of Back-end load and Management Fees. Consequently, the Redemption Price may differ for different types of Units issued and for different investors.
- 5.7.5 In the event that the amount deducted for payment of Duties and Charges pursuant to sub-Section 5.7.2(c)iii is insufficient to pay, in full, such Duties and Charges, the Management Company shall be liable for the payment, in full, of the amount of such Duties and Charges in excess of the provisions.
- 5.7.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-Section 5.7.2(c)iii exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders with the next income distribution, or if instructed by the Management Company, at any time earlier.
- 5.7.7 The Redemption Prices determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and, at the discretion of the Management Company, may also be published in at least one daily newspaper circulating in Karachi and make it available at its website.

## 5.8. REDEMPTION PROCEDURE

- 5.8.1 Unit Holders may redeem any Units held by them at any time using the Redemption Form attached to this Offering Document. Certificates, if issued, must be submitted with the Redemption with an endorsement at the back of the Certificate. Partial redemption of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificate before applying for redemption. Unless the Joint Holders of Units have specified otherwise, all the Joint Holders shall sign the Redemption Form of such Units.
- 5.8.2 All Forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company website or requested from the Management Company by mail.
- 5.8.3 The Redemption Form can be lodged with any Authorized Branch of the Distributor or directly lodged with the Management Company. No other person (including Facilitators) are authorized to accept the form. The applicant must obtain a copy of the form signed and stamped by an authorized officer of the Distributor/Management Company acknowledging the receipt of the form and the Certificates, if any.
- 5.8.4 The Redemption Price determined at the end of the Business Day for Units of the Fund shall apply to all Redemption Forms, complete in all respects, received by the Management Company at its registered address during business hours on that Business Day. Any Redemption Forms received after business hours will be transferred to the next Business Day.

Provided that if a Business Day is not a Dealing Day the Redemption Price calculated on the next Dealing Day shall apply to the redemption request.

- 5.8.5 The Management Company will make arrangements, from time to time, for receiving Redemption Forms from outside Pakistan and payment of redemption amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 5.8.6 For calculating the interval between the Redemption Application and actual payment of redemption amount the day of receipt of the Redemption Form will consider to be the date of the Dealing Day of which the Redemption Price is applied to the redemption request. The maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Unit Holder will not exceed six Business Days. The payment of the redemption value shall be made by virtue of a transfer to the Unit Holder's (the first named joint holder if jointly held) designated banker. In case of overseas account holders the maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Authorized Dealer for conversion and transmission to the Unit Holder will not exceed six Business Days, however, the actual receipt of the redemption amount by the Unit Holder may be delayed due to time taken for conversion and transmittal of the amount. The Management Company may also specify some other procedure, rather than direct transfer to a bank account, for payment of redemption amount to overseas Unit Holders.
- 5.8.7 In redeeming Units of the Fund, no money shall be paid to any person except the Unit Holder or his or her duly authorized representative.
- 5.8.8 After an existing Unit Holder has redeemed all his Units and collected all his dues, he shall have no further claims against the Fund.
- 5.8.9 The procedure hereinabove is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based options for the transactions. The Management Company may also offer Automated Teller Machines (ATMs) based redemptions through which a Unit Holder may also redeem Units of the Fund to such extent as the Management Company may arrange from time to time through Automated Teller Machines (ATMs) supported by one or more banks. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available subject to the Unit Holder signing a special form and agreement prescribed by the Management Company
- 5.8.10 The Management Company may frame additional rules and regulations regarding redemption of de-materialized Units registered with a depository organization.

#### 5.9. TRANSFER, TRANSMISSION AND CONVERSION PROCEDURE

- 5.9.1 Unit Holders may, subject to the law, transfer any Units held by them to any other account holder. The transfer shall be carried out after the Registrar has satisfied himself that all requisite formalities including the payment of any taxes and has recovered the fee prescribed for the service. A Unit shall be transferable only in its entirety.
- 5.9.2 Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the

transferee is entered in the Register in respect thereof. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate has been lost, stolen or destroyed, subject to compliance by the transferor with like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document or the Trust Deed. The Registrar shall retain all instruments of transfer.

- 5.9.3 The Registrar, with the prior approval of the Management Company and the Trustee, shall be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from termination of the Trust. The Trustee or the Management Company or the Registrar shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Registrar that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Registrar and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided always that (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this Sub-section shall be construed as imposing upon the Trustee or the Management Company or the Registrar any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled and (ii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

- 5.9.4 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Registrar after satisfying himself as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Registrar.
- 5.9.5 Subject to any Personal Laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death or may request a nomination or change in nomination. Nominee(s) can be nominated only by single Unit Holders when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not include the Management Company or the Trustee or the Registrar from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.
- 5.9.6 Deletion of name, in case of a death of joint holder, all other holders need to specify so by signing in the deletion of name section of the form and identifying the name of the holder along with his/her date of expiry. The Registrar shall carry out the deletion of name after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received.
- 5.9.7 A Unit Holder may convert the Units held by him in a Unit Trust Scheme/Administrative Plan managed by the Management Company into units of another Unit Trust Scheme/Administrative Plan managed by the Management Company subject to the terms of the respective Offering Documents or the terms stated in the Supplementary Offering Document/s relating to the respective Administrative Plans/s. The Registrar shall carry out the conversion after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received.
- 5.9.8 A Unit Holder may merge the units when he/she has invested with two registration numbers and wishes to merge both the units into one registration number. The Registrar shall carry out the merger after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received.
- 5.9.9 Transfer, transmittal, merger and deletion of name can be carried out by filing the Service Request Form AH1 07 – Change in Investor Particulars, conversion of Units can be carried out by filing the Service Request Form AH1 08 – Conversion of Plans/Fund attached to the Offering Document and submitting it to the Authorized Branch of a Distributor together with any certificate/document required. Certificates, if issued, must accompany the form.
- 5.9.10 Any transfers and transmittal of de-materialized Units placed in a depository organization will take place under the rules and regulations of such organization.
- 5.9.11 The Management Company may close the Register by giving at least seven days notice to Holders and for period not exceeding forty five days in a calendar year. During the period the Register is closed, transfer application will not be received.

## 5.10. DEALING, SUSPENSION, AND DEFERRAL OF DEALING

- 5.10.1 Deferral of fresh issue or redemption of Units due to lack of price discovery – The



Management Company may at any time, subject to the Rules, defer all or part of the issue or redemption of Units to the next Business Day if due to price caps or floors, or for any other reason, if shares representing a significant part of the portfolio of the Fund were not available for trading during the Business Day. This deferral shall continue till the relevant shares become available for trading.

- 5.10.2 Suspension of fresh issue of Units - The Management Company may at any time, subject to the Rules, suspend issue of fresh Units. Such suspension may however not affect existing subscribers to any plans that may be offered by the Management Company under different administrative arrangements, the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the Fund's prices are normally published.
- 5.10.3 Refusal to accept fresh issue/account opening request: The Management Company or the Distribution Company may at any time refuse to accept a request for account opening/fresh issue of Units in any of the following cases:
- (a) In case the application for account opening/fresh issue request is contrary to the Know-Your-Customer rules or any other money laundering rules that the Fund may be subject to or that the Management Company may frame for self regulation.
  - (b) In case the request for account opening/fresh issue of Units is contrary to the rules of the foreign jurisdiction that the Fund or the investor may be subject to or if accepting the request may subject the Fund or the Management Company to additional regulation under the foreign jurisdiction.
  - (c) If accepting the request for account opening/fresh issue of Units would in any case be contrary to the interests of the Management Company or the Fund.
- 5.10.4 Deferral of request for fresh issue of Units: The Management Company may at any time suspend or defer the issue of fresh Units if in its opinion the total number or any one request for fresh issue of Units is so large that investing the funds would take some time and be contrary to the interests of the present Unit Holders. In this case the Management Company may accept certain request for fresh issue of Units and may defer part or all of certain request for fresh issue of Units and issue only a limited number of fresh units. The Units that are issued on a deferred basis, some time after the request for fresh issue of Units has been received, will be issued at the Offer Price prevailing on the date of such issue.
- 5.10.5 Circumstances of suspension of redemption - The redemption of Units may be suspended or deferred during extraordinary circumstances, including war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of one or more Stock Exchanges on which any of the Securities invested in by the Fund are listed, closure of the banking system, computer breakdown or strikes or other events that render the Management Company or the Distributors unable to function, or the existence of a state of affairs which, in the opinion of the Management Company, constitutes an emergency, as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Unit Holders or a break down in the means of communication normally employed in determining the price of any Investment or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. Such

a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and, under extreme circumstances; the Management Company may decide to wind up the Fund. Details of the procedure are given in Part 5.10.8 below.

- 5.10.6 Such suspension or Queue System shall end on the day following the first Business Day on which the conditions giving rise to the suspension or Queue System shall, in the opinion of the Management Company, have ceased to exist and no other condition, under which suspension or queue system is authorized under the Deed, exists. In case of suspension and invoking of a Queue System and end of suspension and Queue System, the Management Company shall immediately notify the Commission and publish the same in at least one daily newspaper each circulating at Karachi, Lahore and Islamabad.
- 5.10.7 Queue System - In the event redemption requests on any day exceed 10% of the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to 10% of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing, as may be permissible under the Rules as it deems fit, in the best interest of the Unit Holders, and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on a proportional basis, proportionate to the size of the requests. The requests in excess of the 10% shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed 10% of the Units in issue, these shall once again be treated on first-come-first-served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.
- 5.10.8 Winding up in view of major redemptions - In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund under intimation to the Commission and the Trustee. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the Final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

#### 5.11. CONSOLIDATION OF UNITS

By a deed supplemental to the Trust Deed the Management Company may at any time, with the approval of the Trustee, on giving not less than 21 days previous notice in writing to each Unit Holder, subdivide or consolidate the whole or any part of the Units and the Unit Holder shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates have been issued, (who shall be bound accordingly) deliver up his

Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such sub-division or consolidation.

## 5.12. ISSUANCE OF CERTIFICATES

- 5.12.1 Upon being satisfied that the Initial Offer Price for each Unit has been received in full from the successful applicant, the Registrar shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder.
- 5.12.2 Certificates shall be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee to be set by the Management Company from time to time. The proceeds of such fee will accrue to the Management Company.
- 5.12.3 Certificates shall only be issued against full payment of the subscription money.
- 5.12.4 Unit Holders must use the Service Request Form AHI 06 Certificate Processing for issue, cancellation, replacement, splitting or consolidation of Certificates. The form, duly completed, must be lodged in the Authorized Branch of a Distributor.
- 5.12.5 Certificates shall be issued as herein provided not later than 21 Business Days after the date of request. The Certificate may be sent to the Unit Holder or his duly authorized nominee at his own risk by registered post or by courier service.
- 5.12.6 In the case of Units held jointly, the Registrar shall not issue more than one Certificate for the Certificates held by such joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 5.12.7 Certificates shall be issued in such form as may, from time to time, be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- 5.12.8 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Registrar, which shall always be autographic. No Certificate shall be of any force or effect until signed as hereinabove mentioned. Certificates so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Registrar or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Registrar or an authorized signatory.

- 5.12.9 The issue of certification or receipt in lieu of physical Certificate or any other record of dematerialized Units placed in a depository organization will take place under the rules and regulations of such organization.
- 5.12.10 Subject to the provisions of this Offering Document or the Trust Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee, with the approval of the Management Company, every Unit Holder shall be entitled to exchange upon surrender of any or all of his existing Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.
- 5.12.11 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Registrar, with the approval of the Management Company, may issue to the person entitled a new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have (i) returned the mutilated or defaced Certificate or furnished to the Trustee /Registrar evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate, (ii) paid all expenses incurred in connection with the investigation of the facts; and (iii) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Registrar shall incur any liability for any action that they may take in good faith under the provisions of this sub-Section. Provided further that the Trustee and/or the Management Company may also require issuance of public notices in newspapers and/or provision of such indemnification as the Management Company and the Trustee may deem appropriate, at the cost of the pertinent Unit Holder, before issuing any new certificates.
- 5.12.12 Before the issuing of any Certificate under the provisions of this sub-Section the Registrar may require from the applicant for the Certificate the payment to it of a fee to be set by the Management Company, from time to time, together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges, if any, payable in connection with the issue of such Certificate.

### 5.13. PLEDGE OF UNITS

- 5.13.1 Any Unit Holder or all joint Unit Holders may request the Registrar to record a pledge of all or any of his/their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a pledge on any Units in favor of any third party with the specific authority of the Management Company.
- 5.13.2 The pledge, once registered, shall be removed by the authority of the party in whose favor the pledge has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Registrar take any responsibility in this matter.
- 5.13.3 Payments of dividends or the issue of bonus Units for units under pledge shall be made to the pledge holder for the account of the Unit Holder.

## 6. PART VI: DISTRIBUTION POLICY

### 6.1. DISTRIBUTION POLICY AND DATE

- 6.1.1 The Fund shall annually distribute an amount that is required under the tax laws and other regulations in force and that may be beneficial for its Unit Holders. The entire amount available for distribution may be distributed as cash dividend, bonus, partially cash/bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.
- 6.1.2 The Management Company shall decide as soon as possible, but not later than 45 days after the Accounting Date, whether to distribute among Unit Holders, profits, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the rate of such distribution per Unit.
- 6.1.3 The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditors and shall be the sum total of:
- (a) The total income earned on the Fund Property during such Accounting Period, including all amounts received in respect of dividend, mark-up, profit and fee;
  - (b) Whole or part of the realized and unrealized appreciation, at the option of the Management Company;
  - (c) From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine in consultation with the Auditors.
- 6.1.4 The proceeds of sales of rights and all other receipts deemed by the Management Company, after consulting the Auditors, to be in the nature of capital accruing from Investments, shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company, after consulting the Auditors, to be in the nature of the net realized appreciation, may be distributable to the Unit Holders by the Trustee and shall, thereafter, cease to form part of the Fund Property, once transferred to the Distribution Account.
- 6.1.5 The income qualifying for distribution in respect of the relevant period may be adjusted as under:
- (a) Deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, profit or mark-up;
  - (b) Adjustment if considered necessary by the Management Company to reflect the diminution in value of Fund Property, including deterioration in exchange rate applicable to international Investments, in consultation with the Trustee.
- 6.1.6 The Management Company may also distribute an amount, through cash or bonus, for an interim period that is not a full Accounting Period.

- 6.1.7 The Management Company may announce different Units with reduced levels of management fee. In such cases the management fee will accrue on a daily basis according to the various types of Units under issue and on a monthly basis the excess net NAV per Unit representing the reduced level of management fee will be distributed to the respective Units in form of additional units or dividend distribution notwithstanding the condition of overall income, reserves and retained earnings of the Fund and the income available for distribution in the Fund, if any. Notwithstanding the above, The Management Company may also at its discretion prescribe other methods of passing the reduction in management fee to such types of Units so long as this does not disadvantage the other types of Units.
- 6.1.8 The Management Company, in consultation with the Shariah Council, shall decide what portion of the income of the Fund is Haram, if any, which will be segregated and paid to charity. The list of charities to which the Management Company will pay the Haram income will be decided in consultation with the Shariah Council.

## 6.2. DISTRIBUTION OF INCOME

- 6.2.1 After the fixing of the rate of bonus distribution per Unit, the Management Company will inform the Trustee who shall cause to have additional Units issued in the name of the Unit Holders as per the bonus ratio.
- 6.2.2 For distribution of excess net NAV per Unit as mentioned in 6.1.7, the Management Company shall inform the Trustee on a monthly basis of the amount of Units, including fractional units, to be capitalized and/or the dividend to be paid and the Trustee shall cause to have the additional Units issued in the name of the relevant Unit Holders and/or cause Fund Assets to be distributed as dividend as per the information provided by the Management Company.
- 6.2.3 On each Accounting Date or interim distribution date the Management Company shall instruct the Trustee to transfer to the Distribution Account such amount of cash as required to effect the cash distribution of income to the Unit Holders net of re-Investment of dividend as provided by 6.2.6 below. The amount standing to the credit of the Distribution Account shall not be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute to Unit Holders as herein provided.
- 6.2.4 After the fixing of the rate of cash distribution per Unit, cash distribution payments shall be made by transfer to the Unit Holders' designated bank accounts, or in the case of joint Unit Holders, to designated bank account of the joint Unit Holder first named on the Register. The receipt of funds by such designated bankers shall be a good discharge thereof.
- 6.2.5 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments, whatsoever, and issue to the Unit Holder the certificate in

respect of such deduction in the prescribed form or in a form approved by the concerned authorities.

- 6.2.6 Certain Unit Holders may authorize the Trustee to re-invest any cash distributions from the Fund into additional Units of the Fund. The Trustee, in such cases will not pay cash distribution but will issue such Units and pay for such Units out of the relevant cash distribution net of any deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments. Issue of the account statement by the Registrar showing an increase in Units shall be a good discharge of the obligation to pay dividends. In such cases, the additional Units will be issued at Net Asset Value less any duties and charges and will not attract any front-end fees or transaction charges. Deductions in respect of any Zakat, income or other taxes, charges or assessments shall be paid as cash to the relevant Government agencies and the Unit Holder will be issued a certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.
- 6.2.7 A Unit Holder may elect to receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing prior to the distribution declaration for any relevant period.
- 6.2.8 Where the Units are placed under pledge, the payment of dividends or the issue of bonus Units for units under pledge shall be made to the pledge holder for the account of the Unit Holder.

### 6.3. DISTRIBUTION OF LIQUIDATION PROCEEDS

- 6.3.1 Upon the Trust being terminated the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid.
- 6.3.2 The Trustee, on the recommendation of the Management Company, shall, from time to time, distribute to the Unit Holders pro rata to the number of Units held by them, respectively, all net cash proceeds derived from the realization of the Fund Property after making payment as mentioned in sub-Section 6.3.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.
- 6.3.3 In case the Trust is terminated by the Commission on the grounds given in the Rules, the Commission may appoint a liquidator in consultation with the Trustee

## 7. PART VII: FEES AND CHARGES

### 7.1. MANAGEMENT COMPANY REMUNERATION

- 7.1.1 The Management Company shall be entitled to receive a remuneration of an amount not exceeding 3% per annum of the average daily Net Assets of the Fund during the first five years of the Scheme and 2% per annum of the average daily Net Assets thereafter.
- 7.1.2 The remuneration shall begin to accrue from the date of payment in full on all Units subscribed during the Initial Period by investors, including the Management Company. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued.
- 7.1.3 The remuneration due to the Management Company shall be calculated and accrued on a daily basis but paid monthly.
- 7.1.4 The Management Company may announce different Units with reduced levels of management fee. The Offer and Redemption Price of such types of Units will be calculated based on this reduced level of management fee. The excess net NAV per Unit of the relevant Unit types will be distributed to the relevant Units on a daily basis as mentioned in 6.1.7 and 6.2.2 above. The Management Company may also at its discretion prescribe other methods of passing the reduction in management fee to such types of Units so long as this does not disadvantage the other types of Units.
- 7.1.5 Any advisory, management or consultancy fee charged directly to the Fund by an international fund manager/advisor on Fund investments abroad will be the responsibility of the Management Company and any fees paid out of Fund Property will be netted-off from the fees paid to the Management Company.
- 7.1.6 The Management Company will reduce its own fee by up to fifty percent on the Fund Property invested in international mutual funds managed by third party. This reduction will apply on the net management fee of the fund (after excluding rebates/reduction given to certain types of Units).
- 7.1.7 The management fees to be paid on international Investments managed by an international fund manager are the responsibility of the Management Company. Any fees paid by the Fund shall be netted-off from the fees to be paid to the Management Company.
- 7.1.8 In consideration of the foregoing, and save as aforesaid, the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Fund. The Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and this Offering Document or the Trust Deed to be payable out of Fund Property.
- 7.1.9 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Offering Document or the Trust Deed.



## 7.2. TRUSTEE REMUNERATION

- 7.2.1 The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure A), which shall be applied to the average daily Net Assets of the Fund during such calendar month. The remuneration shall begin to accrue from the date of payment in full by the Management Company in respect of the subscription of the initial Units of the Fund. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued.
- 7.2.2 Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.
- 7.2.3 In consideration of the foregoing, and save as aforesaid, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Rules and this Offering Document or the Trust Deed.
- 7.2.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Offering Document or the Trust Deed.
- 7.2.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission.

## 7.3. FORMATION COST

- 7.3.1 Formation Cost that will not exceed 1.0% of the pre-public offer investment in the Fund (including Core Units and Pre-IPO Units) and shall be borne by the Fund and amortized over a period not exceeding five years.

## 7.4. ALLOCATION OF FRONT-END/BACK-END LOAD

- 7.4.1 The remuneration of Distribution Companies and Investment Facilitators shall be paid exclusively from any Front-end/Back-End Load received by the Trustee and no charges shall be made against the Fund Property or the Distribution Account in this respect. The remainder of any Front-end/Back-End Load after such disbursement shall be paid by the Trustee to the Management Company as distribution support and processing charges for their services for the Fund. If the Front-end/Back-End Load received by the Trustee is insufficient to pay the remuneration of the Distribution Companies and Investment Facilitators, the Management Company shall pay to the Trustee the amount necessary to pay in full such remuneration.
- 7.4.2 Such payments shall be made to the Distribution Companies and Investment Facilitators and the Management Company by the Trustee or by the Management Company to the Trustee on monthly basis in arrears within thirty days of the end of the calendar month.

- 7.4.3 A Distributor located outside Pakistan may, if so authorized by the Trustee and the Management Company, retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.
- 7.4.4 Management Company may also issue Units at a reduced or no Sales and Processing Charge. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any sales or processing charge
- 7.4.5 Units issued to an existing Accountholder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value applicable on that date plus a processing charge not exceeding one-half of one percent.
- 7.4.6 Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

#### 7.5. PAYMENT OF UNITS IN FOREIGN CURRENCY

- 7.5.1 The Management Company shall appoint one or more scheduled bank(s) as the Authorized Dealer(s) to manage Offer and Redemption of Units from outside Pakistan in foreign currency under the provisions of the Foreign Exchange Manual of the State Bank of Pakistan.
- 7.5.2 Payments made in foreign currency to purchase units shall be converted into Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost shall be deducted from the payment before Units are issued.
- 7.5.3 At the option of the Management Company, payments made in foreign currency for Units purchased may directly be made part of Fund Property without conversion into Pakistani Rupees, after deduction of the relevant duties, charges, Transaction Costs and Front-end Load. The Units issued will be denominated in Pakistani Rupees using as conversion rate the rates quoted by the Authorized Dealer at the issue date of the Units (buying rate for the relevant currency).
- 7.5.4 Payments to be made in foreign currency on redemption of units shall be converted from Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost shall be deducted from the payment to be made.
- 7.5.5 At the option of the Management Company, payments to be made in foreign currency for Unit redemption may directly be paid from foreign currency dominated bank account that are part of Fund Property after deduction of the relevant duties, charges, Transaction Costs and Back-end Load. As the Units redeemed will be denominated in Pakistani Rupees the conversion rate will be the rates quoted by the Authorized Dealer at the redemption date of the Units (selling rate for the relevant currency).

## 7.6. OTHER FEES AND CHARGES

Other fees and charges shall include:

- (a) Brokerage and transaction costs related to investing and dis-investing of the Fund Property
- (b) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders
- (c) Bank charges, foreign currency conversion, commission & buy-sell spreads and borrowing/financial costs
- (d) Audit Fees
- (e) Taxes applicable to the Trust on its income, turnover, assets or otherwise
- (f) Annual Fee payable to the Commission
- (g) Fees and expenses of Shariah Advisors.
- (h) Custody charges including Central Depository Company of Pakistan charges and cost of custodial services for overseas Investments.
- (i) Fees and deposits for registration with a depositary organization such as the Central Depository Company of Pakistan.
- (j) Hedging costs including forward cover, forward purchase or option purchase costs.
- (k) Taxes, fees, cess, duties and other charges levied by foreign jurisdictions on investments outside Pakistan and any domestic taxes, fees, cess, duties and other charges.
- (l) Other charges and fees such as listing fees of the exchange, associate membership fee in the stock exchanges, etc.

## 8. PART VIII: TAXATION

### 8.1. TAXATION ON INCOME OF PIEIF

The following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of PIEIF. This section is for advise only and potential investors should consult their tax experts for their liability with respect to taxation from investment in the Fund. This part does not cover tax liability of non-Pakistan resident investor with respect to taxes in their own jurisdiction.

#### 8.1.1 Liability for Income Tax of the Fund

Under the income tax laws of Pakistan, PIEIF is regarded as a public company for tax purposes. The income of the Fund is taxable at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend Income: Withholding tax of 5% as final settlement of liability.
- (b) Capital gains arising on sale of securities listed on any stock exchange in Pakistan are exempt from tax up to June 30, 2007
- (c) Return from all other sources/instruments is taxable at the rate of 35% applicable to a public company

#### 8.1.2 Liability for Income Tax if 90% of Income is distributed

Notwithstanding the tax rates stated under Section 8.1.1 above, the income of PIEIF will be exempted from tax if not less than 90% of the income of the year is distributed amongst the Unit Holders. The 90% of the income shall be calculated after excluding realized and unrealised capital gains. PIEIF will comply with the requirements of tax exemption and distribute at least 90% of the income, calculated after excluding realized and unrealised capital gains to the Unit Holders.

#### 8.1.3 Withholding Tax

All income, namely, dividend, return from Shariah compliance term finance certificates, return on riba-free deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations, and establishments issued on the principles of Bai'Muajjal, Bai'Salam, Istisn'a, Modaraba, Murahaba, Musharika or shares will not be subjected to any withholding tax.

#### 8.1.4 Zakat

PIEIF is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings bank account, or similar account with a bank standing on the first day of Ramzan-ul-Mubarak will be subjected to deduction to 2.5% Zakat.

### 8.2. TAXATION OF UNIT HOLDERS AND LIABILITY OF ZAKAT

The information set forth below is included for general information purposes only. In view of the

individual nature of tax implications, each investor is advised to consult with his or her tax advisor with respect to the specific tax implications of Investment in PIEIF.

- 8.2.1 Income Tax: Dividend paid to Unit Holders of the Fund shall be subject to income tax as under according to the present rates, which may be changed in future:

Withholding Tax	
Public Company / Insurance Company in Pakistan	5%
Others	10%

The portion of dividends paid out of capital gains on sale of listed securities shall not be subject to income or withholding tax.

- 8.2.2 Tax Credit: Unit Holders shall be entitled to a tax credit in Pakistan under Section 61(1) and (2) of the Income Tax Ordinance, 2001 on purchase of new Units. The amount on which tax credit will be allowed shall be the lower of: (a) amount invested; (b) 10% of the total income of the Unit Holder; and (c) Rs. 150,000 and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year shall be increased by the amount of the credit allowed.
- 8.2.3 Zakat: Units held by resident Pakistani Unit Holders shall be subject to Zakat under the Zakat and Ushr Ordinance, 1980 at a rate of 2.5% of the par value of the Units, except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption payment, if Units are redeemed during the Zakat year before payment of dividend.

## 9. PART IX: REPORTS AND ACCOUNTS

### 9.1. ACCOUNTING PERIOD

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 Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.

### 9.2. ACCOUNTING DATE

Accounting Date means the date 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.

### 9.3. AUDIT

- 9.3.1 The first Auditors of the Trust shall be A.F. Fergusons & Co., Karachi, Pakistan. Thereafter, the Management Company shall, in consultation with the Trustee, appoint as auditor a firm of chartered accountants who shall be independent of the auditor of the Management Company and the Trustee. The Management Company may at any time, with the concurrence of the Trustee, and shall, if directed by the Commission, remove the Auditors and appoint other Auditors in their place.
- 9.3.2 The Auditors shall hold office until transmission of the annual report and accounts but may be re-appointed for up to three consecutive terms of one year each. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one year. The following persons shall not qualify to be the Auditors of the Trust:
- (a) A person who is or, at any time during the preceding three years, was a director, officer or employee of the Management Company or the Trustee.
  - (b) A person who is a partner of, or in employment of, a director, officer, employee or Connected Person of the Management Company or Trustee.
  - (c) The spouse of a director of the Management Company or Trustee.
  - (d) A person who is indebted to the Management Company or Trustee, and
  - (e) A body corporate.
- 9.3.3 Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm, for the time being.
- 9.3.4 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar or elsewhere and shall be entitled to require from the Management Company, the Trustee and their directors, officers and agents, such information and explanations as considered necessary for the performance of audit.

- 9.3.5 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company and considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 9.3.6 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto.
- 9.3.7 The contents of the Auditors report shall be as required in the Rules.
- 9.3.8 The Management Company shall:
- (a) Within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account, together with the Auditor's report for the Accounting Period, to the Commission and Unit Holders in accordance with the Rules.
  - (b) Within two months after the close of the first half of its year of accounts, prepare and transmit to the Unit Holders and the Commission, a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules.
  - (c) Within a month after the close of the first and the third quarter, prepare and transmit quarterly report to the Unit Holders, the Trustee and the Commission, along with a Profit and Loss Account and Balance Sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules.

## 10. PART X: WARNINGS

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS OFFERING DOCUMENT, YOU SHOULD CONSULT YOUR STOCK BROKER, BANK MANAGER, LEGAL ADVISOR, OR OTHER FINANCIAL ADVISOR. THE PRICE OF THE UNITS OF THIS FUND AND THE INCOME OF THIS FUND (FROM WHICH DISTRIBUTIONS TO UNIT HOLDERS IS MADE) MAY INCREASE OR DECREASE.



## 11. PART XI: GENERAL INFORMATION

### 11.1. CONSTITUTIVE DOCUMENTS

The constitutive documents of PIEIF are:

- (a) Trust Deed, dated 14 December 2005, executed between AHIML and the CDC.
- (b) This Offering Document.
- (c) Consents of the Auditor, Shariah Council, Legal Adviser and Trustee to their respective appointments and having been named and described as such in this Offering Document.
- (d) Letter No. NBFC-45/AMC & IA/05/2003 dated 21 August 2003 from SECP, licensing AHIML to undertake Asset Management and Investment Advisory Services, under Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (e) Letter No. NBFC(II)-R-JE/AHIM-PIEIL/842/2005 dated 28 November 2005 from SECP to AHIML, approving CDC to act as Trustee of PIEIF under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (f) Letter No. NBFC (II)-R/AHIM-PIEIF/796 dated 10 November 2005 from SECP to AHIML, authorizing an open-end scheme named Pakistan International Element Islamic Fund under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (g) Letter No. NBFC-II/JD(R)/AHIML-PIEIF-142 dated 10 March 2006 from SECP to AHIML, approving this Offering Document under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (h) Letter No. EPD/ 3691/EPP.12(36)-2005 dated 24<sup>th</sup> May 2005 from the State Bank of Pakistan to AHIML, stating that the State Bank has in principle allowed the Fund to invest outside Pakistan subject to some limits.
- (i) Letter No. EPD/ 2063/EPP.12(165)-2006 dated 3<sup>rd</sup> April 2006 from the State Bank of Pakistan to AHIML, granting approval in continuations of State Bank's earlier approval granted vide letter No. EPD/ 3691/EPP.12(36)-2005 dated 24<sup>th</sup> May 2005.
- (j) Letter No. EPD/ 2064/EPP.12(165)-2006 dated 3<sup>rd</sup> April 2006 from the State Bank of Pakistan to AHIML, stating that the State Bank has no objections to the Fund issuing Units outside Pakistan.
- (k) Letter No. NBFC-II/JD(R)/AHIML-PIEIF-185/2006 dated 29 March 2006 from SECP to AHIML, relaxing the requirement of Rule 67 (2) (f) of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

The constitutive documents of PIEIF can be inspected at the head office of the Management Company

11.2. DATE OF PUBLICATION OF THIS OFFERING DOCUMENT

The date of publication of this Offering Document is [].

11.3. STATEMENT OF RESPONSIBILITY

Arif Habib Investment Management Limited accepts responsibility for the accuracy of the information herein contained as of the date of publication.

## 12. PART XII: TERMINATION OF THE SCHEME

### 12.1. TERMINATION AND LIQUIDATION OF TRUST

- 12.1.1 The Management Company may terminate the Fund if the Net Assets, at any time, fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and shall disclose the grounds of its decision. The Management Company may announce winding up of the Fund without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund property to meet such redemption would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Fund be wound up.
- 12.1.2 In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund without notice.
- 12.1.3 The Trust may also be terminated by the Commission on the grounds given in the Rules.
- 12.1.4 This Offering Document or the Trust Deed may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of this Offering Document or the Trust Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Trust.

## 13. DEFINITIONS

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

- 13.1.1 “Accounting Date” means the date, 30th June, in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date;
- 13.1.2 “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 Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period;
- 13.1.3 “Auditors” means such audit firms that are appointed as the auditors of this Scheme;
- 13.1.4 “Authorized Branch” means those branches of the Distributors that have been authorized by the Management Company, from time to time, to perform Distribution Functions;
- 13.1.5 “Authorized Dealer” means a Schedule Bank appointed by the Management Company under the Foreign Exchange Manual of the State Bank of Pakistan to manage issuance and redemption of Units;
- 13.1.6 “Authorized Investment” means investments transacted, issued, traded or listed in Pakistan and abroad as defined in Part III of this Offering Document.
- 13.1.7 “Back-end Load” means a processing charge or sales costs, deducted by the Management Company from the Net Asset Value in determining the Redemption Price;
- 13.1.8 “Bai Mu’ajjal” means a contract in which the seller earns a profit margin on his purchase price and allows the buyer to pay the price at a future date in lump sum or in installments;
- 13.1.9 “Bai’ Salam” means a contract in which advance payment is made for certain defined goods (other than gold, silver and currencies) to be delivered later on a fixed date;
- 13.1.10 “Bank” means an institution providing banking services under the banking laws of Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan;
- 13.1.11 “Bank Accounts” mean those accounts the beneficial ownership of which rests in the Unit Holders and for which CDC has been appointed the Trustee;
- 13.1.12 “Business Day/Dealing Day” means a day (such business hours thereof) when Banks are open for business in Pakistan;

- 13.1.13 “Certificate” means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed;
- 13.1.14 “Commission” or “SECP” means the Securities and Exchange Commission of Pakistan that is the main regulator for the Fund;
- 13.1.15 “Connected Person” shall have the same meaning as in the Rules;
- 13.1.16 “Constitutive Document” means this Trust Deed which is the principal Document governing the formation, management or operation of the Fund;
- 13.1.17 “Core Investors” of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of Rule 67(2)(f) of the Rules. The Core Investors shall be issued Core Units representing their subscription;
- 13.1.18 “Core Units” shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be effected only on the receipt, by the Registrar, of a written acceptance of this condition by the transferee;
- 13.1.19 “Custodian” means a bank, the Central Depository Company of Pakistan Limited, or any other Depository for the time being appointed by the Trustee, with the approval of the Management Company, to hold and protect the Fund Property, or any part thereof, as custodian, on behalf of the Trustee; the Trustee may also, itself, provide custodial services for the Fund, with the approval of the Management Company, at competitive terms, as part of the normal line of its business;
- 13.1.20 “Dealing Day” means every Business Day, provided that the Management Company may, with the prior written consent of the Trustee, and upon giving not less than 7 days notice in the newspapers, declare any particular business day not to be a Dealing Day;
- 13.1.21 “Deed” means the Trust Deed which is the principal Document governing the formation management or operation of the Fund;
- 13.1.22 “Distribution Account” means the account (which may be a current, deposit, or savings account) maintained by the Trustee with a Bank approved by the Management Company in which the amount required for distribution of income to Unit Holders shall be transferred;
- 13.1.23 “Distributor”, “Distribution Company”, “Distribution Companies” mean a company or companies, firm, or bank appointed by the Management Company, with the approval of the Trustee, for performing any or all of the Distribution Functions and shall include the Management Company, itself, if it performs the Distribution Function;
- 13.1.24 “Distribution Function” means the functions with regard to:
- (a) Receiving applications for the issue of Units and the aggregate Offer Price for Units applied for by such applications;

- (b) Issuing receipts in respect of (a) above;
  - (c) Interfacing with and providing services to the Holders including receiving redemption, transfer applications, conversion notices and applications for change of address or issue of duplicate certificates for immediate transmission to the Management Company or the Registrar, as appropriate, and
  - (d) Accounting to the Trustee for (i) money received from applicants for the issuance of units; (ii) payments made to the Unit Holders on redemption of Units; (iii) expenses incurred in relation to the Distribution Function;
- 13.1.25 “Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or, in respect of the issue, sale, transfer, cancellation or replacement of a Certificate, or otherwise, which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distribution Company or any Front-end or Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value;
- 13.1.26 “Formation Cost” means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund, inviting investment therein and all expenses incurred during the period leading up to the initial issue of Units;
- 13.1.27 “Front-end Load” means the sales and processing charges, payable to the Management Company, which are included in the Offer Price of Units;
- 13.1.28 “Fund’s Auditors” mean the Auditors;
- 13.1.29 “Fund Property” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices, after deducting therefrom or providing thereagainst, the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising therefrom 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 Unit Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account;
- 13.1.30 “Halal” means anything permitted by the Shariah;
- 13.1.31 “Haram” means anything prohibited by the Shariah;
- 13.1.32 “Holder” or “Unit Holder” means the investor, for the time being, entered in the Register as owner of a Unit or part thereof, including investors jointly registered pursuant to the provisions of this Offering Document and the Trust Deed;
- 13.1.33 “Initial Offer Price” means the price of Rs. 50 per Unit during the Initial Period;

- 13.1.34 “Initial Period” means a period as set out in the Offering Document during which the “Core Units” and other Units will be offered at the Initial Offer Price;
- 13.1.35 “Investment” means any Authorized Investment forming part of the Fund Property;
- 13.1.36 “Investment Facilitator” or “Facilitator” means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Fund. The Management Company shall compensate Facilitators out of the Sales Load collected by it in the Offer Price;
- 13.1.37 “Istisna’a” means a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery;
- 13.1.38 “Modaraba” means a form of partnership where one partner provides funds, while another provides expertise and management;
- 13.1.39 “Murabaha” means a sale on mutually agreed profit. Technically, it is a contract for sale in which the seller declares his cost and profit. As a financing technique, it involves a request by the client to the financier to purchase certain items for him, which are then sold to the client at a mutually agreed price;
- 13.1.40 “Musharika” means a relationship established under a contract by the mutual consent of the parties for sharing of profit and losses arising from a joint enterprise or venture. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions;
- 13.1.41 “Net Assets” means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified in Section 5.4 of this Offering Document;
- 13.1.42 “Net Asset Value” means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding;
- 13.1.43 “Offer Price” means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to Section 5.5 of the Trust Deed;
- 13.1.44 “Offering Document” means the prospectus, advertisements or other documents (approved by the Commission) that contain the investment and distribution policy and all other information in respect of the Fund and the plans offered under various administrative arrangements covered by the respective Supplementary Offering Documents, as required by the Rules and is calculated to invite offers by the public to invest in the Fund;
- 13.1.45 “Ordinance” means Companies Ordinance, 1984;
- 13.1.46 “Par Value” means the Initial Offer Price of a Unit that shall be Rs. 50;
- 13.1.47 “Pakistan International Element Islamic Fund”, “Fund”, “PIEIF”, “Trust” or “Scheme” or “Open-end Scheme” means the trust constituted by the Trust Deed of which this is the Offering Document;

- 13.1.48 “Personal Law” means the law of inheritance and succession as applicable to the individual Unit holder;
- 13.1.49 “Redemption Price” means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Section 5.7 of the Trust Deed;
- 13.1.50 “Redemption Form” means the redemption form as defined in the Offering Document;
- 13.1.51 “Register” means the Register of the Holders kept pursuant to the Rules and the Trust Deed;
- 13.1.52 “Registrar” means an organization that the Management Company shall appoint for performing the Registrar Functions;
- 13.1.53 “Registrar Functions” means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Processing requests for issue, transfer and transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holder
  - (c) Dispatching income distribution warrants and bank transfer intimations;
  - (d) Issuing statement of accounts;
  - (e) Issuing, re-issuing and canceling Certificates;
- 13.1.54 “Rules” means the Non-Bank Finance Companies Rules, 2003 as amended from time to time;
- 13.1.55 “SECP” or “the Commission” means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997;
- 13.1.56 “Shariah” means divine guidance as given by the Holy Quran and the Sunnah of Prophet Muhammad (Peace Be Upon Him) and embodies all aspects of the Islamic faith;
- 13.1.57 “Shariah Code” means the rules framed by the Management Company in consultation with relevant Shariah experts that govern the function of the Fund so as to enable it to be in conformity with the principles of Islamic Shariah;
- 13.1.58 “Shariah Compliant” shall mean any activity that is in accordance with the Shariah Code;
- 13.1.59 “Stock Exchange” means Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969;
- 13.1.60 “Sukuk” means a type of Islamic participation or investment certificate (including Sukuk Islamic Bonds launched by the Government of Pakistan) that are backed by assets of the organization that earn profit or rent;
- 13.1.61 “Supplementary Offering Document” means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing the special features of new type of Units and offering investment in the Scheme;



- 13.1.62 “Transaction Costs” means the costs incurred or estimated by the Management Company to cover the costs (such as, but not limited to, brokerage, Trustee charges, taxes or levies on transaction, etc.) related to the investing or disinvesting activities of the Fund’s portfolio, necessitated by creation or cancellation of Units. Such cost may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property;
- 13.1.63 “Unit” means one undivided share in the Fund and, where the context so indicates, a fraction thereof;
- 13.1.65 “Trust Deed” means the deed entered into by AHIML and the Trustee to constitute this open-end Islamic fund;
- 13.1.66 “Zakat” has the same meaning as in the Zakat and Ushr Ordinance, 1980;

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words “written” or “in writing” include printing, engraving, lithography, or other means of visible reproduction.

# 14 SIGNATORIES TO THE OFFERING DOCUMENT

Name	Position in Investment Adviser	Signatures
Mr. Arif Habib	Chairman	
Mr. John Kirkham	Vice- Chairman	
Mr. Nasim Beg	Chief Executive	
Mr. Muhammad Akmal Jameel	Director	
Mr. Sirajuddin Cassim	Director	
Mr. Muhammad Yousuf	Director	
Mr. Samad A. Habib	Director	
Mr. Salim Chamdia	Director	

Dated: 23<sup>rd</sup> February 2006

Place: Karachi, Pakistan

Witness: \_\_\_\_\_

Address: \_\_\_\_\_

NIC No.: \_\_\_\_\_

# ANNEXURE A

## Central Depository Company of Pakistan's Tariff Structure for Trusteeship of Open-end Scheme

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

Amount of Funds Under Management (Average NAV)	Tariff per annum
Up to Rs. 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, which ever is higher.
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

# ANNEXURE B

## DISTRIBUTION COMPANIES AND THEIR BRANCHES

This list is based on the current address of the Area offices of the Management Company and the address of the current authorised branches of Distributors and can be changed due to relocation of offices or addition or deletion of authorised branches and additional distributors.

### HEAD OFFICE OF THE MANAGEMENT COMPANY

2/1, R.Y.16, Old Queens Road, Karachi-74000.

TEL: (092-21) 111-468-378 (111-INVEST), 2470153-62, 2470210-19.

Fax: (092-21) 247-0351, 247-0337.

Email: [marketing@arifhabib.com.pk](mailto:marketing@arifhabib.com.pk).

Website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)

### BRANCHES /AREA OFFICES OF MANAGEMENT COMPANY

Karachi	Lahore	Islamabad/Pindi	Multan
<p>Sulman Umer Area Rep. Office Suit # 301,12-C 7<sup>th</sup> Zamzama Lane, Phase V D.H.A, Karachi Tel: (021) 5301969 Fax: (021) 5301968 Email: <a href="mailto:Salman.Umer@Arifhabib.Com.Pk">Salman.Umer@Arifhabib.Com.Pk</a></p>	<p>Beg Associates (Pvt) Ltd Area Supervisor Suite# 219, 2nd Floor Century Towers, 75-L Main Boulevard, Gulberg III Lahore Tel: (042) 111-468-378, Fax: (042) 5840487. Email: <a href="mailto:Salim.Beg@Arifhabib.Com.Pk">Salim.Beg@Arifhabib.Com.Pk</a></p>	<p>Zahiruddin Khan 60 - A, Canning Road Rawalpindi 46000 Tel: (051) 111-468-378 Fax: (051) 5563091 Email: <a href="mailto:Zahir.Khan@Arifhabib.Com.Pk">Zahir.Khan@Arifhabib.Com.Pk</a></p>	<p>N.A.Z Consultants 143-144, Mall Plaza Multan Cantt. Tel: (061) 111-468-378 Fax: (061) 4542924 Cell:(0300) 6304490 Email: <a href="mailto:Nawazish.Zaidi@Arifhabib.Com.Pk">Nawazish.Zaidi@Arifhabib.Com.Pk</a></p>
Peshawar	Faisalabad		
<p>Haroon Ayub Wazir Area Rep. Office 1st Floor, State Life Building 34 The Mall. Peshawar Tel: (091) 287696 Fax: (091) 287697 Email: <a href="mailto:Haroon.Ayub@Arifhabib.Com.Pk">Haroon.Ayub@Arifhabib.Com.Pk</a></p>	<p>Area Representative Office P-838, Plot # 75, Liaquat Road Faisalabad Tel: (041) 111-468-378 Email: <a href="mailto:Aezid.Mahmood@Arifhabib.Com.Pk">Aezid.Mahmood@Arifhabib.Com.Pk</a></p>		

## BRANCHES OF BANK AL HABIB LIMITED

Karachi	Lahore	Islamabad	Multan
<p>Bank Al-Habib Limited Mackinnons Building, I.I.Chundrigar Road, Karachi</p> <p>Bank Al-Habib Limited 16-C, Commercial Lane 3, Phase V, Zamzama Boulevard, D. H.A , Karachi</p> <p>Bank Al-Habib Limited B-39, Al-Shams Centre Block 13-A, University Road, Gulshan-E-Iqbal, Karachi</p> <p>Bank Al-Habib Limited Room No. 4-6, Stock Exchange Building, Stock Exchange Road Karachi</p>	<p>Bank Al-Habib Limited 87,Shahrah-E-Quaid-E- Azam, Lahore</p> <p>Bank Al-Habib Limited 3-E, Block E, Ground Floor, Main Market, Gulberg II Lahore</p>	<p>Bank Al-Habib Limited 90-91, Razia Sharif Plaza Jinnah Avenue, Blue Area Islamabad</p>	<p>Bank Al-Habib Limited 126-C, Old Bahawalpur Road Multan</p>
Peshawar	Faisalabad	Quetta	Rawalpindi
<p>Bank Al-Habib Limited 105-106, F.C. Trust Building Sonehri Masjid Road Peshawar</p>	<p>Bank Al-Habib Limited Bank Square, Outside Kutchery Bazar, Faisalabad</p>	<p>Bank Al-Habib Limited Mannan Chowk, M.A.Jinnah Road Quetta</p>	<p>Bank Al-Habib Limited 40/3, Jhanzeb Centre, Bank Road, Rawalpindi Cantt</p>

## BRANCHES OF STANDARD CHARTERED BANK

Karachi	Karachi	Lahore	Islamabad/ Rawalpindi
<p>Main Branch I.I. Chundrigar Road, Karachi Tel: 021-111-600-600</p> <p>Hotel Metropole Branch Abdullah Haroon Road Karachi Tel: 021-5672283</p> <p>Gulshan B branch Sb 9, Block 13b Gulshan-E-Iqbal, University Road, Karachi Tel: 021-4800883</p> <p>Garden Branch Kandawalla Building M.A.Jinnah Road, Karachi Tel: 021-2226935</p> <p>Nursery Branch 14-A, Block -6 Shahra-E-Faisal, Karachi Tel: 021-4310520</p> <p>Allama Iqbal Road 72-S, Block 2, PECHS Karachi Tel: 021-4529195</p> <p>Clifton Branch 10, Khayaban-E-Roomi World Trade Centre, Clifton Karachi. Tel: 021-5867777</p>	<p>Hill Park Branch SNPA 16-A/1, K.C.H.S Shaheed Millat Road Karachi Tel: 021-4544900</p> <p>Defence Branch 12-C, Shahbaz Lane 2 Phase VI, D.H.A, Karachi Tel: 021-5843002</p> <p>Nazimabad Branch D-15, Block H North Nazimabad, Karachi Tel: 021-6705584</p> <p>Gulistan-E-Johar Branch Plot No Sb 38, Al Fiza Tower Shop No 8 &amp; 9 Gulistan-E-Johar, Karachi Tel: 021-4529195</p> <p>Hyderabad Branch Shop No 19 &amp; 20 Ground Floor Quaid-e-Azam Centre, CMSS Hyderabad</p>	<p>Mall Branch Shahrah-E-Quaid-E-Azam, The Mall, Lahore Tel: 042-111-600-600</p> <p>Defence Branch 308 Z,(Commercial) Phase III D.H.A., Lahore Tel: 042-5899129</p> <p>New Garden Town Branch Fb-4, Awami Complex Usman Block New Garden Town, Lahore Tel: 042-5833568</p> <p>Cantonment Branch Tufail Road, Lahore Cantt YYYY YYYYYYYYYY 27</p> <p>Gulberg Branch 131-E/1, Gulberg III, Lahore Tel: 042-5877192</p> <p>PECO Branch No 879d, Faisal Town Peco Road, Lahore Tel: 042-5203123</p> <p>Shadman Branch 119 Shadman Colony, Lahore Tel: 042-7523503</p> <p>Johar Branch 13-A, Block-G, Johar Town YóYY re Tel: 042-5313248</p>	<p>Diplomatic Enclave Branch Islamabad Tel: 051-111-600-600</p> <p>Blue Area Branch 61-A, Saudi Park Tower Blue Area, Islamabad Tel: 051-2800208</p> <p>Markaz Branch Shop # 5,6,7, Plot # 9 F11 Markaz, Islamabad Tel: 051-2113626</p> <p>Rawalpindi Branch 55, Haider Road Rawalpindi Tel: 051-5564287</p> <p>Satellite Town Branch Building No 29, B-1 Nazir Plaza, Satellite Town Chandni Chowk Rawalpindi Tel: 051-4844810</p>
Peshawar	Faisalabad	Quetta	Sialkot
<p>Standard Chartered Bank 35 - Shahrah-E-Quaid-E-Azam, Peshawar Cantt Tel: 275665 / 275146</p>	<p>Standard Chartered Bank Railway Road, Faisalabad Tel : 041-634480</p>	<p>Standard Chartered Bank Shahra-e-Mohd Ali Jinnah Quetta Tel: 081-821438</p>	<p>Standard Chartered Bank A-97, Aziz Shaheed Road Sialkot Cantt, Silakot Tel: 0432-264528</p>

## BRANCHES OF UNION BANK LIMITED

Karachi	Lahore	Islamabad	Multan
Union Bank Limited Al-Rahim Tower, I.I. Chundrigar Road, Karachi	Union Bank Limited 39-Empress Road, Lahore	Union Bank Limited 1st Floor, 1-B Awan Arcade, Blue Area, Islamabad	Union Bank Limited Abdali Road, Multan
Peshawar	Faisalabad	Quetta	Rawalpindi
Union Bank Limited 6-Saddar Road Peshawar	Union Bank Limited Taj Plaza, Kotwali Road, Faisalabad	Union Bank Limited M.A.Jinnah Road, Quetta	Union Bank Limited 2-The Mall, Rawalpindi-Cantt
Gujrat	Sialkot	Jhelum	Sargodha
Union Bank Limited Shafiq Plaza, G.T. Road, Gujrat	Union Bank Limited Abbot Road, Sialkot	Union Bank Limited Opp. Municipal Committee, Civil Lines, Jhelum	Union Bank Limited Trust Plaza, Fatima Jinnah Road Sargodha
Gujranwala			
Union Bank Limited Trust Plaza, G.T. Road Gujranwala			

## BRANCHES OF BANK OF PUNJAB

Lahore	Lahore		
Model Town Branch C – Block, Model Town Lahore Tel: 042-9230451,9230254	D.H.A Branch 1-L, Phase 1, Commercial Area, D.H.A Lahore Tel: 5722885		

## OTHERS

Karachi	Karachi		
Arif Habib Securities Limited 60-63 Karachi Stock Exchange Building, Stock Exchange Road Karachi Tel: 241 5213-15	Taurus Securities Limited Suite # 604, 6th Floor Progressive Plaza Beaumont Road, Civil Lines Karachi Tel: 568 9855		

## ANNEXURE C

Current level of front end load for Type 'A' units

Type of unit	Current Load
A	Front End Load: - Upto 4% including Transaction Costs of up to 0.5% Back End Load: - 0%