

**Risk Disclaimer: All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2.1.1, Risk Factors mentioned in clause 2.5 , Taxation Policies mentioned in Clause 7 and Warnings in Clause 9 before making any investment decision.**

## **OFFERING DOCUMENT OF**

### **PAKISTAN SARMAYA MEHFOOZ FUND**

**(Capital Protected Open End Scheme)**

**MANAGED BY**

**MCB ARIF HABIB SAVINGS AND INVESTMENTS  
LIMITED**

CLAUSE	TABLE OF CONTENTS	PAGE NO.
<b>1.</b>	<b>CONSTITUTION OF THE SCHEME</b>	<b>4</b>
1.1	Constitution	4
1.2	Trust Deed (the “Deed”)	4
1.3	Modification of Trust Deed	5
1.4	Maturity	5
1.5	Trust property	5
1.6	Initial Offer and Initial Period	5
1.7	Transaction in Units after Initial Offering Period	5
1.8	Offering Document	6
1.9	Modification of Offering Document	6
1.10	Responsibility of the Management Company for information given in this Document	6
<b>2.</b>	<b>INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER</b>	<b>6</b>
2.1	Investment Objective -	6
2.2	Gap Event	9
2.3	Changes in Investment Policy	10
2.4	Investment Restrictions	10
2.5	Risk Disclosure	13
2.6	Disclaimer	15
<b>3.</b>	<b>OPERATORS AND PRINCIPALS</b>	<b>15</b>
3.1	Management Company	15
3.2	Board of Directors of the Management Company -	16
3.3	Existing Schemes under Management and their performance -	23
3.4	Role and Responsibilities of the Management Company	28
3.5	Maintenance of Unit Holders Register	30
3.6	Role of the Trustee	30
3.7	Transfer Agent	32
3.8	Custodian	32
3.9	Distributors/Facilitators	33
3.10	Auditors -	33
3.11	Legal Advisors	34
3.12	Bankers	34
3.13	Rating of the Scheme	35
<b>4.</b>	<b>CHARACTERISTICS OF UNITS</b>	<b>35</b>
4.1	Units	35
4.2	Classes of Units -	35
4.3	Purchase and Redemption of Units	35
4.4	Procedure for Purchase of Units	36
4.5	Procedure for Redemption of Units	40
4.6	Purchase (Public Offer) and Redemption (Repurchase) of Units outside Pakistan	42
4.7	Determination of Redemption (Repurchase) Price	43
4.8	Procedure for Requesting Change in Unit Holder Particulars	43
4.9	Procedure for Pledge / Lien / Charge of Units	45
4.10	Temporary Change in Method of Dealing, Suspension of Dealing and Queue System	46
<b>5.</b>	<b>DISTRIBUTION POLICY</b>	<b>48</b>
5.1	Declaration of Dividend	48
5.2	Determination of Distributable Income	48

5.3	Reinvestment of Dividend	48
5.4	Bonus Units	49
5.5	Encashment of Bonus Units	49
5.6	Closure of Register	49
<b>6.</b>	<b>FEE AND CHARGES</b>	<b>49</b>
6.1	Fees and Charges Payable by an Investor	49
6.2	Fees and Charges Payable by the Fund	50
6.3	Formation Costs	51
6.4	Other costs and expenses	51
<b>7.</b>	<b>TAXATION</b>	<b>52</b>
7.1	Taxation on the Income of the Fund	52
7.2	Withholding tax	52
7.3	Zakat on Fund	52
7.4	Taxation and Zakat on Unit Holders	53
7.5	Disclaimer	53
<b>8.</b>	<b>REPORTS TO UNIT HOLDERS</b>	<b>53</b>
8.1	Account Statement	53
8.2	Financial Reporting	54
8.3	Trustee Report	54
8.4	Fund Manager Report	54
<b>9.</b>	<b>WARNING AND DISCLAIMER</b>	<b>55</b>
9.1	Warning	55
9.2	Disclaimer	55
<b>10.</b>	<b>GENERAL INFORMATION</b>	<b>55</b>
10.1	Accounting Period / Financial Year of the Fund	55
10.2	Inspection of Constitutive Documents	55
10.3	Transfer of Management Rights of the Fund	55
10.4	Extinguishment/Revocation of the Fund	56
10.5	Procedure and manner of Revocation of the Fund	57
10.6	Distribution of proceeds on Revocation	57
<b>11.</b>	<b>GLOSSARY</b>	<b>58</b>

**OFFERING DOCUMENT OF  
PAKISTAN SARMAAYA MEHFOOZ FUND  
PAK.SMF (Capital Protected Scheme)**

**MANAGED BY**

**MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED**

**[An Asset Management Company Registered under the Non-Banking Finance Companies  
(Establishment and Regulation) Rules, 2003]**

**Date of Publication of Offering Document Dated November 29, 2014**

**Initial Offering Period from December 8, 2014 to December 12, 2014 (both days inclusive)**

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The **Pakistan Sarmaya Mehfooz Fund** (the Fund/the Scheme/the Trust/the Unit Trust/PAK.SMF) has been established through a Trust Deed (the Deed) dated 21 July, 2014 under the Trust Act, 1882 entered into and between **MCB Arif Habib Savings and Investments Limited**, the Management Company, and **Central Depository Company Limited**, the Trustee..

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**REGULATORY APPROVAL AND CONSENT**

**Approval of the Securities and Exchange Commission of Pakistan**

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of **Pakistan Sarmaya Mehfooz Fund** has registered PAK.SMF as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (“Regulations”) vide letter No.SCD/AMCW/Pak.SMF/61/2014 dated 13 August, 2014. SECP has approved this Offering Document, under the Regulations vide No.SCD/AMCW/MCBAHSIL/PAKSMF/142/2014 dated November 6, 2014.

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

**Offering Document**

This Offering Document sets out the arrangements covering the basic structure of the **Pakistan Sarmaya Mehfooz Fund** (the “Fund”, the “Scheme”). It sets forth information about the Fund that a prospective investor should know before investing in any class of Unit of the Fund. The provisions of the Trust Deed, the Rules, the Regulations, circulars, directives etc as specified hereafter govern this Offering Document.

If prospective investor has any doubt about the contents of this Offering Document, he/she/it should consult one or more from amongst their investment advisers, legal advisers, bank managers, stockbrokers, or financial advisers **to seek independent professional advice.**

**Investors must recognize that the investments involve varying levels of risk. The portfolio of the Fund consists of investments, listed as well as unlisted (other than equity funds) that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is, or can be, assured. Investors are requested to read the Risk Disclosure and Warnings statement contained in Clause 2.5 and Clause 9 respectively in this Offering Document.**

## **Filing of the Offering Document**

The Management Company has filed a copy of the Offering Document signed by the Chief Executive along with the Trust Deed with SECP. Copies of the following documents can be inspected at the registered office of the Management Company or the place of business of the Trustee:

- (1) License No. AMCW/18/MCB-AHSIL/AMS/11/2013 and AMCW/19/MCB-AHSIL/IA/08/2013 dated 02 September, 2013 granted by SECP to **MCB-Arif Habib Savings and Investments Limited** to carry out Asset Management Services and Investment Advisor;
- (2) SECP's Letter No. SCD/AMCW/Pak.SMF/18/2014- a dated July 11, 2014 approving the appointment of **Central Depository Company Limited** as the Trustee of the Fund;
- (3) Trust Deed (the Deed) of the Fund; dated July 11, 2014 approved by SECP vide letter # SCD/AMCW/Pak.SMF/17/2014
- (4) SECP's Letter No. No.SCD/AMCW/Pak.SMF/61/2014 dated 13 August, 2014 - registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (5) Letters No. MCB-AH-60/1011/14/429 dated September 11, 2014 from **Bawaney & Partners**, Legal Advisers of the Fund , consenting to act as adviser;
- (6) Letters No. \_PASM/1016 dated \_July 11 ,2014 from M. Yousuf Adil Saleem & Co., Chartered Accountants, Auditors of the Fund , consenting to the issue of statements and reports;
- (7) SECP's letter No. AMCW/MCBAHSIL/PAKSMF/142/2014 dated November 06, 2014 approving this Offering Document.

## **1. CONSTITUTION OF THE SCHEME**

### **1.1 Constitution**

The Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on **21 July, 2014** between:

**MCB Arif Habib Savings and Investments Limited**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 and licensed by SECP to undertake asset management services, with its principal place of business at **8<sup>th</sup> Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi**, as the Management Company;

And

**Central Depository Company Limited Trustee** incorporated in Pakistan under the Companies Ordinance, 1984, and registered by SECP to act as a Trustee of the Collective Investment Scheme, having its registered office at CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi, as the Trustee.

### **1.2 Trust Deed (the "Deed")**

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and

Notified Entities Regulations, 2008, Securities and Exchange Ordinance 1969, Companies Ordinance 1984 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

### **1.3 Modification of Trust Deed**

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed(s) to modify, alter or add to the provisions of the Deed to such extent as may be required to ensure compliance with any applicable laws, Rules and Regulations.

Where the Deed has been altered or supplemented, the Management Company shall duly notify to the Unit Holders and posted on their official website.

### **1.4 Maturity**

The Fund will mature on 12 December, 2016. However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations prior to its maturity. The duration of the fund will be of 2 years starting from close of Initial Offering Period.

### **1.5 Trust property**

The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs and any applicable Sales Load, shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed and the Contingent Load but does not include any amount payable to the Unit Holders as distribution. However any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Trust Property.

### **1.6 Initial Offer and Initial Period**

Initial Offer is made during the Initial Period which will be 5 Business Days and begins at the start of the banking hours on **December 8, 2014** and shall end at the close of the banking hours on **December 12, 2014**. During the Initial Offering period, the Units shall be issued at the Initial Price of **Rs.100** per Unit.

### **1.7 Transaction in Units after Initial Offering Period**

After the Initial Offer Period, the issue of Units will be discontinued; the Units can then be redeemed at the Redemption Price, which shall be calculated on the basis of NAV on each Dealing Day. However, subject to prior approval of the Commission and at the discretion of Management Company the Units may be issued after the Initial Period at Offer Price calculated on the basis of NAV on each dealing day. Except for circumstances elaborated in [Clause 4.10.5 & 10.4](#) of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Dealing Day.

## **1.8 Offering Document**

The provisions of the Trust Deed, the Rules, the Regulations, circulars and the Directive issued by the Commission govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in any Unit. Prospective investors in their own interest are advised to carefully read this Offering Document to understand the Investment Policy, Risk Factors and Warning and Disclaimer and should also consult their legal, financial and/or other professional adviser before investing.

## **1.9 Modification of Offering Document**

This Offering Document will be updated to take account of any relevant material changes relating to the Fund. Such changes shall be subject to prior consent of the Trustee and approval from the Securities and Exchange Commission of Pakistan (SECP) and shall be circulated to all Unit Holders and/ or publicly notified by advertisements in the newspapers subject to the provisions of the Rules and the Regulations and duly posted on official website of the Management Company.

## **1.10 Responsibility of the Management Company for information given in this Document**

Management Company accepts the responsibility for the information contained in this Offering Document as being accurate at the date of its publication.

## **2. INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER**

### **2.1 Investment Objective -**

The objective of Pakistan Sarmaya Mehfooz Fund is to earn a return higher than short-term bank deposits and government securities while providing capital protection upon maturity of the Fund.

#### **2.1.1 Investment Policy -**

**Pakistan Sarmaya Mehfooz Fund**, in line with its Investment Objectives, will invest in Authorized Investments.

#### **Benchmark -**

The Benchmark for the Fund shall be the Weighted Average Daily Return of KSE-30 Total Return Index, Three (3) Month Deposit Rate of Double A minus (AA-) and above rated Banks and PIB's yields of appropriate maturity as measured by PKRV rates (bid-side), based on the Fund's actual Proportion invested in equities, cash and bank deposits, and PIB's, measured on a monthly basis.

**Authorized Investments -** Government Securities, Bank Deposit / TDR's and Equity Securities.

<b>Authorised Investments</b>	<b>Allocation (Min % - Max %)</b>
Listed Equities	0% - 50%
Cash & Bank Deposits	Combined Minimum/Maximum for Cash, Bank Deposit and Government Securities:
Government Securities (PIB's and/or T-Bills)	

### **Capital protection**

**“Capital Protection Segment”** means investing a portion of the assets of the Fund in Income Component through term deposit with banks having at least AA- (double A minus) rating or above and other portion of the Fund through Equity Component to make investment in listed shares. In addition, in case of Income Component, the Fund may also consider investing PIB’s of maturity that is close to the maturity of the Fund. However, where the bond floor hits in case of Equity Component portion, the entire equity in Equity Component would be moved to Income Component for Capital Protection and shall be held in Income Component till maturity of the Fund.

- (a) Capital protection to be provided to the unit holders(s) through the Investment structure of the Fund mentioned below in the Investment Policy.
- (b) The Management Company accepts the responsibility to provide capital protection at the end of the life of fund if investment policy fails to provide such protection provided a unit holders holds its investment till maturity.
- (b) Capital protection means that the Net Realizable Value of investment that shall not fall below the Initial Investment Value, provided the investment is held till maturity of the Fund as per the terms specified in this Offering Document. The Capital protection period shall begin from the commencement of the Life of the Fund.
- (c) As explained in Clause 11.19, the entire Equity Component of the Fund shall be invested in Income Component of the Fund only on an occurrence of the Bond Floor.
- (e) Capital protection shall not be valid if Units of the Fund are redeemed before completion of the Duration of the Fund and a Back End Load and Contingent Load shall be charged.
- (f) Any redemption of units during the Life of the Fund on a specified date would be based on the NAV of the Fund on the day it is received within the cut-off time, as specified in Annexure B and the Capital Protection does not apply to such units. .
- (g) The capital of the fund is protected only in terms of the base currency i.e. the Pakistani rupee. In addition, Capital protection is only valid in terms of the current tax and legal environment of Pakistan and is subject to force majeure factors.
- (h) Capital protection is also not valid in case fund is terminated before the maturity date.
- (i) The Fund shall be closed for new subscriptions after the close of the Initial Offering Period.
- (j) The Fund may be re-opened from time to time as and when determined by the Management Company with the prior approval of the Commission and after providing notice to the Trustee and investors in order to protect the interests of the Unit Holders of the Fund. The Management Company shall comply with the terms of approval specified by Commission, to protect the interest of Unit Holders.
- (k) Investments of the proceeds from subsequent investments will be eligible for Capital protection.

**Investment Policy:**

- The Fund will be primarily investing in Equities (i.e. the Equity Component); while a combination of bank deposit and government securities will be used to take fixed-income exposure (i.e. the Income Component) with a view to providing capital protection.



- The dynamic asset allocation is aimed at providing higher returns through participation in Equities while aiming to protect downside risk of principal erosion through participation in fixed-income instruments.
- The initial asset allocation of the Fund, as per the capital protection model; is expected to be between (35%) thirty five percent to (50%) fifty percent in Equity Component while rest will be invested in (Government Securities and TDR's). Equity-Fixed income allocations shall be based on the equity market outlook, interest rates scenario and professional judgment of Investment Committee. However, the bond floor mechanism shall remain active to ensure capital protection in case of sharp drop in equities. The Management Company may at its discretion invest the equity component in any of the Authorized Investments.
- The Management Company, from time to time at its discretion may lock-in certain percentage of the profits (if any) from the Equity Component by realizing profits. The profits realized in this manner, shall be used by increasing the allocation to the Income Component.
- Capital Protection Model shall incorporate the market value of all underlying securities and Net Assets of the fund at the end of each business day to calculate the Bond Floor at the end of each business day and share the same with the Trustee on daily basis.
- Bond Floor is calculated by pricing the government security having maturity of the closest possible to the life of the fund on PKRV rates provided by Financial Market Association of Pakistan (FMA).
- If on any Business Day, or in case of a non-Business Day, the next immediate Business day, the fund value falls to a level that it triggers the Bond Floor, the entire Equity Component will be allocated to the Income Component portion of Capital Protection Segment, within (3) three Business Days following the date of occurrence of the aforementioned event(s), so as to ensure Capital Protection to those Unit Holders who have held their investments till completion of the duration of Fund.
- The Capital Protection Segment will be invested in Government Securities of maturity matching or approximately matching the remaining duration of the fund, cash at bank, or a combination of the aforementioned asset classes that will potentially yield a return required to provide Capital Protection to the Unit-Holders at completion of the duration of Fund.
- The maximum maturity of the government securities to be purchased for the Capital Protection Segment will be the closest possible to the life of the fund.
- Subsequent to occurrence of the bond event(s), there shall be no further allocation to the Equity Component till the remaining Life of the Fund.
- Risk Control in the Investment Process
  - I. In the line with the Investment Objective of PAK.SMF, the Investment Committee shall seek to maximize returns and preserve the Initial Investment through careful assessment of prevailing market risk (s), credit risk, and macro-economic risk.
  - II. Furthermore the exposure to the Equity Component under the Authorized Investments shall be determined by the Investment Committee view on the macro economic scenario, equity market performance, and prevailing market risks thereof. The Management Company may, at its discretion, change the allocation to the Equity Component from time to time based on the prevailing market conditions.

## **2.2 Gap Event**

- 2.2.1 The Management Company shall cover the Gap Risk of the Initial Fund Size (adjusted for redemptions, if any, during the Life of the Fund, and inclusive of any Front-end Load) up to a maximum limit of (5%) Five Percent of the total subscription amount. For a brief profile of the Management Company, please refer to Clause 3.1
- 2.2.2 This arrangement is endorsed through a Gap Risk Coverage agreement which has been signed between the Management Company i.e. MCB-AH and the Trustee i.e. Central Depository Company of Pakistan Limited (CDC) that is acting on behalf of the Unit Holders.

The salient terms of the Gap Risk Coverage agreement are as follows:

- (i) The Management Company shall pledge any of the following investment issued in its name, with five percent (5%) of the total subscription amount, in favor of the trustee of the Fund:
  - A) Units of Money Market Market Fund; or
  - B) Units of Income Fund Invested not less than 70% in Government Securities; or
  - C) Pakistan Investment Bonds/Treasury bills
- (ii) A daily MIS from the Management Company will be provided to the Trustee specifying daily position of the Fund Portfolio Value as against the Bond Floor.
- (iii) On the occurrence of a Gap Event, the Trustee of the Fund shall be authorized to redeem/sell the pledged units of the low risk Money Market CIS invested in Government Securities not less than 70% or Pakistan Investment Bonds, equivalent to an amount by which the Portfolio Value falls below the Bond Floor, and shall contribute it to the portfolio of the Fund to cover for the Gap Event.
- (iv) Such contribution shall be made by the Trustee for the benefit of the Unit holders of the Fund latest within three (3) Business Days from the date of occurrence of the Gap Event.
- (v) The Gap Risk Coverage shall expire either at the Maturity Date (i.e. at the completion of the duration of fund) or subsequent to exercising the Gap Risk Coverage when the entire Net Assets of the Fund are invested in the Capital Protection Segment, whichever is earlier and in relation to a specific Unit holder, on exercise of the redemption option by the Unit holder before the close of the Life of the Fund subject to the terms and conditions under the constitutive documents of the Fund. Thereafter the investment of MCBAH pledged under this clause with the Trustee shall be released.
- (vi) The Gap Risk Coverage shall be a continuing unconditional obligation of the Management Company for the purpose of securing all amounts payable to the Fund in accordance with the terms of the Gap Risk Coverage Agreement and the constitutive documents

### **2.2.3 Management Company Can Alter Investment Mix**

The Management Company can from time to time alter the weightings, subject to the specified limits as per [Clause 2.1.1](#) above, between the various types of investments if it is of the view that market conditions so warrant. The Funds not invested in the foregoing avenues shall be placed as deposit with scheduled banks.

### **2.3 Changes in Investment Policy**

The investment policy will be governed by the Regulations and/or SECP directives. Any Fundamental change in the Investment Policy will be implemented only after obtaining prior approval from SECP and giving 90 days prior notice to the Unit Holders as specified in the regulation.

### **2.4 Investment Restrictions**

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.
- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

Transactions relating to money market instruments and debt securities do not fall under this clause.

- (c) The Management Company on behalf of the Scheme shall not:
  - i. Purchase or sell -
    - a. Bearer securities;
    - b. Securities on margin;
    - c. Real estate, commodities or commodity contracts;
    - d. Securities which result in assumption of unlimited liability (actual or contingent);
    - e. Anything other than Authorized Investments as defined herein;
  - ii. Participate in a joint account with others in any transaction;
  - iii. Affect a short sale in a security whether listed or unlisted;
  - iv. Purchase any security in a forward contract,
  - v. Take Exposure in any other Collective Investment Scheme.
  - vi. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;

- vii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- viii. invest in securities of the Management Company.
- ix. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission.
- x. apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xi. sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
- xii. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
- xiii. invest the subscription money until the closure of initial offering period.
- xiv. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xv. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xvi. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xvii. accept deposits.
- xviii. make a loan or advance money to any person from the assets of the Scheme.
- xix. take exposure of more than 35% of net assets of the scheme in any single group and 10% of net assets of scheme in listed group companies of Management Company and such exposure shall only be made through secondary market.
- xx. Take exposure in securities of any one sector as per classification of the Stock Exchange of more than thirty percent (30%) of the Fund's Net Assets or index weight of the sector, whichever is higher, subject to the limit of thirty-five percent (35%) of the Fund's Net Assets.
- xxi. Exposure of a Collective Investment Scheme to any single entity shall not exceed an amount equal to ten per cent of total net assets of the collective investment scheme, subject to the condition:  
Exposure to equity securities of a company shall not exceed ten percent of the issued capital of that company;  
[Provided that subject to the condition prescribed above the exposure of an the Scheme to any single entity shall not exceed an amount equal to ten per cent of the net assets of the Scheme or the index weight of the security subject to the limit of fifteen percent, whichever is higher.]
- xxii. Place funds with any NBFC and Modaraba
- xxiii. Rating of any bank with which Funds are placed shall not be lower than 'AA-'.

Provided that the above percentages mentioned in sub-clauses XIX, XX and XXI (Sector Limit,

Group Limit and Entity Limit) shall not apply to the asset of the scheme placed with a bank for Capital Protection.

- (d) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.

#### **Exemption to Investment Restrictions**

In order to protect the right of the Unit Holders, the Management Company may take an Exposure in any unauthorized investment due to recovery of any default proceeding of any counter party of any Authorized Investment with the approval of the Commission.

#### **2.4.1 Financing Arrangements**

- (a) Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange borrowing for account of the Scheme, with the approval of the Trustee, from Banks, Financial Institutions, or such other companies as specified by the Commission from time to time. The borrowing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such borrowing shall not exceed fifteen (15) percent of the net Assets or such other limit as specified by the Commission of the scheme at the time of borrowing . -

If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

- (b) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financings from banks, financial institutions and non-banking finance companies. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such financings.
- (c) For the purposes of securing any such borrowing, the Trustee may on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and/or any law for the time being in force.
- (d) Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.

#### **2.4.2 Restriction of Transactions with Connected Persons**

- (a) The Management Company in relation to the Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively subject to exemption provided in the Regulations.

- (b) The Management Company on behalf of the Scheme shall not without the approval of its Board of Directors in writing and consent of the Trustee, purchase or sell any security from or to any Connected Person or employee of the Management Company.
- (c) Provided that above shall not be applicable on sale or redemptions of Units.
- (d) All transactions carried out by or on behalf of the Scheme with connected person(s) shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual reports.

## **2.5 Risk Disclosure**

Investors must realize that all investments in mutual Funds and securities are subject to market risks. Our target return / dividend range 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** - 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.
- (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 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.
- (3) **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;
- (4) **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.
- (5) **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.
- (6) **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.
- (7) **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.

**(8) 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.

**(9) 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.

#### **Scheme Specific Risks**

- I. **Mismatch Risk** – This risk pertains to the event where in case of a Bond Event there is no risk free instrument available for the Fund to invest in that offers the same yield, or same maturity as required for Capital Protection at maturity.
- II. **Gap Risk** – This risk pertains to the Gap event where the Portfolio Value falls below the Bond Floor of the capital protection amount required at maturity.
- III. The performance of the Fund may be affected by changes in risk associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- IV. Unit-holders are not being offered any guaranteed returns.
- V. As the allocation of portfolio changes from equity component to full income component consequent to steep fall in equity markets which results in fall in Portfolio Value below the Bond Floor of the capital protection amount required at maturity, there may be no participation in subsequent upward movement in the equity component while the Fund remains invested entirely in the income component and as a result the fund would not get upside of equity market once the Bond Floor hit.
- VI. **Inflation risk** - The investment into units of the fund is subject to inflation risk due to the possibility of such investment not growing proportionately to the inflation rate and thus decreasing the investor's purchasing power even though the investment in monetary terms has increased.
- VII. **Early termination risk** - If the Fund for any reasons as determined by the Management Company, is terminated, the NAV of the Fund will be subject to fluctuations in the value of the Fund's assets. The Net Asset Value, in this case, may be lower or higher than the Initial Investment Value. The Management Company will refund investors their investment in the Fund based on the NAV per unit without any redemption fee but less bank and administrative charges (if any).
- VIII. Break down of law and order, uncertain political & economic condition, war, terrorist activity, natural disasters and other activities of this type.
- IX. 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;
- X. Break down of communication systems of the issuers, stock exchanges, clearing house, depository company, etc, or general disruption of satellite system;

- XI. Any government or court orders restraining payment of principal/capital and income; and
  - XII. Senior rights of some creditors over other creditors in the event of winding up.
- 2.5.1 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) and financial statements of the Scheme are available on the website of the Management Company and can be obtained by calling / writing to the Management Company.

## **2.6 Disclaimer**

The Units of the Trust are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by SECP, any Government agency, the Trustee (except to the extent specifically stated in this document and the Deed) or any of the shareholders of the Management Company or any other bank or financial institution.

## **3. OPERATORS AND PRINCIPALS**

### **3.1 Management Company**

#### **3.1.1 Organization -**

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

MCB-AH 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 Limited has been amalgamated with and into Arif Habib Investments Limited. Currently, MCB-AH is managing 12 open-ended Collective Investment Schemes and 2 Voluntary Pension Schemes. MCB-AH is also managing numerous separately managed accounts. The Assets Under Management (AUM) of MCB-AH as at October 31, 2014 is Rupees forty three (approx) billion (Rs. 43.035billion).



**Principle Shareholders -**

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
ABDUS SAMAD	1	4	0.00
MR. NASIM BEG	3	107,322	0.15
MIRZA MAHMOOD AHMAD (00028)	1	1,000	0.00
YASIR QADRI	1	1,200	0.00
HAROUN RASHID	1	500	0.00
SYED SALMAN ALI SHAH	1	500	0.00
MIAN MOHAMMAD MANSHA	1	500	0.00
AHMED JAHANGIR	1	500	0.00
<b>Associated Companies, undertakings and related parties</b>			
MCB BANK LIMITED - TREASURY	1	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	1	21,664,167	30.09
ADAMJEE INSURANCE COMPANY LIMITED	1	3,396,340	4.72
<b>Public Sector Companies and Corporations</b>	1	70	0.00
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	2	546,470	0.76
<b>Mutual Funds</b>			
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	900,000	1.25
<b>General Public</b>			
a. Local	1054	4,090,437	5.68
b. Foreign	1	4	0.00
<b>Others</b>	16	4,334,218	6.02

**3.2 Board of Directors of the Management Company -**

Name	Address	Position	Other Directorships
Mian Mohammad Mansha	28-Mair Gulberg, Lahore.	Chairman	1. MCB Bank Limited 2. MCB Leasing Company, Azerbaijan. 3. Shalamar Medical & Dental College. 4- Foundation for advancement of Engineering Science & Advance Technologies 5- Commonwealth Business Council

Mr. Nasim Beg	F 61/6, Block 4, Clifton, Karachi	Executive Vice Chairman	<ul style="list-style-type: none"> <li>1- Pakarab Fertilizers Ltd.</li> <li>2- Summit Bank Ltd.</li> <li>3- Pakistan Private Equity Management Limited</li> <li>4- Arif Habib Corporation Ltd.</li> <li>5- Arif Habib REIT Mangt Ltd.</li> <li>6- Safe Mix Concrete Products Ltd.</li> <li>7- Thatta Cement Co. Ltd.</li> <li>8- Serendib Stockbrokers Pvt Ltd.</li> <li>9- Arif Habib Consultancy Pvt Ltd.</li> <li>10-Aisha Steel Mills Ltd.</li> <li>11-Power Cement Limited.</li> </ul>
Mr. Yasir Qadri	12/2, Gizri Avenue, Phase –IV DHA, Karachi	Chief Executive	Mutual Fund Association of Pakistan
Mr. Syed Salman Ali Shah	Askari Villas, House # 5, Opposite Polo Ground, Sarwar Road, Cantonment, Lahore	Director	Lahore Stock Exchange.
Mr. Haroun Rashid	A-15, Nisar Road, The Cantonment, Lahore	Director	<ul style="list-style-type: none"> <li>1. Pakistan Cables Ltd</li> <li>2. Heritage Developments.</li> <li>3. Rashid Poultry.</li> </ul>
Mr. Ahmed Jahangir	85-C, Model Town, Lahore	Director	No other Directorship.
Mr. Samad A. Habib	84/II, 10 Street, Khayban-E-Seher, Phase VI, DHA, Karachi	Director	<ul style="list-style-type: none"> <li>1. Javedan Corporation Ltd.</li> <li>2. Arif Habib Corporation Ltd.</li> <li>3. Arif Habib REIT Management Pvt Ltd.</li> <li>4. Arif Habib Real Estate Services Ltd.</li> <li>5. Arif Habib DMCC (Dubai).</li> <li>6. International Complex Projects Ltd.</li> <li>7. Pak Arab Fertilizer Ltd.</li> <li>8. Pakistan Private Equity Management Pvt Ltd.</li> <li>9. Rotocast Engineering Pvt. Ltd-NL</li> <li>10. Power Cement Ltd.</li> <li>11. Aisha Steel Mills Ltd.</li> <li>12. Real Estate Modarba Management Company Ltd.</li> <li>13. Arif Habib Equity (Pvt) Ltd.</li> <li>14. Nooriabad Spinning Mills Pvt Ltd.</li> <li>15. Serendib Stock Brokers (Pvt) Ltd.</li> </ul>

Mr. Mirza Mahmood Ahmad	House # 108, Block C, Model Town, Lahore.	Director	1. Pakistan Engineering Co. Ltd 2. Sui Southern Co. Ltd. 3. Sui Northern Gas Pipelines Ltd.
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### 3.2.1 Profile of the Board of Directors -

#### **Mian Mohammad Mansha, Chairman**

Mr. Mansha holds diverse and major business interests in Textile, Banking, Insurance, Cement, Power and Aviation. He is also serving as Chairman, Board of Directors of MCB Bank Limited. In 2004, he was presented with Pakistan's civil award, Sitara-e-Imtiaz, for his contributions to industrial development. He is a member of Board of Shalamar Medical & Dental College and also serves as a Director on Punjab Board of Investment & Trade (PBIT).

#### **Nasim Beg, Executive Vice Chairman**

Mr. Beg, a Fellow Member of the ICAP, is the Executive Vice Chairman of MCB-AH, an Asset Management Company that he conceived, set up and headed as Chief Executive till June 2011. He has over forty years of experience in the business world. Mr. Beg has served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its turn around and later served as the acting CEO for a few months. He has been associated on senior positions with other asset management & investment advisory companies and the automobile industry. He serves as a Director for several prestigious organizations.

#### **Yasir Qadri, Chief Executive Officer & Director**

Mr. Qadri has been associated with the Asset Management Industry for twelve years. He has served in his current role as CEO since October 2007 and played a driving role in the merger of MCB AMC with Arif Habib Investments. Prior to his current assignment, Mr. Qadri has served as Chief Executive Officer of MCB Asset Management. He also has a brief experience in marketing research and has played an important role in launching Socio-Economic Classifications as a common currency and standard in Pakistan.

He has served twice on the Board of Mutual Funds Association of Pakistan (MUFAP), while chaired the Sub-Committees on Public Awareness, Public Relations & Education, and for Debt Pricing, also he has served as a member on Council of the Pakistan Advertisers Society (PAS). He has also been a member of the Securities & Exchange Commission of Pakistan's (SECP) sub-committee on Voluntary Pension Schemes and subsequently Consultative Group for Capital Markets.

He earned his BBA and MBA degree from University of Central Oklahoma, USA.

#### **Dr. Salman Shah, Director**

Dr. Shah is the former caretaker Finance Minister of Pakistan. He has served as an Advisor to the Finance Minister, Mr. Shaukat Aziz on finance, economic affairs, statistics and revenues and also, served as an economic consultant to different Pakistani governments. He has several years of teaching experience at international and local universities. Dr. Shah has served as the Chairman of the Privatization Commission and was a member on the board of Directors of the State Bank of Pakistan, Pakistan International Airlines, and Lahore University of Management Sciences. He is associated with various international institutions and has published papers in journals of international repute.

An experienced academic and consultant, Dr. Shah holds a Ph.D. in Finance & Economics from Indiana University, Bloomington's Kelley School of Business Administration, USA.

**Haroun Rashid, Director**

Mr. Rashid besides holding this office also serves in senior positions of several prestigious organizations. He has vast international and local experience 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 and Union Bank Limited, Pakistan. He has also served as the Chairman of All Pakistan Solvent Extractors Association & Governor of Lahore General Hospital.

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

**Ahmed Jahangir, 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.

**Samad A. Habib, Director**

Mr. Habib is leading Javedan Corporation as Chief Executive of the company and also serving as the Director on the board of several other organizations. He has more than 14 years of experience, including 9 years of experience in the financial services industry at various senior level positions. He began his career with Arif Habib Corporation Limited as an Investment Analyst and served at various executive positions, subsequently he was appointed as the Director.

Mr. Habib has earned his Master's degree in Business Administration

**Mirza Mahmood Ahmad, Director**

Mr. Ahmad, a member of the Lahore High Court Bar Association and Punjab Bar Council, is an advocate at Lahore High Court and spearheads Minto & Mirza, Advocates & Solicitors as a partner. He is also, simultaneously making significant contribution as faculty member at Quaid-e-Azam Law College and has shared his experience and knowledge, as a lecturer at other well-known colleges. He has held the position of Senior Associate at Azmat Saeed & Co. and worked as an associate at Nisar Law Associates. He also serves the board of several companies & has enjoyed adding to his many accolades several research projects and publications.

Mr. Mahmood holds an LL.M. as "Cambridge Commonwealth Scholar" from Canterbury. He has also acquired an LL.B after completion of B.A. from The University of Punjab.

**Particulars of Chief Financial Officer & Company Secretary.**

**Mr. Muhammad Saqib Saleem**

**Chief Operating Officer & Company Secretary**

Mr. Saqib is an Associate member of the Institute of Chartered Accountants of Pakistan. He has over 13 years of working experience which includes over 9 years of post qualification experience with the leading institutions such as JS Investments Limited (formerly JS ABAMCO Limited), Habib Bank Limited and Atlas Asset Management Limited. Before joining the Company, Mr. Saleem was heading the Internal Audit Department of Atlas Asset Management Limited which includes Risk Management and Compliance. Mr. Saleem is serving as COO and Company Secretary. He has served couple of times as

member on the Professional Committees constituted by Mutual Fund Association of Pakistan

**Mr. Umair Ahmed**  
**Chief Financial Officer.**

An Associate Member of the Institute of Chartered Accountants of Pakistan, Mr. Ahmed started his career with M. Yousuf Adil Saleem & Co. Chartered Accountants (A member firm of Deloitte Touche Tohmatsu) where he gained versatile experience of auditing financial and non-financial business concerns in local and international markets. Mr. Ahmed has 6 years of post qualification experience including 5 years with MCB-Arif Habib Savings and Investments Limited (formerly: Arif Habib Investments Ltd.). Currently, he is the Chief Financial Officer and is responsible for overall financial affairs of Funds under management.

**3.2.2 Performance of Listed Associated Companies**

**MCB Bank Limited**

Rupees in Millions

Year Ended December	2013	2012	2011	2010	2009
Profit/(loss) before tax	32,288	32,054	31,483	26,253	23,155
Profit/(loss) after tax	21,495	20,941	19,425	16,873	15,495
Paid up Capital	10,118	9,199	8,362	7,602	6,911
Shareholders' Equity	97,271	88,157	78,915	69,180	61,076
Total Assets	815,508	765,899	653,233	567,553	509,224
Earning per share (Rs.)	21.24	22.77	21.12	18.34	16.85
Cash Dividend (%)	140.00%	130.00%	120.00%	115.00%	110.00%
Bonus (%)	10.00%	10.00%	10.00%	10.00%	10.00%

**Pak Arab Fertilizer Limited**

Rupees in million

Year Ended December	2013	2012	2011	2010	2009
Profit/(loss) before	(2,797)	(896)	6,311	4,696	5,182
Profit/(loss) after tax	(1825)	(240)	4,590	3,232	4,739
Paid up Capital	4,500	4,500	4,500	4,500	4,500
Shareholders' Equity	6,200	15,396	10,414	12,248	14,847
Total Assets	48,148	54,636	65,341	50,637	51,126
Earning/(Loss) per	(3.85)	(0.53)	10.20	7.18	10.53
Cash dividend (%)	-	-	-	-	-
Bonus (%)	-	-	-	-	-

**Arif Habib Corporation Limited**

Rupees in million

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before tax	1,514	3,994	3,148	3,732	(2,135)
Profit/(loss) after tax	1,366	4,254	2,840	3,798	(2,769)
Paid up Capital	4,538	4,125	3,750	3,750	3,750
Shareholders' Equity	24,685	24,245	21,112	19,784	16,135
Total Assets	29,970	30,070	25,684	23,388	21,919

Earning/ (Loss) per share (Rs.)	6.22	10.31	6.89	10.13	(7.38)
Cash Dividend (%)	25.00%	20.00%	20.00%	-	-
Bonus (%)	-	10.00%	10.00%	-	-

**Sui Northern Gas Pipelines Ltd.**

Rupees in Millions

Year Ended June	2012	2011	2010	2009	2008
Profit/(loss) before tax	4,741	1,688	3,880	1,730	3,981
Profit/(loss) after tax	3,044	1,125	2,555	931	2,497
Paid up Capital	5,766	5,491	5,491	5,491	5,491
Shareholders' Equity	21,224	18,729	18,702	16,148	15,000
Total Assets	173,326	138,731	139,237	122,551	97,648
Earning per share (Rs.)	5.28	2.05	4.65	1.69	4.55
Cash Dividend (%)	25.00%	10.00%	20.00%	-	-
Bonus (%)	10.00%	5.00%	-	-	10%

**Sui Southern Co. Ltd**

Rupees in Millions

Year Ended June	2012	2011	2010	2009	2008
Profit/(loss) before tax	4,087	5,520	7,013	417	2,382
Profit/(loss) after tax	2,581	4,724	4,399	257	991
Paid up Capital	8,809	8,390	6,712	6,712	6,712
Shareholders' Equity	18,249	17,775	14,072	9,684	10,000
Total Assets	173,460	140,163	110,760	100,554	71,703
Earning per share (Rs.)	2.93	5.36	6.55	0.38	1.48
Cash Dividend (%)	22.5%	25.00%	15.00%	-	-
Bonus (%)	-	5.00%	25.00%	-	-

**Pakistan Engineering Co. Ltd**

Rupees in Millions

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before tax	(153)	(152)	(58)	183	201
Profit/(loss) after tax	(83)	(100)	(31)	115	134
Paid Up Capital	57	57	57	57	57
Shareholders' Equity	(1,136)	(1,067)	(979)	(939)	(989)
Total Assets	9,586	6,024	6,288	6,137	6,017
Earning/ (Loss) per share	(14.61)	(17.56)	(5.38)	20.13	23.54
Cash Dividend (%)	-	-	-	100.00%	125.00%
Bonus (%)	-	-	-	-	-

**Pakistan Cables Limited**

Rupees in Millions

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before tax	266	241	147	52	102
Profit/(loss) after tax	177	140	86	46	64
Paid up Capital	285	285	285	215	215
Shareholders' Equity	1,550	1461	1374	719	718
Total Assets	3,592	3,679	3,808	3,641	3,008
Earning per share (Rs.)	6.22	4.92	3.34	2.12	2.98

Cash Dividend (%)	40.00%	32.50%	20.00%	15.00%	12.50%
Bonus per share (%)	-	-	-	-	-

**Summit Bank Ltd.**

Rupees in million

Year Ended December	2013	2012	2011	2010	2009
Profit/(loss) before tax	(1,386)	(2,499)	(3,208)	(3,875)	(2,286)
Profit/ (Loss) after tax	(1,813)	(2,717)	(1,209)	(3,018)	(2,067)
Paid up Capital	10,780	10,780	10,780	7,251	5,000
Shareholders' Equity	3,248	2,897	5,576	3,594	4,066
Total Assets	125,560	134,385	119,348	72,269	38,185
Earning/ (Loss) per share	(1.52)	(2.54)	(1.17)	(5.58)	(4.13)
Cash dividend (%)	-	-	-	-	-
Bonus (%)	-	-	-	-	-

**Aisha Steel Mills Limited**

Rupees in million

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before	(1,115)	(132)	(52)	(214)	(179)
Profit/(loss) after tax	(746)	(86)	139	(214)	(179)
Paid up Capital	3,438	3,438	3,200	1,989	1,989
Shareholders' Equity	2,252	2,998	2,849	1,495	1,709
Total Assets	14,351	10,947	8,476	5,819	4,118
Earning/(Loss) per share (Rs.)	(3.15)	(0.82)	0.39	(1.08)	(0.94)
Cash dividend (%)	-	-	-	-	-
Bonus (%)	-	-	-	-	-

**Javedan Corporation Limited**

Rupees in million

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before tax	723	(746)	(558)	(124)	(370)
Profit/(loss) after tax	711	(336)	(131)	(129)	(428)
Paid up Capital	1709	1709	581	581	291
Shareholders' Equity	(1,416)	(2,952)	(3,744)	(3,613)	(3,775)
Total Assets	11,239	10,670	9,688	9,497	5,861
Earning per share (Rs.)	12.23	(5.78)	(2.25)	(2.36)	(14.73)
Cash dividend (%)	-	-	-	-	-
Bonus (%)	-	-	-	-	-

**Power Cement (formerly Al-Abbas Cement Industries Ltd)**

Rupees in million

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before tax	434	293	(756)	(746)	(42)
Profit/(loss) after tax	370	153	(927)	(721)	122
Paid up Capital	3,657	3,657	3,657	1,828	1,828
Shareholders' Equity	1,495	1,125	972	997	1,717
Total Assets	5,619	5,183	5,051	5,184	5,924
Earning/(Loss) per share (Rs.)	1.01	(4.27)	(3.94)	0.67	(0.59)
Cash dividend (%)	-	-	-	-	-

**Thatta Cement Limited**

Rupees in million

Year Ended June	2013	2012	2011	2010	2009
Profit/(loss) before	257	(7)	(64)	2	263
Profit/(loss) after tax	148	(44)	(75)	1	204
Paid up Capital	997	997	798	798	798
Shareholders' Equity	1,107	958	701	776	771
Total Assets	2,197	2,042	1,990	1,438	1,419
Earning/(Loss) per	1.49	(0.44)	(0.93)	0.01	2.56
Cash dividend (%)	-	-	-	-	-

**Safe Mix Concrete Products Ltd**

Rupees in Millions

Year Ended June	2012	2011	2010	2009
Profit/(loss) before tax	1	(13)	(5)	27
Profit/(loss) after tax	(7)	(5)	(12)	18
Paid up Capital	200	200	200	70
Shareholders' Equity	197.092	203.847	208.813	119.374
Total Assets	329	322	326	287
Earning/ (Loss) per share (Rs.)	(0.34)	(0.25)	(0.58)	2.52
Bonus per share (%)	-	-	-	-

**3.3 Existing Schemes under Management and their performance -**

**Name:** Pakistan Stock Market Fund

Date of Launching: March 11, 2002  
 Category of Fund: Equity Scheme  
 NAV on June 30, 2012: Rs. 921.464 million  
 NAV on June 30, 2013: Rs. 1,178.662 million  
 NAV on June 30, 2014: Rs. 3,729.868million  
 Par value of unit: Rs. 50  
 NAV per unit on June 30, 2012: Rs. 51.92  
 NAV per unit on June 30, 2013: Rs. 77.58  
 NAV per unit on June 30, 2014: Rs. 62.56  
 Distribution (June 30, 2012): Rs.7.91 per unit  
 Distribution (June 30, 2013): Rs.18.62 per unit  
 Distribution (June 30, 2014): Rs.16.71 per unit  
 Return since inception: 26.60%  
 Latest five financial years Returns: 2010 2011 2012 2013 2014  
 24.77% 21.07% 11.33% 49.42% 34.78

**Name:** Pakistan Income Fund

Date of Launching: March 11, 2002  
 Category of Fund: Income Scheme  
 NAV on June 30, 2012: Rs.1,300.756 million  
 NAV on June 30, 2013: Rs.1,091.897 million  
 NAV on June 30, 2014: Rs.1,007.818 million



Par value of unit:	Rs. 50
NAV per unit on June 30, 2012:	Rs. 52.04
NAV per unit on June 30, 2013:	Rs. 53.16
NAV per unit on June 30, 2014:	Rs. 52.04
Distribution (June 30, 2012):	Rs. 4.67 per unit
Distribution (June 30, 2013):	Rs. 3.67 per unit
Distribution (June 30, 2014):	Rs. 4.99 per unit
Return since inception:	10.05%
Latest five financial years Returns:	2010 2011 2012 2013 2014
	14.01% 12.50% 9.39% 7.16% 8.13%

**Name: Pakistan Capital Market Fund**

Date of Launching:	January 24, 2004
Date of Conversion (Close to Open Ended)	November 21, 2005
Category of Fund:	Balanced Scheme
NAV on June 30, 2012:	Rs. 354.053 million
NAV on June 30, 2013:	Rs. 400.536 million
NAV on June 30, 2014:	Rs. 364.636 million
Par value of unit:	Rs. 10
NAV per unit on June 30, 2012:	Rs. 7.55
NAV per unit on June 30, 2013:	Rs. 9.67
NAV per unit on June 30, 2014:	Rs. 9.06
Distribution (June 30, 2012):	Rs.0.61 per unit
Distribution (June 30, 2013):	Rs. 1.28 per unit
Distribution (June 30, 2014):	Rs. 1.51 per unit
Return since inception:	15.54%
Latest five financial years Returns:	2010 2011 2012 2013 2014
	20.41% 14.00% 9.42% 28.08% 26.10%

**Name: Metro-Bank Pakistan Sovereign Fund**

Date of Launching:	March 1, 2003
Category of Fund:	Income Scheme
NAV on June 30, 2012:	Rs. 6,103.531 Million
NAV on June 30, 2013:	Rs. 1,270.388 Million
NAV on June 30, 2014:	Rs. 2,496.461 Million
Par value of unit:	Rs. 50
NAV per unit on June 30, 2012	Rs. 50.07
NAV per unit on June 30, 2013	Rs. 51.38
NAV per unit on June 30, 2014	Rs. 50.04
Distribution (June 30, 2012): MSF-Perpetual	Rs. 5.42 per unit
Distribution (June 30, 2013): MSF-Perpetual	Rs. 5.95 per unit
Distribution (June 30, 2014): MSF-Perpetual	Rs. 4.45 per unit
Return since inception:	7.12%
Latest five financial years Returns:	2010 2011 2012 2013 2014
	10.13% 10.27% 11.29% 12.26% 9.26%

**Name: Pakistan International Element Islamic Asset Allocation Fund**

Date of Launching:	May 2, 2006				
Category of Fund:	Shariah Compliant Islamic Asset Allocation Scheme				
NAV on June 30, 2012:	Rs.294.063 million				
NAV on June 30, 2013:	Rs.203.540 million				
NAV on June 30, 2014:	Rs.411.020 million				
Par value of unit:	Rs. 50				
NAV per unit on June 30, 2012:	Rs. 39.75				
NAV per unit on June 30, 2013:	Rs. 51.04				
NAV per unit on June 30, 2014:	Rs. 49.30				
Distribution (June 30, 2012):	Rs. 4.33 per unit				
Distribution (June 30, 2013):	Rs. 5.32 per unit				
Distribution (June 30, 2014):	Rs. 5.00 per unit				
Return since inception:	10.53%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	6.95%	15.08%	15.66%	28.39%	18.89%

**Name: Pakistan Cash Management Fund**

Date of Launching:	March 20, 2008				
Category of Fund:	Money Market Scheme				
NAV on June 30, 2012:	Rs.3,834.263 million				
NAV on June 30, 2013:	Rs.2,556.911 million				
NAV on June 30, 2014:	Rs.3,147.568 million				
Par value of unit:	Rs. 50				
NAV per unit on June 30, 2012:	Rs. 50.0793				
NAV per unit on June 30, 2013:	Rs. 50.4999				
NAV per unit on June 30, 2014:	Rs. 50.0125				
Distribution (June 30, 2012)	Rs.5.2061 per unit				
Distribution (June 30, 2013)	Rs.3.9403 per unit				
Distribution (June 30, 2014)	Rs.4.0673 per unit				
Return since inception:	10.50%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	11.28%	12.01%	11.05%	9.07%	8.39%

**Name: Pakistan Income Enhancement Fund**

Date of Launching:	Aug 28, 2008				
Category of Fund:	Aggressive Fixed Income Scheme				
NAV on June 30, 2012	Rs. 991.307 million				
NAV on June 30, 2013	Rs. 1,318.681 million				
NAV on June 30, 2014	Rs. 1,677.166 million				
Par value of unit:	Rs. 50				
NAV per unit on June 30, 2012	Rs. 51.83				
NAV per unit on June 30, 2013	Rs. 51.86				
NAV per unit on June 30, 2014	Rs. 51.05				
Distribution (June 30, 2012)	Rs. 4.50 per unit				
Distribution (June 30, 2013)	Rs. 4.41 per unit				
Distribution (June 30, 2014)	Rs. 4.23 per unit				

Return since inception:	11.40%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	14.26%	12.39%	8.92%	7.21%	8.73%

<b>Name:</b>	<b>Pakistan Strategic Allocation Fund</b>				
Date of Launching:	11 September, 2004				
Date of Conversion (Close to Open End):	11 November, 2010				
Category of Fund:	Equity Scheme				
NAV on June 30, 2012:	Rs. 351.503 million				
NAV on June 30, 2013:	Rs. 305.785 million				
NAV on June 30, 2014:	Rs. 357.947 million				
Par value of unit:	Rs. 10				
NAV per unit on June 30, 2012:	Rs. 8.57				
NAV per unit on June 30, 2013:	Rs. 11.34				
NAV per unit on June 30, 2014:	Rs. 9.65				
Distribution: (June 30, 2012):	Nil per unit				
Distribution: (June 30, 2013):	Rs. 2.0247 per unit				
Distribution: (June 30, 2014):	Rs. 2.57 per unit				
Return since inception:	15.59%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	27.11%	11.14%	14.91%	32.32%	31.38%

<b>Name:</b>	<b>MCB Dynamic Allocation Fund</b>				
Date of Launching:	March 17, 2008				
Category of Fund:	Asset Allocation Scheme (SECP categorization in process)				
NAV on June 30, 2012	Rs. 100.404 million				
NAV on June 30, 2013	Rs. 432.680 million				
NAV on June 30, 2014	Rs. 779.117 million				
Par value of unit:	Rs. 100				
NAV per unit on June 30, 2012	Rs. 70.69				
NAV per unit on June 30, 2013	Rs. 84.24				
NAV per unit on June 30, 2014	Rs. 71.87				
Distribution: (June 30, 2012):	Rs. 5.21 per unit				
Distribution: (June 30, 2013):	Rs. 12.91 per unit				
Distribution: (June 30, 2014):	Rs. 8.00 per unit				
Return since inception:	5.31%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	16.72%	20.86%	8.66%	19.23%	11.95%

<b>Name:</b>	<b>MCB Dynamic Cash Fund</b>				
Date of Launching:	March 01, 2007				
Category of Fund:	Income Scheme (SECP categorization in process)				
NAV on June 30, 2012	Rs. 6,696.213 million				
NAV on June 30, 2013	Rs. 11,319.750 million				
NAV on June 30, 2014	Rs. 11,101.985 million				
Par value of unit:	Rs. 100				

NAV per unit on June 30, 2012	Rs. 101.45				
NAV per unit on June 30, 2013	Rs. 103.65				
NAV per unit on June 30, 2014	Rs. 101.10				
Distribution: (June 30, 2012):	Rs. 1.94 per unit				
Distribution: (June 30, 2013)	Rs.10.06 per unit				
Distribution: (June 30, 2014)	Rs.10.39 per unit				
Return since inception:	10.61%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	11.03%	12.85%	10.78%	9.82%	10.79%

**Name: MCB Cash Management Optimizer**

Date of Launching:	October 01, 2009				
Category of Fund:	Money Market Scheme				
NAV on June 30, 2012	Rs. 18,971.363 million				
NAV on June 30, 2013	Rs. 11,074.530 million				
NAV on June 30, 2014	Rs. 10,180.728 million				
Par value of unit:	Rs. 100				
NAV per unit on June 30, 2012	Rs. 100.17				
NAV per unit on June 30, 2013	Rs. 101.10				
NAV per unit on June 30, 2014	Rs. 100.02				
Distribution: (June 30, 2012):	Rs. 10.9240 per unit				
Distribution: (June 30, 2013):	Rs. 9.0618 per unit				
Distribution: (June 30, 2014):	Rs. 7.9099 per unit				
Return since inception:	10.18%				
Latest five financial years Returns:	2010	2011	2012	2013	2014
	10.90%	11.65%	11.26%	9.20%	8.23%

**Name: MCB Islamic Income Fund**

Date of Launching:	June 20 <sup>th</sup> , 2011				
Category of Fund:	Open-end (Islamic) Income Scheme				
NAV on June 30, 2012	Rs. 1,506.772 million				
NAV on June 30, 2013	Rs. 2,946.490 million				
NAV on June 30, 2014	Rs. 2,054.563 million				
Par value of unit:	Rs. 100				
NAV per unit on June 30, 2012	Rs. 100.10				
NAV per unit on June 30, 2013	Rs. 101.89				
NAV per unit on June 30, 2014	Rs. 100.03				
Distribution: (June 30, 2012):	Rs. 10.0329 per unit				
Distribution: (June 30, 2013):	Rs.9.1842 per unit				
Distribution: (June 30, 2014):	Rs.8.1015 per unit				
Return since inception:	9.22%				
Latest five financial years Returns:	2012	2013	2014		
	10.29%	8.91%	8.38%		

### **3.4 Role and Responsibilities of the Management Company**

The Management Company shall manage, operate and administer the Scheme in accordance with the Rules, Regulations directives, circulars and guidelines issued by SECP and the deed and the Offering Document.

#### **3.4.1 Administration of the Scheme**

The Management Company shall administer the Scheme in accordance with the Rules, the Regulations, the Deed and this Offering Document and the conditions (if any), which may be imposed by the Commission from time to time.

#### **3.4.2 Management of Fund Property**

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

The Management Company shall comply with the provisions of the Regulations, the Deed and this Offering Document of the Scheme for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer(s) or responsible official(s) of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of the Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions, as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Trust Property where such loss has been caused by willful act and / or omission or of its officers, officials or agents.

#### **3.4.3 Appointment of Distributors**

The Management Company, shall from time to time under intimation to the 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 with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the code of conduct prescribed by the Association; and
- (b) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information

#### **3.4.4 Appointment of Investment Facilitator**

The Management Company may, at its own responsibility & cost, from time to time appoint Investment Facilitators to assist it in promoting sales of Units. An update list of investment facilitators appointed by the Management Company shall be made available at all times on the websites of the Management Company.

The Management Company shall ensure, where it appoints the investment facilitator, that:

- a. the investment facilitator have acquired registration with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the code of conduct prescribed by the Association; and
- b. the written contract with the Investment facilitator clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information

#### **3.4.5 Maintenance of Accounts and Records**

The Management Company shall maintain at its principal office, complete and proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme, amounts received by the Scheme in respect of issue of Units, payments made from the Scheme on redemption of the Units and by way of distributions and payments made at the termination of the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

The Management Company shall ensure that no entry and exit from the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than the following manners, unless permitted otherwise by the Commission under the Regulations:

- (a) cash settled transaction based on the formal issuance and redemption requests
- (b) net off issuance and redemption transaction at same net asset value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any).

The Management Company shall clearly specify Cut-Off Timings (for acceptance of application forms of issuance, redemption, and conversion of Units of the Scheme) in this Offering Document, on its web site and at designated points. Such Cut-Off Timing shall uniformly apply on all Unit Holders.

The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.

### **3.5 Maintenance of Unit Holders Register**

3.5.1 A Register of Unit Holders may be maintained by the Management Company itself or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

3.5.2 The office of the Transfer Agent is located at **8<sup>th</sup> floor Techno City Hasrat Mohani Road, Karachi**, where Register of Unit Holder will maintain.

3.5.3 Every Unit Holder will have a separate Registration Number. The Management Company shall use such Registration Number for recording Units held by the Unit Holder. Unit Holder's account identified by the registration number will reflect all the transactions in that account held by such Unit Holder.

#### **3.5.4 Disclaimer**

The Management Company 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 Management Company (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 Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.6 Role of the Trustee**

- The trustee shall perform its role as specified in the Rules, Regulation and directives issued there under, the deed and the Offering Document.
- The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the provisions of this Trust Deed or the Rules and Regulations. Whenever pursuant to any provision of this Trust Deed, any instruction, certificate, notice, direction or other communication is required to be given by the Management Company, the Trustee may accept as sufficient evidence thereof:
  - a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Committee to accept; and
  - any Instructions received online through the software solution adopted by the Management Company/Trustee in consultation with each other shall be deemed to be instructions from the authorized representative(s)
- The Trustee 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
- In the event of any loss caused due to any gross negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss. However the trustee shall not be under any

liability thereof 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 Trustee shall review the Bond Floor on the basis of information provided to them on a daily basis within business hours by the Management Company and shall intimate the Management Company at least three days before, if the equity percentage is five percent (5%) close to hit the Bond Floor. However, in case equity portion hit the Bond Floor, the Management Company will convert the whole equity portion into Income Component and trustee will oversee the process of converting equity portfolio into Income component so as to ensure capital protection. In case of failure by the Management Company, the trustee shall immediately report the same to SECP.

### **3.6.1 Obligations under Regulations and Constitutive Document**

The Trustee shall perform all the obligations entrusted to it under the Regulations, circulars, directives, the Deed and this Offering Document and discharge all its duties in accordance with the Rules, Regulations, the Trust Deed and this Offering Document. Such duties 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 under intimation to the Management Company. Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by negligence or any reckless willful act or omission of the Trustee or any of its attorney (ies), or agents.

### **3.6.2 Custody of Assets**

The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Fund on behalf of the beneficial owners (the Unit Holders), within the framework of the Regulations, the Trust Deed and Offering Document issued for the Fund.

### **3.6.3 Investment of Fund Property at direction of Management Company**

The Trustee shall invest the Fund Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in the Deed, this Offering Document(s), the Regulations, circulars, directives and the conditions (if any) which may be imposed by the Commission from time to time.

### **3.6.4 Carrying out instructions of the Management Company**

The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property unless such instructions are in conflict with the provisions of the Deed, this Offering Document(s), the Regulations, the Circulars and Directives of SECP or any other applicable law.

### **3.6.5 Liabilities of the Trustee**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and/or the Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Fund Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability therefor 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 Trustee shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

### 3.6.6 **Disclaimer**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and Regulations and the Deed nor shall the Trustee be liable for any act or omission of the Management Company nor for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Trust Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### 3.7 **Transfer Agent**

The Management Company will perform duties having its office at **8<sup>th</sup> floor Techno City Hasrat Mohani Road, Karachi** as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### 3.8 **Custodian**

**Central Depository Company Limited**, Trustee will also be performing the functions of the custodian of the Trust Property. The salient features of the custodial function are:

- (a) Segregating all property of the Fund from Custodian's own property and that of its other clients.
- (b) Assuring the smooth inflow/outflow of dematerialized securities and such other instruments as required.
- (c) Ensuring that the benefits due on investments are received and credited to the Fund's account.

The Trustee may, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and agreed by the Management Company for the safe keeping of any portion of the Trust Property.

### **3.9 Distributors/Facilitators**

- 3.9.1 Parties detailed in **Annexure C** of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in **Annexure C** of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may, from time to time, appoint additional Distributors (if they fulfill the requirement of regulations) or terminate the arrangement with any Distributor and intimate the Trustee and Commission accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.
- 3.9.2 The Distributors will be responsible for receiving applications for Purchase, Redemption, Conversion or Transfer of Units etc. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address or other particulars or applications for issuance of duplicate certificates, requests for income tax exemption or Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The Management Company shall remunerate the Distributors out of its resources and/or from Sales Load.
- 3.9.3 The Management Company may, at its sole discretion, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources and/or from Front-end Load.

### **3.10 Auditors -**

M. Yousuf Adil Saleem & Co., Chartered Accountants (a member firm of Deloitte Touche Tohmatsu Limited)

- 3.10.1 They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Ordinance, as amended from time to time. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and Regulations.
- 3.10.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.10.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 3.10.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.
- 3.10.5 The contents of the Auditors report shall be as mentioned in the Regulations.

**3.11 Legal Advisors**

Bawaney & Partners.  
Advocates & Investment & Corporate Advisers  
3rd & 4th Floors, 68-C, Lane-13 Bokhari Commercial Area Phase-VI, DHA  
Karachi.

**3.12 Bankers**

<b>Current List of Banker</b>	<b>Rating</b>
<b>MCB bank Limited</b>	AAA

\*List of bankers may change from time to time as per the discretion of the Management Company.

**3.12.1 Bank Accounts**

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "CDC-Trustee Pakistan Sarmaya Mehfooz Fund" for the Unit Trust at designated Bank(s) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust's Funds.
- (b) The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (e) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account of the Fund and any income, profit etc earned and/or accrued on the investments of that amount upto and including the day before the opening of Initial Period shall not form part of the Trust Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Offering Period, in additional Units , in proportion of their investments.
- (f) The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them.

### **3.13 Rating of the Scheme**

The Management Company will be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the criteria of the rating agency, and such rating shall be updated at least once every Financial Year and also published in the annual and quarterly reports of the Scheme as well as on the Management Company's website.

### **3.15 Minimum Fund Size**

The minimum size of an open end scheme shall be one hundred million rupees at all times during the life of the scheme. In case of after the initial public offering or subsequently at any time if the size of open end scheme falls below that minimum size of one hundred million rupees, the asset management company shall ensure compliance with the minimum fund size within three (3) months of its breach and if the fund size remains below the minimum fund size limit for conservative ninety (90) days the asset management company shall immediately intimate the grounds to the commission upon which it believes that the scheme is still commercially viable and its objective can still be achieved.

## **4. CHARACTERISTICS OF UNITS**

### **4.1 Units**

All Units and fractions thereof represent an undivided share in the Fund and rank *pari passu* as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time, after seeking prior approval of the Commission and amending the Offering document.

### **4.2 Classes of Units -**

- (a) Class "A" (Pre-IPO Units), are Capital Protection Units, which shall be issued to the Pre-IPO Investors and may be charged a Front-end Load, at the discretion of the Management Company. These units are also subject to a Contingent Load and Back End Load, as specified in Annexure B of this Offering Document, in case of redemption before the completion of the duration of Fund.
- (b) Class "B" Units, are Capital Protection Units, which shall be issued to investors at the Offer Price, during the Initial Offering Period, and is also subject to a Contingent load and Back End Load, as specified in Annexure B of this Offering Document, in case of redemption before the completion of the duration of Fund.

Note: Class "B" Units may also be offered after the Initial Offering Period after seeking approval of the Commission as per the terms and conditions of the Supplemental Offering Document.

### **4.3 Purchase and Redemption of Units**

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices during Business Hours on any Dealing Day in accordance with the procedure set out in this Offering Document.
- (b) Units are allocated and issued after realization of subscription money
- (c) During the period the register is closed, the sale, redemption and conversion of Units will be suspended.

- (d) The Management Company may decline an applicant for issue of units if it is of the opinion that it will not be possible to invest the substantial inflow of Funds or to meet any regulatory requirements.

#### **4.4 Procedure for Purchase of Units**

##### **4.4.1 Who Can Apply?**

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. . Application may be made pursuant to the procedures described in paragraph 4.4.2 below by any qualified or authorized investor(s) including, but not limited to, the following:

- (a) Citizens of Pakistan resident in Pakistan. In respect of minors below 18 years of age, applications may only be made by their guardians.
- (b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan provided such investment is permitted under their respective memorandum and articles of association and / or bye-laws.
- (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the Purchase of Units in the Fund shall warrant that he/she is duly authorized to purchase such Units.
- (d) Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- (e) Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- (f) Insurance companies under the Insurance Ordinance, 2000.
- (g) Non Profit Organization under Rule 213 (i) of the Income Tax Rules, 2002.
- (h) Fund of Funds.

##### **How can Units be purchased?**

##### **4.4.2 Account Opening Procedure**

The procedure given below is designed for paper-based transactions. The Management Company at a later date after seeking approval of the Commission may introduce electronic/Internet based options for the transactions. Currently, the Management Company is providing Web Based Functionality (“WEB BACHAT”) and Interactive Voice Response (“TELE BACHAT”) and the same has been approved by SECP vide its letter # SCD/AMCW/MAHSIL/423/2013.

- (a) Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form (Form MCBAH 01b) attached to this Offering Document, unless the investor already has an account with the Management Company but has to submit the Investment Form in that case.
- (b) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC), NICOP or Passport etc of the applicant or any other form of identification acceptable to the Management Company needs to be furnished
- (c) In case of a body corporate or a registered society or a trust the following documents would be required,
  - (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
  - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the Funds and/ or to realize the Investment and;
  - (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
- (d) In case of existing Unit Holders, if any of the documents (in a-c above) have previously been submitted with the Management Company and/or Transfer Agent, fresh submission of documents will not be required provided that submitted documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.

Any change of name or address of any unit holder as entered in the Register shall forthwith notified in writing by relevant unit holder to the distributor company or transfer agent.

- (e) The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Account Opening Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.
- (f) 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 meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- (g) The Investor Account Opening Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Investment Facilitators) is authorized to accept the forms or payment.
- (h) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### **4.4.3 Joint Application**

- (a) Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis. However, each person must sign the Account Opening Form and submit a copy of Computerized National Identity Card, NICOP, Passport and other identification document.
- (b) The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge of obligation by the Trustee and the Management Company.
- (c) In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Account Opening Form, shall be the only person recognized by the Trustee and the Management Company to receive all notices and correspondences with regard to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge of obligation by the Trustee and the Management Company.

Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

#### **4.4.4 Purchase of Units**

- (a) After opening an account an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.

Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer or any other mode or method of payment acceptable to the Management Company after seeking approval of the Commission.

- (b) The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it with the prior approval of Commission.
- (c) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (d) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.
- (e) The Distribution Company and/or Management Company will be entitled to verify the detail given in the Investment Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy (except for discrepancy in payment instrument, in which case application will be rejected immediately).
- (f) The Management Company will make arrangements, from time to time, for receiving Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### **4.4.5 Minimum Amount of Investment**

Initially Units shall be issued at Par Value of **Rs 100/-** with a minimum investment size of **Rs.5,000/-** (Rupees five thousand only) and thereafter the minimum amount for investment would be of **Rs. 5,000/-** (Rupees five thousand only) per transaction, at applicable NAV or purchase price, other than reinvestment of Dividend and Bonus Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

#### **4.4.6 Determination of Purchase (Public Offer) Price**

- (a) Units offered during the Initial period will be as specified in clause 1.6.
- (b) After the Initial Period, the Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (c) hereafter and shall be announced by the Fund for Dealing Days during the period when the Fund is open for subscription.
- (c) The Purchase (Offer) Price shall be equal to the sum of:
  - (i) The Net Asset Value as of the close of the Business Day (Forward pricing) ;
  - (ii) Any Front-end Load as disclosed in this Offering Document.
  - (iii) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (iv) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
  - (v) Such sum shall be adjusted upward to the nearest paisa.
- (d) The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which the completely and correctly filled purchase of Units application form is received along with realization of subscription money.
- (e) The Purchase (Offer) Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and will also be published daily on the Management Company's and MUFAP's website.

#### **4.4.7 Allocation/ Issue of Units**

- (a) The Purchase Price determined shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day along with realization of subscription money. Any Investment Request Forms received after Business Hours will be transferred to the next Dealing Day.
- (b) Units will be allocated and issued after realization of Funds in the bank account of the Fund.
- (c) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.



- (d) In case the Management Company announces a suspension of further issue of Units of Fund, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

#### **4.4.8 Issuance of Physical Certificates**

- (a) Unit Certificates will be issued only if requested by the Unit Holder.
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of **Rs. 50/-** per Certificate or any other amount as determined by the Management Company from time to time.
- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.
- (d) The Certificate will be available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) A Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

#### **4.4.9 Replacement of Certificates**

- (a) The Transfer Agent or Management Company may replace Certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed form on the payment of all costs and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- (b) The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one (01) Certificate upon surrender of existing Certificates.
- (c) Each new issue of Certificates will require payment of **Rs. 1,000/-** per Certificate, subject to revisions of fee from time to time by the Management Company.

#### **4.4.10 Issuance of Units in Book Entry form in CDS**

The Units are not CDS eligible at the time of issuance of this Offering Document, however, the Management Company may make arrangements in future for issuance of units in CDS. Subject to the availability of this arrangement the Unit Holder may obtain Units in Book Entry form in CDS. The Issuance of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

### **4.5 Procedure for Redemption of Units**

#### **4.5.1 Who Can Apply?**

All Unit Holders shall be eligible for redemption after the closure of the Initial Period.

#### **4.5.2 Redemption Application Procedure**

- 4.5.3 Request for Redemption of Units shall be made by completing the prescribed redemption form and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form

and a copy may also be supplied to the Registrar, if so required by the Management Company.

- 4.5.4 The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate.
- 4.5.5 The Registrar with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.
- 4.5.6 In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the investor account opening Form.
- 4.5.7 The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by Management Company or the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions the Unit Holder's user ID and password will authenticate his identity.
- 4.5.8 The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- 4.5.9 If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Management Company or the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company or Registrar or the Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.
- 4.5.10 The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.
- 4.5.11 The amount payable on redemption shall be paid to the Unit Holder or first named joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form within six Business Days from the date of presentation of the duly completed Redemption form, electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company.

The amount can also be paid to the third party upon instruction of the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form.

- 4.5.12 No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.
- 4.5.13 The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities under prior arrangement with the Trustee and seeking prior approval of the Commission.
- 4.5.14 The receipt of the Unit Holders for any amount payable in respect of the Units shall be a good discharge to the Trustee and the Management Company. In case of joint Unit Holders any one of them may give effectual receipt for any such moneys.
- 4.5.15 Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Dealing Days. Where redemption requests on any one Dealing Day exceed ten (10) percent of either the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the **Clause 4.10.4**.
- 4.5.16 On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Fund should be suspended, the Management Company shall suspend the Sale and Redemption of Units and the intimation of suspension shall be made to the Unit Holders, the Trustee and the Commission according to the procedure laid down in the Regulation.
- 4.5.17 **Redemption of Units in Book Entry form in CDS**

The Units are not CDS eligible at the time of issuance of this Offering Document, however, the Management Company may make arrangements in future. Subject to the availability of issuance of unit in CDS, the Unit Holder may redeem their Units held in Book Entry form in CDS. The Redemption of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

#### **4.6 Purchase (Public Offer) and Redemption (Repurchase) of Units outside Pakistan**

- 4.6.1 Subject to exchange control, SECP prior approval and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Public Offer) of Units to persons not residing in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may include in addition to the Purchase (Public Offer) Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.
- 4.6.2 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility. Provided however, neither the Management Company, nor the

Trustee give any assurance or make any representation that remittance would be allowed by the State Bank of Pakistan at the relevant time

- 4.6.3 The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising therefrom.

#### **4.7 Determination of Redemption (Repurchase) Price**

- 4.7.1 The Redemption ( Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing) less:
- (a) Any Contingent load and Back End Load as per the details in this Offering Document; and;
  - (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc; and
  - (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
  - (d) Such sum shall be adjusted downward to the nearest paisa

Level of all contingent loads and back end loads shall be disclosed in the Offering Document. An increase in Contingent load and Back End Load will require prior approval of the Commission and notice to the Unit Holder as specified in the Regulations.

- 4.7.2 The Repurchase (Redemption) Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which a correctly and properly filled redemption application is received.
- 4.7.3 The Redemption Price determined by the Management Company shall be made available for every Dealing day to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and will be published at Management Company's and MUFAP's website.

#### **4.8 Procedure for Requesting Change in Unit Holder Particulars**

##### **4.8.1 Who Can Request Change?**

All Unit Holders are eligible to change their Unit Holder details if they so desire. For such change in particulars, a request shall be made via the Special Instructions Form (form E-1). These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made through CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

##### **4.8.2 Application Procedure for Change in Particulars**

- (a) Some of the key information which the Unit Holder can change is as follows:
  - i. Change in address

- ii. Nominee detail
- iii. Change in Bank Account details
- iv. Account Operating instructions
- v. Frequency of profit payments
- vi. Systemic Conversion Option

Change will not be allowed in Title of account, CNIC and Joint holders details.

- (b) Fully completed Special Instructions Form has to be submitted by both Individuals and/or Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within Business Hours on a Dealing Day.
- (c) The applicant must obtain a copy of the Special Instructions Form signed and duly verified by an Authorized Officer of the Distributor or Management Company.
- (d) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Special Instructions Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (e) The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes. These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.
- (f) Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instructions Form for such Units.

#### **4.8.3 Transfer, Nomination, Transmission and Conversion**

- 4.8.4 Unit Holder may, subject to the law, transfer any Units held by them to any other person. The transfer shall be carried out after the Management Company/Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with.
- 4.8.5 Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value.
- 4.8.6 Where Certificates have been issued, the Management Company / Transfer Agent with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.
- 4.8.7 The Transfer Agent shall, with the prior approval of the Management Company or the Management Company itself be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit of Transfer so destroyed was

a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner. Complete list of unclaimed dividends will be maintained by AMCs and shall not be destroyed. Unit Holder may nominate any successor/ nominee for transmission, subject to all legal requirements, in case of the decease of Unit Holder.

- 4.8.8 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent or the Management Company itself as Registrar after satisfying as to all legal requirements such as intimation of death of deceased Unit Holder along-with certified copy of death certificate, indemnity from nominee along-with copy of CNIC of nominee and deceased Unit Holder, original unit certificate (in case of physical certificate) etc. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.
- 4.8.9 A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company by redeeming the Units of first Scheme and issuance of Units of later Scheme(s) at the relevant price applicable for the day. The Transfer Agent or Management Company itself shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.
- 4.8.10 A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/ registration number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.

**4.8.11 Partial Transfer**

Partial transfer of Units covered by a single Certificate is permitted provided that in case of physical certificates issued, the Unit Holder must apply for splitting of the unit certificate representing the partial amount and then the new certificate shall be applied for transfer.

**4.9 Procedure for Pledge / Lien / Charge of Units**

**4.9.1 Who Can Apply?**

- (a) All Unit Holders are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form as attached in Annexure “D” of this Offering Document. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made to the CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

- (b) Any Unit Holder either singly or with Joint Unit Holder(s) (where required) may request the Management Company or Transfer Agent to record a pledge / lien of all or any of his / her/ their Units in favor of any third party legally entitled to invest in such Units in its own right. The Management Company or Transfer Agent shall register a lien on any Unit in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Management Company or Transfer Agent with the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.
- (c) The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Transfer Agent, shall be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.
- (d) Payments of cash dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien / charge / pledge shall be paid to the order of the lien / charge / pledge holder's bank account or posted to the registered address of Pledgee mentioned in the Pledge Form and/or Investor Account Opening Form submitted. In case of Units are pledged through Central Depository System, payments of cash dividends or the issuance of bonus Units goes to the Pledgor as per Central Depositories Act.
- (e) The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Pledge Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (f) Fully completed Pledge of Units Form has to be submitted by both Individuals and/or non-individuals Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company directly or through an Investment Facilitator within Business Hours on a Dealing Day.
- (g) All risks and rewards, including the right to redeem such Units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

#### **4.10 Temporary Change in Method of Dealing, Suspension of Dealing and Queue System**

##### **4.10.1 Temporary Change in the Method of Dealing**

Under the circumstances mentioned in Clause 4.10.2 & 4.10.3, Subject to compliance with Regulation (having regard to the interests of Unit Holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. A permanent change in the method of dealing shall be made after expiry of at least one month's notice to Unit Holders and with the approval of Trustee.

##### **4.10.2 Suspension of Fresh Issue of Units**

The Management Company may, under the following circumstances, suspend issue of fresh Units.

- The situation of Force Majeure as defined in this Offering Document;

- A situation in which it is not possible to invest the amount received against issuance of fresh Units or
- Any other situation in which issuance of fresh Units is, in Management Company's opinion, against the interests of the existing/remaining Unit Holders.

Such suspension may however not affect existing Unit Holders for the issue of bonus Units as a result of profit distribution. The Management Company shall announce the details of circumstances at the time a suspension of fresh issue is announced. The Management Company shall immediately notify SECP and Trustee if issuance of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

In case of suspension of redemption of Units due to extraordinary circumstances the issuance of Units shall also be kept suspended until and unless redemption of Units is resumed.

Investment application form received on the day of suspension will not be processed and the amount received shall be returned to the investor.

#### **4.10.3 Suspension of Redemption of Units**

The Redemption of Units may be suspended during extraordinary circumstances/ Force Majeure.

Redemption requests received on the day of the suspension shall be rejected.

#### **4.10.4 Queue System**

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Dealing Day, such requests shall be processed on basis proportionate to the size of the requests. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Dealing Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Dealing Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

#### **4.10.5 Winding up in view of Major Redemptions**

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the selloff of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce



winding up of the Fund. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

## **5. DISTRIBUTION POLICY**

### **5.1 Declaration of Dividend**

The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date / interim period whether to distribute among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the amount of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the Unit Holders, not less than ninety per cent of the accounting income of the Collective Investment Scheme received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to a Collective Investment Scheme under the Regulations.

For the purpose of this Clause the expression “accounting income” means income calculated in accordance with the requirements of International Accounting Standards (IAS) as are notified under the Companies Ordinance, 1984, the Regulations and the directives issued by SECP. Wherever the requirement of Regulations or the directives issued by SECP differs with the requirement of IAS, the Regulations and the said directives shall prevail.

As an inherent feature of the product only investors who are agreeable to have their dividends re-invested will be allowed to subscribe to units of the fund, to protect the interest of all unit-holders and ensure structural protection of capital. Therefore, the investor subscribing the units of Pak.SMF unconditionally and irrevocably authorizes the Management Company to re-invest any dividend declared during the life of the Fund.

### **5.2 Determination of Distributable Income**

The amount available for distribution in respect of any Accounting Period shall be the sum of all income and net realized appreciation, from which shall be deducted:

- the expenses, as stated in Clause 6.2 to 6.4 of this Offering Document; and
- any taxes of the Fund

All the receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Fund Property..

### **5.3 Reinvestment of Dividend**

As an inherent feature of the product only investors who are agreeable to have their dividends re-invested will be allowed to subscribe to units of the fund, to protect the

interest of all unit-holders and ensure structural protection of capital. Therefore, the investor subscribing the units of Pak.SMF unconditionally and irrevocably authorizes the Management Company to re-invest any dividend declared during the life of the Fund after deduction of applicable taxes.

#### **5.4 Bonus Units**

Subject to the applicable laws, the Management Company may decide to distribute, wholly or in part, the distributable income in the form of stock dividend (which would comprise of the Bonus Units of the Trust) if it is in the interest of Unit Holders. After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company shall, under intimation to the Trustee, issue additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units would rank pari passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen days of the issue of Bonus Units.

#### **5.5 Encashment of Bonus Units**

The Management Company shall give the Unit Holder(s) the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to encash bonus Units, prior to maturity of the fund. In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the ex-dividend Repurchase Price after deduction of any contingent loads applicable, as calculated on the Business Day immediately preceding the first day of the book closure announced for such purpose and proceeds shall be credited in accordance with the normal procedure already detailed above for Redemption of Units.

#### **5.6 Closure of Register**

The Management Company may close the Register by giving at least seven (7) days notice to Unit Holder provided that the time period for closure of register shall not exceed six (6) working days at a time and whole forty five days in a Financial Year. During the closure period, the sale, redemption, conversion of Units or transfer of Units will be suspended. Notice for closure of register should be published in two newspapers (Urdu and English language) having circulated all over Pakistan..

### **6. FEE AND CHARGES**

#### **6.1 Fees and Charges Payable by an Investor**

The following fees and charges shall be borne by the Investor:

##### **6.1.1 Front-end Load**

Front end Load is a part of Sales Load which may be included in the offer price of the Units. The remuneration of Distributors shall be paid from such Load and if the Front-end Load is insufficient to pay the remuneration of the Distributors, the Management Company shall pay the amount necessary to pay in full such remuneration and no charges shall be made against the Fund Property or the Distribution Account in this respect. Such payments may be made to the Distributors by the Management Company upon the receipt from the Trustee.

The Management Company may at its discretion charge different levels of Load as per Annexure B. Any change in Front-end Load shall be done through an addendum to the Offering Document after seeking prior approval of the Commission.

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

The issue price applicable to Bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any sales or processing charge.

**6.1.2 Other Charges**

Transfer of Units from one owner to another shall be subject to a Processing charge at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value on that date.

**6.1.3 Contingent Load**

The amount payable by the unit holder on redemption of Unit to cover loss incurred by Fund due to disinvestments if units are redeemed before the maturity of the scheme and such amount would be treated as part of the Fund Property.

**6.1.4 Expenses borne by the Management Company and the Trustee**

The Management Company and Trustee shall bear all expenditures in respect of their respective secretarial and office space and professional management services provided in accordance with the provisions of the Deed. Neither the Management Company nor the Trustee shall make any charge against the Unit Holders nor against the Trust Property nor against the Distribution Account for their services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Trust Property.

Any cost associated with sales, marketing and advertisement of collective investments schemes shall not be charged to the collective investment schemes.

**6.1.5 Remuneration of Distribution Company / Investment Agent / Investment Facilitator**

The Distribution Company employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources and/or from Front End Load on terms to be agreed between the Management Company and the Distribution Company. The Investment Facilitator/Investment Adviser/Sales Agent employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources.

Distributors located outside Pakistan may, if so authorized by Trustee and the Management Company, be entitled to remuneration (from Management Company's own resources) on terms to be agreed between them and the Management Company, subject to the law for the time being in force.

**6.2 Fees and Charges Payable by the Fund**

The following expenses shall be borne by the Fund:

### **6.2.1 Remuneration of the Management Company**

The remuneration shall begin to accrue from the close of the Initial Offering Period. In respect of any period other than an Annual Accounting Period, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the Annual Accounting Period concerned.

Current level Management Fee is disclosed in **Annexure “B”**. Any increase in the current level of Management Fee, provided it is within the maximum limit prescribed in the Regulations shall be subject to prior approval of SECP and after giving a ninety (90) days prior notice to the unit holders and the unit holders shall be given an option to exit at the applicable NAV without charge of any exit load.

### **6.2.2 Remuneration of the Trustee**

The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with Annexure “A”.

The remuneration shall begin to accrue following the expiry of the Initial Period. For any period other than an Annual Accounting Period such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in an Annual Accounting Period concerned. Any upward change in the remuneration of trustee from the existing level shall require prior approval of the Commission.

## **6.3 Formation Costs**

All preliminary and floatation expenses of the Fund including expenses incurred in connection with the establishment and authorization of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred during and up to the Initial Offering Period subject to a maximum of one per cent of pre-IPO capital of the Fund or Rupees five million, whichever is lower, shall be borne by the Fund subject to the audit of expenses and amortized over a period of not less than five years or within the maturity of the Fund whichever is lower. This cost shall be reimbursable by a collective investment scheme to an AMC subject to the audit of expenses. The Formation Cost shall be reported by the Management Company to the Commission and the Trustee giving their break-up under separate heads, as soon as the distribution of the securities is completed

## **6.4 Other costs and expenses**

The following charges shall also be payable out of the Fund Property

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee’s name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.
- (iv) Bank charges, borrowing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) printing costs and related expenses for issuing Fund’s quarterly, half yearly and annual reports

- (vii) Fund rating fee payable to approved rating agency.
- (viii) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (ix) fee pertaining to the Fund payable to the Commission.
- (x) Taxes, fees, , duties if any, applicable to the Fund and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by Asset Management Company (for management of Fund).
- (xi) Charges and levies of stock exchanges, national clearing and settlement company, , CDC charges.
- (xii) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.

## **7. TAXATION**

### **7.1 Taxation on the Income of the Fund**

#### **7.1.1 Liability for Income Tax**

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

Under the Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Fund will be regarded as a public company liable to a tax rate applicable to a public company.

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

- (i) Dividend income at 10%;
- (ii) Capital Gains Tax as applicable according to the relevant law
- (iii) Return from all other sources / instruments are taxable at the rate applicable to a public company.

#### **7.1.2 Liability for Income Tax if Ninety Percent of Income is distributed**

Notwithstanding the tax rate given above, the income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as cash dividend.

The Fund will distribute not less than 90% of its income received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Fund.

### **7.2 Withholding tax**

Under the provision of Clause 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the Fund's income from dividend/markup/capital gains from term finance certificates, Sukuks, return on deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

### **7.3 Zakat on Fund**

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

#### **7.4 Taxation and Zakat on Unit Holders**

##### **7.4.1 Taxation on Income from the Fund of the Unit Holder**

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

- 7.4.2 Unit Holders of the Fund will be subject to Income Tax @ 10% on dividend income distributed by the Fund (exemption on distribution out of capital gains is limited to those Funds which are debt or money market Funds and they do not invest in shares).

The tax deducted on dividend at the rates specified above will be the final tax (except for companies) and the payer will be required to withhold the amount of tax at source from payment of dividend except payment to the banking companies.

- 7.4.3 Capital gain arising from sale/redemption of Units of the Fund will be subject to tax at the applicable tax rate as mentioned in Income Tax Ordinance 2001.

- 7.4.4 Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and/or Transfer Agent and on the basis of Exemption Certificate income tax will not be withheld.

##### **7.4.5 Tax Credit to Unit Holders**

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units

##### **7.4.6 Zakat**

Units held by resident Pakistani Unit Holders shall be subject to Zakat at 2.5% of the value of the 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 redemption proceeds. Above deduction will not be made if Unit Holder provides declaration in due course of time to the Management Company.

#### **7.5 Disclaimer**

The tax and Zakat information given above is based on the Management Company's tax advisor's interpretation of the law which, to the best of the Management Company's understanding, is correct. Investors are expected to seek independent advice so as to determine the tax consequences arising from their investment in the Units of the Fund. Furthermore, tax and Zakat laws, including rates of taxation and of withholding tax, are subject to amendments from time to time. Any such amendments in future shall be deemed to have been incorporated herein.

### **8. REPORTS TO UNIT HOLDERS**

#### **8.1 Account Statement**

The Management Company/Transfer Agent shall send directly to each Unit Holder an account statement each time there is a transaction in the account.

The Management Company/Transfer Agent shall provide account balance and/or account activities through electronic mode to Unit Holder, who opted for such service.

The Unit Holder will be entitled to ask for copies of his account statement on any Dealing Day within Business Hours by applying to the Management Company/Transfer Agent in writing and providing such fee as specified in Annexure F that the Management Company may notify from time to time.

## **8.2 Financial Reporting**

- (a) The Management Company shall prepare and transmit the annual report physically in such form and manner as set out in Regulations as amended or substituted from time to time.
- (b) The Management Company shall prepare and transmit quarterly reports physically (or through electronic means or on the web subject to SECP approval) in such form and manner as set out in Regulations as amended or substituted from time to time.

## **8.3 Trustee Report**

The Trustee shall report to the Unit Holder, to be included in the annual and second quarter Financial Reports issued by the Management Company to the Unit Holders, as to whether in its opinion the Management Company has in all material respects managed the Fund in accordance with the provisions of the Regulations, the Constitutive Documents and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

## **8.4 Fund Manager Report**

The Management Company shall prepare Fund Manager report each month as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at their web site latest by 7<sup>th</sup> of each month.

## **9. WARNING AND DISCLAIMER**

### **9.1 Warning**

- 9.1.1 If you are in any doubt about the contents of this Offering Document, you should consult your bank manager, Legal advisor, or other financial advisor. The price of the Units of this Fund and the income of this Fund (from which distributions to Unit Holders is made) may increase or decrease.
- 9.1.2 Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.

### **9.2 Disclaimer**

- 9.2.1 The Units of the Fund are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by SECP, any Government Agency, Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Pre-IPO Investors or any other bank or financial institution. The portfolio of the Fund is subject to market risks and risks inherent in all such investments.
- 9.2.2 Fund's target return/ dividend range cannot be guaranteed. Fund's Unit price is neither guaranteed nor administered/ managed; it is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets and interest rates.

## **10. GENERAL INFORMATION**

### **10.1 Accounting Period / Financial Year of the Fund**

Accounting Period means a period ending on and including an accounting date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding accounting period.

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

### **10.2 Inspection of Constitutive Documents**

The copies of constitutive documents, such as the Deed and the Offering Document, can be inspected free of charge at the addresses given below, however such documents shall also be available on the web site of the Management Company:

**8<sup>th</sup> Floor Techno City Corporate Tower, Hasrat Mohani Road, Karchi.**

### **10.3 Transfer of Management Rights of the Fund**

The management rights of the Fund may be transferred to another Management Company upon the occurrence of any of the following events in accordance with the procedure laid down in the Regulation, the Deed and the Directive issued by the Commission:-



- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be transferred to another Management Company;
- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another Management Company.
- (iv) If the Management Company may retire voluntarily with the prior written consent of the Commission.

#### **10.4 Extinguishment/Revocation of the Fund**

The Fund may be extinguished by the occurrence of any of the following events in accordance with the procedure laid down in the Regulation, the Deed and the Directive issued by the Commission;-

- (i) the Fund has reached its maturity date as specified in the Deed;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be revoked;
- (iii) where the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (iv) in the opinion of the Management Company the scheme is not commercially viable or purpose of the scheme cannot be accomplished subject to the consent of Trustee;
- (v) The Management Company subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.
- (vi) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vii) where the Commission deems it necessary to revoke the Fund so directs either Trustee or the Management Company in the interest of Unit Holders;

**10.5 Procedure and manner of Revocation of the Fund**

Revocation of the Fund shall be done in accordance with the procedures and in the manner as mentioned in the Regulations or through circulars / guidelines issued by the SECP from time to time.

**10.6 Distribution of proceeds on Revocation**

**In case of Revocation of the Fund the Trustee shall according to the procedure laid down in Regulations refund the net proceeds to the Unit Holders in proportion to the number of units held by them.**

## **11. GLOSSARY**

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

- 11.1 **“Accounting Date”** means the thirtieth day of June in each year and any interim date on which the financial statements of the Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income Tax may change such date to any other date and such change shall be intimated to the Commission.
- 11.2 **“Account Opening / Investment Account Opening Form ”** means standardized form prescribed by the Management Company to be duly filled by the investors at the time of opening an account with the Fund.
- 11.3 **“Accounting Period”** means a period ending on and including an accounting date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding accounting period.
- 11.4 **“Administrative Plans”** means investment plans offered by the Management Company and approved by the Commission, where such plans allow investors a specific investment strategy in any one or a combination of Schemes managed by the Management Company in accordance with the conditions specified by SECP.
- 11.5 **“Annual Accounting Period” or “Financial Year”** means the period commence on 1st July and shall end on 30th June of the succeeding calendar year.
- 11.6 **“Asset Management Company”** means an asset Management Company as defined in the Rules and Regulations.
- 11.7 **“Auditor”** means the Auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as per the Regulations.
- 11.8 **“Authorized Branches”** means those Branches of Distributors or Distribution Companies which are allowed by the Management Company to deal in Units of the Funds managed by the Management Company.
- 11.9 **“Authorized Broker”** means those Brokers which are authorized to deal in Government Securities.
- 11.10 **“Authorized Investments”**  
Authorized Investments are those as defined in the **clause 2.1.1** of this Offering Document.
- 11.11 **“Back-end Load”** means charges deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of units, but unitholders within a class shall be charged same level of back end load as disclosed in Annexure B.
- 11.12 **“Bank”** means institution(s) providing banking services under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.

- 11.13 **“Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 11.14 **“Bond Event”** means a trigger point, whereby Fund’s Net Assets is actually hits the Bond Floor, which if reached will cause the Fund’s Net Assets to be invested hundred percent (100%) in the Income Component Segment till the remaining Life of the Fund. From thereon, there shall be no further exposure in the Equity Component of the Fund.
- 11.15 **“Bond Floor”** means the present value Initial Fund Size (adjusted for redemptions, if any, during the Life of the Fund and inclusive of any Front-end Load). It can be defined as the minimum value the Fund should have on a given day, to be able to provide Capital Protection of the Initial Investment Value, if investments are held till completion of the duration of Fund. The Bond Floor value shall be calculated using yield of any authorized investment(s) from the Capital Protection Segment of Fund, that potentially yields a return higher than or at least equal to the yield required to provide Capital Protection to the Unit Holders.
- 11.16 **“Broker”** means any person engaged in the business of effecting transactions in securities for the account of others.
- 11.17 **“Business Day”** means any day on which stock exchanges are open for business in Pakistan.
- 11.18 **“Capital Protection”, “Principal Protection”** means that the investment strategy of the Fund is such that the Net Realizable Value of investment should not fall below the Initial Investment Value, subject to this Offering Document, and if the Units are held till completion of the duration of Fund.
- 11.19 **“Capital Protection Segment”** means investing a portion of the assets of the Fund in Income Component through term deposit with banks having at least AA- (double A minus) rating or above and other portion of the Fund through Equity Component to make investment in listed shares. In addition, in case of Income Component ,the Fund may also consider investing PIB’s of maturity that is close to the maturity of the Fund. However, where the bond floor hits in case of Equity Component portion, the entire equity in Equity Component would be moved to Income Component for Capital Protection and shall be held in Income Component till maturity of the Fund.
- 11.20 **“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of the Trust Deed.
- 11.21 **“Connected Person”** shall have the same meaning as assigned in the Rules and Regulations.
- 11.22 **“Constitutive Documents”** means the Trust Deed or such other documents as defined in the Regulations.
- 11.23 **“Contingent Load”** means amount payable by the Unit Holder on redemption of Units at actual basis as specified in Annexure B of the Offering Document. Any such amount would be treated as part of the Deposited Property.
- 11.24 **“Custodian”** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee in consultation with the Management Company to hold and protect the Trust Property or any part thereof as

custodian on behalf of the Trustee, and shall also include the Trustee itself if it provides custodial services for the Fund.

- 11.25 **“Cut-Off Time” / “Business Hours”** means the day time for dealing in Units of the Fund. The current Cut-Off Timing/Business Hours are mentioned in Annexure “B” of this Offering Document.
- 11.26 **“Dealing Day”** means every Business Day from Monday to Saturday of every week. Units will be available for dealing (purchase, redemption, transfer, switching etc) on Dealing Days during Cut-off Time. Provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in two widely circulated English or Urdu newspapers in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).
- 11.27 **“Duration of the Fund”** means the life of the fund which is two years time.
- 11.28 **“Distribution Account”** means the Bank Account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holder(s) shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).
- 11.29 **“Distributor / Distribution Company”** means a company/ firm appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.
- 11.30 **“Distribution Function”** means the functions with regard to:
- 11.31 receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- 11.32 issuing receipts in respect of (a) above;
- 11.33 interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
- 11.34 accounting to the Management Company for all: (i) payment instruments received from the applicants for issuance of Units; (ii) payments instruments to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
- 11.35 the above functions may be performed electronically, if appropriate systems are in place.
- 11.36 **“Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any Commission payable to agents on sales and redemption of Units or any Commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 11.37 **“Exposure”** shall have same meanings as provided in the Regulations.

- 11.38 “**Exit Load**” means contingent load, Back End Load and any other charges as may be applied by Management Company.
- 11.39 “**Federal Government**” means the Federal Government of Islamic Republic of Pakistan.
- 11.40 “**Financial Institution**” means a Bank, Development Finance Institution, Non Banking Finance Company, Modaraba or an institution registered under relevant laws to provide financial services within or outside Pakistan.
- 11.41 “**Financial Sector**” shall comprise of the savings and term deposits / certificates/ securities/ instruments issued by the entities of Banking Sector, Financial Services Sector, Life Insurance Sector and Non- Life Insurance Sector as classified by Karachi Stock Exchange and DFIs.
- 11.42 “**Force Majeure**” means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of the deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of the deed and makes the performance of the Deed 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 unavoidable 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.
- 11.43 “**Formation Cost**” means preliminary expenses relating to regulatory and registration fees of the Scheme, flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of this Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period.
- 11.44 “**Front-end Load**” means the Sales load which may be included in the offering price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as determined by the Management Company. However aggregate of Front-end Load and Contingent load should not exceed 5% of Net Asset Value.
- 11.45 “**Gap Event**” means an event, whereby, Fund’s Net Assets falls below the Bond Floor.
- 11.46 “**Gap Risk**” means the probability of occurrence of a Gap Event
- 11.47 “**Gap Risk Coverage**” means the coverage, provided by the Management Company, on occurrence of a Gap Event, whereby, the Management Company shall contribute to the Fund, within a certain period as specified in the Offering Document, an amount by which the Net Assets of the Fund falls below the Bond Floor, subject to the maximum coverage agreed and provided, by the Management Company as specified in the Offering Document.

- 11.48 **“Government Securities”** includes monetary obligations of the Government or a Provincial Government or a corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government and any other security as the Federal Government may, by notification in the official Gazette, declare, to the extent determined from time to time, to be a Government Security.
- 11.49 **“Holder or Unit Holder”** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of the Trust Deed.
- 11.50 **“Initial Period” or “Initial Offering Period”** will start from 8 December, 2014 (mention date here) means a period determined by the Management Company during which Units will be offered as mentioned in clause 1.6 of this Offering Document.
- 11.51 **“Initial Price” or “Initial Offer”** means the price per Unit on the first day of the Initial Period determined by the Management Company.
- 11.52 **“Investment”** means any Authorized Investment forming part of the Trust Property.
- 11.53 **“Investment Facilitators/Advisors”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The investment facilitator/advisor is not authorized to perform the Distribution Functions. The Management Company shall compensate the Investment Facilitators..
- 11.54 **“Investment Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to purchase Units and will be stated in this Offering Document.
- 11.55 **“Investment Segment”** means the portion of investment generally made in Authorized Investments with an objective of providing Unit Holders a higher return than short-term bank deposits and government securities while providing capital protection upon maturity of the Fund.  
The Investment Segment of the Fund is further divided into:
- I. Income Component**
1. Bank deposit , cash at bank with banks of appropriate credit-rating as per the requirements of this Offering Document,
  2. Treasury Bills issued by the Government of Pakistan, with maximum maturity of 1 year,
  3. Pakistan Investment Bonds, with maximum maturity not exceeding Life of the Fund by more than 1 month.
- II. Equity Component**
- Listed equity securities, listed on all stock exchanges of Pakistan.
- 11.56 **“Initial Investment Value”** means the amount determined by multiplying price paid by the Unit holder (s) with the number of capital preservation units purchased.
- 11.57 **“Life of the Fund”** means duration of the Fund that shall start no later than seven (7) business days from the close of Initial Offering Period.
- 11.58 **“Local Governments”** mean all the local / city governments in Pakistan.

- 11.59 “**Management Company**” is defined in the preamble hereto;
- 11.60 “**Net Assets**”, in relation to the Trust, means, the excess of assets over liabilities of the Scheme as calculated in accordance with the Regulations.
- 11.61 “**Net Asset Value**” or “**NAV**” means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 11.62 “**Offer Price or Purchase (Public Offer) Price**” means the sum to be paid by the investor for purchase of one Unit, such price to be determined pursuant to this document.
- 11.63 “**Offering Document**” means the prospectus or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme.
- 11.64 “**Online**” means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 11.65 “**Ordinance**” means the Companies Ordinance, 1984.
- 11.66 “**Par Value**” means the face value of **Rs. 100/-** for a Unit of the Fund.
- 11.67 “**Personal Law**” means the law of inheritance and succession as applicable to the individual Unit Holder.
- 11.68 “**Pledge Form**” means a standardized form prescribed by the Management Company to be duly filled by the investor to Pledge his/her Units and will be stated in this Offering Document.
- 11.69 “**Profit Distribution Date**” means the date on which the Management Company decides to distribute the profits (if any).
- 11.70 “**Provincial Governments**” mean the Provincial Governments of all four provinces of Pakistan.
- 11.71 “**Redemption Form**” means a standardized form prescribed by the Management Company to be duly filled by the investor to redeem Units and will be stated in this Offering Document.
- 11.72 “**Redemption Price or Repurchase Price**” means the amount to be paid to the relevant Holder upon redemption of that Unit, such amount to be determined pursuant to this document.
- 11.73 “**Register Function**” means the functions with regard to:
- a) Maintaining the Register, including keeping a record of change of addresses/other particulars of the Holders;
  - b) Issuing account statements to the Holders;
  - c) Issuing Certificate, including Certificates in lieu of undistributed income to Holders;
  - d) Cancelling old Certificates on redemption or replacement thereof;
  - e) Processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Holders;



- f) Issuing and dispatching of Certificates;
- g) Dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h) Receiving applications for redemption and transfer/transmission of Units through Management Company ;
- i) Maintaining record of lien/pledge/charge; and
- j) Keeping record of change of addresses/other particulars of the Holders.

11.74 “**Regular Interval**” means monthly, quarterly, half yearly or annual periods.

11.75 “**Rules**” mean Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 as amended from time to time.

11.76 “**Regulations**” mean Non--Banking Finance Companies and Notified Entities Regulations, 2008 and the Schedules and Forms attached to it as amended/replaced from time to time.

11.77 “**Sales Load**” includes the Front-end and Back End loads and any processing charge or commission (excluding Duties and Charges) not exceeding five percent of the Net Asset Value or as may be allowed under the Regulations, which may be included in the Offer Price of all or certain class of Units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of units.

11.78 “**SECP**” or “**Commission**” means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.

11.79 “**Special Instruction Form**” means a standardized form prescribed by the Management Company to be duly filled by the investor to change his/her particulars and will be stated in this Offering Document.

11.80 “**Stock Exchange**” means Stock Exchanges registered under the Securities and Exchange Ordinance, 1969.

11.81 “**Sukuk**” means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.

11.82 “**Transaction Costs**” means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust’s portfolio, *inter alia*, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.

11.83 “**Transfer Agent**” means a company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Function.

11.84 “**Transfer Form**” means a standardized form prescribed by the Management Company to be duly filed by the investor to transfer Units and will be stated in this Offering Document.

11.85 “**Trust Deed**” or “**Deed**” means the Trust Deed of the Fund executed between the Management Company and the Trustee along with all the exhibits appended hereto.

- 11.86 **“Trust” or “Unit Trust” or “Fund” or “Scheme”** means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.
- 11.87 **“Unit”** means one undivided share in the Trust, and where the context so indicates, a fraction thereof.
- 11.88 **“Zakat”** has the same meaning as in Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

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

**ANNEXURE 'A'**

**Trustee Remuneration**

**ANNEXURE "C"  
REMUNERATION OF TRUSTEE**

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

NET ASSETS	TARIFF
	0.13% p.a. of Net Assets

Trustee Fee subject to review by either party. However any upward revision shall require prior approval of SECP.



**ANNEXURE 'B'**

**CURRENT LEVEL OF FRONT-END, BACK-END LOAD, CONTINGENT LOAD AND MANAGEMENT FEE**

**Current Level of Front-end, Back-end and Contingent Loads**

The Front-end Load ,Back-end Load and Contingent Load shall be charged at the following rates:

<b>Front End Load*</b>	<b>3.00%</b>
<b>Back End Load</b>	<b>2.00%</b>
<b>Contingent Load</b>	
Redemption during First Year	3.00%
Redemption during Second Year	2.00%

**Management Fees**

**Current level of management remuneration: 1% per annum of average daily Net Assets.**

**Cut off timings:**

Monday to Friday 9:00am to 4:30pm

Processing Charges\*\* Rs. 1,000/-

\*The Management Company may reduce/ waive the level of Front End Load on case to case basis

\*\*The Management Company may at its discretion waive the processing charges on case to case basis.

**ANNEXURE 'C'**

**MANAGEMENT COMPANY AND DISTRIBUTION COMPANY**

**Management Company**

Management Company of the Fund is MCB Arif Habib Savings and Investments Limited. Forms and other information of the Fund can be collected from the following address of the Management Company or from the branches of the Distribution Company:

**MCB Arif Habib Savings and Investments Limited**  
**8<sup>th</sup> Floor, Techno City, Corporate Tower**  
**Hasrat Mohani Road,**  
**Karachi**

For more information

Call: 111-162-224/ 111-468-378

Email: [info@mcbah.com.pk](mailto:info@mcbah.com.pk)

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

**Distribution Companies**

1. MCB Bank. MCB House, 15-D, Main Gulberg, Lahore
2. Standard Chartered Bank. P.O. Box. No. 5556, I.I. Chundrigar Road, Karachi 74000
3. BMA Financial Services Limited 8th Floor, Uni Tower, I. I. Chundrigar Road, Karachi
4. Mr. Akbar Ali 601 Nagar Residency, Street 2, Bath Island, Karachi
5. Mr. Ahmed Zaman 27/A Rattigan Road, Lahore
6. Ms. Rabia Fida 163, Street 4, Cavalry Ground, Lahore

**ANNEXURE 'D'**  
**PLEDGE FORM**

<b>PLEDGE OF UNITS FORM "G-1"</b>			
<LOGO SPACE>		<b>MCB ARIF HABIB SAVINGS &amp; INVESTMENTS LIMITED</b> 8th Floor, Techno City Corporate Towers, Hasrat Mohani Road, Karachi Toll Free: 0800-62626, Phone: (021)111-622-262 (111-MCB-AMC) Fax: (021)32276908/32276898	
Date: _____		Please write in block letters using black ink	
1) Principal Applicant/Pledger Details			
Name			
Investor Registration No.		CNIC/NICOP/Passport No.	
2) Details of Units to be pledged by the Pledger			
Name of the Fund/Investment Plan	Number of Units to be pledged/placed under lien	Certificate Number(s) (If issued)	Date of Certificate Issuance
3) Pledger's Declaration and Signature(s)			
I/We, the undersigned, are the registered holder(s) of the above-mentioned Units and request the Management Company of the above-mentioned Fund(s) to register pledge/lien on such Units in favour of Pledge/Lien-holder as mentioned in section no. 4 of this application form. I/We (the Pledger(s)) recognize and undertake that:			
(a) The registration of this pledge/lien places a responsibility on the Management Company to ensure that for any reason whatsoever, if the Units are encashed, save any legal bar or court requiring otherwise, the proceeds accruing on such Units (hereinafter called the Pledged Units) shall be held or paid to the order of the Pledge/Lien-holder according to the provisions of the relevant Trust Deed(s), Offering Document(s) and Supplemental Offering Document(s);			
(b) Save any legal bar or court order requiring otherwise, any dividends that are declared on the Pledged Units shall be paid to the order of the Pledge/Lien-holder. Furthermore, any Units issued on reinvestments or Bonus Units that the Pledged Units are entitled to, shall automatically be marked under the pledge/lien. In the event the Pledged Units are redeemed for any reason whatsoever, the redemption proceeds of Pledged Units shall be paid to the order of the Pledge/Lien-holder for the account of the Pledger(s);			
(c) The Management Company and the Trustee, however, do not accept any responsibility for the validity of Pledger(s)' act of placing the Pledged Units under pledge/lien and for any obligation or commitment undertaken by the Pledger(s) in respect thereof; and			
(d) The pledge/lien on the Pledged Units shall continue till such time that the same is released by the Pledge/Lien-holder in writing.			
Principal Applicant's Signature (Company Stamp in case of Institution)			
Joint Holder(s) / Authorised Signatories		Signature(s)	
1. Name:			
2. Name:			
3. Name:			
4) Pledge/Lien-holder's Details and Signature(s)			
Name		CNIC/NTN No.	
Postal Address			
Telephone No.		Fax No.	
I/We have read and understood the Trust Deed(s), Offering Document(s) and Supplementary Offering Document(s) of the above-mentioned Fund(s) and understand that the marking of pledge/lien would be made in accordance with the terms and conditions as mentioned in these Constitutive Documents. I/We further confirm that I/We have read and understood the details of Pledger given above.			
Name of Authorised Signatories	Designation	Signature(s)	Corporate Stamp

<b>5) Investment Facilitator / Distributor Details (For Official Use Only)</b>			
<b>Distributor/Facilitator Name</b>		<b>Code</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<b>Branch Name</b>		<b>City</b>	
<b>6) Registrar Details (For Official Use Only)</b>			
<b>Date and Time Stamping</b>	<b>Form received by</b>	<b>Name and Signature</b>	
	<b>Date, Form and attachments verified by</b>	<b>Name and Signature</b>	
	<b>Data input by</b>	<b>Name and Signature</b>	

ANNEXURE 'E'



**Pakistan Sarmaya Mehfooz Fund - Form**  
(Individuals & Institutions)  
(FORM - MCBAH 01b)

Investor Registration Number  
(for official use only)  
No. \_\_\_\_\_

No. :MCBAH-01b/A

Information about Principal Account Holder  
(FULL NAME (S) AND ADDRESS IN BLOCK LETTERS)

Date \_\_\_\_\_

Name: Mr./Ms./Mrs.	CNIC No.	Registration No.	Occupation:
Father's/Husband's Name:	Date of Birth:	Mother Maiden Name:	
Gender: Male <input type="checkbox"/> Female <input type="checkbox"/>	Nationality:	Marital Status: Single <input type="checkbox"/> Married <input type="checkbox"/>	
Zakat Deduction: Yes <input type="checkbox"/> No <input type="checkbox"/> (If No, please provide Zakat Affidavit)			

2) Guardian's Details (To be filled in case of Minor Applicant)

Name of Guardian	Relationship with Minor
CNIC/NICOP/Passport No.	Nationality

Payment shall be made through "Account Payee only" Cheque, Pay Order or Demand Draft in favour of "CDC TRUSTEE - PAKISTAN SARMAAYA MEHFOOZ FUND"

Rs. \_\_\_\_\_ Pak Rupees (in words)

Mode of Payment  Cheque  Pay Order  Demand Draft  Drawn on \_\_\_\_\_ Branch \_\_\_\_\_

**FULL DETAILS OF BANK ACCOUNT**

Applicant who cannot sign or whose signature is unstable, should provide two recent passport size photographs duly verified by the Branch Manager of the Bank from where cheque has been issued. In such case, Redemption proceeds will only be transferred in the Bank Account mentioned below. No cheque will be given to such Applicant.

Bank Account No. \_\_\_\_\_ Bank Name \_\_\_\_\_ City \_\_\_\_\_

**FOR INSTITUTIONS ONLY**

Type of Institution  Company  Partnership  Proprietorship  Association of Persons  Trust/Charitable Institution  Firm  Others

Registration / Incorporation Number \_\_\_\_\_ NTN \_\_\_\_\_ or Non-Resident

Tax Exemption Status  No  Yes  (Please provide necessary documents for tax exemption)

Name of Directors / Partners / Trustees (Please attach separate sheet if required)

**Contact Details**

Correspondence Address \_\_\_\_\_

Telephone No. \_\_\_\_\_ Res. \_\_\_\_\_ Off. \_\_\_\_\_ Ext. \_\_\_\_\_ Mobile No. \_\_\_\_\_

Email Address \_\_\_\_\_ Fax No. \_\_\_\_\_

Do you wish to receive Statement of Account?  No  Yes  If Yes, please select the nature of correspondence - Post  Email

JOINT ACCOUNT HOLDERS, IF ANY	AUTHORIZED SIGNATORIES (FOR INSTITUTIONAL CLIENTS)
Name: Mr./Ms./Mrs.	Specimen Signature
Name: Mr./Ms./Mrs.	Specimen Signature
Name: Mr./Ms./Mrs.	Specimen Signature
Name: Mr./Ms./Mrs.	Specimen Signature

**OPERATING INSTRUCTIONS:**

Principal Account Holder only  Jointly (any two)

Either or Survivor  Jointly (all Account Holders)  Other (Instructions Attached)

**Dividend Distribution (Please tick (✓) the appropriate box)** **DEFAULT: Dividends REINVEST**

In case of bonus units, encash bonus units on the business day following the bonus issue and pay as instructed.

**INFORMATION ABOUT NOMINEE(S) - (For Individuals Only)**

Nominees can only be the following relatives of the applicant, namely, a spouse, father, mother, brother, sister, son or daughter including a step or adopted child.

Name: Mr./Ms./Mrs. 1. \_\_\_\_\_ 2. \_\_\_\_\_

Relationship with Principal Account Holder \_\_\_\_\_

CNIC Number \_\_\_\_\_

I/We, the undersigned, hereby declare that:  
(a) The information provided in this Account Opening Form are correct, complete and up-to-date to the best of my/our knowledge and belief and the documents submitted along with this Account Opening Form are complete and valid in all respects; and  
(b) I/We understand that investments in mutual fund will be subject to Zakat deduction if duly executed Zakat Affidavit (CZ-50) is not submitted along with this Account Opening Form. I/We hereby acknowledge having read and understood the relevant Trust Deed and Offering Document that govern this transaction and further acknowledge having understood the risks involved.

Current Principal Applicant's Signature / Left Hand Thumb Impression (Company Stamp in case of Institutional Client)	Principal Applicant's Signature on CNIC/NICOP/Passport	Attestation of Branch Manager and Witnesses shall be required only in case of Investor with unstable signature or thumb impression. Attestation of Branch Manager	Witnesses (Adult Male Persons only) Name: _____ CNIC: _____ Signature: _____ Name: _____ CNIC: _____ Signature: _____
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**Investment Facilitator / Distributor Details (For Official Use Only)**

Distributor/Facilitator Name	Code	Distributor's Stamp with date and time
Branch Name	City	

**Registrar Details (For Official Use Only)**

Date and Time Stamping	Form received by	Name and Signature
	Form and documents verified by	Name and Signature
	Data input by	Name and Signature

**YOUR PROVISIONAL RECEIPT** No. :MCBAH-01b/A

Received Rs. \_\_\_\_\_ From \_\_\_\_\_ against investment in Pakistan Sarmaya Mehfooz Fund via cheque no. \_\_\_\_\_

For Distributor Banks only:

NAME OF BANK	BRANCH CODE	SERIAL NO.	DATE OF RECEIPT

Signature & Rubber Stamp



**ANNEXURE 'F'**

Fee for Unit Holder's Account Statement \*

Rs. 100/-

\*The Management Company may at its discretion change the fee on case to case basis.