RISK DISCLAIMER: THE PARTICIPANTS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE REPLACEMENT OFFERING DOCUMENT IN PARTICULAR THE RISK FACTORS MENTIONED IN CLAUSE 9 AND WARNINGS IN CLAUSE 18 BEFORE MAKING ANY DECISION

REPLACEMENT FIFTH SUPPLEMENTAL OFFERING DOCUMENT

Pakistan Pension Fund (PPF)

A Voluntary Pension Fund

being a Specialized Trust as defined under Section 2 (u-i) of the Sindh Trusts Act, 2020, as amended vide Sindh Trusts (Amendment) Act, 2021

Managed By:

MCB Investment Management Limited

Pension Fund Manager

And

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

The Trustee

Effective Date : October 05, 2026
Dated : September 03, 2026

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Key Fact Statement of
Pakistan Pension Fund

Managed by: MCB Investments Limited

DISCLAIMER

Before you invest, you are encouraged to review the detailed features of each sub funds in the Pension Fund's OD and/or monthly Fund Manager Report.

1. INVESTMENT OVERVIEW

Investment Objective	**Equity-Sub Fund** The Investment Objective of Equity Sub Fund of the Pension Fund is to earn returns from investments in Capital Markets.	
	Debt-Sub Fund The objective of the Debt Sub-Fund is to earn returns from investments in Pakistan Debt Markets, thus incurring lower risk than equity investments. As the investment of Participants nearing retirement age in the Debt Sub-Funds will be high the preservation of capital is also an important objective.	
	Money Market-Sub Fund The objective of the Money Market Sub-Fund is to earn returns from investments in Pakistan Money Markets, thus incurring lower risk than Debt investments. As the investment of Participants nearing retirement age in the Money Market Fund will be high the preservation of capital is an important objective.	
Investment Policy	The Pakistan Pension Fund through its three Sub-Funds will invest in equities, Debt, and money market instruments. All investments made by the Sub- Funds shall be made in a transparent, efficacious, prudent and sound manner. The proportions of these securities, or asset allocation, for each Sub-Fund will be based on the expected returns and risks as evaluated by the Pension Fund Manager. The asset allocation of the Sub-Funds may change from time to time depending on the prevailing market conditions.	
Allocation Policy	**Equity-Sub Fund** Assets of an Equity Sub- Fund shall be invested in equity securities which are listed on a Stock Exchange or for listing of which an application has been approved by a Stock Exchange. Equity Sub-Fund shall also be eligible to invest in units of Real Estate Investment Trust and Exchange Traded Funds provided that entity/ sector/ group limits as prescribed are compiled with.	
	Debt-Sub Fund The Debt Sub-fund shall consist of government securities, cash in bank accounts, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper, sukuk or any other Islamic mode of placement and any other approved debt/money market security issued from time to time.	
	Money Market-Sub Fund The Money Market Sub-fund shall consist of government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper or any other Islamic mode of placement and any other approved money market security issued from time to time.	
Performance Benchmark	Pakistan Pension Fund - Equity Sub Fund	KSE-100
	Pakistan Pension Fund - Debt Sub Fund	75% Twelve (12) Month PKRV Rates+ 25% six (6) months average of the highest rates on saving account of three (3) AA rated scheduled banks as selected by MUFAP.
	Pakistan Pension Fund - Money Market Sub Fund	90% three (3) Month PKRV Rates+ 10% three (3) months average of the highest rates on saving account of three (3) AA rated scheduled banks as selected by MUFAP.
Launch Date	29-July-2007	
Minimum Contribution Amount	Rs. 500/-	

Management Fee	The Management fee calculated on per annum basis of average daily net assets of each sub funds will be charged within allowed management fee caps viz., for Equity sub-fund up to 2.5%; Money Market sub-fund up to 1.0% and Debt sub-fund up to 1.25%.
Subscription/ withdrawal days and timings	**Transactions** / **Cut off Time** Application for issuance of units and With-drawal of Units / Monday to Thursday 9:00 am to 3:00 pm Friday 9:00 am to 4:00 pm

2. RISK PROFILE AND PRODUCT SUITABILITY

Who is this product suitable for?	This flexible voluntary pension scheme helps you systematically save for retirement. Choose your investment exposure from our Equity, Money Market, or Debt sub-funds, benefit from special tax advantages, and access valuable options before, at, and after retirement.
Risk Profile of the Fund	The risk profile of the fund depends on the allocation scheme selected by the participant. The details are outlined in the table below: **High Volatility Allocation Scheme (HVAS)** HVAS will allocate a major portion of the contribution to Equity Sub-Fund; the remaining portion will go to the Debt Sub-Fund and there will be No allocation to Money Market Sub-Fund. **Medium Volatility Allocation Scheme (MVAS)** MVAS will allocate a major portion of the contribution to Equity Sub-Fund and the remaining portion will be allocated to the Money Market Sub-Fund and Debt Sub-Fund **Low Volatility Allocation Scheme (LVAS)** LVAS will allocate a major portion of the contribution to Debt Sub-Fund and the remaining portion will be allocated between Equity Sub-Fund and Money Market Sub-Fund. **Lower Volatility Allocation Scheme (LOVAS)** LOVAS will NOT allocate any portion of the contribution to Equity Sub-Fund. The entire contribution will be allocated between Debt Sub-Fund and Money Market Sub-Fund. **Customized Allocation Scheme (CAS)** Customized Allocation Scheme offers a personalized investment between the equity and fixed income instruments through investments in Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund.

Fund's Investment Risk	All investments in Pakistan Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Participants should read the Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decisions.

3. Withdrawals, drawdowns and benefits

Minimum Retirement Age	A Participant may at any time before or after becoming a Participant choose or change His/her date of retirement which shall be any age between sixty and seventy years or twenty-five years since the age of first contribution to a Pension fund, whichever is earlier in accordance with the Rules.

Options available to Participants upon Retirement	At the date of retirement of the Participant all the units of the sub funds of participant account shall be redeemed at the net asset value notified at close of the day of retirement and the amount due shall be credited to participant individual pension account in the lower volatility scheme where no option is selected by the participant offered by the Pension Fund Manager. The Participant shall then have the following options, namely: (a) To withdraw any per cent or such percentage of the amount from his individual Pension account as cash which is permissible under the Income Tax Ordinance, 2001 and subject to payment of tax as required thereunder; (b) To use the remaining amount to purchase an annuity from an Insurance Company of participant choice, such payment shall be made directly to the Insurance Company by the Trustee of the Fund on the instruction of the Pension Fund Manager; or (c) To enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments for up to fifteen years following the date of retirement, according to an income payment plan, approved by the Commission. Details of the Approved Income Payment Plan shall be disclosed in the offering document of the plan; (d) the transfer of an individual income payment plan account from one Pension Fund Manager to another Pension Fund Manager or from one income payment plan to another income payment plan shall only take place as per the discretion of the participant and notice for the change, specifying the name of new Pension Fund Manager and the income payment plan shall be sent by the participant at least seven working days before the effective date of the proposed change. At the expiry of the Approved Income Payment Plan, the Participant shall have option to use the outstanding balance in participant Individual Pension account to purchase an Approved annuity plan from a Takaful Company of his choice or buy an income payment plan for another term or withdraw the amount from his account subject to the conditions laid down in the Income Tax Ordinance, 2001.

Early withdrawals conditions and Tax implications	Participants at any time before retirement are entitled to withdraw the whole or any part of the Units held to their credit in their Individual Pension Account. Tax shall be applicable in accordance with the requirements of the Income Tax Ordinance, 2001 and, if applicable, will be deducted by the Pension Fund Manager from the amount withdrawn
Any other key information which would help investors to determine if the product is suitable for them.	The Pakistan Pension Fund (PPF) is a voluntary pension scheme designed for individuals seeking retirement savings. It offers flexible investment options across Equity, Debt, and Money Market sub-funds, with the ability to choose from predefined or customized allocation schemes based on risk tolerance. The fund provides tax benefits and has a low minimum contribution of PKR 500, making it accessible to a broad range of investors. For those nearing retirement, capital preservation is prioritized through higher allocations to lower-risk sub-funds. The fund is professionally managed by MCB Investment Management Limited, ensuring compliance with prudent investment practices.

4. BRIEF INFORMATION ON PRODUCT CHARGES

	Distribution Channel	**Percentage**
Front End Load	Direct Investment through PFM	Up to 3%
	Digital Platform of PFM/ Third party	Up to 3%

Total Expense Ratio (TER)

Participant are advised to consult the Fund Manager Report (FMR) of the respective Pension Fund for the latest information pertaining to the updated TER.

Applicable Taxes

Disclaimer-

Taxes are applicable in case of withdrawal as specified in the Income Tax Ordinance 2001.

5. KEY STAKE HOLDERS

1. **Pension Fund Manager:**

   Name: MCB Investment Management Limited
   Address: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
   Customer Care Unit at (+92-21) 1111 ISAVE (47283)Website: www.mcbfunds.com

2. **Trustee:**

   Name: Central Depository Company of Pakistan Limited
   Address: CDC House, 99– B, Block B, S.M.C.H.S, Main Shahra–e– Faisal, Karachi
   Contact: 021- 111-111-500
   Website: www.cdcpakistan.com

REPLACEMENT OFFERING DOCUMENT OF

PAKISTAN PENSION FUND

A Voluntary Pension Scheme MANAGED BY

MCB Investment Management Limited

(the "Pension Fund Manager")

The Pension Fund Manager (MCBIM) is a Non-Banking Finance Company licensed by the Commission under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through and Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") to inter-alia, carry out Asset Management Services and Investment Advisory Services under the recently renewed licenses bearing numbers **SECP/LRD/LD/21/AMCW/MCBAHSIL/2025 dated June 30th , 2025** respectively and also has registered as "Pension Fund Manager" under sub rule (2) of rule (5) of the Voluntary Pension System Rules, 2005, (the "Rules") by the Securities and Exchange Commission of Pakistan (the "Commission") vide its "Certificate of Registration" as Pension Fund Manager **No. SECP/LRD/LD/PFM/MCB AHSII,/2022 dated November 16, 2023** appended hereto as Annexure "C".

Date of Publication of this Replacement Offering Document is **September 03, 2026** vide SECP approval Letter No. SECP/AMCW/NBFC-PPF/2015/06/1016 dated September 02, 2026.

1. INTRODUCTION TO PAKISTAN PENSION FUND – (PPF)

Pakistan Pension Fund (PPF) is established in Pakistan as a Voluntary Pension Fund through a Trust Deed, dated August 12, 2021 on the basis, entered in between MCB Investment Management Limited in its capacity as the Pension Fund Manager and Central Depository Company of Pakistan Limited in its capacity as the Trustee and PPF is authorized under the Voluntary Pension System (VPS) Rules, 2005.

The Pension Fund shall initially consist of three (3) Sub-Funds to be called:

I. Pakistan Pension Fund- Equity Sub Fund (the Equity Sub Fund);
II. Pakistan Pension Fund- Debt Sub Fund (the Debt Sub Fund); and
III. Pakistan Pension Fund- Money Market Sub Fund (the Money Market Sub Fund)

After successfully managing the above-mentioned Sub-Funds, the Pension Fund Manager (MCBIM) may, with the approval of the Commission, launch other Sub-Funds through a Supplementary Offering Document for investments in other asset classes (for avoidance of doubt, additional Sub-Funds may include combinations of new and existing classes of assets. Thereafter, any reference to the Sub-Funds in the Trust Deed or the Offering Document shall be construed to include any such new Sub-Fund(s) launched at a later date.

1.1. Structure of Pension Fund

The Pension Fund shall be in the form of a trust being made up of Equity Sub Fund, a Debt Sub- Fund and a Money Market Sub-Fund and such other Sub-Funds as may be allowed by the Commission. The Pension Fund shall have different Allocation Schemes that may be specified by the Commission from time to time. Details of Allocation Schemes currently being offered by the Pension Fund Manager is given in this Offering Document. When the Additional Allocation Schemes or Sub-Funds are launched, the Pension Fund Manager shall announce the same by Supplementary Offering Document. The Pension Fund established is perpetual in life.

1.2. Salient Features of Pension Fund

TERM SHEET

Fund Name	Pakistan Pension Fund (PPF)
Fund Structure	Unit Trust Scheme consisting of Sub-Funds under the VPS Rules 2005
Sub-Funds	Pakistan Pension Fund will initially consist of three Sub Funds, to be called: "Pakistan Pension Fund - Equity Sub Fund" (the "Equity Sub-Fund"), "Pakistan Pension Fund- Debt Sub Fund" (the "Debt Sub-Fund") and "Pakistan Pension Fund- Money Market Sub Fund" (the "Money Market Sub-Fund").
Fund Objective	Pakistan Pension Fund (PPF) constituted under the Voluntary Pension System Rules, 2005, is a very flexible savings- cum- investment Scheme which facilitates individuals to save for their retirement in a systematic way, topping up their savings with investment returns at their desired investment exposures and granting them special tax benefits, with numerous valuable options before, at and after retirement.

Performance Benchmark	**Pakistan Pension Fund - Equity Sub Fund** - KSE-100 **Pakistan Pension Fund - Debt Sub Fund** - 75% Twelve (12) Month PKRV Rates+ 25% six (6) months average of the highest rates on saving account of three (3) AA rated scheduled banks as selected by MUFAP. **Pakistan Pension Fund – Money Market Sub Fund** - 90% three (3) Month PKRV Rates+ 10% three (3) months average of the highest rates on saving account of three (3) AA rated scheduled banks as selected by MUFAP.
Eligibility	Every Pakistani national over the age of eighteen years who have a valid National Tax Number or a Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or Pakistan Origin Card (POC) shall be eligible to contribute to the pension fund or such other identity as approved by the SECP.
Minimum Contribution	The minimum amount of Contribution to open an account is Rs. 500/- and the minimum amount of contribution to an existing account is Rs.500/- per transaction. There is no maximum limit of contribution. However, Tax Credit will be available to the extent specified in the Income Tax Ordinance, 2001. **For Online Investments by Participant only:** In case of each single investment transaction (initial & subsequent) made by participant through online domain which includes; 1. Mobile Banking App 2. MCB iSave App 3. Online Web Portal 4. RAAST or IBFT Transfers 5. Any other payment gateways or merchants The minimum amount eligible for any single investment transaction (initial & subsequent) are as follows; For Online Investment: PKR 500 The Management Company reserves the right to alter it as and when needed with prior intimation to Trustee & the SECP before implementation.
Contribution Frequency	Eligible persons or their employers are allowed to Annual, Semi-Annual, Quarterly or Monthly or as desired by the Participant.

Contribution Mechanism	Participants or their employer on their behalf can deposit the contributions to PPF in the account of "**CDC-Trustee Pakistan Pension Fund**" or "**CDC-Trustee MCBAH**" in the following manner: ▪ Direct bank transfer. ▪ Standing instructions from the Participants to their bank for regular transfer of contribution. ▪ In the form of "Account Payee Only" cheques, Payment Orders or demand drafts; or Any other electronic form of transfer. Contribution in the form of Cash shall not be made accepted. .
Investment Mechanism	The investment philosophy for each asset class is based on independent, fundamental analysis of the sector and the company for the equity class; for the debt and money market asset classes we will assess the trend and volatility in profit rates. For equity, individual stock selection will be on the basis of growth and value considerations while the debt and money market individual security selection will be based on credit quality and valuation considerations

Policy for Allocation and Reallocation of Contribution	1. The contribution received from any Participant by the Pension Fund Manager on any working day shall be immediately credited to his/ her Individual Pension Account after deducting the front- end fees, and the amount in the Individual Pension Account shall be used to purchase the Units of the Sub-Funds of PPF as the Commission may allow, at the Net Asset Value notified by the Pension Fund Manager at the close of that working day. 2. The allocation of the contributions between the various Sub-Funds at the date of opening of Individual Pension Account and thereafter, shall be in accordance with the policy to be specified through circular by the Commission from time to time, herein-after referred to as the prescribed allocation policy. Pakistan Pension Fund offers High, Medium, Low, Lower, Customized allocation & Life Cycle Allocation. The amount of the contribution used for the purchase of the Units of any Sub-Fund shall depend on such percentage as determined in the Specified Allocation Policy selected by the Participant. In the event of no allocation percentages being selected by any Participant the Pension Fund Manager shall allocate the contributions preferably to an approved Lifecycle Allocation Scheme specified, and if such a scheme has not been offered, then allocate contributions to either Low Volatility (formerly Conservative Allocation Scheme) or Lower Volatility (formerly Very Conservative Allocation Scheme). 4. reallocation of the Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the percentages selected by the Participants or where no selection has been made according to the prescribed allocation policy. 5. Life Cycle Allocation: Participation in the sub-funds of the participant who choose Life Cycle Allocation shall be based on the allocation mentioned in clause 6.13.3. Starting with a higher equity investment allocation for an individual aged 20 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Sub-Funds as an individual reaches the age 60 years or above.
Investment Strategy	The Pension Fund Manager shall design investment strategy to optimize returns on investments within the parameters of Investment Policy specified by the Commission. The Pension Fund Manager shall also offer different Allocation Schemes up

<table>
<tr><td></td><td>to a maximum of six allocation schemes in the first five years as enlisted above to the Participants to choose from, allowing them to adopt an investment strategy, according to their risk / return requirements.</td></tr>
<tr><td>Allocation of Contributions & Allocation Schemes</td><td>
<table>
<tr><th>Allocation Scheme</th><th>PPF Equity Sub-Fund</th><th>PPF Debt Sub-Fund</th><th>PPF Money Market Sub-Fund</th></tr>
<tr><td>High volatility</td><td>80% - 65%</td><td>35% - 20%</td><td>Nil</td></tr>
<tr><td>Medium volatility</td><td>50% - 35%</td><td>55% - 40%</td><td>25% - 10%</td></tr>
<tr><td>Low volatility</td><td>25% - 10%</td><td>75% - 60%</td><td>30% - 15%</td></tr>
<tr><td>Lower volatility</td><td>Nil</td><td>60% - 40%</td><td>60% - 40%</td></tr>
<tr><td>Customized</td><td>100%-0%</td><td>100%-0%</td><td>100%-0%</td></tr>
<tr><td>Life Cycle Plan</td><td colspan="3">Automatically adjusts allocation from high-risk assets towards lower risk with the increasing age</td></tr>
</table>
Contributions shall be allocated among the Units of Sub-Funds at Net Asset Value, as per the selected Allocation Scheme, offered by the Pension Fund Manager from the following above Schemes.
</td></tr>
<tr><td>Reallocation Policy</td><td>Units held in the Individual Pension Account shall be reallocated by the Pension Fund Manager between the Sub-Funds at least once a year to ensure that the allocation of Units of all Participants is in line with the Allocation Scheme selected by them or where no selection has been made according to the specified allocation policy.</td></tr>
</table>

Management Fee	The Management fee calculated on per annum basis of average daily net assets of each sub funds will be charged within allowed management fee caps viz., for Equity sub-fund up to 2.5%; Money Market sub-fund up to 1.0% and Debt sub-fund up to 1.25%;.
Front-end fee (Sales Charge)	A Pension Fund Manager may charge sales load maximum up to 3% of the contribution received from any Participant of PPF. Provided that there shall be no sales load payable in the event of the transfer of Individual Pension Account from one Pension Fund Manager to another Pension Fund Manager.
Taxation	Tax Credit will be available to Participants on contributions during any Tax Year subject to the limits prescribed under Income Tax Ordinance 2001.

Withdrawal on Retirement Transfer of Individual Income Payment Plan Account from one Pension Fund Manager to another or from one Income Payment Plan to another.	1. At the date of retirement of the Participant, where no option is selected by him/her, all the Units of the Sub-Funds to his/her credit shall be withdrawn at the Net Asset Value notified at close of the day of retirement (if that day is not a Business Day, the following Business Day) and the amount due shall be transferred to his/her Individual Pension Account, in the lower volatility scheme offered by the Pension Fund Manager. 2. The Participant shall then have the following options, namely:- (a) to withdraw any percentage of the amount from his/her Individual Pension Account as cash without deduction of applicable withholding tax which is permissible under the Income Tax Ordinance, 2001 (amended or replaced); and (b) to use the remaining amount: (i) to withdraw as cash subject of deduction of applicable withholding tax under the Income Tax Ordinance, 2001 (amended or replaced); or (ii) to purchase an annuity from a Life Insurance/ Takaful Company of his/her choice; or (iii) to enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments for up to fifteen (15) years following the date of retirement, according to an income payment plan, ap- proved by the Commission. 3. The transfer of an Individual Income Payment Plan Account from one pension fund manager to another pension fund manager or from one Income Payment Plan to another Income Payment Plan shall only take place once in a financial year and notice for the change, specifying the name of new pension fund manager and the income payment plan shall be sent by the Participant at least seven (7) working days before the effective date of the proposed change. At the expiry of the income payment plan according to clause 1 (b) (iii), the participant shall have option to use the outstanding balance in his Individual Pension Account to purchase an annuity from a Life Insurance Company, of his/her choice or buy an Income Payment Plan for another term or withdraw the amount from his/her account.

Withdrawal before Retirement	Participants at any time before retirement are entitled to withdraw the whole or any part of the Units held to their credit in their Individual Pension Account. Tax shall be applicable in accordance with the requirements of the Income Tax Ordinance, 2001 and, if applicable, will be deducted by the Pension Fund Manager from the amount withdrawn.
Transfers to and from Other Pension Funds	Participants shall be entitled to transfer part or whole of their Individual Pension Accounts from this Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund and this shall only take place as per the discretion of the participant by giving at least seven working days' notice before the effective date of the proposed change. The Pension Fund Managers shall record such transactions as transfer in the statement of account of the participant. There shall be no Tax or charges on such transfers. Similarly, Participants are allowed to transfer-in their funds from other approved Occupational Savings Schemes or approved superannuation funds to this Pension Fund without having to pay any charge including front-end fee (Sale Charges)
Transparency	Daily calculation and announcement of NAV of each Sub fund.
Distribution Restriction	Any income earned shall be retained and accumulated in the respective Sub-Funds and no distribution/dividend shall be made from the Pakistan Pension Fund.

2. REGULATORY APPROVAL AND CONSENT

2.1 REGISTRATION OF THE PENSION FUND MANAGER

MCB Investment Management Limited (the "**Pension Fund Manager**" or "**MCBIM**" or the "**Offeror**"), having its registered office at 2nd Floor Adamjee House, I.I Chundrigar Road, Karachi, Pakistan, and having been registered as "**Pension Fund Manager**" under sub rule (2) of rule (5) of the Voluntary Pension System Rules, 2005, (the "**Rules**") by the Securities and Exchange Commission of Pakistan (the "**Commission**") vide its "**Certificate of Registration**" as Pension Fund Manager No. SECP/PW/Reg-01/2007 dated January 08, 2007 appended hereto as Annexure "C".

2.2 AUTHORISATION OF THE PAKISTAN PENSION FUND

The Pension Fund Manager has been authorized by the Commission vide its letter No. SEC/SCD/PW-AHIML-01/2007/II dated June 14, 2007 appended hereto as Annexure "D", to constitute an Pension Fund under the name and title of Pakistan Pension Fund (hereinafter referred to as the "**Pakistan Pension Fund**", "**Pension Fund**" or **PPF**, or "**Trust**") and authorized the formation of a scheme, under the name, **"Pakistan Pension Fund"**, under rule (9) of the Voluntary Pension System Rules, 2005.

2.3 APPOINTMENT OF THE TRUSTEE

Central Depository Company of Pakistan Limited ("CDC" or the "Trustee"), having its registered office at CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi, Pakistan, has been approved by the Commission to act as the Trustee of "Pakistan Pension Fund" vide its letter No. 9 (1) SEC/SCD/PW-AHIML/644 dated May 20, 2014 appended hereto as Annexure "I".

2.4 REGISTRATION OF TRUST DEED

The Pension Fund Manager has been authorized by the Commission vide its letter No. 9 (1) SEC/SCD/PW-AHIML/2007 dated May 24, 2007, appended hereto as Annexure "H", to execute and to register the Trust Deed.

Assistant Director of Industries and Commerce Directorate of the Department has issued a certificate of registration bearing reference no KAR/ST/023/2021 upon registration of the Trust under Sindh Trust Act 2020

2.5 APPROVAL OF REPLACEMENT OFFERING DOCUMENT

This Replacement Offering Document sets out the arrangements covering the basic structure of the **Pakistan Pension Fund.** The provisions of the Trust Deed and Voluntary Pension System Rules, 2005 ("the Rules") and the NBFC Regulations, 2008 hereafter govern this Offering Document. It sets forth information about the Fund that a prospective Participant should know before contributing to Pakistan Pension Fund. Participants should read the Offering Document carefully prior to contributing to / participating in the Fund, and retain the Offering Document for future reference.

The Commission has, vide its letter No. 22(1) SEC/SCD/PW-AHIML-01/2007/1 approved the Offering Document as per the guidelines for Authorization of Pension Fund under sub rule (1) of rule (9) of the Voluntary Pension System Rules, 2005.

However, it must be distinctly understood that such an approval or authorization by the Commission neither implies official recommendation by the Commission to participate in / contribute to the Pension Fund nor does the Commission take any responsibility for the financial soundness of the Pension Fund and its Sub-Funds or for the correctness of any statements made or opinions expressed in this Offering Document.

If you have any doubt about the contents of this Offering Document, you should seek independent professional advice, from your legal, financial or tax advisor.

This Offering Document contains necessary information for the public to make an informed Participation decision in the Pension Fund described herein. The participants are advised, in their own interest, to carefully read the contents of the Offering Document, in particular, the risks mentioned in Clause 9 and Warnings in Clause 18, before making any participation/contribution decision. Participants may note that this Offering Document remains effective until a material

change occurs and they should retain this Offering Document for future reference. Material changes shall be filed with the Securities and Exchange Commission of Pakistan (SECP) and circulated to all Participants or may be publicly notified by advertisements in the newspapers or on the Pension Fund Managers' website subject to the applicable provisions of the Trust Deed and the Rules.

Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub-Funds of PPF consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments. It should be noted that the value of Units of the Sub-Funds can fall as well as rise. It should also be noted that under certain circumstances the realization of Units may be restricted.

This Offering Document shall be subject to and be governed by the Laws of Pakistan including the Ordinance, the Rules and all other applicable laws, rules and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained by the Rules and Regulations are incorporated in this Offering Document and in the event of any conflict between the Offering Document of the Fund and the Rules, the latter shall supersede and prevail over the provisions contained in this Offering Document, unless specific exemption has been granted by the Commission.

3. FILING OF THE REPLACEMENT OFFERING DOCUMENT

The Pension Fund Manager has filed a copy of this Replacement Offering Document with the Securities and Exchange Commission of Pakistan (SECP) along with copies of the Documents mentioned below:

(1) Trust Deed, dated June 04, 2007, executed between MCB Investment Management Limited and Central Depository Company of Pakistan (CDC) , appointing the CDC as Trustee to the Fund;

(2) First Supplemental Trust Deed, dated June 16, 2011, executed among MCBIM, Muslim Commercial Financial Services (Pvt.) Limited ("MCFSL") and Habib Metro Bank (HMB), for the change of trustee from MCBFSL to HMB;

(3) Second Supplemental Trust Deed, dated July 21, 2014, executed among MCBIM, Habib Metro Bank (HMB) and Central Depository Company of Pakistan Limited (CDC), for the change of trustee from HMB to CDC;

(4) Third Supplemental Trust Deed, dated August 12, 2021, executed among MCBIM and Central Depository Company of Pakistan Limited (CDC);

(5) Letter dated June 27, 2007 from the Auditors giving the subscription to the Units of PPF by the core investors.

(6) Consents of the Auditors, Legal Advisor and Trustee to their respective appointments and having been named and described as such in this Offering Document.

(7) Letter No. SECP/PW/Reg-01/2007 dated January 08, 2007 from SECP, licensing MCBIM to undertake Pension Fund Manager services, under the Voluntary Pension System Rules, 2005.

(8) Letter No. 9 (1) SEC/SCD/PW-AHIML/2007 dated May 24, 2004 from SECP to MCBIM, approving MCFSL to act as the Trustee of Pakistan Pension Fund (PPF) under the Voluntary Pension System Rules, 2005.

(9) Letter No. 9 (1) SEC/SCD/PW-AHIML/2007/08 dated June 29, 2007 from SECP to MCBIM, authorizing Pakistan Pension Fund (PPF) under the Voluntary Pension System Rules, 2005.

(7) Letter No. 22 (1) SEC/SCD/PW-AHIML/2007/1 dated June 27, 2007 from SECP to MCBIM approving this Offering Document under the Voluntary Pension System Rules, 2005.

(8) Trustee consent Letter No. CDC/T &C-S 11/DH/0412/2026 on this Replacement Offering Document.

4. CONSTITUTION OF PAKISTAN PENSION FUND

4.1 CONSTITUTION

The Pension Fund has been established as a trust under The Sindh Trust Act, 2020 through a trust deed dated 12 August, 2021 executed between MCB Investment Management Limited (the Pension Fund Manager), as party of the one part,

AND

Central Depository Company of Pakistan Limited a public limited company incorporated in Pakistan under the Ordinance, having its registered office at CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the second part.

Further, under a newly introduced Sindh Trusts Act, 2020; the Trust Deed, registered under Trust Act 1882 are now also being registered under Sindh Trusts Act 2020.

4.2 TRUST DEED

The Trust Deed is subject to, and governed by, Voluntary Pension System Rules, 2005 (rules) and NBFC Regulation, 2008 and all other applicable laws, rules and regulations 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 thereof and, in the event of any conflict between the Deed and the VPS Rules, the latter will supersede and prevail over the provisions contained in the Deed unless specific exemption has granted by the Commission.

The terms and conditions of the Trust Deed, and any Deed supplemental thereto, will be binding on each Participant as if he has been a party to it.

4.3 MODIFICATION OF THE CONSTITUTIVE DOCUMENTS

This Offering Document will be updated to take account of any relevant material changes, circular, and directives from the Securities and Exchange Commission of Pakistan (SECP).

In case amendments are proposed in the Constitutive Documents due to change in regulatory requirements, the same shall be incorporated with the consent of Trustee and notified within seven days to the Participant(s) subject to the provisions of the Rules and the Regulations and duly posted on official website of the Pension Fund Manager.

In case modification is required in the fundamental attributes of Pension Fund and / or amendments with respect to offering of units to Participant(s) shall be subject to 30 days prior notice to Participant(s) consent of the Trustee and prior approval of Commission.

If the Commission grants any relaxations or exemptions of Rules and /or Regulations of the Pension Fund, these shall be deemed to be part of this Document without the need to alter it. However, in cases of significant changes, the Commission may require issuance of a supplementary Offering Document from time to time.

4.4 SEED CAPITAL

Seed capital of Pakistan Pension Fund was provided by the Pension Fund Manager as under:

Sub Funds	No of Units	Rupees
PPF Equity Sub-Fund	300,000	30,000,000
PPF Debt Sub-Fund	300,000	30,000,000
PPF Money Market Sub-Fund	300,000	30,000,000

The Seed Capital Units subscribed by the Seed Investor have been issued at a par value of Pakistan Rupees One Hundred per Unit (Rs. 100/-Unit) and shall not be redeemable/ transferable or tradable for a minimum period of three (3) years from the date of issue or as maybe determined by the Commission. Such restriction and its termination date shall be entered into the Register and shall be noted on any Accounts Statement or certificate issued in respect of such units.

4.5 TYPE / FEATURES OF UNITS OF SUB-FUNDS

The Pakistan Pension Fund will initially consist of three Sub-Funds to be called Pakistan Pension Fund – Equity Sub Fund (**the "Equity Sub-Fund"** or **"PPF-EQ"**), Pakistan Pension Fund – Debt Sub Fund (**the "Debt Sub-Fund"** or **"PPF-DT"**) and Pakistan Pension Fund – Money Market Sub Fund (**the "Money Market Sub-Fund"** or **"PPF-MM")** (These Sub-Funds are collectively referred to as the **"Sub-Funds"**)

The Pakistan Pension Fund is divided into Units having an initial issue value of Rs. 100/-per Unit. This price is applicable to the Core Units. The amount received on account of Seed capital will be allocated to the respective Sub-Funds. Thereafter, all Units of the Pakistan Pension Fund will be issued and withdrawn on the basis of the Net Asset Value notified by the Pension Fund Manager at the close of each Business Day.

(a) All Units and fractions thereof represent an undivided share in the respective Sub-Fund and rank pari passu as to their rights in the Net Assets and earnings of that Sub-Fund. Each Participant has a beneficial interest in the Pension Fund proportionate to the Units held by such Participant in the respective Sub-Fund in participant's Individual Pension Account. The liability of the Participant shall be limited to the amount paid against the number of Units or in certain circumstances cash, as may be allowed by the Rules, held by each Participant in participant Individual Pension Account.

(b) All Units shall be issued in a non-certificated form, except the Seed Capital Units that may be issued in a certificated form, if required by the Seed Investor((s).

(c) The Units in the Sub-Funds issued to the Participants would be non-transferable to another Participant/person. They shall only be redeemable in case of retirement (including retirement in the instance of disability), premature encashment/ withdrawal, death of the Participant, and change of pension fund manager, change of Allocation Schemes and/or re- balancing of the portfolio/ Allocation Schemes.

(d) The initial Par value of the Units of each of the Sub-Funds is Pakistan Rupees One Hundred (Rs. 100), which is applicable to the first offering. The amount received from the Seed Investors has been allocated to each Sub-Fund. From the Launch Date, the Pension Fund Manager shall open participation in the Pakistan Pension Fund to the eligible Participants on a continuous basis, through offer of Units of Sub-Funds issued at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time, after deduction of Front-end fee (sale charges) and Life

Insurance/Takaful premium, if opted by the participant, from the Contribution amounts received.

(e) Units of the relevant Sub Fund shall be issued to each Participant as per the selected 'Allocation Scheme', identified in clause 6.13, for the contributions among the Sub-Funds.

5. OPERATORS AND PRINCIPALS

5.1 PENSION FUND MANAGER

Name and Address

MCB Investment Management Limited (MCBIM)
2nd Floor, Adamjee House, I I Chundrigar Road,
Karachi

5.1.1 Organization

MCB Investment Management Limited (MCBIM) is a listed public limited company incorporated in Pakistan under the Companies Ordinance, 1984. MCBIM is registered as a non-banking finance company under the VPS Rules and licensed by the Commission to provide asset management and investment advisory services under the Regulations. MCBIM is also licensed by the Commission to operate as a Pension Fund Manager under the Voluntary Pension System Rules, 2005.

MCBIM started its operations by offering two mutual funds with a total seed capital of Rs. 500 million in March 2002. In the year 2010 the process of merger was initiated and on June 27, 2011 MCB Asset Management Company (Waqeel) Limited has been amalgamated with and into Arif Habib Investments Limited. Currently, MCBIM is managing 26 open-ended Collective Investment Schemes and 4 Voluntary Pension Schemes. MCBIM is also managing numerous separately managed accounts. The Assets under Management (AUM) of MCB-IM as at December 31st, 2025 is approximately Rupees Rs. 553 Billion/- (Rupees Five Hundred Fifty-Three Billion).

5.1.2 Rating of the Pension Fund

Pension Fund Manager	Rating Agency	Rating	
MCB Investment Management Limited (MCBIM)	PACRA	AM1	The rating reflects the Company's positioning as one of the leading players in the AMC industry, supported by strong control environment, structured Investment processes, good governance framework and qualified management team

5.1.3 Principal Shareholders

MCB Bank Limited

MCB Bank Limited Established in 1947, MCB Bank Limited is one of the largest Banks in Pakistan with a total customer base exceeding 7 million. Renowned for its consumer-centric approach, the Bank has a vast branch network of over 1,400+ branches in Pakistan and abroad, in countries such as Sri Lanka, Bahrain and Dubai. Through remote banking services, consumers can access real time banking from the Bank's 1350+ ATMs across Pakistan and via Internet Banking and Mobile Banking.

MCB Bank's stellar fiscal performance has been a catalyst for foreign direct investment and succeeded in attracting, among others, Malaysian based Maybank International Trust (Labuan) Berhad. Maybank International Trust (Labuan) Berhad invested a significant stake in the Bank in 2008. Fullerton Financial Holdings (International) of Singapore, through Bugis Investments (Mauritius) Pvt. Ltd., became another significant international shareholder when ex-NIB Bank merged with and into MCB Bank in 2017. MCB Bank has a tradition of excellence in banking and currently carries an entity risk rating of AAA (long term) and A1+ (short term) which is the highest category rating by Pakistan Credit Rating Agency (PACRA).

MCB Bank has always been an industry leader in the region and has received numerous accolades in the past, including the "Best Bank in Pakistan" award from Finance Asia and "Best Domestic Bank in Pakistan" four times from The Asset Triple A Awards. MCB Bank was also awarded the Asset Triple A Country Award 2019 for "Best Bank – Pakistan". It has been recognized as "Most Outstanding Company in Pakistan – Financial Sector and "The Best Domestic Bank in Pakistan" on four different occasions by Asiamoney. The Bank also enjoys the honour of being recognised by the prestigious international finance publication, Euromoney, on 10 different occasions for being "Pakistan's Best Bank". MCB Bank has also been recognized on numerous occasions for being one of the Top 25 Companies of the Pakistan Stock Exchange, most recently for its performance in 2016 and 2018. MCB Bank also has the distinction of winning ICAP and ICMAP's "Best Corporate Report Award" for the seventh consecutive year in 2018; a recognition that the Bank has earned 9 out of 10 times since 2009.

5.2 BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name	Position	Other Directorships
Mr. Haroun Rashid	Chairman	International Steels Limited
Mr. Khawaja Khalil Shah	Executive Director	KAPCO Security General Insurance
Mr. Muhammad Nauman Chughtai	Non-Executive Director	MCB Bank Limited MCB Leasing Non- Bank Credit Organization, CJSC, Azerbaijan
Mr. Ahmed Jahangir	Non-Executive Director	Hyundai Nishat Motors (Private) Limited
Ms. Mavra Adil Khan	Independent Director	Nil
Mr. Manzar Mushtaq	Non-Executive Director	Nil
Ms. Sadia Muzaffar	Independent Director	Nil
Mr. Fahd Kamal Chinoy	Independent Director	Pakistan Cables
		Atlas Battery Limited
		Pakistan Society of Training and Development
		OICCI
		Management Association of Pakistan
		Chinoy Engineering & Construction Limited
		Amir Sultan Chinoy Foundation
Name	**Position**	**Other Directorships**
Mr. Haroun Rashid	Chairman	International Steels Limited

Mr. Khawaja Khalil Shah	Executive Director	KAPCO Security General Insurance
Mr. Muhammad Nauman Chughtai	Non-Executive Director	MCB Bank Limited MCB Leasing Non- Bank Credit Organization, CJSC, Azerbaijan
Mr. Ahmed Jahangir	Non-Executive Director	Hyundai Nishat Motors (Private) Limited
Ms. Mavra Adil Khan	Independent Director	Nil
Mr. Manzar Mushtaq	Non-Executive Director	Nil
Ms. Sadia Muzaffar	Independent Director	Nil
Mr. Fahd Kamal Chinoy	Independent Director	Pakistan Cables
		Atlas Battery Limited
		Pakistan Society of Training and Development
		OICCI
		Management Association of Pakistan
		Chinoy Engineering & Construction Limited
		Amir Sultan Chinoy Foundation

5.2.1 Profile of Directors

Mr. Haroun Rashid, Chairman

Mr. Rashid is a Fellow Member of The Institute of Chartered Accountants in England & Wales, London.

Besides holding this office, Mr Rashid has also served in senior positions of several prestigious organizations. He has vast international and local experience in banking, investments and industrial ventures to his credit and is a regular speaker at

conferences worldwide. His extensive portfolio includes being Managing Director for ANZ Securities Asia Limited, Hong Kong and Kashmir Edible Oils Limited, Pakistan as well as Assistant Director at Grindlays Brandts Limited, London. He has held the position of Director at Financial Executives Institute, Hong Kong, Union Bank Limited, Pakistan and was a Director of Pakistan Cables Limited for nearly three decades.. He has also served as the Chairman of All Pakistan Solvent Extractors Association, Governor of Lahore General Hospital and on the Board of Public Procurement Regulatory Authority (PEPRA).

Mr. Muhammad Nauman Chughtai, Non-Executive Director

Mr. Muhammad Nauman Chughtai is a seasoned banker, carrying over three decades of banking experience comprising of foreign as well as large domestic banks. He has managed Consumer, Retail, Corporate and Transaction Banking/Cash Management Businesses. During the past years, Mr. Chughtai headed the Corporate Banking Group of MCB Bank and was also assigned as Group Head Risk Management & Chief Risk Officer of the Bank.

He has held positions on the Boards of MCB Islamic Bank and MCB Leasing Azerbaijan. He is a Chartered Financial Analyst (CFA) and holds an MBA in Finance and Marketing from the Lahore University of Management Sciences. He also holds a B.E. in Electronics Engineering from NED University.

Mr. Ahmed Jahangir, Non-Executive Director

Mr. Jahangir has a diverse experience, ranging from the textile sector to finance. He is currently the Executive Director, Head of Home Textile Business Unit at Nishat Textile Mills. Before this, he was working as the Director Marketing, Head of International Marketing of Yarn, Fabric and Home Textile Made up's. Mr. Jahangir has worked briefly in the investment banking sector as well. He joined Fidelity Investment Bank Limited in 2001, and served as a Member of the Board of Directors.

He has completed his MBA from the LUMS after receiving a BBA-Finance degree from Boston University, MA USA.

Mr. Manzar Mushtaq, Non-Executive Director

Mr. Manzar Mushtaq is an alumnus of Clark University, USA. He is an experienced business leader, especially within the financial industry. Mr. Mushtaq has held many leadership roles over the span of 19 years of his career. From 2011 to 2013, he served as the Managing Director/CEO of Adamjee Insurance Company. He then moved onto hold the position of Chief Executive Officer at Habib Metropolitan Financial Services Ltd in 2013 and served 8 years in the same company. Previously, he was also associated with Security General Insurance Company.

Ms. Mavra Adil Khan, Independent Director

Mavra is currently leading marketing for Uber across Middle East, North Africa and Pakistan. She has more than 10 years of experience in Marketing and HR across leading organizations like Amazon (UK), Unilever (Pakistan, Sri Lanka) and MCB Bank Ltd (PK).

Her strength lies in leading marketing organizations going through digital transformation, focusing on exponential growth through new channels and managing change. Mavra graduated from Lahore University of Management Sciences (LUMS) in 2010 and completed her MBA from INSEAD in 2016.

Ms. Sadia Muzaffar, Independent Director

Ms. Sadia has experience of over 35 years in the Banking Sector, her career has been marked by a diverse range of functional expertise. The journey began with a solid 12-year tenure at HSBC, which laid the groundwork for her subsequent roles at three of Pakistan's prominent banks. Her career skills have been primarily in Corporate Finance and Restructuring, Commercial and Retail Banking, Cash Management, and Trade Finance. Ms. Sadia's proficiency extends to Relationship Management, Business Development, Financial Institutions and Investment Banking. She has also headed an Islamic Banking team and has played a pivotal role in Business Transformation initiatives. Ms. Sadia's leadership abilities have been honed in building teams from the ground up, pinpointing market opportunities, and crafting incentivized strategies that consistently surpassed objectives. She is also a Certified Director

Mr. Fahd Kamal Chinoy, Independent Director

Mr. Fahd Kamal Chinoy is an MBA from INSEAD (France) and has a Bachelor of Arts in Economics and Political Science from the University of Pennsylvania, USA. Prior to becoming CEO, he headed various departments including Sales, Marketing, Supply Chain and Informational Technology at Pakistan Cables Limited.

Mr. Fahd Kamal Chinoy has previously served in the banking industry, having worked with TD Securities in New York and Toronto as an Associate in various departments including Loan Syndications and Corporate Banking. He is currently also a Director of Atlas Battery Limited, Focus Humanitarian Assistance Pakistan and the Amir Sultan Chinoy Foundation. He also serves on the Board of Advisors of NOWPDP and is a certified director from the Pakistan Institute of Corporate Governance

Mr. Khawaja Khalil Shah, Executive Director

Mr. Khalil brings with him more than 30 years of banking experience, evenly divided between corporate business solicitation and risk management. Prior to joining MCB Investment Management Limited as Chief Executive Officer, he served as Chief Risk Officer at MCB Islamic Bank Limited and as Business Head-Portfolio Management in the Wholesale Banking Group at MCB Bank Limited. Mr. Khalil has also spent considerable time at Al-Faysal Investment Bank and Faysal Bank Limited. Mr. Khawaja Khalil Shah holds an MBA degree from Lahore University of Management Sciences

5.2.2 Profile of the Management

Mr. Khawaja Khalil Shah, Chief Executive Officer

Same as above.

Mr. Muhammad Asim Chief Investment Officer

Asim has been associated with AMC industry since 2005 and started his career as Buy Side Analyst. He has been managing among the most consistent outperforming funds in Equity Funds Category. He has managed funds across various strategies in both active and passive styles in both dedicated core equity and hybrid asset class funds. Mr. Asim is an MBA with majors in Finance from Institute of Business Administration, Karachi. He also holds CFA Charter from CFA Institute, USA. He has also served as Director and Treasurer on the Board of CFA Association of Pakistan.

Mr. Asif Mehdi Rizvi, Chief Operating Officer and Chief Financial Officer

Mr. Asif is a Fellow member of the Institute of Chartered Accountants of Pakistan having post qualification of over 12 years with over eleven years in the Asset Management Industry. Previously, he had also worked as Head of Compliance in Faysal Asset Management Limited and Head of Fund Accounting at Arif Habib Investments Limited. He completed his articles with KPMG Taseer Hadi & Co. Chartered Accountant. He was also member of Accounting Standards Committee of ICAP in 2010-2011 & 2011-2012.

Mr. Junaid Qamar, Head of Sales

Mr. Junaid is a seasoned Investments and Sales professional with over 16 years of experience. He has delivered value results in various job functions, with extensive experience in spearheading business growth strategies. Mr. Junaid Qamar holds a Bachelors degree (BS – Accounting) from College of Staten Island, NY, USA (2000)

and a Masters degree (MBA – Finance & Investments) from Wagner College, NY, USA (2002). Prior to his experience at MCB Investment Management Limited, he was associated with Soneri Bank Limited where he was serving as the Head – Money Market & Fixed Income. With a blend of extensive experiences in the past, Mr. Junaid has also been associated with Arif Habib Investments, Pearson Inc. NY, USA and UBL Fund Managers. He is currently serving Director of Financial Market Association as well.

Mr. Moiz Ali, Head of Quality Assurance & Customer Services

Moiz Ali holds a Masters degree (MBA Finance & Accounting) from Preston University Karachi. He has a combined work experience of over 14 years in Asset Management industry specifically in the areas of Customer Services, Operations, Transfer Agent & Quality Assurance. Throughout his professional carrier he has been involved in various value added projects focusing on use of technology and data analysis for improved customer experience.

At MCB-IM, Moiz is responsible to ensure that systems are in place to provide smooth processing of customer's requests and at the same time look to improve service quality with constant monitoring and analysis across all customer touch points.

Mr. Monis Usman, Head of Marketing

Monis Usman is a Digital Marketing enthusiast and holds more than 12 years of core experience in the field of Marketing. Coming from a vast background for working in some renowned companies – British Gas (London), JWT (London), Pfizer (Pakistan), Daraz (Alibaba Group) and other E-Commerce startups connecting and analyzing data with marketing is his specialty. He has delivered outstanding results in various job functions, with extensive experience in spearheading business growth strategies through digital marketing.

Mr. Monis Usman holds an MBA degree with majors in International Marketing from University of Cardiff, England and hold a Bachelor's degree in Marketing from University of Wales.

Prior to joining MCB Investment Management Limited he was leading Daraz (Alibaba Group) as Head of Marketing and played a vital role in its successful acquisition by Alibaba Group. He also headed Marketing for Kaymu (E-commerce

startup by Rocket Internet Germany) and was the acting CEO at the time of its merger with Daraz (Alibaba Group).

Mr. Shabbir Hussain, Head of Information Technology

Shabbir Hussain joined MCB Investment Management in May 2007 and is currently Heading Information Technology Department. Before being appointed as the Head of IT, Mr. Shabbir was working as Manager Development.

He is a seasoned Software Engineer with wide experience in System Development. Prior to joining the current organization, Mr. Shabbir was associated with leading Asset Management Companies such as Alfalah GHP Investments & Arif Habib Investments.

Mr. Shabbir is a Computer Science Graduate having 3 year eACCP Certification. His experience includes Operational Risk Management, IT Security, designing & development of business applications, planning and implementation of Disaster Recovery and Business Continuity Programs.

Mr. Altaf Ahmed Faisal, Chief Business Transformation Officer

Mr. Altaf Faisal have been associated with MCB Investment Management Limited for over 12 years. In his tenure he has proved to be a valuable asset for the company in providing excellence in services. Currently he holds the position of Chief Business Transformation Officer & Company Secretary and involves in different business projects. With extensive experience in spearheading business growth strategies, he has been a core player in launching of new funds and an active member of Business Process Re-engineering.

Prior to this, he has also served as Head of Operations. He holds CMA Certification and B.Com from University of Karachi.

Mr. Syed Fakhar Imam Zaidi Head of Internal Audit

Syed Fakhar Imam Zaidi joined the Company in April 2024 as Head of Internal Audit. He is an FCA from The Institute of Chartered Accountants of Pakistan and an ACA from The Institute of Chartered Accountants of England and Wales. Mr. Fakhar has thirteen years of post-qualification experience enriched in internal audit, controls evaluation, risk management & compliance, performance evaluation & improvement and tax advisory. Before joining MCB Funds, he was associated with Habib Insurance Company limited heading the Internal Audit department with a short stint in finance department in a senior role. Previously, he was affiliated with A.F. Ferguson & Co. Chartered Accountants (a member firm of PwC network) where he

completed his mandatory training period in Assurance & Advisory department and later worked as Assistant Manager in Taxation & Legal Advisory Services group.

Syed Suhail Ahmed, Head of Compliance

Syed Sohail Ahmed has over seventeen (17) years of managerial experience in the fields of Compliance, Risk Management, and Internal Audit. He has been associated with MCB Investment Management Limited since June 2008. Sohail is regarded as one of the most experienced compliance professionals in the asset management industry of Pakistan. Prior to joining MCB Funds, he served as a Consultant in the Risk Advisory Services department of A.F. Ferguson & Co. (a member firm of the PricewaterhouseCoopers – PwC network). He also completed his four-year mandatory professional training in the Assurance and Business Advisory Services department of A.F. Ferguson & Co. Sohail is a Certified Anti-Money Laundering Professional. He holds a Master's degree in Economics from the University of Karachi. Additionally, he is a Certified Internal Control Auditor, a Fellow Public Finance Accountant and a Certified Business Accountant.

Mr. Muhammad Iqbal Ansari, Head of Human Resources & Administration

Muhammad Iqbal Ansari joined the Company in March 2026 as Head of Human Resources & Administration. He holds a Master of Business Administration (MBA) degree from the Institute of Business & Technology and has also completed a diploma in Human Resources from the Pakistan Institute of Management. Iqbal has over 13 years of experience in the mutual funds industry, with a strong track record in process automation and strengthening organizational policies and procedures. Prior to joining MCB Funds, he was associated with Lucky Investments Limited as Manager Human Resources, where he played a key role in developing the company's human resource systems, policies, and procedures. He also served for more than 12 years at UBL Funds, one of the leading asset management companies, where he gained extensive experience in HR management and organizational development.

5.2.3 Performance of Listed Associated Companies

5.3 Existing Schemes under Management and their performance

5.4 ROLE OF FUND MANAGER OF THE PAKISTAN PENSION FUND (PPF)

The Pension Fund Manager shall designate a Fund Manager for the Pakistan Pension Fund (PPF), who shall, use his investment experience and knowledge of pensions and based on the input from the Research Department, structure the portfolios for the individual Sub-Funds.

Additionally, the allocation of the asset classes within the plans offered under the Pension Fund, will be reviewed by the Investment Committee from time to time and based on the assessment of key economic indicators, the Fund Manager will, in conjunction with the Investment Committee of the Pension Fund, decide on the relative attractiveness and valuation of various asset classes available (i.e. equity, debt and money market). In case of a change in the economic circumstances, the Fund Manager will re-allocate the relative weights of the asset classes within the Schemes with an appropriate increase or reduction in exposure in those asset classes that are expected to be most impacted. However, such changes shall be made within the limits set out in the Approved Allocation Policy specified by the Commission.

5.4.1 Appointment of Distributors

The Management Company, shall from time to time under intimation to trustee appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s) locally or internationally. The Management Company may also itself act as a Distributor for carrying on Distribution Functions and updated list of distributors would be available on official website of the Management Company.

The Management Company shall ensure, where it delegates the Distribution Function, that:

(a) the Distributors to whom it delegates, have acquired registration from SECP in line with SRO. 1160(I) 2015 dated November 25, 2015 as registered service providers; and

(b) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and mis-selling of Collective Investment Scheme.

(c) The Management Company and Distributor shall not:

I. involve either directly or indirectly in the mis-selling of Collective Investment Scheme;

II. sell units of Collective Investment Scheme directly or indirectly by making a false and mis-leading statement, concealing or omitting material facts of the Scheme and concealing the risk factors associated with the Scheme;

(d) The Management Company or distributor shall take reasonable care to ensure suitability of the scheme to the investor.

(e) The Management Company or distributor shall ensure that;

i. any performance reporting/ presentation is accompanied by all explanations, qualifications, limitations and other statements that are necessary to prevent such information from misleading investors.

ii. promotional materials do not contain untrue statements or omit to state facts that are necessary in order to prevent the statements from being misleading, false or deceptive.

iii. performance is measured and presented after taking into account the risk-tolerance, investment objectives, level of understanding and knowledge of the recipient.

5.4.2 Disclaimer

The Pension Fund Manager shall not be under any liability except such liability as may be expressly assumed by it under the Rules, Regulations and the Constitutive Documents, nor shall the Pension Fund Manager (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross negligence or willful breach of duty and the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents, the Pension Fund Manager 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. The Pension Fund Manager shall not be liable for any loss caused to the Fund or to the value of the Trust Property due to any elements or circumstances of Force Majeure.

5.5 DETAILS OF THE RESPONSIBILITIES, OBLIGATIONS AND RESTRICTIONS OF THE PENSION FUND MANAGER

5.5.1 Obligations of the Pension Fund Manager:

A Pension Fund Manager shall ensure compliance with the obligations as specified in the regulations and constitutive documents of the Pension fund.

(a) be obliged to manage the assets of the PPF in the interest of the Participants in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties or its officers;

(b) be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as Pension Fund Manager, howsoever designated, as if they were its own acts and omission;

(c) account to the trustee for any loss in value of the assets of PPF where such loss has been caused by its gross negligence, reckless or willful act or omission;

(d) 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 PPF, all transactions for the account of PPF and contributions received by PPF and

withdrawals by the Participants including detail of withholding tax deducted at source and transfer or receipt of balances in the Individual Pension Accounts of the Participants to or from other Pension Fund Managers;

(e) prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of PPF within four (4) months of closing of the accounting period to the Commission and the Participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule XIII of the NBFC Regulations.

"Provided that the Pension Fund Manager may transmit or make available on its website annual report of PPF for Participants and it shall make the printed copy available to a Participant free of cost as and when required";

(f) within one (1) month of the close of the first and third quarter of its year of account of PPF and within two (2) months of the close of second quarter, prepare and transmit to the Participants and the Commission a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of PPF and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule XIII of the NBFC Regulations. The Pension Fund Manager shall post the said quarterly accounts on its website;

(g) maintain a register of Participants of PPF and inform the Commission of the address where the register is kept;

(h) appoint an auditor with the consent of the trustee, at the establishment of PPF and upon any vacancy, and such auditor shall not be appointed for more than five (5) consecutive years;

(i) furnish to the Commission within one (1) month of the close of any accounting period, -
   (i) particulars of the personnel (executive, research and other) managing the PPF;
   (ii) total number of Participants; and
   (iii) such other information that may be specified by the Commission from time to time;

(j) furnish to the Commission a copy of its annual report together with copies of the balance sheet, profit and loss account, the directors' report and the auditors' report within one (1) month of its annual general meeting and shall furnish its half yearly report to the Commission within two (2) months of close of its half year;

(k) send an account statement as at the 30th June and the 31st December each year, within thirty days thereafter to each Participant(s) giving detail of the amounts received or withdrawn and tax deducted and the number of units allocated and held, the current valuation of the units and such other infor- mation as may be specified by the Commission,

free of charge. The Pension Fund Manager shall also send an account statement each time when there is an activity in the participant's account within seven working days of such activity and the participant shall be entitled to receive any information, in respect of participant account, at any time, on written application either physically or online;

(l) send any other statement or certificate to the participants which may be necessary under the Rules and Regulations; and

(m) send a notice to a Participant at least thirty (30) days before the chosen date of retirement informing him the options available to him on retirement. The notice shall be sent physically on the mailing address as well as electronically on email or cellular phone number; and

(n) specify criteria in writing to provide for a diverse panel of brokers at the time of offering of PPF or for any subsequent change and shall not enter, on behalf of PPF, into transactions with any broker that exceed twenty-five per cent (25%) of the commission payable by PPF in any one accounting year:

Provided that this restriction shall not apply to transactions relating to money market instruments or debt securities.
The Pension Fund Manager shall provide and replicate all recorded information to the trustee and shall arrange the reconciliation of these records with the Trustee on a periodic basis as may be mutually agreed between the parties or as specified by the Commission.

5.5.2 Restrictions for the Pension Fund Manager

The Pension Fund Manager on behalf of Pension fund shall not:

a) offer this Pension to any other person except the Eligible Persons.
b) merge with, acquire or take over management of any other pension fund or pension fund manager unless it has obtained the prior approval of the Commission in writing for such merger, acquisition or takeover;
c) pledge any of the securities held or beneficially owned by the Pension Fund except for the benefit of the Pension Fund;
d) Purchase from or sell any security to any connected person or employee except with the approval of its Board of Directors in writing and consent of the Trustee
e) participate in a joint account with others in any transaction; except for placement of orders under a single Universal Identification Number (UIN) subject to mechanism approved by the commission
f) make any investment with the purpose of having the effect of vesting the management or control in the Pension Fund; or
g) employ as a broker, directly or indirectly, any of its directors, officers or employees or a

member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any broker who is a Connected Person where such transactions shall equal or exceed twenty-five per cent or more of the brokerage or commission paid by the Pension Fund in any one Accounting Period;

h) Enter into a short sale transaction in any security.
i) Invest in any non- investment avenue.

5.5.3 Limitations and Prohibitions

(a) The Pension Fund Manager, on behalf of PPF, shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness of any person.

Provided that investment in sale and repurchase transactions involving Government securities or such eligible listed securities which are regulated by Pakistan Stock Exchange shall not be attracted by this bullet subject to the condition that risk management parameters are disclosed in this Offering Document.

(b) Borrowing will not be resorted to except for meeting withdrawal requests or transfer of funds to other pension fund managers and such borrowing shall not exceed fifteen per cent (15%) of the total Net Assets of PPF at the time of borrowing, and shall be repayable within a period of ninety (90) days.

(c) The Pension Fund will not be invested in any security of a company if any director or officer of the Pension Fund Manager owns more than five per cent (5%) of the total nominal amount of the securities issued, or, collectively the directors or officers of the Pension Fund Manager own more than ten per cent (10%) of those securities.

(d) Except where it is necessary to protect its investment, the Pension Fund Manager shall not seek to acquire a controlling interest in any enterprise in which it has invested, or has any other interest, which would give it primary responsibility for management.

(e) Individual Pension Account shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of the Participant, no sum shall pass to any trustee or person acting on behalf of his creditors:

Provided that the Individual Pension Account may be subject to be pledged, lien or encumbrance against the loan or advance given by the employer to its employee.

5.5.4 Retirement or Removal of Pension Fund Manager

5.5.4.1 The Pension Fund Manager may, by giving at least three (3) months prior written notice in writing to the Participants with the prior written approval of the Commission, retire from management of the Pension Fund.

5.5.4.2 Where the Pension Fund Manager has given notice in accordance with above Clause, its retirement shall be effective on the date being not less than three (3) months after the date of such notice on which, with the approval in writing of the Commission, it appoints a new Pension fund manager to manage the Pension Fund in accordance with the constitutive documents and the Rules.

5.5.4.3 If the Commission is of the opinion that the Pension Fund Manager has contravened any provision of the Rules, or has otherwise neglected or failed to comply with any order or direction of the Commission or with any requirement of the Rules or has failed or neglected to carry out its duties to the satisfaction of the Trustee, or the Commission, as the case may be, and considers that it would be in the interest of the Participants so to do, the Commission, on its own motion or on the report of the Trustee, by order in writing may immediately:-

(a) cancel or suspend the registration of the Pension Fund Manager;
(b) remove the Pension Fund Manager managing the Pension Fund;
(c) issue, cease and desist orders to the company;
(d) order compensation to be paid to the Participants;
(e) ban defaulters to be employed within the security market temporarily or permanently
(f) impose fine; or
(g) take any combination of the above mentioned actions.

5.5.4.4 The Trustee may, by giving notice in writing to the Pension Fund Manager with the prior approval of the Commission, remove the Pension Fund Manager if any of the following events have occurred:

a. the Pension Fund Manager has contravened the provisions of the constitutive documents in any material respect and has failed to rectify the contravention within
(i) 30 days from the date of notice in writing given by the Trustee to the Pension Fund Manager regarding the contravention, such notice to be given under intimation to the Commission, or
(ii) such other period as may be specified by the Commission, in respect of the subject contravention; provided that such notice by itself shall not be considered as an admission

of contravention on part of the Pension Fund Manager who shall have the right to defend such action;

b. the Pension Fund Manager goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation); or

c. a receiver is appointed over any of the assets of the Pension Fund Manager.

5.5.4.5 The removal of the Pension Fund Manager from management of the Pension Fund by the Trustee shall be effective on the date on which, with the approval in writing of the Commission as per Rule 6 of the VPS Rules 2005, the Commission shall appoint a new Pension fund manager, to manage the Pension Fund whose registration has not cancelled is eligible as Pension Fund Manager in accordance with the constitutive documents and the Rules.

5.5.4.6 The Commission may, in exercise of its powers under the Rules, remove the Pension Fund Manager from management of the Pension Fund and appoint in its place a new Pension fund manager to manage the Pension Fund in accordance with this the constitutive documents and the Rules.

5.5.4.7 The Commission may, in exercise of its powers under the Rules, cancel the registration of the Pension Fund Manager as a Pension fund manager, in which case the Pension Fund Manager, if not already removed from the management of the Pension Fund, shall stand removed from such management upon such cancellation.

5.5.4.8 If the Commission has cancelled the registration of the Pension Fund Manager, the Commission shall appoint another Pension fund manager to manage the Pension Fund in accordance with the Rules.

5.5.4.9 Upon a new Pension fund manager being appointed, the Pension Fund Manager shall take immediate steps to deliver all the documents and records pertaining to the Trust to the new Pension fund manager and shall pay all sums due to the Trustee.

5.5.4.10 Upon its appointment the new Pension fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Pension Fund Manager hereunder as fully as though such new Pension fund manager had originally been a party hereto.

5.5.4.11 If so, directed by the Commission, the Pension Fund Manager shall not receive any Contributions from any of the Participants or make any other transaction on account of the Pension Fund as from the date of issue of the notice or as from the date of issue of the Commission's order in writing under Rule 6 of the Rules.

5.5.4.12 The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Pension Fund Manager are audited by the Auditors of the Pension Fund and the audit report is submitted, within one month from the date of such appointment, to the Commission, the Trustee and the new Pension Fund Manager. The Trustee with the approval of the Commission shall

decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.

5.5.4.13 The Pension Fund Manager, upon termination/removal/retirement, shall continue to manage the Pension fund until the entire balance in all pension accounts of the Participants are not transferred in the pension accounts of the respective Participants with one or more other Pension Fund Managers. For this purpose, the Pension Fund Manager shall share the relevant data with the new Pension Fund Manager(s). Both parties shall make best efforts to complete the process for transfer of Pension Fund balances within the stipulated period.

5.5.5 TRUSTEE AND ITS RESPONSIBILITIES AND OBLIGATIONS

The Trustee of the Pension Fund is:

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B", S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400, Pakistan

(Any change in the registered office address of the Trustee shall be notified by the Trustee to the Commission and the Pension Fund Manager.)

5.5.5.1 Obligations of Trustee of Pension Fund

I. The Trustee shall ensure compliance with the obligations as specified in the provisions of the constitutive document and the Rules when performing 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 Pension Fund Manager; 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 Pension Fund for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless or willful act and / or omission of the Trustee or of any of its directors, officers, nominees or agents.

II. The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Participants. 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 Pension Fund Manager, provided that the Trustee's actions and the Pension Fund Manager's requests are not in conflict with the provisions of the constitutive document or the Rules. When- ever pursuant to any provision of the constitutive document, any certificate, notice, direction, instruction or other communication is to be given by the Pension Fund Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Pension Fund Manager by any

person whose signature the Trustee is for the time being authorized in writing by the Pension Fund Manager to accept.

The Trustee shall;

(a) take into its custody or under its control all the Trust property, including proprieties of the Sub Funds of the Pension Fund and hold it in trust for the Participants in accordance with the applicable law, the Rules and the provisions of the Constitutive Documents; and the cash and registerable assets shall be registered in the name of or to the order of the Trustee;

(b) be liable for any loss caused due to its willful act or omission or that of its agent or delegate in relation to custody of assets or any investment forming part of the property of the pension fund;

(c) be liable for the act and omission of the Financier and its agent in relation to assets forming part of the property of the Pension Fund and, where financing is undertaken for the account of the Pension Fund, such assets may be registered in the Financier's name or in that of a nominee appointed by the Financier;

(d) ensure that the issue, withdrawal and cancellation of units are carried out in accordance with the provisions of the Rules, Regulations and the Constitutive Documents of the Pension Fund;

(e) ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub- Fund of the Pension Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of the Constitutive Documents or as specified by the Commission;

(f) carry out the instructions of the Pension Fund Manager in respect of Investment Policy, unless they are in conflict with the provisions of the Constitutive Documents;

(g) ensure that the investment policy prescribed by the Commission from time to time and the financing limitations set out in the Trust Deed, the Rules, Regulations and other conditions under which the Pakistan Pension Fund was authorized are complied with;

(h) issue a report to be included in the annual and half year report to be sent to participants whether, in the trustees' opinion, the Pension Fund Manager has in all material respects managed the pension fund in accordance with the provisions of the constitutive documents, and if the Pension Fund Manager has not done so, the respects in which it

has not done so and the steps which the trustee has taken in respect thereof;

(i) ensure that Units are not allocated until Contributions have been received.

(j) ensure that the Pension Fund Manager has specified a criteria in writing to provide for a diverse panel of brokers at the time of offering of a pension fund or for any subsequent change;

(k) ensure that the Pension Fund Manager has been diligent in appointing brokers and shall not enter, on behalf of a pension fund, into transactions with any broker that exceed twenty-five per cent of the commission payable by a pension fund in any one accounting year:

(l) immediately inform the Commission if any action of the Pension Fund Manager contravenes any provision of the Ordinance, the Act, the rules, constitutive document, offering document, guidelines, codes, circulars, directives or any other applicable laws;

(m) Comply with the directions of the Commission given in the interest of the participants.

III. The Trustee shall, from time to time appoint, remove or replace one or more Custodian(s) as an agent of the Trustee at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee;

IV. The Trustee shall make available or ensure that there is made available to the Pension Fund Man- ager such information as the Pension Fund Manager may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Pension Fund.

V. The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Pension Fund Manager and 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.

VI. The Trustee shall promptly provide proxies or other forms of power of attorney to the order of the Pension Fund Manager with regards to any voting rights attaching to any Investments.

VII. The Commission may, if it is satisfied that it is necessary and expedient so to do in the interest of the Participant(s), or in the interest of the capital market, public and Employees,

by an order in writing, give such directions to the Trustee which are essential to enforce the Rules including but not limited to making arrangements for safe custody of assets of the Pension Fund, submission of reports and disclosure of information.

VIII. The Trustee shall, if requested by Pension Fund Manager and may if it considers necessary for the protection of Trust Property or safeguarding the interest of Participant(s), institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading 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 legal fees) incurred in instituting or defending any such action shall be borne by the Pension Fund 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 the Trust Deed or the Rules.

IX. The Trustee shall obtain and maintain replication of all the records of the Participant(s) maintained by the Pension Fund Manager or the Registrar, as the case may be, and shall keep the records updated on fortnightly basis.

5.6 RETIREMENT OR CHANGE OF TRUSTEE

5.6.1 The Trustee shall not be entitled to retire voluntarily, or otherwise, except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Pension Fund Manager, with the prior written approval of the Commission, within a period of three months, may, by a deed supplemental to the Deeds under the seals of the Pension Fund Manager and the Trustee, appoint a new trustee under the provisions of the VPS Rules, in place of the retiring Trustee, and also provide, in such deed, for the automatic vesting of all the assets of the Trust in the name of the new trustee. The retirement of the Trustee shall take effect at the same time as the new trustee is appointed and the supplemental trust deed, reflecting this appointment, is executed. The Trustee shall ensure that accounts of the Pakistan Pension Fund, till the day of the appointment of the new Trustee, are audited by the Auditors of the Fund and the audit report is submitted, within one month from the date of such appointment, to the Commission, the newly appointed Trustee and the Pension Fund Manager. The Trustee, with the approval of the Commission, shall decide the cost of such interim audit and the same may be charged to the Trust, with the prior approval of the Commission.

5.6.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Pension Fund Manager) or ceases to carry on business of trusteeship or a receiver of its undertaking is appointed or it becomes ineligible to act as a Trustee of the Pension Fund under the provisions of the VPS Rules & NBFC

Regulations, the Pension Fund Manager shall, forthwith, by instrument in writing, remove the Trustee from its appointment under the Deed and shall, by the same or some other instrument in writing simultaneously, appoint some other company or corporation according to the provisions of the VPS Rules and the Deed as the new trustee.

5.6.3 The Commission, after giving thirty days' notice, may remove the Trustee, by order in writing, on grounds of any material default or non-compliance with the provisions of the VPS Rules or the Deed, negligence of its duties or incompetence in performing its duties or if the Commission is of the opinion that the Trustee has, otherwise, neglected or failed to comply with any order or direction of the Commission and considers that it would be in the interest of the Participants so to do; provided that such notice shall not per se be regarded as an admission of contravention on the part of the Trustee who shall have the right to defend itself against such notice or action.

5.6.4 The Pension Fund Manager may also remove the Trustee, with the prior approval of the Commission, after giving thirty days' notice, if the Pension Fund Manager feels that the Trustee is charging a remuneration that is not comparable to the market norm and it would be in the interest of the Participants to appoint another trustee. For this purpose, if the Pension Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified to be appointed as trustee of a pension fund), determines that the remuneration being paid to the Trustee is not comparable to the market norm and that, for this reason, it would be in the interest of the Participants to appoint another trustee on such favorable terms, it will issue a thirty days' notice of removal of the Trustee on this ground. However, after receiving such notice from the Pension Fund Manager, the Trustee shall have the option to continue as Trustee of the Fund on such favorable terms offered by the alternate institution or to retire as Trustee of the Fund and notify the Pension Fund Manager accordingly. The change of Trustee will become effective with the Commission's approval, once the newly appointed trustee takes charge of all duties and responsibilities.

5.6.5 Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Individual Pension Account held by or for the Trustee under any approved Income Payment Plan to the new trustee and make payments to the new trustee of all sums due from the Trustee.

5.6.6 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee under the Deed, as fully as though such new trustee had, originally, been a party hereto as trustee of pension fund.

5.6.7 Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under the Deed and the VPS Rules, NBFC Regulations, the Trustee shall remain entitled to the benefits under the terms of the Deed till the removal or resignation of the Trustee is

effective, without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under the Deed and/ or the VPS Rules.

5.7 REGISTRAR OF THE UNITS OF PAKISTAN PENSION FUND

The Management Company will perform the registrar services of Pakistan Pension Fund;
The register shall be maintained by the registrar at the following address;

MCB Investment Management Limited
2nd Floor, Adamjee House, I.I. Chundrigar Road,
Karachi, Pakistan

5.8 DISTRIBUTION COMPANIES

5.8.1 The main Distribution Company of the Pakistan Pension Fund will be MCB Investment Management Limited and its branches. Address of current branches are provided hereto as Annexure "B".

5.8.2 The Pension Fund Manager may appoint or suspend other Distribution Companies for the Pakistan Pension Fund under intimation to the Trustee.

5.9 AUDITORS

The Auditor of the Pakistan Pension Fund is:
Yousuf Adil & Co. Chartered Accountants

5.9.1 The Pension Fund Manager shall, with the consent of the Trustee, appoint as the Auditor a firm of chartered accountants who shall be independent of the auditor of the Pension Fund Manager and the Trustee. The Pension Fund Manager may at any time, with the concurrence of the Trustee, and shall, if required by the Commission, remove the Auditor and appoint another Auditor in its place. At all times the Pension Fund Manager shall ensure that the Auditor is appointed from the list of Auditors approved by SECP or any further Circular/Directive as amended from time to time for this purpose. The appointment of Auditor and contents of the Auditor`s report shall be in accordance with provision of the Rules and Regulations. The Auditors shall have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Man- ager, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Pension Fund Manager, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit. The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Pension Fund Manager as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.

5.9.2 The Auditors shall prepare a written report to the Participant on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of

movement in participants` Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.

In case the Rules or other Applicable Laws relating to appointment of auditors of Pension funds are amended or substituted, the amended Rules or other Applicable Laws, as the case may be, shall be deemed to become part of this Constitutive Document without the need to execute a supplemental constitutive document. The contents of the Auditors report shall be as mentioned in the Regulations.

5.9.3 The Commission shall monitor general financial condition of the Pension Fund, and, at its discretion, may order special audit and appoint an auditor who shall not be the external auditor of the Pension Fund, to carry out detailed scrutiny of the affairs of the Pension Fund, provided that the Commission may, during the course of the scrutiny, pass such interim orders and give directions as it may deem appropriate. On receipt of the special audit report, the Commission may direct the Pension Fund Manager to do or to abstain from doing certain acts and issue directives for immediate compliance which shall be complied forthwith or take such other action as the Commission may deem fit.

1. Conducting an independent and objective assessment of compliance of operations with the principles and rules and to comply with any further conditions imposed by the Commission from time to time.
2. The external auditor shall assess the compliance of the security with financial arrangements, contracts, and transactions.
3. The external auditor shall prepare a report on the format, to be prescribed by Commission, for the board of directors giving their opinion on:

5.10 LEGAL ADVISORS

The current legal advisors of Pakistan Pension Fund are:

Bawaney & Partners
404, 4th floor, Beaumont Plaza, 6-cl-
10, Beaumont Road, Karachi.

5.11 BANKERS

The bankers to the Fund may include banks as per the discretion of the Management Company to change from time to time. The Trustee shall operate the bank accounts on instruction from the Management Company.

5.12 **Bank Accounts:**

The Trustee shall, at the request of the Pension Fund Manager from time to time, open separate Bank Accounts in scheduled bank or Islamic window of scheduled bank titled "**CDC-Trustee Pakistan Pension Fund**", or any other as deemed necessary, at designated Bank(s) for the Pension Fund and each Sub-Fund for, inter alia, (i) receipt of proceeds of Seed Capital Units and subsequent Contributions into the Pension Fund, (ii) credit of proceeds realized on account of any transfer or withdrawal at or before retirement or re-allocation in relation to Individual Pension Accounts, and (iii) withdrawals from Approved Income Payment Plans for the Pension Fund.

The Bank Accounts shall be opened by the Trustee at such branches of Scheduled Banks or Islamic windows of scheduled banks and financial institutions approved by the Pension Fund Manager having entity rating awarded by a credit rating agency approved by the Commission and at such locations as determined by the Pension Fund Manager, subject to compliance with Applicable Laws and after obtaining all necessary Approvals as may be required from time to time.

Notwithstanding anything in this Constitutive Documents, the beneficial ownership of the balances in the Bank Accounts opened by the Trustee shall vest at all times in the Participants collectively.

Further on the request of the Pension Fund Manager, the Trustee shall open the bank accounts for Pension Fund and Sub-Funds under the following titles:

1- **CDC- Trustee Pakistan Pension Fund**
2- **CDC- Trustee Pakistan Pension Fund-Equity Sub Fund**
3- **CDC- Trustee Pakistan Pension Fund-Debt Sub Fund**
4- **CDC- Trustee Pakistan Pension Fund-Money Market Sub Fund**
5- **CDC- Trustee MCBAH Funds***

All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund/ Sub Funds.

*Note:

"Main Collection Account (MCA) shall only be used for soliciting online investment through payment aggregators like 1 Link, Kuick Pay and other similar payment gateways subject to prior approval of the Commission. The Management Company shall maintain separate Main Collection Account(s) for Shariah and Conventional VPS.

The contribution received from any participant by the Pension Fund Manager on any working day shall be immediately credited to the individual pension account of the participant after deducting the front-end fees, and the amount in the individual pension

account shall be used to purchase the units of sub-funds of the pension fund as the Commission may allow, at the net asset value notified by the Pension Fund Manager at the close of that working day."

Any transaction related to investment in this bank account will be prohibited. This bank account will serve as a collection medium for all online modules not limited to;

1. MCB iSave App
2. MCB Live App
3. MCB Online Web Portal
4. IBFT/RAAST/RTGS/Kuick Pay

6. CHARACTERISTICS OF THE PAKISTAN PENSION FUND

6.1 ELIGIBILITY TO PARTICIPATE IN THE PAKISTAN PENSION FUND

6.1.1 All individuals fulfilling the eligibility criteria prescribed by the Commission from time to time under the Rules or any directive/circular shall be eligible to contribute to the Pension Fund authorized under the Rules, directly as well as through employers.

6.1.2 All Pakistani nationals who have a valid National Tax Number (NTN) or Computerized National Identity Card (CNIC) and National Identity Card for Overseas Pakistanis (NICOP) or Pakistan Origin Card (POC), issued by the National Database and Registration Authority (NADRA) shall be eligible to contribute to the Pension Fund.

6.1.3 As per the Income Tax Ordinance, each eligible person who opens an Individual Pension Account with the Pension Fund Manager may make Contributions to the Pension Fund, directly as well as through Participants having pension policies approved by the Commission under Section 63 of 2001 and issued by Life Insurance/Takaful Companies before 30th June, 2005 are eligible to withdraw their units and transfer the balance to their Individual Pension Account, subject to the Rules.

6.1.4 Accumulated balance from Approved Employment Pension or Annuity Scheme or Approved Occupational Savings Scheme (i.e., approved gratuity fund or recognized provident fund) can be transferred to the Pension Fund.

6.1.5 The eligibility criteria may be reviewed by the Commission from time to time.

6.1.6 Pakistani National residing abroad can apply for the VPS Units subject to the approval of the State Bank of Pakistan and/or any other approval required to obtain in this regard. The

payment of redemption proceeds to such Participant(s) shall be subject to the relevant taxation and exchange regulations/laws.

6.2 APPLICATION PROCEDURE

The procedure herein below is designed for paper based transactions. The Pension Fund Manager may at a later date introduce electronic/ Internet based options for the transactions.

a) The Pension Fund Manager has obtained all requisite consents and approvals for the offer of the Pakistan Pension Fund.

b) Participation in the Pakistan Pension Fund will be offered through Distribution Companies. The Pension Fund Manager will act as the main Distribution Company.

c) Forms for required action can be obtained from the Pension Fund Manager or any Distributor or Sales Agent of the Pension Fund Manager or can be downloaded from the Pension Fund Manager website or may be requested from the Pension Fund Manager by courier or through electronic means. Forms are also attached in Annexure "I" hereto.

d) Forms duly completed in all respects, along with the required documents can be lodged with any Distributor or directly with the Pension Fund Manager.

e) Before contributing to the Pakistan Pension Fund, eligible Participants must open an account with the Pension Fund Manager, using the Participant Registration & Account Opening Form.

f) An application for joining the Pakistan Pension Fund can be made by completing the prescribed Application Form required for the Participant Registration & Account Opening Form and submitting it with the payment, in such form as is prescribed by the Pension Fund Manager, in favour of the Trustee at the Authorized Branch of any Distribution Company. The Distribution Company will verify that the applicant is eligible to join the Pakistan Pension Fund and that the signature of any applicant to any document, required to be signed by him in connection with the application for joining the Pakistan Pension Fund, matches with the signature as per CNIC/NICOP.

g) 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 meantime, 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.

h) Participants must indicate their Registration Number or the Distinct Account Number in the Contribution Application Form, except in cases where the Participant Registration & Account Opening Form is sent with the first Investment.

i) The applicant must obtain a copy of the application or receipt, 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, Payment Order, Cheque or Deposit Slip as the case may be. However, in case of online Contributions, offered by the Pension Fund Manager; the trustee consent and approval by the Commission that online contribution acknowledgement will be sufficient for the purpose of this clause.

j) The Pension Fund Manager may make arrangements to accept applications for opening Individual Pension account through electronic means upon satisfaction of the Trustee, subject to the conditions of Customer Due Diligence (CDD) / Know Your Customer Policy (KYC), specified by the Commission through notifications / circulars / Rules / Regulations, etc.

k) If any employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required Form for the Registration of Employer.

l) Subject to the State Bank of Pakistan's Regulations, outside Regulators or any other authority, the Pension Fund Manager will make arrangements, from time to time, for receiving the Forms and payments from outside Pakistan from Non-Resident Pakistanis (NRPs), having valid CNIC or NICOP who meet with the eligibility criteria and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

m) If an employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required form entitled 'Employer and 3rd Party Contributor Form' as attached in Annexure "F" hereto.

n) The application procedure described in clauses 6.2 may be altered by the Pension Fund Manager from time to time with the approval of the Commission and the Trustee. Such alterations shall be announced through Supplementary Offering Documents issued by the Pension Fund Manager from time to time and shall be deemed to correspondingly alter the provisions of clause 6.2 without the need to execute a Supplementary Constitutive document.

6.3 ALLOCATION/ ISSUE OF UNITS:

(a) The Prescribed Application Form, complete in all respects including payment (on realized basis), received by the Pension Fund Manager or Distributor at its/their Authorized Branches during Business Hours on any Dealing Day from any Participant shall be immediately credited to the Individual Pension Account of the Participant after deducting the Front-end fee (sale charges) or Life Insurance /Takaful contributions if any. Such amount in the Individual Pension Account shall be used to purchase the Units of Sub-Funds of the Pension Fund as per the Allocation Scheme selected by the Participant, at the Net Asset Value notified by the

Pension Fund Manager at the close of that Dealing Day for each Sub-Fund. Any Form received after Business Hours will be transferred to the next Dealing Day.

(b) The Pension Fund Manager shall make reallocation of the Units between the Sub-Funds as per Rules and Offering Document to ensure that the allocation of Units of all the Participants is according to the Allocation Schemes selected by the Participants or where no selection has been made, according to the Default Allocation Scheme.

6.4 CONTRIBUTION PROCEDURE AND MINIMUM CONTRIBUTION

a) Eligible persons or their employers, if any, will be allowed to contribute to the Pakistan Pension Fund in one lump sum or in instalments during any Tax Year.

b) Eligible persons themselves, as well as their employers, if any, will be allowed to contribute to the Pakistan Pension Fund, subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001).

c) Participants must fill out the Contribution Application Form, indicating their Registration Number or the Distinct Account Number; providing the details of their contribution and attaching the payment instrument, along with the Form, before submitting it at the Authorized Branch or office of the Distribution Companies.

d) The Pension Fund Manager, directly or through the Registrar, will send an acknowledgement of receipt of the contribution, along with the Account Statement, to the Participant, within seven working days of such contribution.

e) The prescribed Forms can be lodged with any Distributor. Sales Agent or authorized representatives of the Distributor can collect these Forms for onward submission to the Distributor.

f) The Pension Fund Manager may make arrangement to accept contributions through electronic mean upon satisfaction of the Trustee.

g) There is no maximum limit of contribution to the Pakistan Pension Fund. Participants can contribute any amount in one lump sum or in instalments to one or more Pension Fund Managers. However, tax credit will be available to the Participants up to a maximum allowable amount of contribution within any financial year according to the Income Tax Ordinance, 2001 (XLIX OF 2001).

h) Participants, or their employers on their behalf, can deposit the contributions to the Pakistan Pension Fund in the account of "Trustee – Pakistan Pension Fund" in the following manner:

1) Direct bank transfer.

2) Standing instructions from the Participants to their bank for regular transfer of contributions.

3) In the form of "Account Payee Only" Cheques, Payment Orders or Demand Drafts, or

4) Any other electronic form of transfer

The Participant or the employer making contribution on behalf of a Participant, or group of Participants, shall provide full details of the contributions to MCBIM at the following address:

Head of Investor Services
Department MCB Investment
Management Limited

2nd Floor, Adamjee House, I.I. Chundrigar
Road, Karachi, Pakistan

Tel: (92-21) 11-11-622-24

This will enable the Pension Fund Manager to track the contribution and to record it timely, in the account of the respective Participant of Pakistan Pension Fund.

i) The minimum amount of contribution to open an account is Rs.500 and the minimum amount for adding to an existing account is Rs.500 per transaction. However, the minimum contribution to open an account and the amount for adding to an existing account by Participants may be less than Rs.500 per transaction in case the contribution is received from the employers of the Participants or an organized group to which the Participants belong. There will be no penalties on delayed payments. The Pension may, from time to time, amend the minimum amount of initial contribution that is required to open an account in the Pakistan Pension Fund.

j) The Pension Fund may be marketed in conjunction with Group Life Insurance or any other Life Insurance /takaful, subject to approval of the Commission. These supplementary schemes would not be compulsory for all the Participants to join and the Trustee would be authorized to deduct the premium only from the contributions of those Participants who have opted to join such schemes. The Trustee would, directly, deposit the deducted premium with the relevant Insurance Company.

k) Contribution procedure mentioned above shall be subject to alterations due to amendments to or substitutions of the VPS Rules, 2005, NBFC &NE Regulations, 2008 and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules. Such alterations, with prior approval of the Commission shall be announced through Supplementary Offering Documents and shall be deemed to correspondingly, alter the provisions of the Trust Deed without the need to execute a Supplementary Trust Deed. And the pension Fund Manager reserves the right to alter the minimum amount through supplementary offering document with prior consent of the Trustee and approval of the Commission.

6.5 OPTIONS AND PROCEDURE IN CASE OF TEMPORARY OR PERMANENT CESSATION OF CONTRIBUTIONS BY THE PARTICIPANTS

The Pension Fund Manager has allowed the Participants or their employers, if any, to pay the desired contribution into Pakistan Pension Fund in one lump sum or in instalments.

There will be no penalties on delayed payments or temporary or permanent cessation of contributions, Participants may continue the payments at any time till their retirement.

6.6 DESCRIPTION OF DIFFERENT SUB-FUNDS AND ALLOCATION OF CONTRIBUTION AMONG SUB-FUNDS OF THE PAKISTAN PENSION FUND

The Pension Fund Manager shall offer different Allocation Schemes to the Participants to choose from, allowing the Participants to adopt a focused investment strategy, according to their risk/re- turn requirements, through Sub-Funds of the Pakistan Pension Fund, managed by the Pen- sion Fund Manager. The risk profile of each Allocation Scheme shall be dependent on the percent- age allocation of that Scheme in the various Sub Fund. Each Allocation Scheme being offered can have exposure to the following sub-Funds:

1. PPF Equity Sub- Fund (**the "Equity Sub Fund"**),
2. PPF Debt Sub- Fund (**the "Debt Sub Fund"**)
3. PPF Money Market Sub- Fund (**the "Money Market Sub- Fund")**

(These sub-funds will, collectively, be called **the "Sub-Funds"**

The Contributions received from any Participant shall be allocated amongst the Sub-Funds in accordance with the Allocation Scheme selected by the Participant.

The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening of Individual Pension Account. The Participant may change the Allocation Scheme as and when required till retirement, subject to rules and regulations. Form for the change in Allocation Scheme must be sent by the Participant in writing or in such other form as may be acceptable to the Pension Fund Manager.

6.6.1 Pakistan Pension Fund may, with the permission of the Commission, launch other Sub-Funds through a Supplemental Offering Document to incorporate information for contributions in other classes of assets, including securitized investment in real estate or in assets outside Pakistan.

6.6.2 The Pension Fund Manager is currently offering five different Asset Allocation Schemes to the Participants. Policies and features of the Schemes are as follows:

Allocation Scheme	PPF Equity Sub-Fund	PPF Debt Sub-Fund	PPF Money Market Sub-Fund
High Volatility	80% - 65%	35% - 20%	Nil
Medium Volatility	50% - 35%	55% - 40%	25% - 10%
Low Volatility	25% - 10%	75% - 60%	30% - 15%
Lower Volatility	Nil	60% - 40%	60% - 40%
Customized	100%-0%	100%-0%	100%-0%

- **High Volatility Allocation Scheme (HVAS)**
  HVAS will allocate a major portion of the contribution to PPF Equity Sub-Fund; the remaining portion will go to the PPF Debt Sub-Fund and there will be NIL allocation to PPF Money Market Sub-Fund.

- **Medium Volatility Allocation Scheme (MVAS)**
  MVAS will allocate a significant portion of the contribution to PPF Equity Sub-Fund and the remaining portion of the contribution will be allocated to the PPF Money Market Sub-Fund and PPF Debt Sub-Fund

- **Low Volatility Allocation Scheme (LVAS)**
  LVAS will allocate a major portion of the contribution to PPF Debt Sub-Fund and the remaining portion will be allocated between Equity Sub-Fund and PPF Money Market Sub-Fund.

- **Lower Volatility Allocation Scheme (LOVAS)**
  LOVAS will NOT allocate any portion of the contribution to PPF Equity Sub-Fund.
  The entire contribution will be allocated between PPF Debt Sub-Fund and PPF Money Market Sub-Fund.

- **Customized Allocation Scheme (CAS)**
  Customized Allocation Scheme offers a personalized investment between the equity

and fixed income instruments through investments in PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund.

- **Life Cycle Allocation Scheme (LAS)**
  Life Cycle Allocation Scheme offers an allocation in the underlying Sub-Funds on the basis of the age/risk tolerance of the Participant. The asset allocation in Life Cycle Scheme is proportional to the time period left to retirement of the Participant or the risk-taking capacity. The allocation adjusts automatically through the years holding a decreasing proportion of assets in equities (associated with risk of higher price volatility) and a greater proportion of fixed- return investments (associated with risk of lower price volatility) as a participant ages, seeking capital growth during the early years and capital preservation towards the later years in the Participants Life Cycle.

  Pakistan Pension Fund offers following Life Cycle Allocation Schemes'(details of the allocation under each Scheme, are also available in Annexure 'B';

1. **Aggressive Life Cycle Allocation Scheme**
2. **Progressive Life Cycle Allocation Scheme**

Aggressive Life Cycle Allocation Scheme

This Allocation Scheme provides the Participants with an option to allocate their contributions in a pre- planned allocation strategy as per their age. The younger the Participant the higher the allocation towards equity market due to his / her risk-taking ability with reference to long term horizon.

Age	Equity	Debt	Money
20 - 49	80.00	20.00	-
50	80.00	16.00	4.00
51	79.80	16.19	4.01
52	79.03	16.93	4.04
53	77.64	18.28	4.08
54	75.50	20.36	4.14
55	72.42	23.37	4.21

56	68.11	27.60	4.29
57	62.11	33.49	4.40
58	53.74	41.74	4.52
59	41.98	53.36	4.66
60	25.00	70.18	4.82
61	24.44	70.56	5.00
62	23.89	70.90	5.21
63	23.33	71.23	5.44
64	22.78	71.52	5.70
65	22.22	71.78	6.00
66	21.67	71.99	6.34
67	21.11	72.18	6.71
68	20.56	72.31	7.13
69 to Later age	20.00	72.39	7.61

Progressive Life Cycle Allocation Scheme

This Allocation Scheme provides the Participants with an option to allocate their contributions in a pre- planned allocation strategy as per their age. The younger the Participant the higher the allocation towards equity market due to his/ her risk-taking ability with reference to long term horizon.

Age	Equity	Debt	Money
20	80	16	4
21	79.97	16.02	4.01

22	79.9	16.06	4.04
23	79.8	16.12	4.08
24	79.66	16.2	4.14
25	79.49	16.3	4.21
26	79.28	16.43	4.29
27	79.03	16.57	4.4
28	78.74	16.74	4.52
29	78.42	16.92	4.66
30	78.05	17.13	4.82
31	77.64	17.36	5
32	77.18	17.61	5.21
33	76.67	17.89	5.44
34	76.12	18.18	5.7
35	75.5	18.5	6
36	74.83	18.83	6.34
37	74.1	19.19	6.71
38	73.3	19.57	7.13
39	72.42	19.97	7.61
40	71.48	20.39	8.13
41	70.44	20.82	8.74
42	69.33	21.26	9.41
43	68.11	21.72	10.17
44	66.79	22.18	11.03
45	65.35	22.64	12.01
46	63.8	23.1	13.1
47	62.11	23.53	14.36
48	60.27	23.95	15.78
49	58.27	24.32	17.41
50	56.1	24.63	19.27
51	53.74	24.86	21.4
52	51.17	24.99	23.84
53	48.37	24.97	26.66
54	45.31	24.78	29.91
55	41.98	24.36	33.66
56	38.34	23.64	38.02
57	34.36	22.55	43.09

58	30	21	49
59	25.23	18.86	55.91
60 to Later Age	20	16	64

6.7 **Allocation Among the Sub-Funds**

6.7.1 The Pension Fund Manager manages the equity allocation within the prescribed limits of the Plan using various investment management tools. Increase or decrease of allocation to Debt (normally higher-yielding than Money market investments) in preference to Money-Market (normally lower risk and lower return investments) will be based on the then prevailing interest rates and inflations rates.

6.7.2 The VPS Rules provide that, in case a Participant fails to make a choice of the Allocation Schemes at the time of registration, the Pakistan Pension Fund Manager shall allocate the contribution from such Participant as per Default Allocation Scheme (i.e. Low Volatility or Lower Volatility Allocation Scheme).

6.7.3 The Pension Fund Manager will make reallocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the selected allocation scheme of the Participants.

6.7.4 All Participants of the Pakistan Pension Fund will, in turn, be holders of Units of the Sub-Funds in various proportions or, in certain conditions, of cash held in an appropriate bank account in the name of the Trustee.

6.7.5 Each Participant will only be liable to pay the Net Asset Value of the Units of the Sub-Fund subscribed by him and no further liability will be imposed on him in respect of the Units of any Sub-Fund held by him. Units in Sub-Funds will only be issued against receipt of full payment. No further liability will be imposed on the Participant in respect of transfer fees or taxes applicable to transmission, if any.

6.8 **DETAILS OF THE INDIVIDUAL PENSION ACCOUNT**

6.8.1 The Pension Fund Manager shall assign distinct number to Individual Pension Account held in the name of each participant.

(a) The net Contribution received in the Individual Pension Account shall be used for the purchase of the Units by the Pension Fund Manager and to allocate such number of Units to the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that Business

Day.

(b) Contributions shall not be treated as having been received from or on behalf of any Participant unless realized in the bank account(s) of the fund by the Trustee and only such realized amount shall be treated as the Contribution received.

(c) The Pension Fund Manager shall make reallocation of the Units between the Sub- Funds as per Rules, Regulations and Offering Document to ensure that the allocation of Units of all the Participants are according to the Allocation Scheme selected by the Participants or where no selection has been made, a Pension Fund Manager, keeping in view the profile and age of the Participant, shall allocate the contributions preferably to an approved Lifecycle Allocation Scheme specified, and if such a scheme has not been offered, then allocate contributions to either Low or Lower Volatility Scheme

(d) If any Contribution is received from or on behalf of any Participant, after cut off timing or on a day which is not a Dealing Day, it will be treated as having been received on the first following Dealing Day.

(e) The Participant shall have a right to change Allocation Scheme as per the Rules and Circulars issued from time to time.

(f) Individual Pension Account and the Units shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a Participant, no sum shall pass to any trustee or person acting on behalf of participant creditors.

Provided that the individual pension account may be subject to be pledged, lien or encumbrance against the loan or advance given by the employer to the employee.

(g) The criteria of allocation may be subject to changes and modifications from time to time in accordance with the change in the Prescribed Investment Policy and Prescribed Allocation Policy. All such changes shall be announced by a Supplementary Offering Documents with the consent of the Trustee and shall be deemed to become part of this Trust Deed without the need to execute Supplementary constitutive document.

6.9 ALLOCATION POLICY

6.9.1 A Participant has the option to select any Allocation Scheme in relation to the Contributions and shall make such selection at the date of opening his/her Individual Pension Account. A

Participant may change any Allocation Scheme selected in relation to his/her Contributions to a different Allocation Scheme selected by him by sending Form of the change to the Pension Fund Manager as per the Allocation Policy approved by the Commission.

6.9.2 The number of Units of any Sub-Fund purchased out of Contributions made by any Participant shall be determined in accordance with the Allocation Scheme selected by the Participant.

6.9.3 The Pension Fund Manager may assist a Participant in the selection of a suitable Allocation Scheme but the final decision and responsibility as to which Allocation Scheme to choose shall lie with the Participant.

6.9.4 The Pension Fund Manager or the Registrar shall ensure a built-in mechanism to facilitate the changes in asset allocation automatically between the Sub-Funds within the limits of the Prescribed Allocation Policy as and when required by the Pension Fund Manager.

6.9.5 If any Participant fails to select an Allocation Scheme at the date of opening Individual Pension Account, the Pension Fund Manager shall allocate Contributions of the Participant as per Clause 6.13.3 of this Offering Document.

6.9.6 The Default Allocation Scheme mentioned in above sub-clause, shall then be deemed to be a Participant's selected Allocation Scheme in the event that the Participant fails to select an Allocation Scheme at the date of opening participant Individual Pension Account.

6.9.7 The Pension Fund Manager shall make re-allocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that allocations of Sub-Fund Units of all the Participants are according to the Allocation Schemes selected or deemed to be selected by the Participants.

6.9.8 Individual Pension account shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a participant, no sum shall pass to any trustee or person acting on behalf of participant creditors "Provided that the individual Pension account can be subject to be pledge, lien or encumbrance against the loan or advance given by the employer to the employee".

6.9.9 Each Participant shall provide an undertaking when establishing their Individual Pension Account or when selecting or deemed to be selecting an Allocation Scheme that they have no objection to

the Investment Policy and the Approved Allocation Policy and that they are fully aware of the risks associated with the Allocation Scheme selected by them.

6.9.10 The criteria of allocations may be subject to changes and modifications from time to time in accordance with the changes in the Investment Policy and the Prescribed Allocation Policy. All such changes shall be announced through Supplementary Offering Documents.

6.9.11 The criteria of allocations may be subject to changes and modifications from time to time in accordance with the changes in the Investment Policy and the Prescribed Allocation Policy. All such changes shall be announced through Supplementary Offering Documents.

6.10 THE METHOD OF DETERMINING NET ASSETS VALUE OF PENSION FUND

Net Assets of the Pension Fund will comprise of the Net Assets of all the Sub Funds, Individual Pension Account, Approved Income Payment Plan, and any other assets in any other account related to the Pension Fund.

Net Asset Value of the Unit of each Sub-Fund shall be calculated on the basis of the Sub Fund's total Net Asset divided by the number of outstanding Units in that Sub-Fund.

NET ASSET VALUE OF SUB FUNDS: Net asset value in relation to a Sub-Fund means the excess of total value of assets over total value of liabilities of the Sub-Funds. The values of assets and liabilities will be computed in the manner specified in the Rules, Regulations or as may be specified by the Commission from time to time.

6.11 FREQUENCY OF VALUATIONS AND DEALINGS

6.11.1 The valuation of the Sub-Fund Units will be carried out on each Business Day and any other day determined by the Pension Fund Manager.

6.11.2 The valuation shall be conducted as at the close of a Business Day.

6.11.3 Contributions from Participants and requests for withdrawals and transfer to other pension fund manager will be received on all Business Days.

6.11.4 The Dealing Days shall be all Business Days when banks and stock exchange both are open for normal business, or as notified otherwise by the Pension Fund Manager from time to time and made available on the website of the Pension Fund Manager. The cut off timing is disclosed in Annexure –.

6.11.5 The Net Asset Value of each Sub-Fund means the excess of assets over liabilities of the Sub-Fund, divided by the number of Units outstanding of the respective Sub-Fund, such excess being computed in the manner as specified in the NBFC & NE Regulations, 2008, from time to time. Such sum shall be rounded off to the nearest two decimal places

6.12 UNIT PRICING AND THE CIRCUMTANCES UNDER WHICH IT CAN CHANGE

(a) Units of the Sub-Funds will be priced at Net Asset Value per Unit determined at the close of the Business Day as per criteria given in the NBFC & NE Regulations, 2008 and amendment therein from time to time.

(b) Unit pricing may change from time to time subject to change in NBFC & NE Regulations, 2008 without any need to register the supplementary Constitutive Documents.

6.13 MODE OF ANNOUNCEMENT OF NET ASSETS AND UNIT PRICES

6.9.1 The Net Asset Value determined by the Pension Fund Manager shall be made available to the public at Authorized Branches of the Distribution Companies/at office of Pension Fund Manager and shall be arranged to be published in a leading newspaper and be made available on its website.

6.9.2 The Unit Price applicable to Contribution(s) and Withdrawal Amount(s) shall be equal to the Net Asset Value of each Sub-Fund as of the close of the Business Day on which the Contribution has been received from the Participant or request for Withdrawal Amount
has been made to the Distributor. Such sum may be adjusted upwards to the nearest Paisa.

6.14 WITHDRAWALS AND TRANSFERS

6.14.1 The Trustee will, at any time during the life of the Pension Fund, authorize withdrawal from the Individual Pension Account through withdrawal of Units of Sub-Funds through its duly authorized Distribution Companies of the Fund.

6.14.2 Applications for withdrawals will be made by completing the prescribed withdrawal Request Form and submitting it at the Authorized Branch or office of the Distribution Companies or any other electronic mode if available.

6.14.3 On receiving a withdrawal application, complete in all respects, the Pension Fund Manager will withdraw the required Units of the Sub-Funds equal to the requested withdrawal amount at the Net Asset Value prevailing on the close of the Business Day on which the request was received.

6.14.4 The Pension Fund Manager will automatically withdraw all the Units from the Sub-Funds of the respective Participant on the close of the business day at which the date of Retirement falls or death of a Participant has been confirmed. Proceeds of Units withdrawn will be credited to the respective individual Pension Account. The Participants or their successor(s) or nominated survivor, administrators will be entitled to withdraw amounts from the Pension Fund under the provisions of the Trust Deed, VPS Rules,2005, NBFC Regulations, 2008 and any circular and notices.

6.14.5 All the Participants of Pakistan Pension Fund will be entitled to transfer their individual Pension Accounts from the one Pension Fund Manager to another Pension Fund Manager shall only take place as per the discretion of the Participant.

6.14.6 Applications for transfers of the Individual Pension Accounts will be made by completing the prescribed form required for the Change of Pension Fund Manager Form and submitting them at the Authorized Branch or office of the Distribution Companies at least 7 working days before an effective date of the proposed change.

6.14.7 On receiving a transfer application mentioned in Clause 6.10.6 above, complete in all respects, the Pension Fund Manager will withdraw all Units of the Sub-Funds in the Individual Pension Account of the respective Participant at the close of the first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account and transfer the requisite encashed/withdrawn amount to the requested pension fund manager in the manner indicated in clause 6.14.2 hereafter.

6.14.8 The Pension Fund Manager will announce the Net Asset Value of each Sub-Fund on a daily basis, which shall be used for purchasing (issuance) and withdrawing (encashment) of Units of

the respective Sub Fund. The Distribution Companies, Registrar and Trustee will verify the particulars given in the applications for withdrawals and transfers.

6.14.9 The Pension Fund Manager will make arrangements, from time to time, for receiving Withdrawal Forms from outside Pakistan and payment of withdrawal amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

6.15 PAYMENT OF PROCEEDS ON WITHDRAWALS AND TRANSFERS

6.15.1 Payment of proceeds on withdrawals and transfers shall be determined as per the Rules and the Income Tax Ordinance, 2001.

6.15.2 The Trustee shall, at any time during the life of the Pension Fund, authorize withdrawal from the Individual Pension Account through withdrawal of Units of Sub Funds through the authorized Distribution Companies of the Fund.

6.15.3 The amount payable on withdrawal will be paid to the Participant by transferring the same to the Participant's designated banker or crossed Cheque, Payment Order and Demand Draft, within six Business Days from the date of submission of the duly completed prescribed withdrawal Request Form (Form AHI-VPS-07) at the Authorized Branch or office of the Distribution Company. At the request of the Participant, the Pension Fund Manager may decide to pay proceeds through some other mode of payment.

6.15.4 On receiving the Early Withdrawal Form mentioned in above sub clause, complete in all respects, the Pension Fund Manager will withdraw the required Units of the Sub-Funds equal to the requested withdrawal amount at the Net Asset Value prevailing on the close of the Business Day on which the request was received.

6.15.5 In the event of notification of death, or retirement (through notice), the Pension Fund Manager shall automatically with draw all the Units from the Sub-Funds of the respective Participant on the close of the Business Day at which the date of retirement falls or death of a Participant has been notified. The proceeds of Units redeemed will be credited to the Participant's Individual Pension Account. The Participants or their nominated successor(s), executors or administrators, as the case may be, shall be entitled to withdraw amounts from the Pension Fund in accordance with the provisions of the Trust Deed, the Rules and any circulars and notices.

6.15.6 The transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund as per the discretion of the

participant and the notice for the change of the Pension Fund Manager or pension fund, specifying the name of the new Pension Fund Manager or the pension fund shall be sent by the participant at least seven working days before the effective date of the proposed change.

6.15.7 Participants may make transfer requests, by filling the "Change of Pension Fund Manager/Pension Fund Form and submitting the same with any authorized Distributor or designated offices of the Pension Fund Manager.

6.15.8 On receiving a transfer request application mentioned in above clause, complete in all respects, the Pension Fund Manager shall redeem all Units of the Sub-Funds in the Individual Pension Account of the respective Participant and shall transfer the requisite encashed/ with draw amount to the requested pension fund/pension fund manager.

6.15.9 For the purposes of purchasing (issuance) and withdrawing (encashment) of Units of the respective Sub Fund, the Pension Fund Manager shall announce the Net Asset Value of each Sub-Fund at the close of each Dealing Day.

6.15.10 The Distribution Companies, Pension Fund Manager and Registrar shall verify the particulars given in the applications for withdrawals and transfers.

6.15.11 In the event that any withdrawal request or request to transfer the whole or any part of a Participant's Individual Pension Account is incomplete in any respect, the Pension Fund Manager or the Registrar shall inform the Participant of the discrepancies within one week of the receipt of the request. The payment shall not be made unless all discrepancies have been removed.

6.15.12 The amount payable on transfer will be paid on behalf of the Participant to the requested Pension Fund Manager or life insurance company within six Business Days from the anniversary of the opening of the Individual Pension Account. In the event transfers request/ withdrawals on any day exceed 10% of the Net Assets any sub funds, the Pension Fund Manager may take extra time for the transfer of the requested amount.

6.15.13 The receipt of a Participant or, in accordance with the Constitutive Document, of the participant executors, administrators or successors, or banking documents showing transfer to the Participant or, in accordance with the Constitutive Document, to the participant executors, administrators or successors, or in accordance with their instructions to any designated banker, Life Insurance

/Takaful Company or another pension fund, as the case may be, or proof of issue of a cheque and its mail to the Participant's or, in accordance with the Constitutive Document, to the participant executors', administrators' or successors' address for or of any moneys payable in respect of the Participant's Individual Pension Account shall be a good discharge to the Trustee and the Pension Fund Manager in respect of such moneys.

6.15.14 The Pension Fund Manager may avail financing from any Scheduled Bank or Islamic Window of Scheduled Bank, with the consent of the Trustee for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such financing shall not exceed limits provided in the Rules.

6.15.15 The Pension Fund Manager will make arrangements, from time to time, for receiving withdrawal forms from outside Pakistan and payment of withdrawal amounts outside Pakistan, and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

6.15.16 The method for payment of proceeds shall be subject to change due to any changes prescribed by the Commission under the VPS Rules, 2005, NBFC & NE Regulation, 2008 and such changes shall be deemed to become part of the Trust Deed and the Offering Document without the need to execute any Supplementary Trust and Offering Document.

6.16 DEALING, SUSPENSION, AND FERFERRAL OF DEALING

6.16.1 TEMPORARY CHANGE IN THE METHOD OF DEALING 'OR' SUSPENSION OF DEALING

Under the circumstances mentioned in this Offering Document, the Pension Fund Manager may request the Trustee to consent to a temporary change in the method of dealing in Units of all or any of the Sub-Funds. The Pension Fund Manager may, at any stage with the consent of the Trustee and intimation to the Commission, suspend the dealing of Units and for such periods it may so decide. Such suspension shall be immediately communicated to the Participant through publication on the website of Pension Fund Manager and through respective emails of the participants.

6.16.2 SUSPENSION OF FRESH ISSUE OF UNITS

The Pension Fund Manager may, with consent of the Trustee and under intimation to the Commission, at any time, subject to the Rules, suspend acceptance of all or any class of Contributions and suspend the issue of fresh Units in relation to such Contributions; provided that any such suspension shall not affect making of Contributions by the existing Participants. The Pension Fund Manager shall immediately notify the Commission if dealing in Units, as provided in Clause 6.22.1, is suspended and shall also have that fact published, immediately following such decision, on its website whereby the Net Asset Values of the Units affected by any suspension of Contributions

are normally published. The Pension Fund Manager shall also inform the respective existing unitholders about the fact while communicating that such unitholders are still eligible to make their respective contributions.

6.16.3 REFUSAL TO ACCEPT CONTRIBUTION

The Pension Fund Manager or the Distribution Companies may, at any time, refuse to accept a Contribution in any of the following cases:

a) In case the Contribution is contrary to the Know-Your-Customer (KYC) Rules or policy of the Pension Fund Manager or any other Money Laundering Rules that the Pakistan Pension Fund may be subject to or that the Pension Fund Manager may frame for self-regulation.

b) In case the Contribution is from a Participant who does not have a valid CNIC/NICOP/POC Number.

c) In case the Contribution is contrary to the applicable laws of the foreign jurisdiction that the Pakistan Pension Fund or the Participant may be subject to or if accepting the Contribution may subject the Pakistan Pension Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction.

d) If accepting the Contribution would, in any case, be contrary to the interests of the Pension Fund Manager or the Pakistan Pension Fund or the Participants; or

e) If advise by Commission to do so.

6.16.4 SUSPENSION OF WITHDRAWALS OF UNITS/WITHDRAWLS OF FUNDS

The Pension Fund Manager may with the consent of the Trustee and intimation to the Commission suspend withdrawal from any of the Sub Funds, subject to the Rules at any time during:

(a) Extraordinary circumstances including war (declared or otherwise), natural disasters, a major breakdown in law and order, breakdown of the communication system, closure of Stock Exchange on which any of the Securities invested in by the Pension Fund are listed, closure of banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function;

(b) The existence of a state of affairs, which in the opinion of the Pension Fund Manager, constitutes an emergency as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interests of the Pension Fund or of the Participants;

(c) Break down in the means of communication normally employed in determining the price of any Investment; or

(d) When remittance of money cannot be carried out in reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to with draw Units at a price so determined in accordance with the Net Asset Value (NAV); and

(e) Execution of withdrawal of Units on any Dealing Day would result in more than ten percent (10%) of the issued Units of any Sub-Fund being with draw; provided that any suspension or deferral of withdrawal of Units shall not affect any Approved Income Payment Plans.

The Pension Fund Manager may announce, with the consent of the Trustee and intimation to the Commission, a suspension or deferral of withdrawal and such a measure shall be taken to protect the interest of the Participants in the event of extraordinary circumstances or in the event withdrawal requests accumulate in excess of ten (10) per cent of the Units of the pertinent Sub-Fund in issue or ten (10) per cent of the pertinent Sub-Fund's NAV. In the event of a large number of withdrawal requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Pension Fund Manager may decide to wind up the Pension Fund by transferring the assets and records to another Pension Fund Manager with the Prior approval of the Commission.

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 Pension Fund Manager have ceased to exist and no other condition under which suspension or queue system is authorized under the Constitutive Documents exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Pension Fund Manager shall immediately notify the Commission and the Trustee and inform the Participant through its web- site and participant's respective email addresses.

6.17 **WITHHOLDING TAX**

The Trustee, on the advice of the Pension Fund Manager, shall withhold the tax on payments to the Participants, nominees or successors, as the case may be, applicable according to the Income Tax Ordinance, 2001 (XLIX of 2001), including any amendments and/or substitutions thereof, and deposit the same in the Government Treasury.

6.18 **QUEUE SYSTEM**

In the event withdrawal requests on any day exceed 10% of the Units in issue of a Sub-

Fund the Pension Fund Manager may invoke a Queue System, whereby requests for withdrawals or transfers will be processed on a 'first- come- first served' basis for up to 10% of the Units of the Sub-Fund in issue. The Pension Fund Manager will proceed to sell adequate assets of the Sub-Fund and/ or arrange borrowing, as it deems fit, in the best interests of the Participants, and will determine the Net Assets Value to be applied to the withdrawal or transfer 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 will be processed on a proportional basis, proportionate to the size of the requests. The requests in excess of the 10% will be treated as requests qualifying for being processed on the next business day at the price to be determined for such 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 will, once again, be treated on a 'first-come-first-served' basis and the process for generating liquidity and determining the withdrawal price will be repeated and such procedure will continue till such time the outstanding withdrawal requests come down to a level below 10% of the Units then in issue.

6.19 DE AUTHARIZATION /WINDING UP IN VIEW OF MAJOR WITHDRAWALS

6.19.1 The duration of the Pension Fund shall be perpetual and shall not be wound up by way of liquidation.

6.19.2 If the Pension Fund Manager does not wish to maintain the authorization of the Pension Fund, it shall apply to the Commission to de-authorize the Pension Fund by giving at least three (03) months or such other notice as allowed by the Commission, in writing to the Participants, the Trustee and the Commission, subject to conditions of the Rules.

6.19.3 In the event the Pension Fund Manager is of the view that the quantum of withdrawal requests that have built up shall result in the Sub-Funds or the Pension 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 Participants who are not withdrawing, it may apply to the Commission to de-authorize the Pension Fund. In such an event, the queue system, if already invoked, shall cease to apply.

6.19.4 The Pension Fund may also be de-authorized by the Commission on the grounds provided in the Rules.

6.19.5 Upon the Pension Fund being de-authorized, the Pension Fund Manager shall suspend receiving contributions forthwith from any of the Participants from the date of issue of the notice under this

clause, proceed to transfer all the records of Individual Pension Accounts and books of accounts of the Pension Fund to another pension fund manager.

The Trustee shall ensure that accounts of the Pension Fund till the day of the transfer to the new Pension Fund Manager are audited by the Auditor of the Fund and the audit and Trustee report is submitted within one month from the date of such appointment, to the Commission, the new pension fund manager and the trustee (in case of any new appointment). The Trustee with the prior approval of the Commission shall decide the cost of such interim audit and the same shall be charged to the Pension Fund with the prior approval of the Commission.

6.19.6 Once the Pension Fund has been de-authorized by the Commission, the Pension Fund Manager may, after transferring all the records of Individual Pension Accounts and books of accounts of the Pension Fund to the new pension fund manager, wind up the Pension Fund under the provisions of the Rules and in the court of jurisdiction.

6.20 FEATURES OF GROUP INSURANCE IN THE PAKISTAN PENSION FUND

6.20.1 The Pakistan Pension Fund may be marketed in conjunction with Group Life Insurance or any other insurance scheme and the Trustee is authorized to deduct any insurance premium from the contributions and deposit it, with the relevant insurance company if the contribution includes any amount of insurance premium. However, it should be clearly understood that it is not mandatory for the Participants to opt for the insurance scheme.

6.20.2 In the event the Subscriber opts for an insurance cover with one of the insurance companies, the Subscriber will send the amount of the applicable premium alongwith his contribution. The Trustee will pass on the premium to the insurance company concerned as a free service to the Subscriber.

6.20.3 The Pension Fund Manager may also offer free Insurance cover for accidental death, disability etc. Such free service may be terminated by the Pension Fund Manager at its discretion by giving a 30 day notice to the beneficiaries.

6.21 BENEFITS ON DEATH BEFORE RETIREMENT

In case of death of a Participant before the retirement age, all the Units of the Sub Funds to his/her credit shall be withdrawn at the Net Asset Value notified at close of the day of intimation of the Participant's death given in writing to the Pension Fund Manager by any nominee, executor, administrator or successor of the deceased Participant, complete in all respects and

acceptable to the Pension Fund Manager and/or the Trustee provided that such day is a Dealing / Business Day and otherwise on the next following Dealing / Business Day, the amount due shall be transferred to his/her Individual Pension Account in the lower volatility scheme offered by Pension Fund Manager, which shall earn the applicable market rate of mark -up offered for deposits of such amount and duration from the date of receipt of death certificate till the date when available options are exercised by the survivors. Death certificate issued by the issuing authority having jurisdiction over the matter and received by the Distributor on Dealing Day shall be considered as intimation of death to the Pension Fund Manager. Detailed procedure for intimation and allocation thereafter shall be provided in the Offering Document and as per laws enforced from time to time.

6.21.1 The total amount in the Pension Account of the deceased Participant will be divided among the nominated survivor(s) according to the succession certificate issued in accordance with the time being enforce and each of the nominated survivors will then have the following options, namely to:

(a) withdraw participant share of the amount subject to the conditions laid down in the Income Tax Ordinance; 2001 (XLIX of 2001);

(b) transfer participant share of the amount into participant existing or new Individual Pension Account or Income Payment Plan Account to be opened with the Pension Fund Manager, according to the VPS Rules;

(c) use participant share of the amount to purchase an approved Annuity Plan on his/her life from a Life Insurance Company, only if the age of the survivor is fifty-five years or more; or

(d) use participant share of the amount to purchase a deferred approved Annuity Plan on his/her life from a Life Insurance Company to commence at age fifty-five years or later.

6.21.2 Death benefits paid under the Group Life cover, if any, would be constituted as additional benefit payable to the nominated survivor(s) of the deceased.

6.21.3 The nominee(s), in case of nomination(s) and the executors or administrators or succession Participants of deceased Participants will be the only persons recognized by the Trustee and the Pension Fund Manager as having title to the Units of the Sub-Funds represented thereby.

6.21.4 Any person becoming entitled to an account in consequence of the death of any Participant, may, subject as hereinafter provided, upon producing such evidence as to his/her title as the Trustee

will think sufficient, either be registered himself/herself as Participant upon giving the Trustee/Registrar such notice in writing of his/her desire, or withdraw funds from the account. Such notice or transfer was a transfer executed by the Participant, provided, however, that the Registrar or the Trustee may, at their discretion, request the nominated survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary, and they will not be liable or be involved in any manner whatsoever in any disputes among the nominated survivors and/or the rest of the legal heirs or the legal representatives of the deceased Participants.

6.21.5 The Trustee will retain any moneys payable in respect of any Units of any Sub-Fund or Pension Account or Periodic Payment Account of which any person is, under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Participant or which any person under those provisions is entitled to transfer, until such person will be registered as the Holder of such Units or will duly transfer the same.

6.22 NOMINATION OF THE HEIR/SURVIVOR

The successors or nominated survivor(s) of the deceased Participant shall be the only persons recognized by the Trustee as having any title or interest in the Units held by such Participant in their Individual Pension Account, provided that the Registrar or the Pension Fund Manager or the Trustee may at their discretion request the nominated survivors or successors to provide succession certificates or other such mandate from a court of lawful authority, if they consider the same to be necessary.

6.23 INSTRUCTIONS FROM PARTICIPANTS

All the instructions from a Participant or his/her nominated survivors, executors or administrators etc. as the case may be with regard to Pension Fund shall be in writing and duly signed by them.

6.24 WITHDRAWAL OF FUNDS BEFORE RETIREMENT

6.24.1 A Participant, at any time, before retirement, is entitled to withdraw the total or part of the amount to his/her credit in the Individual Pension Account. The tax shall be deducted on all such withdrawals, subject to the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001), from time to time. The withdrawals may be through single or multiple payments.

6.24.2 If a Participant intends to withdraw funds from his/her Individual Pension Account before the date of his/her retirement, he/she must give written notice of his/her intention to the Pension Fund Manager in the form prescribed for such purpose by the Pension Fund Manager in the Offering Document, specifying therein whether the withdrawal is required of the whole or part

of the Units held by him/her, and in the case of partial withdrawal, the percentage of Units to be withdrawn.

6.24.3 The Pension Fund Manager shall ensure that the form referred to in Clause 6.19.2 shall be available from Authorized Branches of Distributors and Pension Fund Manager and such form shall, if completed by the Participant and submitted to any Authorized Branch of Distributor or Pension Fund Manager, shall be taken to be the notice to the Pension Fund Manager referred to in that Clause.

6.24.4 Applications for withdrawal of any desired amounts by the Participants will be made by completing the prescribed Withdrawal Request Form and submitting it at the Authorized Branch or office of the Distribution Companies.

6.24.5 On receiving a Withdrawal Request Form, complete in all respects, The Pension Fund Manager will withdraw the required number of Units from the holding of the respective Participant in the Sub-Funds at the Net Asset Value prevailing on close of the Business Day on which the request was received.

6.24.6 Withholding tax and tax penalty if any, applicable on all such withdrawals will be deducted by the Pension Fund Manager if so required and the same will be deposited in the Government Treasury.

6.24.7 Units of Sub-Funds will be withdrawn only in a manner that preserves the Allocation Scheme selected by the Participant.

6.24.8 The provisions of sub-clauses 6.19.1 to 6.19.7 may change due to amendments in or substitutions of the VPS Rules, NBFC Regulations and/or the Income Tax Ordinance, 2001 without the need for executing Supplemental Offering Document.

6.25 **BENEFITS ON RETIREMENT**

At the date of retirement of the Participant, where no option is selected by the participant; all the units of the sub funds of participant account shall be redeemed at the net asset value notified at close of the day of retirement and the amount due shall be credited to participant individual pension account in the lower volatility scheme offered by the Pension Fund Manager. The Participant shall then have the following options, namely:

(a) To withdraw any percentage of the amount from his individual Pension account as cash subject to payment of taxes under the Income Tax Ordinance, 2001;

(b) To use the remaining amount to purchase an annuity from a Life Insurance /Takaful Company or a Pension Fund Manager for his /her choice; or

(c) to enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments following the date of retirement, according to an income payment plan, approved by the Commission. Details of the Approved Income Payment Plan are disclosed in the offering document; and

(d) the transfer of an individual income payment plan account from one Pension Fund Manager to another Pension Fund Manager or from one income payment plan to another income payment plan shall only take place once in a financial year and notice for the change, specifying the name of new Pension Fund Manager and the income payment plan shall be sent by the participant at least seven working days before the effective date of the proposed change..

6.25.1 At the expiry of the Approved Income Payment Plan, the Participant shall have option to use the outstanding balance in participant Individual Pension account to purchase an Ap- proved annuity plan from a Life Insurance /Takaful Company or a Pension Fund Manager of his/her choice or buy an Approved income payment plan for another term or to withdraw the amount from participant account subject to the conditions laid down in the Income Tax Ordinance, 2001.

6.25.2 According to the rules, the annuity purchased may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment-linked and retail price index linked or with any additional features as may be offered by the Life Insurance /Takaful Companies or the Pension Fund Managers.

6.26 **RETIREMENT AGE**

6.26.1 A Participant may at any time before or after becoming a Participant choose or change his/her date of retirement which shall be any age between sixty and seventy years or twenty-five years since the age of first contribution to a Pension fund, whichever is earlier in accordance with the Rules.

6.26.2 If a Participant suffers from any of the following disabilities, as mentioned in VPS Rules, 2005, which render the participant unable to continue any employment and the participant may, so elects, be treated as having reached the retirement age at the date of such disability and all the relevant provisions shall apply accordingly namely:

a. loss of two or more limbs or loss of a hand and a foot;
b. loss of eyesight;
c. deafness in both ears;
d. severe facial disfigurement;
e. loss of speech;
f. paraplegia or hemiplegia;
g. lunacy;
h. advanced case of incurable disease; or
i. any injury or disease resulting in a disability due to which the Participant is unable to continue any work or generate any income.

6.26.3 A doctor's assessment certificate confirming the said disability shall be required for confirmation.

6.26.4 The Participant, electing to be treated as having reached the Retirement Age at the date of disability will apply for withdrawal of the amount available in his Individual Pension Account by completing the prescribed Disability Claim Form and submitting it at the Authorized Branch or office of the Distribution Companies.

6.26.5 On receiving a Disability Claim Form, complete in all respects and Disability Confirmation Certificate from, The Pension Fund Manager will withdraw the entire Units of the Sub-Funds at the Net Asset Value prevailing on close of the Business Day on which the required formalities were completed. Proceeds from the withdrawal of units will be transferred to the individual Pension Ac- count of the respective Participant in accordance with the provisions of the VPS Rules, 2005.

7. FEES, CHARGES AND EXPENSES

All the following fees and charges are subject to changes in Rules, Regulations and direction of Commission without any need to alter this Offering Document.

7.1 Front-end fee (Sale Charges) Out of the Contributions

7.1.1 The Pension Fund Manager may charge Front-end Fee up-to a maximum of 3% on contributions received from any participant of the Pakistan Pension Fund, unless such contributions are exempt from a Front-end Fee.

7.1.2 The following contributions are exempt from a Front-end Fee:

(i) Incoming transfer of the Individual Pension Account from other pension fund managers to the Pension Fund Manager;

(ii) Incoming transfer from pension policies, approved by the Commission under section 63 of the Income Tax Ordinance, 2001, and issued by life insurance companies before 30th June 2005; or

(iii) Such other contributions/transfers as may be declared by the Commission from time to time.

7.1.3 The Pension Fund Manager, at its sole discretion, may choose to reduce or altogether waive the Front-end Fee for any Participant or employer. Once the Pension Fund Manager makes an exception to reduce or waive the Front-end Fee for a contribution and accepts that contribution without imposing a Front-end Fee, the Pension Fund Manager may not later recharge that Front-end Fee. However, the decision by the Pension Fund Manager to reduce or waive a Front-end Fee for one Participant or for one contribution of a single Participant does not obligate the Pension Fund Manager to reduce or waive the Front-end Fee for other Participants' contributions or for future contributions of the same Participant.

7.1.4 The remuneration of Distribution Companies and Investment Facilitator/Sales Agents shall be paid, exclusively, from any Front-end Fee received by the Trustee and no charges shall be made against the Trust Property. The remainder of any Front-end Fee after such disbursement shall be paid by the Trustee to the Pension Fund Manager as remuneration for their management services for the Trust. If the Front-end Fee received by the Trustee is insufficient to pay the remuneration of the Distribution Companies and Sales Agents, the Pension Fund Manager shall pay to the Trustee the amount necessary to pay, in full, such remuneration.

7.1.5 Such payments as mentioned in Clause 7.1.5 above, shall be made to the Distribution Companies and Sales Agents and the Pension Fund Manager by the Trustee or by the Pension Fund Manager to the Trustee, as the case may be, on monthly basis, in arrears, within thirty days of the end of the calendar month.

7.1.6 The Front-end Fee up to 3% on applicable contributions and the management fee allowed within the expense ratio as defined in the Regulations may be subject to change due to any review by the Commission and shall be deemed to become part of the Deed without the need to execute any Supplemental Trust Deed

7.2 Remuneration of the Pension Fund Manager

7.2.1 The Pension Fund Manager shall be entitled to remuneration for its services out of the Trust Property by way of Management Fee calculated per annum basis of the average daily Net Assets of the Scheme as follows;

- Equity Sub-Fund up to 2.50% per annum
- Money Market Sub-Fund up to 1.00% per annum
- Debt Sub-Fund up to 1.25% per annum

7.2.2 The remuneration shall begin to accrue from the date of payment in full on all Sub-Fund Units sub- scribed by the Seed Investors, including the Pension Fund Manager. 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 (for the total number of days accrued) in the Accounting Period concerned.

7.2.3 The remuneration due to the Pension Fund Manager as the Pension Fund Manager shall be calculated and accrued on a daily basis and paid monthly, within 30 days following the end of the calendar month.

7.2.4 The Pension Fund Manager will be responsible for the payment of all expenses it incurs from time to time in connection with its responsibilities as Pension Fund Manager. The Pension Fund Manager will not make any charge against the Participants or against the Trust Property for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the VPS Rules, 2005, NBFC & NE Regulations, 2008 and the Deed to be paid out of Trust Property. In the event that a Pension Fund Manager erroneously makes an incorrect charge, the Pension Fund Manager will immediately notify the Trustee and the Commission and credit the incorrectly charged amount to the respective Sub-Fund(s), at its own expense.

7.2.5 The Pension Fund Manager will 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 the Trust Deed.

7.3 Remuneration of the Trustee

7.3.1 The Trustee will be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure “A”), which will be applied to the average daily Net Assets during such calendar month. The remuneration will begin to accrue from the

date of payment in full on all Units of Sub-Funds subscribed to by the Seed Investors, including the Pension Fund Manager. 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 (for the total number of days) in the calendar month concerned.

7.3.2 Trustee remuneration will be paid to the Trustee, in arrears, within thirty days after the end of each calendar month.

7.3.3 In consideration of the foregoing, and save as aforesaid, the Trustee will be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as Trustee of the Trust. The Trustee will not make any charge against the Participants or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the VPS Rules, 2005, NBFC & NE Regulations, 2008 and the Deed.

7.3.4 The Trustee will 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 the Deed.

7.3.5 Any change in the remuneration of the Trustee agreed to by the Pension Fund Manager.

7.4 Formation Cost

Formation Costs, not exceeding 1.5 % of the Seed Capital of each Sub-Fund, can be charged to the Pension Fund and shall be amortized over a period of five years and shall not include any marketing, sales, promotional or educational, communication or any form of advertisement cost. Formation Costs, including expenditure incurred in connection with the establishment and authorization of the Pension Fund, shall be borne by the Pension Fund, paid to the Pension Fund Manager against Seed Capital Units subscribed by the Seed Investors and amortized over a period of five years.

7.5 Other expenses

Other expenses that shall be chargeable to the Pension Fund in accordance with Clause 7 shall include:

(a) Brokerage and transaction costs solely related to investments purchases and sales of the Trust Property;
(b) Legal costs incurred in protecting the interests of the Fund or the collective interests of the Participants;
(c) Bank charges /financial costs related to financing for withdrawals, withdrawals and transfers;

(d) Audit Fees;
(e) Annual Fee payable to the Commission but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies;
(f) Taxes applicable to the Trust on its income, turnover, assets or otherwise, if any; and
(g) Custody charges including Central Depository Company of Pakistan charges;
(h) any other expense as may be allowed by the Commission and/or NBFC property in the Trustee's name.

Total Expense ratio of the Pension Fund shall be in accordance with the Regulations as may be directed by SECP from time to time.

7.6 Fees, Charges, Costs, etc. To be charged to the Sub-Funds

7.6.1 The Pension Fund Manager's Remuneration, i.e., Management Fees shall be charged as per sub- clause 7.2.1 to the respective Sub-Funds. However, the Trustee Fee shall be charged to the respective Sub Funds in proportion to the Net Assets of the pertinent Sub-Funds as per Annexure "A".

7.6.2 Formation Costs shall be divided equally among all the Sub-Funds.

7.6.3 Brokerage and Transaction Costs, Bank Charges and Borrowing/Financial Costs related to borrowings for withdrawals/withdrawal/transfers, shall be charged to the pertinent Sub-Funds.

7.6.4 Legal Costs, Audit Fees, Annual Fees payable to the Commission shall be divided in proportion to the Net Assets of the pertinent Sub-Funds.

7.6.5 Any other expense allowed under Regulations.

8. INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER

8.1. Objective of the Pakistan Pension Fund

The investment objective of Pakistan Pension Fund is to seek steady returns with a moderate risk for investors by investing in a portfolio of equity, short medium-term debt and money market instruments.

8.2. Investment Policy of Pakistan Pension Fund

8.2.1 The Pension Fund Manager will make investment of the Pakistan Pension Fund in a transparent, efficacious, prudent and sound manner.

8.2.2 During and prior to the commencement of the Contribution date, the Trustee shall hold the Trust Property in cash in a separate account for the Pakistan Pension Fund and each Sub-Fund with

a Bank having at least minimum investment grade rating by a credit rating agency approved by the Commission, or in short-term money market investments, as advised by the Pension Fund Manager. Any income from such investments shall accrue to the Sub-Funds. After the contribution date all cash shall be invested by the Trustee at the direction of the Pension Fund Manager strictly in compliance with the investment policy prescribed by the Commission.

8.2.3 PPF shall consist of three or more sub-funds.

8.2.4 The Pension Fund Manager shall have at least one investment committee (IC) which shall be responsible for selecting and developing appropriate investment and risk management strategies for the proper performance of PPF and developing internal investment restrictions limits and restriction for PPF and in case same IC takes decisions for both mutual funds and pension funds, the decision taken for each kind of funds shall be separately identified and recorded in the minutes.

8.2.5 The Pension Fund Manager shall:

(a) act with due care, skill and diligence in carrying out its duties and responsibilities;
(b) ensure that investment decisions are consistent with the objectives and investment policy of the Pension Funds;
(c) ensure that investments do not deviate from the Constitutive Documents or the VPS Regulations or circulars or directions of the Commission;
(d) develop and follow internal investment restrictions and policies; and
(e) review the performance of the Pension Fund on a regular and timely basis.

8.2.6 The Pension Fund Manager shall be responsible for managing and meeting the liquidity requirements of the Pension Fund and the Participants thereof.

8.2.7 The Pension Fund Manager on behalf of PPF shall not take exposure of more than 20% of Net Assets in any single group and the term "group" means persons having at least 30% or more share-holding in any other company, as per publicly disclosed information.

8.2.8 A Pension Fund Manager shall carry out necessary due diligence for executing investment and disinvestment decision(s) in a security. Rating of an issue or the issuer, wherever mentioned herein below, shall be only one of the factors to be considered by a Pension Fund Manager and it shall in no way be construed as a recommendation or permission of the Commission to any Pension Fund Manager to invest in any security solely on the basis of rating. However, a Pension Fund Manager shall ensure that the security and the issuer meet the minimum rating scale referred in the Investment Policy to stay qualified for continued investment.

8.2.9 A Pension Fund Manager shall deposit or place assets of PPF with scheduled bank or islamic window of a scheduled bank. A Pension Fund Manager may open current account with scheduled bank if it is in the interest of the PPF to do so. The conditions for opening of account with a scheduled bank shall remain the same as specified for scheduled bank.

8.2.10 A Pension Fund Manager shall not invest assets of PPF in securities of a company if equity is less than paid-up capital of the company, irrespective of the limits stated in the Investment Policy.

8.2.11 A Pension Fund Manager shall not invest or deposit or place assets of PPF if the issuer or the bank or the security does not fulfill the minimum rating specified in the Investment Policy.

8.2.12 A Pension Fund Manager shall adhere to the limits stipulated herein below; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in Net Assets resulting from fluctuation in price of securities or due to withdrawals, the Pension Fund Manager shall regularize the deviation within four (4) months of the breach.

8.3. Investment Objective and Investment Policy of the Pakistan Pension Fund- Equity Sub Fund

8.3.1 The objective of the Equity Sub-Funds is to earn returns from investments in Pakistani Equity Markets.

8.3.2 Assets of an Equity Sub-Fund shall be invested in equity securities which are listed on a Stock Exchange or for listing of which an application has been approved by a Stock Exchange. Equity Sub-Fund shall also be eligible to invest in units of Real Estate Investment Trust and Exchange Traded Funds provided that entity/ sector/ group limits as prescribed are compiled with.

8.3.3 At least ninety percent (90%) of Net Assets of an Equity Sub-Fund shall remain invested in listed equity securities during the year based on rolling average investment of last ninety days (90) days calculated on a daily basis.

8.3.4 A Pension Fund Manager may make investment maximum up to 5% of Net Assets of Equity Sub- Fund in units of Private Equity and Venture Capital Funds registered under Private Fund Regulations 2015.

8.3.5 A Pension Fund Manager may make investment maximum up to 10% of Net Assets of Equity Sub- Fund in public offering and pre-initial public offering of equity securities.

8.3.6 Investment in equity securities of any single company shall not exceed fifteen percent (10%) of Net Assets of an Equity Sub-Fund or paid-up capital of that single company, whichever is lower.

8.3.7 A Pension Fund Manager may invest up to thirty percent (30%) or index weight, whichever is higher, subject to maximum of thirty-five percent (35%) of Net Assets of an Equity Sub-Fund in equity securities of companies belonging to a single sector as classified by Pakistan Stock Exchange.

8.3.8 A Pension Fund Manager may invest any surplus (un-invested) funds in government securities having less than one-year time to maturity or keep as deposits with scheduled banks which are rated not less than "A".

8.3.9 A Pension Fund Manager shall ensure that the investment in equity securities of the following companies shall not exceed 10% of the Net Assets of the Equity Sub-Fund on monthly average basis:

a. Company is not traded on regular trading counter of the Pakistan Stock Exchange;
b. The minimum free float of the company is less than 15% of total outstanding shares; Provided that this clause shall not be applicable on equity securities which are part of KSE-100 Index at the time of investment. However, in case an equity security is subsequently excluded KSE-100 Index, the Pension Fund Manager shall rebalance the portfolio and ensure compliance within six months of such index re-composition.
c. The securities of the company are traded less than 50% of the total trading days during the last six months or from the date of listing as the case may be; and
d. Company's paid up capital is fully eroded owing to accumulated losses as per the annual audited account or half yearly limited scoped reviewed accounts, whichever is latest.

The Pension Fund Manager shall not invest the Net Assets of the Equity Sub Fund in any company against which winding-up proceedings have been initiated and/ or a qualified opinion on the going concern assumption has been issued by its statutory Auditor.

For this purpose, the following events shall be considered as winding-up events;

I. A show cause notice for winding-up has been issued to the company by the Commission.
II. Winding-up petition is filed by creditors with a claim equivalent to atleast 10% of the equity of the company as per latest accounts.
III. Winding-up petition is filed by the shareholders who own atleast 10% of the company's paid-up capital.
IV. Voluntary winding-up proceedings have commenced through passing of special resolution.

8.4. Investment Objective and Investment Policy of the Pakistan Pension Fund- Debt Sub Fund

8.4.1 The objective of the Debt Sub-Fund is to earn returns from investments in Pakistan Debt Markets, thus incurring lower risk than equity investments. As the investment of Participants nearing retirement age in the Debt Sub-Funds will be high the preservation of capital is also an important objective.

8.4.2 The Debt Sub-fund shall consist of government securities, cash in bank accounts, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper, sukuk or any other Islamic mode of placement an, reverse repo, deposit/placements with Microfinance Banks and any other approved debt/money market security issued from time to time.

8.4.3 At least twenty-five percent (25%) of the Net Assets of the Debt Sub-Fund shall be invested in bank deposits of scheduled banks or Islamic windows of scheduled banks and government securities not exceeding ninety (90) days' maturity.

8.4.4 Rating of any security in the portfolio shall not be lower than A+ (A Plus).

8.4.5 Rating of any Bank and DFI with which funds are placed should not be lower than A+ (A Plus).

8.4.6 Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AA (Double A).

8.4.7 Rating of any Microfinance Bank with which funds are placed should not be lower than A+ (A Plus).

8.4.8 Exposure to any single entity shall not exceed 10% of Net Assets of Debt Sub-Fund.

8.4.9 Exposure in debt security of an entity shall not exceed 10% of Net Assets of Debt Sub-Fund or 10% of size of the issue of that debt security, whichever is lower.

8.4.10 The limits specified in sub-clauses 8.3.7 and 8.3.8 above are applicable to all securities mentioned other than the securities issued by the Federal Government.

8.4.11 Exposure to securities issued by entities of a single sector shall not exceed twenty-five percent (25%) of Net Assets of Debt Sub-Fund.

8.4.12 A Pension Fund Manager shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placement of funds) of more than 25%

of Net Assets of Debt Sub-Fund with all microfinance banks, non-banking finance companies and modarabas.

8.4.13 The weighted average time to maturity of a Debt Sub-Fund shall not exceed five (5) years and this condition shall not apply to securities issued by the Federal Government.

8.4.14 Any other instrument that may be allowed by the Commission from time to time.

8.5. Investment Objective and Investment Policy of the Pakistan Pension Fund- Money Market Sub-Fund

8.5.1 The objective of the Money Market Sub-Fund is to earn returns from investments in Pakistan Money Markets, thus incurring lower risk than Debt investments. As the investment of Participants nearing retirement age in the Money Market Fund will be high the preservation of capital is an important objective.

8.5.2 The Money Market Sub-fund shall consist of government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper or any other Islamic mode of placement, reverse repo, commercial papers, TDRs and any other approved money market security issued from time to time.

8.5.3 Rating of any security in the portfolio shall not be lower than AA (Double A).

8.5.4 Rating of any Bank and DFI with which funds are placed shall not be lower than AA (Double A).

8.5.5 Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AAA (Triple A).

8.5.6 At least 10% of the Net Assets of Money Market Sub-Fund shall be invested in deposit with scheduled banks or Islamic window of scheduled banks (excluding TDRs) and government securities not exceeding ninety (90) days' maturity.

8.5.7 Exposure to any single entity shall not exceed 10% of Net Assets of Money Market Sub-Fund.

8.5.8 Exposure in security of an entity shall not exceed 10% of Money Market Sub-Fund or 10% of

size of the issue of that security, whichever is lower.

8.5.9 The limits specified in sub-clauses 8.4.7 and 8.4.8 above are applicable to all securities mentioned other than the securities issued by the Federal Government.

8.5.10 Exposure to securities issued by entities of a single sector shall not exceed twenty-five percent (25%) of Net Assets of Money Market Sub-Fund.

8.5.11 A Pension Fund Manager shall not place funds (including TDR, PLS saving deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of Net Assets of Money Market Sub-Fund with all microfinance banks, non-banking finance companies and modarabas.

8.5.12 The weighted average time to maturity of assets of Money Market Sub-Fund shall not exceed one year.

8.5.13 Time to maturity of any asset in the portfolio of Money Market Sub-Fund shall not exceed six (6) months except Government securities such as Government Ijarah Sukuks may be up to five (5) years.

8.6 ESTABLISHMENT OF ADDITIONAL SUB-FUNDS

The Pension Fund Manager, after successfully managing the Equity, Debt and Money Market Sub- Funds of the Pakistan Pension Fund will be authorized to apply to the Commission for establishment of additional Sub-Funds for investments in other classes of assets, including securitized investments in real estate or in assets outside Pakistan. If the Commission allows the establishment of such Sub-Funds, taking into account the policy of the Federal Government, the Pension Fund Manager may, at its discretion, proceed to establish such additional Sub-Funds on such terms and conditions as may be prescribed by the Commission.

8.7 Investment Restrictions

8.7.1 The Fund Property shall be subject to such exposure limits as are provided in the Rules, subject to relaxations granted by the Commission from time to time.

8.7.2 The Fund shall not at any time:

8.7.2.1 merge with, acquire or take over management of any other pension fund or pension fund manager unless it has obtained the prior approval of the Commission in writing for such merger, acquisition or takeover;

8.7.2.2 pledge any of the securities held or beneficially owned by the Pension Fund except for the benefit of the Pension Fund;

8.7.2.3 Purchase from or sell any security to any connected person or employee except with the approval of its Board of Directors in writing and consent of the Trustee

8.7.2.4 participate in a joint account with others in any transaction; except for placement of orders under a single Universal Identification Number (UIN) subject to mechanism approved by the commission

8.7.2.5 make any investment with the purpose of having the effect of vesting the management or control in the Pension Fund; or

8.7.2.6 employ as a broker, directly or indirectly, any of its directors, officers or employees or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any broker who is a Connected Person where such transactions shall equal or exceed twenty-five per cent or more of the brokerage or commission paid by the Pension Fund in any one Accounting Period;

8.7.2.7 Enter into a short sale transaction in any security.

8.7.2.8 Invest in any non- investment avenue.

8.6.3 Pension Fund Manager shall be responsible for managing and meeting the liquidity requirements of the Pension Fund.

8.6.4 Pension Fund Manager on behalf of a Pension fund shall not take exposure of more than 20% of net assets in any single group and the term "group" means persons haying at least 30% of more shareholding in any other company, as per publicly disclosed information.

8.6.5 Pension Fund Manager shall not invest assets of Pension Fund in securities of a company if equity is less than paid-up capital of the company, irrespective of the limits stated in the Investment Policy.

8.6.6 Pension Fund Manager shall not invest or deposit or place assets of pension fund if the issuer or the bank or the security does not fulfill the minimum rating specified in the investment policy.

8.6.7 Pension Fund Manager shall adhere to the limits stipulated herein below; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in Net Assets resulting; from fluctuation in price of securities or due to withdrawals, the Pension Fund Manager shall regularize the deviation within four months of the breach.

8.6.8 The investment of properties of the Sub-Funds shall be subject to the restrictions/limitations prescribed by the Commission vide its Prescribed Investment Policy from time to time.

8.7 **Financing Restriction**

(a) 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 Pension Fund Manager concur with the Pension Fund Manager in making and varying arrangements with scheduled Banks or Financial Institutions for financing by the Trustee for the account of the Pension Fund; provided that the financing shall not be resorted to, except for meeting the withdrawal requests or transfer of funds to other Pension Fund Managers.

(b) Financing shall not be resorted to except for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such financing shall not exceed fifteen percent of the total net assets value of the pension fund at any time, and shall be repayable within a period of ninety days.

(c) The charges payable to any Bank or Financial Institution against financings on account of the Trust as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.

(d) The maximum financing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Pension Fund and the maximum financing for the account of any Sub-Fund shall not exceed fifteen per cent of the total Net Asset Value of such Sub- Fund or such other limit as may be provided in the Rules. If subsequent to such financing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or withdrawal of funds, the Pension Fund Manager or the Trustee shall not be under any obligation to reduce such financing.

(e) Neither the Trustee, nor the Pension Fund Manager shall be required to issue any guarantee or provide security over their own assets for securing such financing s from banks and Financial Institutions. The Trustee or the Pension Fund Manager shall not in any manner

be liable in their personal capacities for settlement of such financing.

(f) For the purposes of securing any such financing the Trustee may upon instruction of the Pension Fund Manager 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 limits provided under the Rules.

(g) Neither the Trustee nor the Pension Fund Manager shall incur any liability by reason of any loss to the Trust or any loss that a Participant may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made in accordance with the Trust Deed.

8.8 Participants Rights in terms of Investment Choice

The Pension Fund Manager is responsible for the investment and disinvestment of property of the Pakistan Pension Fund. However, every Participant will decide about his investment in the units of the Sub-Funds by using his preference for the selection of the Allocation Plan. The participant will select any one of the approved Allocation Schemes for allocation of his contributions between the Sub-Funds. Thus, contribution from the Participants will be allocated between the Sub-Funds as per the particular Allocation Scheme selected by the Participants.

8.9 Investment Risk Disclosure and Tax Implication

The Pension Fund Manager shall ensure that effective risk control measures are in place for the protection of the participants.

Participants must realize that all investments in Pakistan Pension Fund and securities are subject to market risks. Our target return cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that include, but are not limited to:

(1) **Equity Risk:** Share prices are generally volatile and may go up or down because of their dependence on market sentiments, speculative activity, supply and demand for the shares and liquidity in the market. Mutual funds that purchase shares become part owners in the companies. The companies' performance, domestic and/or industry outlook with respect to technological and consumer behavior dynamics, market activity and the larger economic scenario influence the price of these shares. Moreover, lack of trading in the investee com- panies' securities may result in liquidity crisis. When the economy is

expanding, the outlook for many companies is positive and the value of these shares may rise, and vice versa. Share prices are also affected by the quality of the management of investee companies.

(2) **Government Regulation Risk-** Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securi- ties may be affected due to change in these regulations or policies, which directly or indi- rectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.

(3) **Credit Risk-** Credit Risk comprises default risk, credit spread risk and down grade risk. Each can have negative impact on the value of the income and money market instruments in- cluding Sukuks etc.

(4) **Default Risk -** The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;

(5) **Country or Political Risk** – The uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as break down of law and order, war, natural disasters, etc. and any governmental actions or legislative changes or court orders restraining payment of principal or income.

(6) **Price Risk-** The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.

(7) **Liquidity Risk –** Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.

(8) **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund's performance etc.

(9) **Reinvestment Rate Risk** – In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.

(10) **Sovereign Risk-** Payment of bonds/ notes may be affected by the economic and political

events in the country of the relevant issuer. The occurrence of a sovereign risk event could result in the loss of all or a portion of the principal invested, as a result of any economic or political circumstance.

(11) **Events Risk-** There may be adjustments to the performance of the Fund due to events in- cluding but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.

(12) Withdrawal Risk- There may be special circumstances in which the withdrawal of Units may be suspended or the withdrawal payment may not occur within six working days of receiving a request for withdrawal from the participant.

8.10 **Other Risks Involved:**

(a) Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made.

(b) Breakdown of law and order, war, terrorist activity, natural disasters etc.

(c) Senior rights of some stake holders over other stake holders in the event of winding up.

8.10.1 Under exceptional (extraordinary) circumstances, the Pension Fund Manager may suspend withdrawal, invoke a queue system or announce winding-up of the Fund. In such events, the participant will probably have to wait for payment beyond the normal period and the withdrawal amount so determined may be lower than the price at the time the withdrawal request was lodged. Participants are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

8.10.2 Risk specific to foreign investments: The Fund may invest outside Pakistan & such investments may be exposed to additional risks including political, economic & exchange rate risks that may reduce the value of the investments. However, evidence shows that diversifying internationally tends to reduce the overall volatility of the portfolio and thus may reduce risks for participants.

8.10.3 Investment in the Pakistan Pension Fund is suitable for participants who have the ability to take the risks associated with financial and capital market investments. Capital invested in the financial and capital markets could, in extreme circumstances, lose its entire value. However, diversification of the investment into a number of highly liquid equities, income securities and

repurchase transactions tends to reduce the risk substantially. The historical performance of the Funds, the financial and capital market or that of any one security or transaction included in the Fund's portfolio does not indicate the future performance.

8.10.4 There may be times when a portion of the investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned 'Category'. This non-compliance may be due to various reasons including, adverse market conditions, liquidity constraints or investment- specific issues. Participants are advised to study the latest Fund Manager Report specially portfolio composition and Financial Statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the assigned Category. The latest monthly Fund Manager Report as per the format prescribed by Mutual Funds Association of Pakistan (MUFAP) is available on the website of the Pension Fund Manager (PFM) and can be obtained by calling / writing to the PFM.

8.11 **Disclaimer**

(a) The Units of the Sub Funds of the Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the investors of the Seed Capital Units or any other Scheduled Bank or financial institution.

(b) Investment Risks and Tax Implication: All investments in the Pension Fund are subject to market risks. The value of such investments varies subject to market fluctuations and risks inherent in all such investments. Participants should read this Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax advisors before making any investment decision.

(c) Withdrawals from the Pension Fund before the retirement age is subject to tax under the provisions of the Income Tax Ordinance, 2001 and the Rules.

(d) The target return of the Sub-Funds cannot be guaranteed. It should be clearly understood that the portfolio of the Sub-Funds is subject to market fluctuations and risks inherent in all such investments.

(e) It should be noted that the value/price of Units of the Sub-Funds can fall as well as rise.

(f) It should be noted that under certain circumstances the withdrawal from the Pension Fund

may be restricted or subject to tax penalties.

(g) It should be noted that there will be no dividend distribution by the Sub-Funds.

9. INVESTMENT RISKS AND TAX IMPLICATIONS

All investments in Pakistan Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read this Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decision. Withdrawals from the Pension Fund before the retirement age are subject to tax.

PPF will be investing in equity securities listed on the Stock Exchanges and also in fixed income securities including deposits with Banks. Such investments are subject to varying degree of risks that include, but are not limited to:

a. Equity Risk – Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa**.**

b. Government Regulation Risk – Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.

c. Credit Risk - Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc:

- **Default Risk -** The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
- **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;

- **Price Risk -** The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in market rates.

- **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.

- **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing/ selling its investments which may affect the Fund's performance etc.

- **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.

- **Events Risk -** There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.

- **Redemption Risk -** There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.

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.

Disclaimer

(1) Investment Risks and Tax Implication: All investments in Pakistan Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read this Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax advisors before making any investment decision. Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001.

(2) The Units of the Sub-Fund(s) of the Pakistan Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any Government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the Core Investors or any other bank or financial institution.

(3) The Sub-Fund(s) target return cannot be guaranteed. It should be clearly understood that the

portfolio of the Sub-Fund(s) is subject to market fluctuations and risks inherent in all such investments.

(4) It should be noted that the value/price of Units of the Sub-Funds can fall as well as rise.

(5) It should be noted that under certain circumstances the withdrawal from the Pension Fund may be restricted or subject to tax penalties.

(6) It should be noted that there will be no dividend distribution by the Sub-Fund(s).

Disclosure:

There may be times when a portion of the investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned 'Category'. This non-compliance may be due to various reasons including, adverse market conditions, liquidity constraints or investment-specific issues. Investors are advised to study the latest Fund Manager Report specially portfolio composition and Financial Statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the assigned Category. The latest monthly Fund Manager Report as per the format prescribed by Mutual Funds Association of Pakistan (MUFAP) is available on the website of the Assets Management Company (AMC) and can be obtained by calling / writing to the AMC.

10. CHANGE OF PENSION FUND MANAGER

10.1 Participants will be entitled to transfer their entire individual pension accounts or part thereof, from the Pakistan Pension Fund to another Pension Fund (s) managed by another Pension Fund Manager or from one pension fund to another pension fund at the effective date of the proposed change.. Units will be encashed at the net asset value of each sub-fund notified on the working day prior to the date of transfer.

10.2 Subject to sub clause 10.3 & 10.4, and provisions of Income Tax Ordinance, 2001 (XLIX of 2001), a participant shall be allowed to transfer his accumulated sum from an approved occupational savings scheme or an approved superannuation fund to a pension fund

10.3 The transferred amount shall be used to purchase the units of the sub-funds of the pension fund maintained by the new Pension Fund Manager at the net asset value notified at the close of the working day, of the receipt amount, on such percentage according to the specified allocation policy selected by the participant.

10.4 No charge whatsoever called shall be deducted for transfer of the individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund and from approved occupational savings scheme and approved superannuation fund to a pension fund.

10.5 The transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund shall only take place as per the

discretion of the Participant and the notice for the change of the Pension Fund Manager or pension fund, specifying the name of the new Pension Fund Manager or the pension fund shall be sent by the participant at least seven working days before the effective date of the proposed change and the Pension Fund Managers shall record such transactions as transfer in the statement of account of the participant.

10.6 The Pension Fund Manager will use the transferred amount received from the other Pension Fund (s) to purchase the Units of the Sub- Funds at the Net Asset Value notified at the close of the Business Day of the receipt of the amount, at percentages according to the respective prescribed Allocation Scheme selected by the Participant.

10.7 If any Participant decides to transfer his entire Individual Pension Account, or part thereof, from the Pakistan Pension Fund to another Pension Fund managed by another Pension Fund Manager or from one pension fund to another pension fund, the Participant shall make an application by completing the prescribed form required for the Change of Pension Fund Manager Form and submit it at the Authorized Branch or office of the Distribution Companies. at least 07 days before the effective date of the proposed change.

10.8 On receiving a transfer application mentioned in clause 10.7 above, complete in all respects, The Pension Fund Manager will proceed as follows:

1) Withdraw all Units of the Sub-Funds of the respective Participant. at the close of first Business Day that falls on or after the effective date of the proposed change and transfer the requisite amount to the requested pension fund.

2) The Pension Fund Manager will advise the respective Participant to open a Pension Account with the pension fund manager where the respective Participant intends to transfer his entire Pension Account, or part thereof, from the Pakistan Pension Fund

3) As soon as the Participant completes the formalities for the opening of the individual Pension Account with the other pension fund manager, the Pension Fund Manager shall inform the Pension Fund Manager of the account details of the respective Participant

4) After receiving the confirmation that the other pension fund manager has opened the Pension Account of the respective Participant, The Pension Fund Manager will immediately arrange transfer of the requisite withdrawal amount to the requested Pension Fund managed by the other pension fund manager

5) The Pension Fund Manager will close the Pension Account of the respective Participant, if the Participant has transferred his entire account with the Pension Fund Manager.

10.9 In the event the Commission deauthorizes any Pension Fund Manager, the transfer shall take place without any restriction thereon.

10.10 Policyholders having pension policies approved by the Commission under section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001), and issued by life insurance/ Takaful companies before the 30th June, 2005, would be eligible to withdraw their units and transfer the balance to an individual

pension account with a Pension Fund Manager, subject to these VPS Rules. No charge whatsoever shall be deducted from such withdrawal amount.

11. THE CIRCUMSTANCES IN WHICH DEALING IN PAKISTAN PENSION FUND MAY BE DEFERRED OR SUSPENDED

The dealing in Pakistan Pension Fund may be deferred or suspended 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 Exchange on which any of the Securities invested in by the Pakistan Pension Fund are listed, closure of the banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function, or the existence of a state of affairs which, in the opinion of The Pension Fund Manager, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interests of the Pakistan Pension Fund or of the Participants, 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 a reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to withdraw Units at a price determined in accordance with the Net Asset Value. Such a measure will be taken to protect the interests of the Participants in the event of extraordinary circumstances or in the event withdrawal requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of withdrawal requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Pension Fund Manager may decide to transfer the Pension Fund to another pension fund manager as per the procedure laid down in this Offering Document. However, suspension of withdrawal will not applicable on Approved Income Payment Plan Accounts of the respective Participants.

12. SAFEGUARD OF MONEY

No contribution should be paid to an intermediary, except the Pension Fund Manager or his authorized representatives as prescribed. Contributions should be in the form of "Account Payee Only" Cheques, Payment Orders or Demand Drafts or direct bank transfers to the account of **"CDC Trustee - Pakistan Pension Fund" or "CDC Trustee – MCBAH"**. No contribution shall be made in the form of cash or any bearer instrument.

13. DISTRIBUTION RESTRICTIONS

Distribution of dividend or income is not allowed under the VPS Rules (Voluntary Pension System Rules, 2005). Any income earned shall be accumulated and retained in the respective sub funds.

14. TAXATION

14.1 TAX CREDIT FOR CONTRIBUTIONS TO PAKISTAN PENSION FUND

An eligible person, as defined in the Income Tax Ordinance, 2001, deriving income chargeable to tax under the head "Salary" or the head "Income from Business", will be entitled to a Tax Credit for a Tax Year in respect of any contribution paid in the year by the person to the Pension Fund.

14.2 TAX EXEMPTIONS

Total income of the Pension Fund approved by the SECP under the VPS Rules, 2005, will be exempt under the Second Schedule of the Income Tax Ordinance, 2001.

14.3 WITH HOLDING TAX

A pension fund manager making payment from individual pension accounts, maintained under an approved pension fund, shall deduct tax from any amount:

A. Withdrawn before the age of retirement, provided that tax shall not be withheld in the following cases.

- eligible person suffering from any disability which render him unable to continue with any employment at the age which he may so elect to be treated as retirement age or the age as on the date of such disability if not so elected by him ;or
- On the share of the nominated survivor of the deceased eligible person.

B. Withdrawn, if in excess of fifty per cent of his accumulated balance at or after the retirement age, provided tax shall not be withheld in the following cases.

- the balance is invested in an approved income payment plan;
- the balance is paid to an Insurance company for the purchase of an annuity plan;
- the balance is transferred to an another individual pension account of the eligible person; or
- the balance is transferred to the survivors approved pension account in case of the death of the eligible person.

The tax is required to be withheld at the last three year's average rate of tax which shall be computed in accordance with the following formula:

A/B

Where,

A= the total tax paid or payable by the person on the person's total taxable income for the three preceding years; and

B= the person's total taxable income for the preceding three years.

1. Procedure for claiming tax credit

a) An employee may provide documentary evidence of Contributions made during each Tax Year ending on June 30 to his employer who may then, under Section 149 (1), make adjustments of Tax Credit admissible under Section 63 from the tax to be deducted under the head 'salary'.

b) A self-employed individual may claim the Tax Credit at the time of filing of his Return of Total Income for each Tax Year ending on June 30. In the computation of his total taxable income and tax payable.

2. Tax Credit Certificate to the Participant

The Pension Fund Manager will send, on or before 31st July each year, a Certificate of contributions made to the Pakistan Pension Fund for the previous year ended June 30. The Pension Fund Manager shall also send, before June 30, Statement of Accounts, as may be required by the employer of the Participant, confirming payment by the Participant to the Pakistan Pension Fund under Sections 63 and 149(1) of the Income Tax Ordinance, 2001.

The transfer by the members of Approved Employment Pension Scheme or Annuity Scheme or Approved Occupational Savings Scheme (i.e. approved gratuity fund or recognized provident fund) of their existing balance to their Individual Pension Accounts maintained with the Pension Fund Manager shall not be entitled to a tax credit under section 63 of the Income Tax Ordinance 2001.

3. Tax Exemption on Contributions made by Employers on behalf of its employees

For an employer contributing to the Pakistan Pension Fund on behalf of its employees, the Contribution to the Pakistan Pension Fund is a tax deductible charge, i.e. that the amount of Contribution made by the employer will qualify as an expense for tax purposes whilst calculating the taxable income of the employer. When computing the "income from business", the employer is allowed a deduction for the amount contributed to the Pakistan Pension Fund on behalf of its employees as Pakistan Pension Fund is an Approved Pension Fund as defined under clause 3(c) of the Definitions of the Income Tax Ordinance, 2001.

14.4 ZAKAT

Units held by resident Pakistani Participants shall be subject to Zakat at 2.5% of the Par Value of Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the

said Ordinance. Zakat will be deducted at source from the dividend amount or from the withdrawal payment, if Units are withdrawn during the Zakat year before payment of dividend.

Disclaimer

The tax and Zakat information given above is based on the Pension Fund Manager's interpretation of the law which, to the best of the Pension Fund Manager's understanding, is correct but Participants are requested to seek independent advice from their tax advisors so as to determine the taxability arising from their Contributions to the Pension Fund.

15. INCOME PAYMENT PLAN

Income payment plan attached as Annexure "X" and "Y"

16. REPORTS AND ACCOUNTS

16.1 ANNUAL ACCOUNTING PERIOD

The Annual Accounting Period shall commence on 1st July and shall end on 30th June of the succeeding calendar year.

Accounting Date shall be the 30th day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Pension Fund Manager 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.

Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the full amount of Seed Capital is received and in any other case from the end of the preceding Accounting Period.

16.2 FUND'S ACCOUNTS

The Pension Fund Manager shall prepare Financial Accounts and Reports required under the VPS Rules/ NBFC Regulations for each Sub-Fund of Pakistan Pension Fund as prescribed by the Commission, from time to time.

16.3 PREODIC REPORTS TO BE SENT TO PARTRICIPANTS AND COMMISSSION

The Pension Fund Manager 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, in respect of each Sub-Fund, to the Commission and Participants, in accordance with the VPS Rules.

(b) Within two months of the close of the first half of its Accounting Year of account, prepare and transmit to the Participants and the Commission a Profit and Loss account for and a Balance Sheet as at the end of that half year, whether audited or otherwise, in respect of each Sub-Fund, in accordance with the VPS Rules.

(c) Within a month of the close of the first and the third quarter, prepare and transmit a Quarterly Report to the Participants, 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 VPS Rules.

17. SERVICE TO PARTICIPANTS

17.1 AVAILABILITY OF FORMS

All the forms mentioned and/or included in this Replacement Offering Document will be available at all the Authorized Branches of all Distribution Companies as well as post from the Pension Fund Manager and on its web site. Sales Agents will also have limited stocks of the Forms.

17.2 REGISTER OF PARTICIPANTS

17.2.1 The Pension Fund Manager will perform duties as the Registrar of Pakistan Pension Fund until any further notice and intimation to the Trustee. A Register of Participants will be maintained by the Registrar at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi. The Registrar would be responsible for maintaining Participants' records and providing related services. The Registrar will perform the Registrar Functions and all other related activities. The Pension Fund Manager shall ensure that the Registrar shall comply with all relevant provisions of the Deed and the VPS Rules.

17.2.2 The Register will be maintained in electronic form and be password-protected. The Pension Fund Manager would grant access to all the Participants to receive their respective account information through the Client Services link on its website. The record-keeping system shall contain the computerized transaction log which shall record Participant Account changes, who made them and when they were made. The Registrar and the Pension Fund Manager shall make sufficient provisions for back-up of the Register and its storage at an off-site location.

17.2.3 The Pension Fund Manager will ensure that the Registrar shall, at all reasonable times, during business hours, give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same, with or without notice,

and without any charge. The Trustee or its representatives shall only be entitled, after the written approval of the Commission, and under intimation to the Pension Fund Manager, to remove the Register or to make any entries therein or alternations thereto.

17.2.4 he Registrar will, within three working days of receiving a written request from any Participant, post (or send by courier or through electronic means) to such Participant, details of such Participant's account in the Register. Such service will be provided free of charge to any Participant requesting so once in any Financial Year. The Pension Fund Manager may prescribe reasonable charges for servicing of any additional requests.

17.2.5 The Register will contain the following information:

(a) Registration number;

(b) Individual Pension Account number

(c) Full name, father's name, residency status, CNIC number (in respect of Pakistan nationals)/ NICOP number (in respect of overseas Pakistanis), National Tax Number and address of Participant; If the Participant is registered through an employer, the Individual Pension Account Number will also be linked to an Employer Account Number that will contain the following:

- Employer's name;
- Registered address;
- National Tax Number;
- Number of employees contributing in VPS; and
- Telephone number and e-mail address.
- Date of Birth and Sex of the Participant;
- Complete record of the amount and date of each contribution paid by the Participant;
- Complete record of the amount and date of each contribution paid by the Employer;
- Date and amount of incoming and outgoing transfers;
- The number of Sub-Fund Units allocated and standing in the name of the Participant in the Individual Pension Account or Approved Income Payment Plan balances;
- The date on which the name of every Participant was entered in respect of the Sub-Fund Units standing in his name;

- Tax/Zakat status of the Participants;
- Nominee(s);
- Record of specimen signatures of the Participant and Nominee(s);
- Information on retirement of the Participant and the payments made or to be made;
- Information on death and transfer of the account to heirs; and
- Such other information as may be specified by the Commission or that the Pension Fund Manager may require

17.2.6 The Register will be conclusive evidence as to the Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances held by each Participant.

17.2.7 Any change of address or status of any Participant shall forthwith be notified in writing to the Registrar, who, on being satisfied therewith and on completion with formalities as required, shall update the Register accordingly.

17.2.8 The Participant or his nominee, as the case may be, shall be the only persons to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in, or to, such Units and the Trustee, the Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of, or to see to, the execution of any trust, except where required by any court of competent jurisdiction.

17.2.9 Upon being satisfied that the contribution to the Pension Fund has been received in full from the successful applicant, the Registrar shall issue, within one week (seven days) of such contribution, an Acknowledgement/Statement of Account that will constitute evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances registered in the name of the Participant and shall contain such other information as prescribed by the Commission, from time to time.

17.2.10 While making payment of the benefits, the Pension Fund Manager shall ensure that adequate description of reasons of payment i.e. retirement, disability, death benefit to the beneficiary (ies) is mentioned in the Register.

17.2.11 The accessibility of data shall extend to three years past the last amount paid to the Participant, subsequent pension fund manager or to the heirs of the Participant by the Pension Fund Manager.

17.3 STATEMENT OF ACCOUNT

Upon being satisfied that the contribution to the Pakistan Pension Fund has been received, in full, from the Participants, the Registrar will send directly to each Participant a Statement of Account that will constitute evidence of the number of Sub-Fund Units or Pension Account or Periodic Payment Account balances registered in the name of the Participant.

The Registrar will issue a Statement of Account, each time there is a transaction in the Individual Pension Account and it will be posted to the Participant within 7 working Days of each transaction.

18. FINANCIAL INFORMATION

18.1 AUDITORS CERTIFICTE ON INVESTMENT OF SEED INVESTORS' INVESTMENT IN THE UNITS OF SUB-FUNDS OF THE PAKISTAN PENSION FUND

The Board of Directors
THE PENSION FUND
MANAGER,

Dear Sirs,
Seed capital of the Pakistan Pension Fund has been provided by the Pension Fund Manager as under:

Sub Funds	No of Units	Rupees
PPF Equity Sub-Fund	300,000	30,000,000
PPF Debt Sub-Fund	300,000	30,000,000
PPF Money Market Sub-Fund	300,000	30,000,000

19. WARNINGS

INVESTMENT RISKS AND TAX IMPLICATION: All investments in Pakistan Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Participants should read the Replacement Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decisions. Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001.

20. COMPLAINTS

The Pension Fund Manager will follow Participants Services Department and the up with the Registrar on complaints received from Participants with an endeavor to and enquiries resolve them promptly.

For this purpose, Head of Investors Services Department has been appointed as the Participant's Relationship Officer. He may be contacted at the Head Office of the Pension Fund Manager at the following address:

Head of Investor Services Department
MCB Investment Management Limited
2nd Floor Adamjee house,
I.I Chundrigar Road,
Karachi, Pakistan.
Tel: (92-21) 111-468-378
Fax: (92-21) 247 0351

If any complaint or dispute arises between the Participant and the Pension Fund Manager under the VPS Rules, it shall be referred to the Insurance Ombudsman appointed under Section 125 of the Insurance Ordinance, 2000. (XXXIX of 2000). The Insurance Ombudsman shall have all the powers and shall follow the procedures as required under PART XVI of the Insurance Ordinance, 2000.

20.1 Procedure for lodging a complaint with the Insurance Ombudsman

The procedure for lodging a complaint with the Insurance Ombudsman shall be as provided in Section 129 of the Insurance Ordinance, 2000 and reproduced below:

(a) A complaint shall be made in writing, addressed to the Insurance Ombudsman. The complaint shall set out the full particulars of the transaction complained of and the name and address of the Participant (complainant).

(b) Prior to making a complaint, the Participant (complainant) shall intimate in writing to the Pension Fund Manager his intention of filing a complaint and if the Pension Fund Manager either fails to respond, or makes a reply which is unsatisfactory to the complaint, within a period of one month, the Participant (complainant) may file a complaint, at any time thereafter, within a further period of three months:

Provided that the Insurance Ombudsman may, if satisfied that there were reasonable grounds

for the delay in filing the complaint, condone the delay and entertain the complaint.

(c) The Insurance Ombudsman may adopt any procedure he considers appropriate for investigating a complaint.

Provided that he shall not pass any order against the Pension Fund Manager without first giving it a notice and an opportunity to be heard.

(d) Subject to section 128, the Insurance Ombudsman shall not have any power to issue an order in the nature of a stay order or to entertain any complaints if the matter is pending before a Court, Tribunal or other legal forum.

(e) The Insurance Ombudsman may reject a complaint summarily or he may accept the same or pass any other order he deems fit.
Provided that in each case he shall pass a reasoned order for his decision.

(f) The Federal Government may further prescribe VPS Rules for the conduct of proceedings in relation to complaints brought before the Insurance Ombudsman.

Note: The Pension Fund Manager will not be responsible or liable for maintaining service levels and /or any delay in processing claims arising out of this facility. The Pension Fund Manager, the Trustee and the underlying Fund shall not be held liable for honoring any insurance/Takaful claims.

20.2 Contact Details of Office of Federal Insurance Ombudsman

The Present Insurance Ombudsman is:

Federal Insurance Ombudsman Office 2nd Floor, Pakistan Red Crescent Society annexe Building, Plot#197/5, Dr, Doud Pota Road, , off I.I Chundrigar Road, Karachi.
Phone: 021-99207761-62

21. TRANSACTIONS WITH CONNECTED PERSONS

21.1 No Pension Fund Manager on behalf of the pension fund shall purchase from or sell any security to any connected person or employee of the Pension Fund Manager except with the approval of its Board of Directors in writing and consent of trustee. .

21.2 Neither the Trustee nor the Custodian (if the Trustee has appointed another person as the Custodian) or any of their Connected Persons will sell or purchase any Investment

with the Pension Fund, save in the capacity of intermediary or in the normal course of business.

21.3 In case cash forming part of the pension fund's assets is deposited with the trustee or the custodian, which is a banking company, return shall be paid on the deposit by such trustee or custodian at a rate that is not lower than the rate offered by the said banking company to its other depositors on deposits of similar amount and maturity.

22. ARBITRATION IN CASE OF DISPUTES BETWEEN THE PENSION FUND MANAGER AND THE TRUSTEE

In the event of any disputes arising out of this Trust Deed between the Pension Fund Manager on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and conditions of this Trust Deed, the Offering Document and/or the Supplementary Replacement Offering Documents, relating to the Fund, the same shall be referred first to the Commission and thereafter, if the dispute still continues, for arbitration by two arbitrators, one to be appointed by the Pension Fund Manager and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners of renowned Law Firms, or senior bankers, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

23. DISPUTES BETWEEN THE PARTICIPANTSANS THE PENSION FUND MANAGER

If any complaint or dispute arises between the any Participant or any of its any nominated survivors, executors, administrators or successors and Pension Fund Manager under this the constitutive document or the Rules, it shall be referred to an authority as provided in the Rules.

24. GENERAL INFORMATION

(a) The Constitutive Documents concerning the Pakistan Pension Fund may be inspected at the Registered Office of the Pension Fund Manager at 2nd Floor Adamjee House, I.I Chundrigar Road, Karachi or at any other address which may be notified by the Pension Fund Manager to the general public through newspapers.

(b) Any notice required to be served upon a Participant shall be deemed to have been duly given if sent by post or courier service to or electronically submitted or left at participant address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.

(c) In case a general notice is required to be served upon all the Participants, through newspaper, the Trustee or the Pension Fund Manager shall advertise any such notice in any leading daily newspapers in Pakistan having primary circulation in Karachi, Lahore and Islamabad. The cost of issuing and publishing a general notice shall be charged to the Trust.

(d) Service of a notice or document on any employer shall be deemed effective service on all the Participants registered through that employer unless the Participant has given notice to the Pension Fund Manager that he is no longer in the employment of that employer.

(e) Any notice or document sent by post or courier service to or left at the registered address of a Participant shall notwithstanding that such Participant be then dead or bankrupt and whether or not the Trustee or the Pension Fund Manager have notice of participant death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units registered in favor of that Participant.

(f) A copy of this Replacement Offering Document, Trust Deed and of any deed supplemental hereto shall be made available for inspection at the respective head offices of the Trustee and the Pension Fund Manager at all times during usual Business Hours and shall be supplied by the Pension Fund Manager to any person on application at a charge disclosed in the Replacement Offering Document.

25. TERMINATION OF PAKISTAN PENSION FUND

25.1 TERMINATION AND LIQUIDATION OF THE TRUST

25.1.1 The Pension Fund Manager, subject to conditions of the VPS Rules, the Trust Deed and approval of the Commission, may terminate Pakistan Pension Fund by giving at least three (03) months' notice, in writing, to the Participants, the Trustee and the Commission.

25.1.2 The Trust may also be terminated by the Commission on the grounds provided in the VPS Rules.

25.1.3 The Trust Deed of Pakistan Pension Fund may be terminated in accordance with the conditions specified in the VPS Rules if there is any breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and the Pension Fund Manager regarding the Pension Fund. Both parties shall act in a manner that causes the least degree of inconvenience to the Participants and is the most cost efficient for the Fund and the Pension Fund Manager.

25.1.4 Upon the Trust being terminated, The Pension Fund Manager will suspend the acceptance of registration, Contribution(s) and withdrawals, forthwith, and proceed to transfer all assets and liabilities and records of Pakistan Pension Fund and each Sub-Fund to another pension fund manager under a scheme of arrangement to be approved by the Commission.

25.1.5 The Pension Fund Manager will ensure that accounts of the Pakistan Pension Fund, till the day of the transfer to the new Pension Fund Manager, are audited by the Auditors of the Fund and the Audit and Trustee Report is submitted, within one month from the date of such appointment, to the Commission, the new pension fund manager and the Trustee. The Pension Fund Manager, with the approval of the Commission, will decide the cost of such interim audit and the same may be charged to Pakistan Pension Fund with the prior approval of the Commission.

25.1.6 The Trustee, subject to clauses 22.1.4 and 22.1.5, on the recommendation of The Pension Fund Manager and approval of the Commission, shall transfer all the assets and liabilities and records of the Pension Fund and each Sub-Fund, including Individual Pension Accounts of Participants, to the other Pension Fund managed by the other Pension Fund Manager.

25.1.7 Thereafter, The Pension Fund Manager will proceed to dissolve the Pakistan Pension Fund under the relevant law and in the court of jurisdiction.

26. MODIFICATION OF THE REPLACEMENT OFFERING DOCUMENT OF THE PAKISTAN PENSION FUND

a) No amendments including any modification, alteration and addition shall be made in the Replacement Offering Document without prior notice of seven days to the participants and consent of the trustee.
b) In case the amendments are proposed in the fundamental attributes of pension fund and/or amendments with respect to offering of units to public shall be subject to 30 days prior notice to participants and prior approval of the Commission
c) In case amendments are proposed in the Constitutive Documents due to change in regulatory requirements, the same shall be incorporated without prior approval of the Commission and the supplement Constitutive Document for amendments shall be submitted to the Commission for information within one week from the date of amendments.

27. DEFINITIONS

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

27.1 **"Accounting Date"** means the date 30th June in each year and any interim dates at which the financial statements of the Pakistan Pension Fund are drawn up. Provided, however, that the Pension Fund Manager 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**.**

27.2 **"Accounting Period"** means the period ending on an Accounting Date and commencing from the establishment of the Pension Fund or from the end of the last Accounting Period, as the case may be;

27.3 **"Companies Act"** means Companies Act, 2017**.**

27.4 **"Annuity"** means a series of payments at set frequencies;

27.5 **"Approved Annuity Plan"** means an Annuity Plan approved by the Commission under Section 2(3A) of the Income Tax Ordinance, 2001.

27.6 **"Approved Income Payment Plan"** means an Income Payment Plan approved by the Commission under Section 2(3B) of the Income Tax Ordinance, 2001.

27.7 **"Auditors" means,** a person qualified under the provisions of section 254 of the Ordinance

to act as an auditor of a company;

27.8 **"Authorized Branch"** means, those branches of the Distributors that have been authorized by the Pension Fund Manager, from time to time, to perform Distribution Functions.

27.9 **"Authorized Investment"** means investments transacted, issued, traded or listed in Pakistan and abroad as defined in clause 8.2 of the Replacement Offering Document.

27.10 **"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.

27.11 **"Bank Accounts"** means those accounts the beneficial ownership of which rests in the pertinent Participants and for which Central Depository Company of Pakistan Limited has been appointed the Trustee.

27.12 **"Business Day/Dealing Day"** means a day (such business hours thereof) when Banks are open for business in Pakistan.

27.13 **"Commission" or "SECP"** means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997(XLII of 1997) that is the main regulator for the Pakistan Pension Fund.

27.14 **"Constitutive Documents**" means the principal document governing the formation of the Pakistan Pension Fund and includes this Replacement Offering Document and the Trust Deed and all material agreements;

27.15 **"Contribution"** means an amount that may be voluntarily determined by an individual as payable annually, semi-annually, quarterly, or monthly or with any other frequency to the Pakistan Pension Fund and held in one or more individual Pension Accounts of a Participant, subject to any specified minimum limit;

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

27.17 **"Deed"** means the Trust Deed which is the principal document governing the formation, management or operation of the Pakistan Pension Fund.

27.18 **"Default Allocation Scheme"** means the default asset allocation scheme as determined by the Pension Fund Manager in light of the Prescribed Allocation Policy, allocating the Contributions received from the Participants between the Sub-Funds, as deemed fit, for those Participants who have not selected any Allocation Scheme;

27.19 **"Distributor", "Distribution Company", "Distribution Companies"** means a company or companies, firm, or bank appointed by the Pension Fund Manager, with the approval of the Trustee, for performing any or all of the Distribution Functions and shall include the Pension Fund Manager itself if it performs the Distribution Functions.

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

(a) Receiving applications for the at the aggregate Issue Price for Units applied for by such applications;

(b) Issuing receipts in respect of (a) above;

(c) Interfacing with and providing services to the Participants, such as receiving Applications for withdrawals, transfers, change of addresses or issue of duplicate certificates, for immediate transmission, for processing to the Pension Fund Manager or the Registrar, as appropriate; and

(d) Accounting to the Trustee for (i) moneys received from applicants for the issuance of units; (ii) payments made to the Participants on withdrawal of Units; (iii) expenses incurred in relation to the Distribution Function.

27.21 **"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, withdrawal or purchase of Sub-Fund Units, 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 Fee or commission payable to agents or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

27.22 **"Form"** means a Form annexed to this Replacement Offering Document in Annexure "I" hereto**;**

27.23 **Force Majeure"** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of the constitutive documents of the pension fund or any obligations of the Pension Fund Manager or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or over- come by any party hereto and which occurs after the execution of the constitutive documents and makes the performance of the constitutive documents in whole or in part impossible or impracticable or delays the performance, including but not limited to any

situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other una- voidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

"Pakistan Pension Fund", "PPF" or "Trust" means the Pension fund constituted under this Trust Deed and made up of the Sub Funds.

27.24 **"Formation Costs**" means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Fund, execution and registration of the Trust Deed , issue, legal costs etc. and shall not include any marketing, sales, promotion, education, communication or any form whatsoever of any advertisement costs;

27.25 **"Front-end Fee" means the** sales and processing charges, payable to the Distribution Companies/Sales Agent.

27.26 **"Holder" or "Participant"** means the investor for the time being entered in the Register as owner of a Unit of a Sub-Funds and of amounts, if any, held by the Trustee, on his behalf, pursuant to the provisions in the Deed.

27.27 "Income Payment Plan" or "Income Drawdown Plan" means a Plan to enter into an agreement with the Pension Fund Manager after retirement, enabling withdrawal of the remaining amount in monthly instalment till the age of seventy-five years or earlier**.**

27.28 **"Investment"** means any Authorized Investment forming part of the Trust Property.

27.29 **"Sales Agent"** means an individual, firm, corporate or other entity appointed by the Pension Fund Manager to identify, solicit and assist Participants in investing in the Pakistan Pension Fund. The Pension Fund Manager shall compensate Sales Agents out of the Front-end Fee collected by it from the Contributions.

27.30 **"Life Insurance Company"** means a company registered under the Insurance Ordinance, 2000 (XXXIX of 2000), to transact life insurance business, and includes the State Life Insurance Corporation of Pakistan;

27.31 **"Net Assets"** means the excess of assets over liabilities of the Pakistan Pension Fund, such excess being computed in the manner specified in sub clause 6.8 of the Replacement Offering

Document.

27.32 **"Replacement Offering Document" means a document** inviting contributions from eligible persons for a pension fund and includes all supplementary documents thereto or any document relating to an income payment plan.

27.33 **"Participant"** means any person who makes contributions, or on whose behalf contributions are made to PPF and shall include contributions made to one or more other pension funds and held in one or more such identifiable individual pension accounts managed by one or more Pension Fund Managers;

27.34 **"Pakistan Pension Fund", "PPF"**, **"Trust"** means a Pension Fund made up of Sub-Funds created from the contributions paid by the Participants and would consist of all the assets, for the time being, held, or deemed to be held, by the Sub-Funds and includes all income or investment returns thereon but excludes fees, charges and expenses related to the management of the investments of the Sub-Funds;

27.35 **"Pension Account**" means an individual account of a Participant maintained by the Pension Fund Manager to record his investments, withdrawals, transfers in, transfers out to other Pension Fund Manager, transmission, Income drawdown and other related transactions and the Units of the Sub-Funds issued there against, including appreciations thereof.

27.36 **"Pension Fund Manager"** means MCB Investment Management Limited an asset management company duly authorized by the Commission to efficaciously manage the contributions made by, or on behalf of, Participants in Pakistan Pension Fund and meet such other conditions as may be prescribed, from time to time, by the Commission**;**

27.37 **"Prescribed Allocation Policy"** means the allocation policy as prescribed by the Commission from time to time.

27.38 **"PPF",** in relation to the Sub-Funds, is the abbreviation of Pakistan Pension Fund

27.39 **"Records"** include ledgers, day books, cash books and all other manuals or magnetic records used in the business of a Pension Fund Manager;

27.40 **"Regulations"** means regulations made by the Commission under the Rules**;**

27.41 **"Register**" means the Register of the Participants kept pursuant to the VPS Rules and the Trust Deed.

27.42 **"Registrar"** means an organization that the Pension Fund Manager shall appoint for

performing the Registrar Functions.

27.43 **"Registrar Functions"** means the functions with regard to**:**

(a) Maintaining the Register;

(b) Processing requests for issue, withdrawal, transfer and transmission of Units and requests for recording of changes in data with regard to the Participants

(c) Issuing Statement of Accounts;

27.44 **"Rules"** means the Voluntary Pension System Rules, 2005, as amended from time to time.

27.45 **"Pakistan Pension Fund's Auditors"** means the Auditors**.**

27.46 **"Seed Investors"** of the Pakistan Pension Fund shall be such initial investors whose subscription shall, in aggregate, be in compliance of the requirements of Rule 9(3)(b) of the Rules. The Seed Investors shall be issued Seed Capital Units representing their subscription**.**

27.47 **"Seed Capital Units"** shall mean such Units of the Pakistan Pension Fund that are issued to Seed Investors with the condition that these are not withdrawable for a period of three years from the date of issue. Such Units are transferable and may be pledged. Such Units shall all rank pari passu with all other Units.

27.48 **"Stock Exchange"** means the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.

27.49 **"Sub-Fund"** means the collective investment of sub-funds in a specified asset class following a specified investment policy set up within the overall Pakistan Pension Fund. The Trust Property shall be accounted for and segregated with respect to each Sub-Fund.

27.50 **"Subscription Day"** means every Business Day, provided that the Pension Fund Manager 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 Subscription Day.

27.51 "Supplementary Offering Document" **means a document issued by the Pension Fund Manager, 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 Pakistan Pension Fund.

27.52 **"Tax Year"** shall have the same meaning as ascribed to it under the Income Ordinance, 2001.

27.53 **"Trust Property**" means the amount of Seed Capital invested in respective Sub-Funds of Pakistan Pension Fund and the contributions received from the Participants of Pakistan Pension Fund, after deducting there-from, or providing there against, the value of Withdrawals, Front-end Fees, Duties and Charges (if included in the Offer Price or Withdrawal Price) applicable to the issue or withdrawal of Units and any expenses chargeable to the Sub-Funds of Pakistan Pension Fund; and includes the Investment and all income, profit and other benefits arising there from and all cash and other assets, movable or immovable, and property of every description, for the time being, held or deemed to be held, upon trust by the Trustee for the benefit of the Participants, pursuant to the Trust Deed. Trust Property also includes amount in Pension Accounts and Periodic Payment Accounts. Property of each Sub-Fund of the Pakistan Pension Fund will not be comingled with each other.

27.54 **"Trust**" means the overall structure under which the Sub-Funds are set up and custody and banks accounts are operated for specified purposes.

27.55 **"Unit"** means one undivided share in a Sub-Fund and, where the context so indicates, a fraction thereof.

27.56 **"Valuation Date**" means the pertinent date on which the value of the investments or assets of a Sub-Fund is determined**.**

27.57 **"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 VPS Rules. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.
The words and expression used but not defined in the VPS Rules shall have the same meaning as are assigned to them in the Companies Act, 2000, the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Insurance Ordinance, 2000(XXXIX of 2000), and the Non-Banking Finance Companies Rules, 2008.

28. INTERPRETATION

In this Replacement Offering Document, unless the context shall otherwise require:

(a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;
(b) the singular includes the plural and vice versa;
(c) a reference to an individual or person includes a company, firm, trust, Authority or government and vice versa;

(d) a reference to any gender includes all genders;
(e) a reference to a Recital, Clause or Annexure is to a Recital, Clause or Annexure of or to this Replacement Offering Document;
(f) a Recital or Annexure forms part of this Replacement Offering Document;
(g) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time;
(h) a reference to any party to this Replacement Offering Document or any other document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns;
(i) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning;
(j) a reference to any "Account" or "account" includes any renewal, redenomination, re-designation or sub-account thereof;
(k) "include", "includes" and "including" shall be respectively construed as "include without limitation", "includes without limitation" and "including without limitation", and all derivative terms shall be construed accordingly; and
(l) words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.

HEADINGS

In this Replacement Offering Document, headings are for convenience of reference only and do not affect interpretation.

ANNEXURE "A"

Trustee's Tariff Structure for Trusteeship of Pakistan Pension Fund

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

NET ASSETS (Rs.)	**TARIFF**
Up to 1 billion	Rs.0.3 million or 0.15% p.a. of Net Assets whichever is higher.
1 billion to 3 billion	Rs.1.5 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1 billion.
3 billion to 6 billion	Rs.3.5 million plus 0.08% p.a. of Net Assets, on amount exceeding Rs.3 billion.
Over 6 billion	Rs.5.9 million plus 0.06% p.a. of Net Assets, on amount exceeding Rs.6 billion

ANNEXURE "A-1"

Dealing Days and Business Hours

Dealing Days	Business Hours
Monday to Friday every week,	Monday to Thursday 9:00 am to 3:00 pm Friday 9:00 am to 4:00 pm

Note: Any change in the above-mentioned Dealing Days and Cut-Off Timings/Business Hours including for the month of Ramadan shall be notified to the Unit-Holders through website of the Management Company

Annexure "B"

DISTRIBUTION COMPANIES AND THEIR BRANCHES

This list is based on the current addresses of the Area Offices of the Management Company and the addresses 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.

2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan

For more information
UAN: (+92-21) 11-11-622-24 (11-11-MCB-AH)
Toll Free: 0800-62224 (0800-MCBIM)

ANNEXURE 'C-1'

Current Level of Front-end fee (Sale Charge)

Front-end fee (Sale Charge) (%)
Up to 3%

Note: There shall be no sales charge payable in the event of the transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager.

Current Level of Remuneration of Pension Fund Manager

The maximum rate of management fee being charged for all sub-funds shall be calculated per annum basis of the average daily Net Assets of the Scheme as follows;

- Equity Sub-Fund up to 2.50% per annum
- Money Market Sub-Fund up to 1.00% per annum
- Debt Sub-Fund up to 1.25% per annum

The Pension Fund Manager shall disclose actual rate of management fee charged as percentage of net assets of Voluntary Pension Scheme in monthly Fund Manager Report.

Business Hours and Current Cut off Time

Dealing Days	**Business Hours**
Monday to Friday every week,	Monday to Thursday 9:00 am to 3:00 pm Friday 9:00 am to 4:00 pm

Time may vary from time to time as may be determined by the Pension Fund Manager, under intimation to the trustee and SECP and the same shall be communicated to the participants before such unit transactions shall be effectuated.

Note:

(a) Any change in the charges structure and/or management fee shall be notified after prior approval of the Commission through a supplemental.

(b) Any change in the above-mentioned Dealing Days and Cut-Off Timings/Business Hours including for the month of Ramadan shall be notified to the Unit-Holders through website of the Management Company

Annexure X

INCOME PAYMENT PLAN OFFERED BY MCB INVESTMENT MANAGEMENT LIMITED

PAKISTAN PENSION FUND- PPF

Introduction

At the retirement age, the participants under the Voluntary Pension System have the option to buy an Approved Annuity Plan from a life insurance company or an Approved Income Payment Plan from a Pension Fund Manager.

Income Payment Plan which is also known as Income Drawdown Plan provides an option to the participant to defer purchasing an annuity (an income for life) until several years into retirement. The Plan allows receiving a regular income from the accumulated balance in the Individual Pension Account over the term decided by the participant while it stays invested with the Pension Fund Manager.

Risk Disclosure

Income Payment Plan avoids purchasing an annuity until the age of 75 by leaving accumulated balance invested in a range of assets. Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub-Funds consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments and the value of Units of the Sub-Funds can fall as well as rise. It should also be noted that future annuity rates could be lower or higher than those available today, Income Payment Plan maintains the risk on the investor as opposed to a traditional pension annuity where the investment risk is taken on by the insurance company offering the annuity. The participants should read the Replacement Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax adviser before opting for the Income Payment Plan.

Income Payment Plan offered by MCB Investment Management Limited is as follows:

1. Options at retirement

When the Participant decides on his retirement age which can be any date between sixty and seventy years, the Participant is required to inform the Pension Fund Manager the chosen date of retirement by completing the prescribed Retirement Option Form (Form AHI-VPS-06) and submitting it at the Authorized Branch or office of the Distribution Companies at least thirty days before the chosen date of Retirement.

Participants have the following options:

(a) Withdraw up to 25% of the amount in his/her Individual Pension Account as cash, without being charged for tax on this amount

(b) Use the remaining amount to purchase an Approved Annuity Plan from a life in- surance company of his/her choice; or,

(c) To enter in to an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly instalments till the age of 75 years or earlier, accord- ing to an Income Payment Plan, approved by the Commission.

The scheme provides every Participant an option to withdraw as tax-free lump-sum up to 25% of the balance in the Individual Pension Account. However, the more cash is withdrawn as tax-free lump-sum, the lesser pension shall be available from the Income Payment Plan during retirement and vice versa. Further it is not necessarily that every Participant needs full 25% of cash lump-sum at retirement. Lower the amount of lump-sum withdrawn, higher will be the pension payments. Furthermore the tax rate applicable on pension payment is likely to be lower than the tax rate on full income prior to retirement.

2. Eligibility

A Participant would be eligible to opt for an Income Payment Plan, at any time, after achieving the retirement age, as referred in clause (c) of Para 1 above. However, the participant can not opt for the Income Payment Plan if he has already purchased an Approved Annuity Plan from a life insurance company.

3. Features and Mechanics of the Income Payment Plan

When the Participant decides to start taking pension benefits, the participant first de- cides whether he/she wants to take a tax free cash sum. If the Participant decides to draw tax free cash, the sum of cash is transferred to the respective bank account of the participant and the balance amount breaks down into **two parts:** i.e. Part-A and Part-B:

Part A: Invests in the approved **PPF Debt Sub-Fund** that targets to earn at least inflation, to provide a regular and stable real income (purchasing power) every month throughout drawdown period.

A portion of Part-A which will be used to pay current year monthly pen- sions, will be invested in the approved **PPF Money-Market Sub- Fund** to further reduce volatility.

The portion of the Individual Pension Account to be placed in Part A will be calculated as follows:

Part A = Accumulated Balance * (Age till Termination of IPP less retirement age)
Years to live after retirement (Assumed as per average Life Expectancy)

For this purpose the insurance company assumes a life-expectancy of 85 years for an individual aged 75 (willing to purchase an annuity).

Each month a payment is withdrawn from this accumulated balance (in PPF Money Market Fund) according to the following formula:

Pension Payment = accumulated balance at beginning of the month
No. of drawdown payments remaining for the year

Two things are evident from this formula:

- This would ensure that Part A reduces to zero by the end of the drawdown period and not before that. At end of the Drawdown period, an Approved Annuity Plan will be purchased with the balance in Part B.
- Monthly Pension will not remain constant throughout, instead is expected to in- crease each month due to the investment income earned on money market investments.

Monthly Payments under the Income Payment Plan shall be subject to tax at the then tax rates applicable to that individual.

Part B: Invests in the approved **PPF Equity Sub-Fund and PPF Debt Sub- Fund** till termination of Income Payment Plan. At the time of termination of Income Payment Plan, total balance in this Part shall be used to purchase an Approved Annuity Plan from an insurance company of the Participant's choice.

The portion of accumulated balance to be placed in Part B will be calculated as follows:

Part B = Accumulated Balance* (Years to live after retirement less age till termination of IPP) Years to live after retirement (Assumed as per average life expectancy)

The portion of accumulated balance Placed in **Part-B** will be invested in both the approved **PPF Equity Sub-Fund** and **PPF Debt Sub-Fund** as per the following table:

Part B – Allocation Scheme Years to termination of Income Payment Plan are complete years to termination of Income Payment Plan at any date. So 3.1 or 2.9 years would be considered 3 years for the purpose.		
Years to termination of Income Payment Plan	**% of Part B invested in PPF Equity Sub-Fund**	**% of Part B in- vested in PPF Debt Sub-Fund**

10 or more	100%	0%
9	90%	10%
8	80%	20%
7	70%	30%
6	55%	45%
5	40%	60%
4	30%	70%
3	20%	80%
2	10%	90%
1	0%	100%

This table illustrates percentages set at different durations of Income Payment Plan. However, the risk that Part B over the period invested does not rise in value as much as expected which may lead to lower real monthly annuity compared to the last withdrawn monthly pension from the Income Payment Plan.

4. Payment of Pension

Drawing from the Income Payment Plan will commence after completing one month in the Plan. The payment will be made on the 25th day of every month, (or the first working day following that in the event the 25th is a closed day). AHIM will issue the instructions to the Trustee to credit the amount to the Participants designated banker.

Monthly payments under the Income Payment Plan shall not be in excess of the amount calculated through formulas mentioned in para (3) above.

5. Investment Policy

Investment in sub-funds will be made in accordance with the Investment Policy pre- scribed by the Commission from time to time.

6. Fees and Charges

Fees and Charges will be charged in line with the provisions of the Trust Deed. The Commission may review the fees specified from time to time and any change shall also be applicable to the Income Payment Plan.

7. The advantages and disadvantages of Conventional Annuities and Income Payment Plans:
Advantages and disadvantages of annuities and Income Payment Plan are as under:-

Advantages of the Conventional Annuities:

- Simple, easy to understand
- Once set up, income is fixed and secure
- The income will never run out, however long an individual is alive
- Available for funds of all sizes
- No ongoing reviews required
- No investment risk: not affected by stock market falls, or economic slumps

Disadvantages of the Conventional Annuities:

- Can be inflexible
- Cannot be changed
- An annuity (without value protection) cannot generally be passed on to the successors as a lump sum
- Current annuity plans do not offer any inflation protection
- Current annuity rates are perceived to be low
- Spouse's benefits must be set up at outset – so can be wasted on divorce or if spouse dies first
- Not affected by stock market rises

Advantages of the Income Payment Plan (unsecured Pension) before age 75

- An individual does not have to make a one-off decision
- Individual retains investment choice and control
- Can potentially pass the unutilized fund in lump-sum on to the successors (less tax where applicable)
- More flexible
- An individual can plan the income he receives to match his requirements
- Participants achieve their lifestyle through the monthly withdrawals in an increasing pattern attempting to keep up with rising inflation
- Potential for growth and increasing income

Disadvantages of the Income Payment Plan (unsecured Pension) before age 75:

- More complex, an individual may need advice
- Requires regular review

8. Death of the participant

In case of death of a participant before the completion of the Income Payment Plan, all the units of the sub-funds in Part A and Part B to his credit shall be re- deemed at the net asset value notified at close of the day of intimation of death and the amount due shall be credited to his Individual Pension Account, which shall earn the applicable market rate of interest for such deposits.

The total amount in the Individual Pension Account of the deceased participant shall be divided among the nominated survivors according to the succession certificate issued in accordance with law for the time being in force and each of the nominated survivor shall then have the following options, namely :-

(a) withdraw his share of the amount subject to the conditions laid down in the Income Tax Ordinance 2001 (XLIX of 2001);

(b) transfer his share of the amount into his existing or new individual pension ac- count to be opened with the Pension Fund Manager, according to VPS Rules;

(c) use his share of the amount to purchase an annuity on his life from a Life Insurance Company, only if the age of the survivor is fifty-five years or more;

(d) use his share of the amount to purchase a deferred annuity on his life from a Life Insurance Company to commence at age fifty- five years or later.

9. Nominee

The individual participant may designate and also change the Nominee under the In- come Payment Plan. In registering a nomination, the Pension Fund Manager does not accept any responsibility as to its validity, legal effect or meaning.

10. Term of the Income Payment Plan

There is no maximum term for the Income Payment Plan as long as the plan termi- nates at or before age 75, at which point the individual has to purchase an annuity or withdraw the funds after paying tax on them. Plan must however be of at least one complete year.

11. Transfer of Funds under Income Payment Plan

The Participants have the options during the tenure of the Income Payment Plan to transfer the remaining balance (Part A & Part B) to another Pension Fund Manager or life insurance company to purchase an Approved Income Payment Plan or an Ap- proved Annuity Plan respectively. No fee will be charged to participants in case of incoming transfers into the Income Payment Plan.

12. Winding Up

In the event of winding up of the Pakistan Pension Fund the units standing to the credit of the Participants will be dealt with in the light of VPS Rules, 2005 and Trust Deed.

13. Validity of the Terms of the Income Payment Plan

Should there be any changes in the Income Tax Ordinance or due to any directive given by the Commission under the Voluntary Pension System Rules in respect of the Income Payment Plan, the Pension Fund Manager may vary the benefits and conditions as directed by the Commission. Notice in writing of any such variation shall be sent to last address of the individual recorded by the Pension Fund Manager.

14. Approval

The Income Payment Plan of MCB Investment Management Limited has been ap- proved by the Commission.

However, it must be distinctly understood that such Approval or authorisation neither implies official recommendation by the Commission to contribute into the Pension Fund nor does the Commission take any responsibility for the financial soundness of the Income Payment Plan offered by MCB Investment Management Limited.

15. Risk disclosure

- The Sub-Fund(s) target return cannot be guaranteed. The portfolio of the Sub- Fund(s) is subject to market fluctuations and risk inherent in all such investments. It should be noted that the value/price of Units of the Sub-Funds can fall
  \as well as rise.
- Income drawdown will reduce the size of accumulated balance and the investment growth may not be sufficient to maintain the level of income. The level of income taken out may need to be reviewed if the balance amount becomes too small.
- Investment performance may be lower than the assumptions made.
- The income received may be lower or higher than the amount that could have been received from an annuity, depending on the performance of investments.
- As annuity rates can change substantially and rapidly, there is no guarantee that at the time of purchasing an annuity, the rates will be favorable.
- The Units of Sub-Funds 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 Pension Fund Manager, or any other bank or financial institution.

Conversely, purchasing a life annuity at retirement is advised in the following circumstances:

- The retiree expects to live longer than the average life expectancy assumed in annuity prices.
- The retiree is of the view that interest rates would fall in future.

Annexure 'Y'

29. Introduction

At the retirement age, the participants under the Voluntary Pension System have the option to buy an Approved Annuity Plan from a life insurance company or an Approved Income Payment Plan from a Pension Fund Manager.

Income Payment Plan II which is also known as Income Drawdown Plan II provides an option to the participant to defer purchasing an annuity (an income for life) until several years into retirement. The Plan allows receiving a regular income from the accumulated balance in the Individual Pension Account over the term decided by the participant while it stays invested with the Pension Fund Manager.

1. Options at retirement

When the Participant decides on his retirement age which can be any date between sixty and seventy years, the Participant is required to inform the Pension FundManager, the chosen date of retirement by completing the prescribed RetirementOption Form and submitting it at the Authorized Branch or office of the Distribution Companies at least thirty days before the chosen date of Retirement.

Participants have the following options:

(a) Withdraw up to 50% of the amount in his/her Individual Pension Account as cash, without being charged for tax on this amount

(b) Use the remaining amount to purchase an Approved Annuity Plan from a life insurance company of his/her choice; or,

(c) to enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments for up to fifteen years following the date of retirement, according to an income payment plan, approved by the Commission.

The scheme provides every Participant an option to withdraw as tax-free lump-sum up to 50% of the balance in the Individual Pension Account. However, the more cash is withdrawn as tax-free lump-sum, the lesser pension shall be available for the Income Payment Plan II on retirement and vice versa. Further, it is not necessarily that every Participant needs full 50% of cash lump-sum at retirement. Lower the amount of lump-sum withdrawn, higher will be the pension payments. Furthermore the tax rate applicable on pension payment is likely to be lower than the tax rate on full income prior to retirement.

2. Eligibility

A Participant would be eligible to opt for an Income Payment Plan II, at any time, after achieving the retirement age, as referred in clause (c) of Para 1 above.

However, the participant cannot opt for the Income Payment Plan II if he/she has already purchased an Approved Annuity Plan from a life insurance company.

Further, Participant(s) from Income Payment Plan I can switch to Income Payment Plan II and vice versa at anytime.

3. Features and Mechanics of the Income Payment Plan II

When the Participant decides to start taking pension benefits, the Participant first decides whether he/she wants to take a tax free cash sum. If the Participant decides to withdraw tax free cash, the sum of cash is transferred to the respective bank account of the Participant and the balance will be invested according to the investor's desiredrisk exposure, within the prescribed allocation limits. The allocations available underthe plan are:

	PPF Equity Sub-Fund	**PPF Debt Sub-Fund**	**PPF Money Market Sub- Fund**
Between 1 to 15 Years	0% to 100%	0% to 100%	0% to 100%
1-9 years	10%	35%	55%
10-12 years	5%	25%	70%
13-15 years	0%	20%	80%
MCBIM RECOMMENDED PLAN	**PPF Equity Sub- Fund**	**PPF Debt Sub-Fund**	**PPF Money Market Sub- Fund**

For payment of current monthly pensions; the Draw Down Plan II allows the Participant(s) to choose monthly pensions, at the time of entering into the Draw Down Plan II, according to their requirements by selecting from below mentioned choices and subject to the below mentioned conditions;

CHOICES:

A. Amount of monthly Profit earned on balance amount(s) invested in Sub-Funds i-e Equity Sub-Fund and/ or Debt Sub-Fund and/ or Money Market Sub-Fund.
B. Monthly fix amount in Rupees, which may or may not include the monthly profit amount.
C. Opt for one or two Sub-funds for growth in capital and select one or two Sub-Funds for getting monthly installments through monthly profit (choice A) and may also fix monthly pensions (Choice B) or the combination thereof.

I. Income Payment Plan II shall be for a minimum of 5 years period and maximum of 15 years period time.
II. Participant(s) shall select one choice out of three choices available at the time of entering into the Income Payment Plan II.
III. Monthly fix amount shall not be more than 90% of the amount invested divide by number of months of Income Payment Plan II.
IV. Participant(s) may change allocation in Sub-Funds i-e Equity Sub-Fund and/ or Debt Sub- Fund and/ or Money Market Sub-Fund at any time at her/ his will.

4. Payment of Pension

Drawing from the Income Payment Plan II will commence after completing one month in the Plan. The payment will be made on the 25^{th} day of every month, (or the first working day following that in the event the 25^{th} is not a business day). MCBIM will issue the instructions to the Trustee to credit the amount to the Participants designated banker.

5. Investment Policy

Investment in sub-funds will be made in accordance with the Investment Policy prescribed by the Commission from time to time.

6. Fees and Charges

Fees and Charges will be charged in line with the provisions of the Trust Deed. The Commission may review the fees specified from time to time and any change shall also be applicable to the Income Payment Plan II.

7. Death of the participant

In case of death of a participant before the completion of the Income Payment Plan II, all the units of the sub-funds shall be redeemed at the net asset value notified at close of the day of intimation of death and the amount due shall be credited to his Individual Pension Account, which shall earn the applicable profit rate for such deposits.

The total amount in the Individual Pension Account of the deceased participant shall be divided among the nominated survivors according to the percentages specified in the nomination deed and each of the nominated survivor shall then have the following options, namely :-

(a) withdraw his share of the amount subject to the conditions laid down in the Income Tax Ordinance 2001 (XLIX of 2001);

(b) transfer his share of the amount into his existing or new individual pension account to be opened with the Pension Fund Manager, according to VPS Rules;

(c) use his share of the amount to purchase an annuity on his life from a Life Insurance Company, only if the age of the survivor is fifty- five years or more;

(d) use his share of the amount to purchase a deferred annuity on his life from a Life Insurance Company to commence at age fifty- five years or later.

8. Nominee

The individual participant may designate and also change the Nominee under the Income Payment Plan II. In registering a nomination, the Pension Fund Manager does not accept any responsibility as to its validity, legal effect or meaning.

9. Term of the Income Payment Plan II

There is no maximum term for the Income Payment Plan II as long as the plan terminates at or before completion of 15 years after retirement age, at which point the individual has to purchase an annuity or withdraw the funds after paying tax on them. Plan must however be of at least one complete year.

10. Transfer of Funds under Income Payment Plan II

The Participants have the options during the tenure of the Income Payment Plan II to transfer the balance to another Pension Fund Manager or life insurance company to purchase an Approved Income Payment Plan or an Approved Annuity Plan respectively. No fee will be charged to participants in case of incoming transfers into the Income Payment Plan II.

11. Winding Up

In the event of winding up of the Pakistan Pension Fund the units standing to the credit of the Participants will be dealt with in the light of VPS Rules, 2005 and Trust Deed.

12. Validity of the Terms of the Income Payment Plan II

Should there be any changes in the Income Tax Ordinance or due to any directive given by the Commission under the Voluntary Pension System Rules, 2005 in respect of the Income Payment Plan II, the Pension Fund Manager may vary the benefits and conditions as directed by the Commission. Notice in writing of any such variation shall be sent to last address of the individual(s) records by the Pension Fund Manager.

13. Approval

The Income Payment Plan II of MCB Investment Management Limited has been approved by the Commission vide letter# 09(1)SEC/SCD/PW-AHIL-01/28 dated 25th March, 2015

However, it must be distinctly understood that such Approval or authorization neither implies official recommendation by the Commission to contribute into the Pension Fund nor does the Commission take any responsibility for the financial soundness of the Income Payment Plan II offered by MCB Investment Management Limited.

14. Risk disclosure

A. The Sub-Fund(s) target return cannot be guaranteed. The portfolio of the Sub Fund(s) is subject to market fluctuations and risk inherent in all such investments. It should be notedthat the value/price of Units of the Sub-Funds can fall as well as rise.

Investment performance may be lower than the assumptions made.

The income received may be lower or higher than the amount that could have been received from an annuity, depending on the performance of investments.

As annuity rates can change substantially and rapidly, there is no guarantee that at the time of purchasing an annuity, the rates will be favourable.

The Units of Sub-Funds 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 Pension Fund Manager, or any other bank or financial institution.

Conversely, purchasing a life annuity at retirement is advised in the following circumstances:

The retiree expects to live longer than the average life expectancy assumed in annuity prices.

The retiree is of the view that interest rates would fall in future.

B. Income Payment Plan II avoids purchasing an annuity until the tenure of the Income Draw Down Plan II, which is fifteen years from the date of retirement or such other age which the Voluntary Pension System Rules,2005 allows from time to time ,by leaving accumulated balance invested in a range of assets. Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub-Funds consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments and the value of Units of the Sub-Funds can fall as well as rise. It should also be noted that future annuity rates could be lower or higher than those available today, Income Payment Plan II maintains the risk on the investor as opposed to a traditional pension annuity where the investment risk is taken on by the insurance company offering the annuity. The participants should read the Replacement Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax adviser before opting for the Income Payment Plan II.