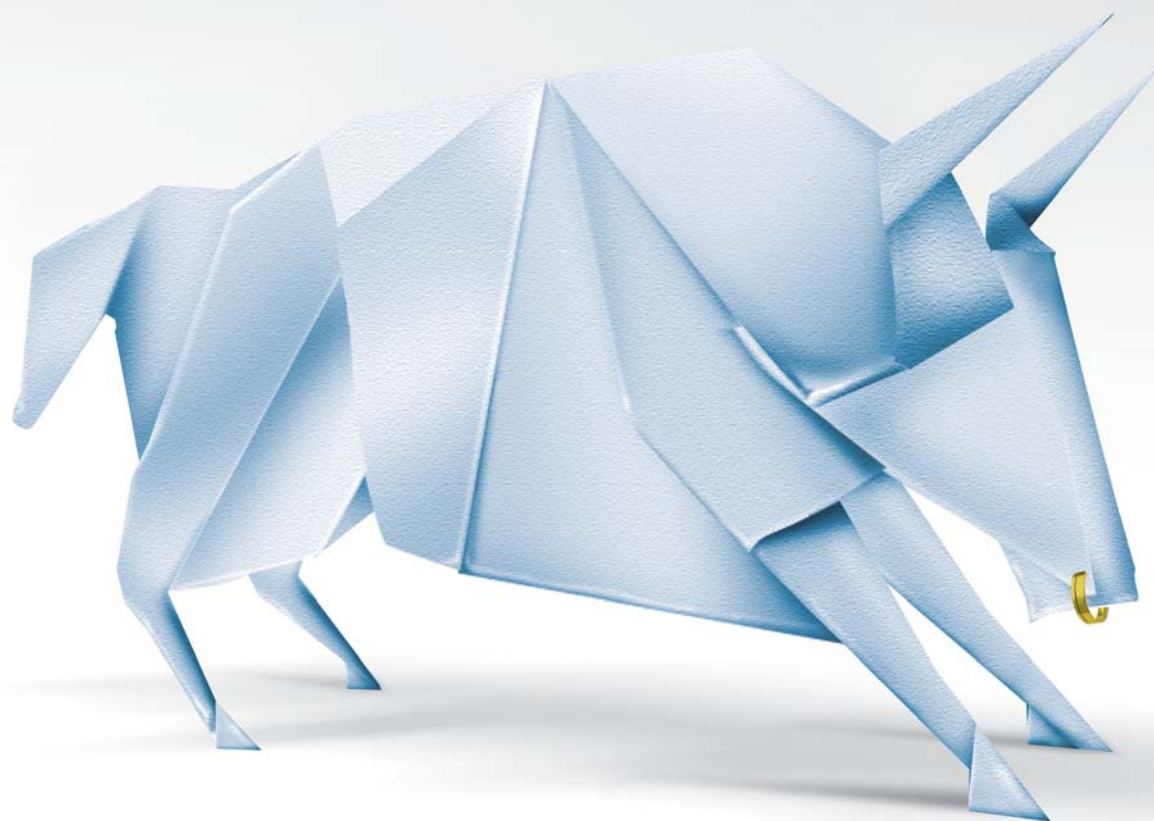


**Disclaimer:** The investors are advised in their own interest to carefully read the contents of the Offering Document in particular the risk factors mentioned in Clause 2.6, Disclaimer in Clause 2.7 and Warnings in Clause 11 before making any decision.

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RATED **AM3+** BY PACRA



# OFFERING DOCUMENT

**MCB**  
**Dynamic**  
ALLOCATION FUND

SHAPING INVESTMENTS



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## OFFERING DOCUMENT MCB DYNAMIC ALLOCATION FUND

OFFERING DOCUMENT OF MCB DYNAMIC ALLOCATION FUND (MCB DAF)  
MANAGED BY MCB Asset Management Company Limited

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

Date of Publication of Offering Document March 12, 2008

Initial Offering Period: March 13, 2008 to March 15, 2008

The MCB Dynamic Allocation Fund (the Fund/the Scheme/the Trust/the Unit Trust) has been established through a Trust Deed, entered into between MCB Asset Management Company Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended and replaced (the Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2007.

### REGULATORY APPROVAL AND CONSENT

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

The Securities and Exchange Commission of Pakistan (SECP) has registered MCB Dynamic Allocation Fund under Regulation 61 of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the Regulations) and has approved this Offering Document and has authorized the offer of Units of MCB Dynamic Allocation Fund (the Fund) under Regulation 63 of the Regulations.

**It must be clearly understood that in giving this approval, the 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.**

The provisions of the Trust Deed, the Rules and the Regulations (As amended or replaced from time to time) govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in the Fund. **Prospective investors should consult one or more from amongst their legal advisor, stock broker, bank manager or other financial advisor. Investors must recognize that all investments involve varying levels of risk. The portfolio of the Fund consists of both equity securities, as well as debt securities, listed as well as unlisted, that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund, nor the dividends declared by the Fund are or can be assured. Investors are requested to read the Risk Disclosure, Disclaimer and Warnings Statement contained in Clause 2.6, Clause 2.7 and Clause 11 respectively in this Offering Document.**

#### Filing of the Offering Document

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the Trust Deed with the SECP. Certified copies of these documents along with documents 2 to 6 below can be inspected at the registered office of the Management Company or the place of business of the Trustee:

1. The SECP's letter No. NBFC-II/7/MCB/AMC/04/2007 dated February 29, 2008 granting license to MCB AMC to carry out Asset Management Services together with the copy of the license;
2. Trust Deed (Deed) of MCB Dynamic Allocation Fund dated November 22, 2007 between MCB Asset Management Company Limited (MCB AMC) as the establisher and the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee;
3. SECP letter No. NBFC/MF-RS/AD-ZRK/MCB-DAF/963/2007 dated December 17, 2008 registering MCB Dynamic Allocation Fund;
4. SECP letter No. NBFC/MF-RS/MCB-DAF/AD-ZRK/851/2007 dated November 12, 2007, approving the Trust Deed between CDC as the Trustee of MCB Dynamic Allocation Fund and MCB Asset Management Company Limited as the Management Company;
5. Letter No. C0266 dated December 3, 2007 from A.F Ferguson & Co., Chartered Accountants consenting to act as Auditors of MCB Dynamic Allocation Fund;
6. The SECP's letter No. NBFC/MF-RS/AD-ZRK/MCB-DAF/171/2008 dated March 7, 2008, 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 November 22, 2007 between:

MCB Asset Management Company Limited (MCB AMC) or Management Company, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984, and licensed by the SECP to undertake asset management services with its registered office at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, as the establisher of the Fund and the Management Company; and

Central Depository Company of Pakistan Limited (CDC), a public limited Company incorporated under the Companies Ordinance 1984, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan acts as the Trustee.

### 1.2 Registered Address, Place and Date of Creation

The registered address of the MCB Asset Management Company Limited is 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. The Trust was created on November 22, 2007. The official web site address of MCB Asset Management Company Limited is [www.mcbamc.com.pk](http://www.mcbamc.com.pk).

### 1.3 Trust Deed

The Deed is subject to and governed by the Rules, (Non-Banking Finance Companies (Establishment & Regulation) Rules 2003, as amended and replaced), the Regulations Non-Banking Finance Companies and Notified Entities Regulation, 2007, the Securities and Exchange Ordinance 1969 and all other applicable laws, regulations and circulars. The terms and conditions in this Deed and any supplemental deed(s) (if any) shall be binding on each Unit Holder.

The Fund shall also be subject to the rules, regulations and circulars framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the fund from outside Pakistan.

### 1.4 A 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 on any of the following grounds:

- 1) To such extent as may be required to ensure compliance with any applicable laws and regulations or any amendment of such laws and regulations and in particular the Rules and the Regulations;
- 2) To enable the provisions of the Deed to be more conveniently and efficiently implemented;
- 3) To enable the Units to be listed on a Stock Exchange or any other Exchange; or
- 4) Otherwise to the benefit of the Unit Holders.

Provided that in case of (2), (3) and (4) above, such alteration or addition shall not prejudice the interest of the Unit Holders; and that in any event, it shall not release the Trustee or the Management Company of their responsibilities.

Where the Deed has been altered or supplemented, the Management Company shall notify to the Unit Holders at their respective registered addresses and the dispatch of such notices to the Unit Holders will be announced in two daily newspapers having its primary circulation in Pakistan.

However, if the Commission (SECP) modifies the Rules or the Regulations these will be deemed to have been included in the Constitutive Documents without requiring any modification as such.

### 1.4 B Modification of Offering Document:

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental offering document(s) to modify, alter or add to the provisions of the Offering Document on any of the following grounds:

- 1) To such extent as may be required to ensure compliance with any applicable laws and regulations or any amendment of such laws and regulations and in particular the Rules and the Regulations;
- 2) To enable the provisions of the Offering Document to be more conveniently and efficiently implemented;
- 3) To enable the Units to be listed on a Stock Exchange or any other Exchange; or
- 4) Otherwise to the benefit of the Unit Holders.

Provided that in case of (2), (3) and (4) above, such alteration or addition shall not prejudice the interest of the Unit Holders; and that in any event, it shall not release the Trustee or the Management Company of their responsibilities.

Where the Offering Document has been altered or supplemented, the Management Company shall notify to the Unit Holders



at their respective registered addresses and the dispatch of such notices to the Unit Holders will be announced in two daily newspapers having its primary circulation in Pakistan.

## 1.5 Duration

The duration of the Fund is perpetual. However, the SECP or the Management Company may, on the occurrence of certain events, wind it up as stated in clause 13 of this Offering Document under the heading "Termination of the Fund".

## 1.6 Units

### 1.6.1 Initial Offer Price

The Fund is divided into Units having an initial Offer price of Rs. 100/- (Rupees Hundred only) each. This price is applicable to such Units that are issued before any of the assets of MCB DAF are invested other than bank deposits, whether or not earning interest/mark-up. Thereafter, the Units shall be issued on the basis of the Net Asset Value (NAV) of MCB DAF, which shall form the base for determining the Offer and Redemption Prices. 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 MCB DAF 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 getting consent of trustee and approval from the Commission. Consequently, the Units issued with differing arrangements may have differing respective applicable quantum of the Front-end Load added to the NAV for determining the Offering Price thereof and differing respective applicable quantum of Back-end Load deducted from the NAV for determining the Redemption Price.

### 1.6.2 Classes and Types of Units

The Management Company may issue the following Classes and Types of Units:

#### 1.6.2.1 Classes of Units

- (a) Class "CR" (Restricted Core Units) issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial offer. However, such Units are transferable.
- (b) Class "CU" (Un-Restricted Core Units) issued to the Core Investors (as stated in Regulation No. 61(2.)(e).(ii) with no Sales Load. These Units can be redeemed from the date of closure of Initial offer.
- (c) Class "A" Units being offered and issued during the Private Placement and Initial Offer Period (IPO) with no Sales Load. For Units issued after the Initial Period of Offer, a Front-End load may or may not be charged. (This is currently set at 3% as disclosed in Annexure "B" of this Offering Document).
- (d) Class "B" Units that shall carry only a Back-end Load with the following structure:

Year since Purchase of Units	Back-end Load Applicable
First	3%
Second	2%
Third	1%
Fourth and beyond	0%

The Management Company may revise Sales Load from time to time, with the condition that it will not effect the investors holding Class B Units before the revision of such sales load, but at no time will the sum of Front-end and Back-end Load be greater than 5% of NAV. The Management Company reserves the right to offer class "B" at its own discretion, although once offered, it will be available to all investors.

#### 1.6.2.2 Types of Units

- (i) **Growth Units:** The Unit value grows in line with the growth in the NAV and the Unit Holders are entitled for cash dividend and / or bonus Units at the time of distribution at the management company's discretion. Further details are mentioned in Clause 4.2 of this offering document.
- (ii) **Cash Dividend Units:** Cash Dividend Units are meant for those investors who opt to receive dividends in the form of cash only. The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. For subscription to Cash Dividend Units, the investor would have a higher initial investment and balance requirements as further elaborated in Clause 4.2 of this Offering Document.

Conversion from one unit to the other can be made at investor's discretion.

#### 1.6.2.3 Redemption Price

The Management Company shall, calculate the redemption value to be paid to the Unit Holder(s) based on the Redemption Price of that day and in accordance with the Regulations.

## 1.7 Open-end Fund

It shall offer and redeem Units on a continuing basis subject to terms contained herein and to the Rules and the Regulations. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued

to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. Units are also transferable. Units will be issued in registered, un-certificated form and will be confirmed to investors by means of an account statement issued by the Transfer Agent. Certificates representing Units will be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee not exceeding Rs. 50 per certificate, subject to revision of this fee from time to time by the Management Company.

**1.8 Initial Offer**

Initial Offer is made during the Initial Period, which will be three Business Days and commence at the start of the banking hours on March 13, 2008 and shall end at the close of the banking hours on March 15, 2008. This price is applicable to such Units that are issued before any of the assets of the Scheme are invested other than deposits, whether or not earning mark-up/profit. During the Initial Period, Units will be offered at the Initial Price of Rs.100 per Unit and will not include any Sales Load. During the Initial Offering Period Units will not be redeemed.

**1.9 Transaction in Units after Initial Offering Period**

Subsequent to the Initial Offer, the public sale of Units at Initial Price will be discontinued, the Units can be purchased at their respective Offer Price and redeemed at their respective Redemption Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the Stock Exchange(s)/Financial Market(s) Business Day. In the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed day(s), the NAV based price per unit shall be fixed after adjusting for the Front-end Load or the Back-end Load as the case may be and any Transaction Costs that may be applicable save under circumstances elaborated in clause 4.8 mentioned herein, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the business hours on the same business day.

The Management Company may issue Units without Sales Load to Unit Holders opting to receive Units in lieu of dividends.

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

**2.1 Investment Objective**

MCB Dynamic Allocation Fund is an asset allocation fund and its objective is to aim at providing a high absolute return by investing in equity and debt markets.

**2.2 Investment Policy**

MCB DAF is an asset allocation fund and is allowed to shift Exposures into debt or equity as per market conditions and discretion of the Management Company. The objective of the Fund is to aim at providing a high return which commensurate the higher risk taken due to pro-active allocation of funds across various asset classes. The Fund may invest up to 100 percent in equity securities or upto 100 percent in debt securities according to market conditions.

**2.3 Authorized Investments**

MCB Dynamic Allocation Fund is an asset allocation fund. Its "Authorized Investments" include all transacted, issued, traded, listed and unlisted investments, inside or outside Pakistan and may include any of the following:

- a. Listed Equity Securities
- b. Listed Debt Securities
- c. Unlisted Equity Securities, only if an application for listing of such securities has been accepted by the stock exchange
- d. Unlisted Debt Securities but does not include bearer security or any security that would involve assumption of unlimited liability
- e. Modaraba and Musharika Certificates
- f. Debentures
- g. Sukuks
- h. Securities Traded Over the Counter Market
- i. Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Federal Government Securities
- j. Long, medium and short term deposits with Commercial banks
- k. Long, medium and short term deposits in foreign Currencies with Commercial banks after prior approval of the applicable regulatory authorities



- l. Secured debt securities issued by local governments and government agencies
- m. Unsecured debt securities issued by local governments and government agencies
- n. Secured debt securities issued by public sector entities and/or financial institutions
- o. Secured debt securities issued by private sector entities and/or financial institutions
- p. Unsecured debt securities issued by public sector entities and/or financial institutions
- q. Unsecured debt securities issued by private sector entities and/or financial institutions
- r. Convertible debt securities issued by corporates/financial institutions
- s. Convertible and non-convertible preferred shares
- t. Certificates of Investment/Deposits issued by financial institutions
- u. Asset-backed or mortgage-backed debt securities
- v. Commercial Papers
- w. Continuous Funding System (CFS); or its replacement thereof with necessary SECP approval. Investment in CFS shall be restricted upto a maximum of 25% of Net Assets of the Scheme, with not more than 20% of the aforesaid CFS amount in any one scrip at the time of investment.
- x. Spread Transactions. MCB Allocation Fund (MCB DAF) will enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. MCB DAF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities. In the future if there are certain changes in methodology of settlement of futures transactions, a revised mechanism will be permissible subject to the SECP's special or general approval.
- y. Warrants, Options, derivatives subject to the prior approval of the Commission. Investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the Commission from time to time; and
- z. Authorized Investments in overseas markets to the extent of 30% of the Net Assets, subject to a cap of US\$15 million or such cap as may be defined in the Rules from time to time. Overseas investments would be subject to prior approvals / guidelines of the Commission and the State Bank of Pakistan, and
- aa. Any other security and/or instruments that may be allowed by the Commission, the Rules or any other regulatory authority from time to time.

The investment in asset classes mentioned above will be subject to such exposure limits and minimum ratings as specified in Clause 14.6 of this Offering Document.

- 2.3.1 **Asset Allocation Policy**  
This asset allocation policy will take into account the various Investment restrictions and Exposure limits as elaborated below in Clause 2.5 which is aimed to provide diversification benefits.
- 2.3.2 **Investment in Securities Listed or Traded Outside Pakistan.**  
The Management Company, with such regulatory permission that may be required, can invest Fund Property in foreign securities issued, listed and traded outside Pakistan.
- 2.3.3 **Investment in Derivatives and Lending of Securities**  
Subject to regulatory permission from the SECP or other agencies that may be required and subject to the restrictions stated in Clause 2.5 herein below, the Management Company may seek to enhance the return on the Fund or to protect its value through derivatives. The investment in this class shall be for hedging purposes and subject to such term and conditions that may be specified by SECP from time to time.
- 2.4 **Changes in Investment Policy**  
The Investment Policy will be governed by the Rules and the Regulations (subject to any exemptions provided to the Fund specifically by SECP). Any change in the Investment Policy will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unit Holders to the satisfaction of the Trustee.
- 2.5 **Investment Restrictions and Exposure Limits**
  - 2.5.1 The Trust Property shall be subject to such Exposure limits as are provided in the Rules and the Regulations (subject to any exemptions that may be specifically given to the Fund by the SECP); Provided that it will not be necessary for the

Trustee to sell any Investment merely because owing to appreciation or depreciation of any Investment or disposal of any Investments such limit shall be exceeded. The Management Company will have a maximum of three (3) months to comply with the Exposure limits in case such limits are exceeded.

- 2.5.2 The Scheme shall not invest more than twenty five (25) percent of its Net Asset Value in securities of any one sector as per classification of the Stock Exchange(s).
- 2.5.3 If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Rules and the Regulations, the Management Company shall not purchase any further Investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or bonus shares or any other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.
- 2.5.4 The Trust Property shall not be invested in any security of a company if any director or officer of the Investment advisor owns more than five (5) percent of the total amount of the securities issued or collectively the directors and officers of the investment advisor own more than ten (10) percent of those securities.
- 2.5.5 The Trust shall not, shall not without the prior approval of the Commission in writing, purchase from, or sell to, any connected person or employee of the asset management company or a collective investment scheme managed by it or a person who beneficially owns ten per cent or more of the equity securities of the collective investment scheme or asset management company, as the case may be. Subject to the Regulations, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 2.5.6 The Trust will not at any time:
- 2.5.6.1 Purchase or sell:
- Bearer securities
  - Securities on margin
  - Real estate
  - Securities which result in assumption of unlimited liability (actual or contingent)
  - Commodity contracts or commodities
  - Anything other than Authorized Investments as defined herein
- 2.5.6.2 Participate in a joint account with others in any transaction
- 2.5.6.3 Make short sales of any security or maintain a short position in securities
- 2.5.6.4 Acquire any security of which another asset management company managing a collective investment scheme is the issuer
- 2.5.6.5 Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness
- 2.5.6.6 Apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing
- 2.5.6.7 Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person
- 2.5.7 Under no circumstances shall the Management Company buy or sell such options, on behalf of the Scheme in excess of ten (10) percent of the Net Asset Value, that result in an Exposure beyond the number of underlying securities held in the portfolio of the Scheme. The Management Company may, however, buy call options or put options, on one or more item (financial or otherwise) that in its opinion would act as a hedge/defensive proxy for the overall market risk.
- 2.5.8 Investment of the Scheme in any company shall not, at any time, exceed an amount equal to ten (10) percent of the total Net Asset Value of the Scheme at the time of investment or ten (10) percent of the issued capital of the investee company, whichever is lower.
- 2.5.9 The total exposures in any single group shall not exceed more than 35% (thirty five percent) of the Net Assets of the Scheme or ten (10) percent of its Net Assets in listed group companies holding licences of asset management services and such exposure shall only be taken through secondary market.
- 2.5.10 Exception to the Investment Restrictions  
In the event the weightages of shares exceed the limits laid down in the Offering Document or the Regulations, as a result of the relative movement in the market prices of the investments or through any disinvestments, the Management Company shall bring the exposure within the prescribed limits within three (3) months of the event. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.

## 2.5.11 Borrowing and Borrowing Restrictions

1. Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company shall not borrow except with the approval of Trustee for meeting redemption requests.
2. The charges payable to any bank or financial institution by the Trust against such borrowings on account of the Scheme shall not be higher than the normal prevailing bank charges or normal market rates.
3. The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Scheme at the time of borrowing for a period of 90 Days or such other limit as may be provided in the Regulations. 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.
4. Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from Banks and financial institutions. The Trustee or the Management Company or their officers shall not in any manner be liable in their personal capacities for repayment of such loans or advances.
5. For the purposes of securing any such borrowing the Trustee may on the instructions 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.
6. Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

## 2.5.12 Restriction of Transactions with Connected Persons

- 2.5.12.1 The Trust Property shall not be without the prior approval of the Commission in writing, purchase from, or sell to, any Connected Person or employee of the asset management company or a collective investment scheme managed by it or a person who beneficially owns ten per cent or more of the equity securities of the collective investment scheme or asset management company, as the case may be.
- 2.5.12.2 Direct transactions (other than those carried out on the trading system of the exchange) between collective investment schemes of the same asset management company, as the case may be, shall be notified to the Commission within two days of such transactions and shall be disclosed in quarterly and annual accounts of the collective investment schemes.
- 2.5.12.3 In case cash forming part of the Scheme assets is deposited with the trustee or the custodian, which is a banking company or an NBFC, return shall be paid on the deposit by such trustee or custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar amount and maturity.
- 2.5.12.4 Money can be borrowed from any institutions provided that the charges are not higher than the normal bank charges.
- 2.5.12.5 Subject to the Regulations, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 2.5.12.6 All transactions carried out by or on behalf of the Scheme shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual report. The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five (5) percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten (10) percent of those securities

## 2.6 Risk Disclosure

This fund is vulnerable to higher risk due to "Asset Allocation" nature of the fund.

Investors are advised that all investments in mutual funds and securities are subject to market risks. A targeted return / dividend range cannot be guaranteed. It should therefore be clearly understood that the portfolio of MCB Dynamic Allocation Fund is subject to market conditions and other risks inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

1. Credit Risk - Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of a fixed-income security including money market instruments.
  - a) Default risk is the risk that the issuer of the security will not be able to pay the obligation, either on time or at all.
  - b) Credit spread risk is the risk that there will be an increase in the difference between the return/mark-up rate of an issuer's bond and the return/mark-up rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). 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 fixed income securities including money market instruments.

- c) Downgrade risk is the risk that a credit rating agency, such as PACRA or JCR-VIS or any other reputed international credit rating agency, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those fixed income securities including money market instruments.
2. Derivative Risk - Derivatives may be used to limit or hedge potential losses associated with investments. This process is called "hedging". The hedging strategy may not be effective and there is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract. There is also no guarantee that an acceptable counterpart will be willing to enter into the derivative contract. The counter-party to the derivative contract may not be able to meet its obligations or the Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a Fund from closing out a particular contract. If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract. The price of a derivative may not accurately reflect the value of the underlying security or index.
3. Return / Markup Rate Risk - Fixed income securities including money market instruments generally pay a fixed rate of coupon/mark-up. The value of the fund, due to its holdings in these securities including money market instruments, will rise and fall as market interest rates change. For example, when interest rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing return/mark-up rates and vice versa.
4. Equity Risk - Companies issue equities, or stocks to help finance their operations and future growth. A company's performance outlook, market activity and the larger economic picture influence the price of its shares. When the economy is expanding, the outlook for many companies will be good and the value of their stocks should rise. The opposite is also true. Usually, the greater the potential reward, the greater would be the risk. For small companies, startups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance.
5. Government Regulation Risk - Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows and/or any governmental or court orders restraining payment of capital, principal or income.
6. Voluminous Purchase/Redemption of Fund Units Risk - Any significant transaction made by any investor could significantly impact a Fund's cash flow. If the third party buys large amounts of Units of a Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of Units of a Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment.
7. Counterparty Risk - The risks with repo / reverse repo / money market placement transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/mark-up, if the market value of the security has dropped. In the case of a repurchase transaction, the Fund could incur a loss if the value of the security sold has increased more than the value of the cash or collateral held.
8. Liquidity Risk - Some companies have limited market floats of their issued shares and hence are not actively traded in the stock market or they may generally have very few total shares issued and outstanding. Securities issued by such companies may be difficult to buy or sell, which may cause the value of the Fund if it buys such securities to rise and fall substantially because any buying or selling of such companies' shares may have a great impact on that companies' share prices.
9. Market Risk - This risk involves volatility in stock prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the NAV based price of the Unit of the Fund.
10. Other Risks Involved:  
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 or a breakdown of law and order, war, terrorist activity, natural disasters etc, senior rights of creditors over the shareholders in the case of winding up, break-down of communication systems of the issuers, stock exchanges or general disruptions of satellite system.
11. Prices of Units of the Fund and income from them may go up or down.
12. Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up in such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

**2.7 Disclaimer**

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

**3. OPERATORS AND PRINCIPALS****3.1 Management Company****Organization**

MCB Asset Management Company Limited, fully owned subsidiary of MCB Bank Limited, is a public limited unlisted company with paid up capital of Rs.300 million. It has been licensed by SECP to undertake asset management services.

**Vision Statement**

To develop trustworthy relationships with our investors by working closely with them to understand their financial requirements and help them in achieving their long-term objectives and short-term needs through our fund management services.

**Mission Statement**

To achieve leadership position in the asset management industry by offering an innovative and extensive portfolio of investment products. We aim to provide superior returns to our clients and help them manage their money more efficiently through our dedicated professional staff, extensive distribution network and state of the art technology platform.

The paid-up capital of MCB AMC is Rs. 300 million, held by the following:

NAME	Number of Shares	Amount (Rupees)
MCB Bank Limited	29,998,000	299,980,000
Mian Umer Mansha	1,000	10,000
Mr. Yasir Qadri	1,000	10,000
Total	30,000,000	300,000,000

**Funds currently under Management:****MCB Dynamic Cash Fund:**

Fund Type	Open End Money Market
Risk Level	Low
Launch Date	1-Mar-07
Benchmark	1 Month KIBOR
Net Assets Dec '07	11,526mn

Performance Information (%)*	MCB DCF	Benchmark
Since inception till Dec 07	10	9

**\*Annualized return****MCB Dynamic Stock Fund:**

Fund Type	Open End Equity
Risk Level	Moderate / High
Launch Date	1-Mar-07
Benchmark	KSE-30
Net Assets Dec '07	977mn

Performance Information (%)*	MCB DSF	Benchmark
Since inception till Dec 07	32	19

**3.1.1 MCB Bank Limited**

MCB is one of the leading commercial banks in Pakistan, with one of the largest asset and deposit base. It is one of the most actively traded stocks in the market and has the largest market capitalization amongst banks in the country. MCB's approximately 8,600 employees operate through a network of over 1000 branches servicing thousands of institutional banking clients and 4.3m account holders. Based on its market position, potential for growth, profitability and management



quality, MCB has received the Euromoney Award for Excellence for the ‘Best Bank in Pakistan’ and the Asia Money Award for the ‘Best Domestic Commercial Bank’ numerous times.

Since its privatization in 1991, MCB’s major shareholder has been the Nishat Group, one of the largest and oldest business conglomerates in Pakistan, having substantial interests in cement, textiles, finance and insurance.

### 3.2 Board of Directors of the Management Company

NAME	Occupation and Address	Position	Other Directorships
<b>Mian Mohammad Mansha</b>	Industrialist 28, Main Gulberg, Lahore.	Chairman / Director	1.MCB Bank Ltd.
<b>Mr. Atif Aslam Bajwa</b>	Banker 60, Shadman II, Lahore.	Director	1.MCB Bank Ltd.
<b>Mr. Ali Munir</b>	Banker 39, Gulberg V, Lahore.	Director	1-Hub power Co. Ltd 2-Muslim Commercial Financial Services (Pvt.) Ltd. 3-MNET Services (Pvt.) Ltd. 4-Adamjee Insurance Co. Ltd. 5-MCB ExEmployees Foundation
<b>Mr.Manzar Mushtaq</b>	Service House No.3-B, Nisar Road, Nisar Colony, Lahore.	Director	1. Nishat (Chunian) Ltd. 2. D.G. Khan Cement Co. Ltd. Security General Insurance Co. Ltd.
<b>Mr. Salman A. Usmani</b>	Banker House No.11/2, Khayaban-e-Sehar, Phase-VI, Karachi.	Director	None
<b>S. Waliullah Shah</b>	Service B-94, Block-3, Gulshan-e-Iqbal, Karachi.	Director	1. Siddiqsons Tinplate Ltd. 2. Siddiqsons Demin Mills Ltd. 3. Siddiqsons Services (Pvt.) Ltd.
<b>Mr. Yasir Qadri</b>	Fund Management 12/II, Phase IV, Main Gizri Avenue DHA, Karachi.	Chief Executive Officer	1. Mutual Fund Association of Pakistan

#### 3.2.1 Profile of Directors

##### **Mian Mohammad Mansha – Chairman**

Mr. Mansha is an influential entrepreneur and has been conferred the Civil Award “Sitara-e-Imtiaz” in recognition of his contributions towards industrial development of the country by the Government of Pakistan. Under his leadership the Nishat Group has grown from a cotton export house into a premier business group of Pakistan. For over a decade, the Nishat Group has been the largest exporter of textile products in Pakistan. The Nishat Group diversified into Cement manufacturing, Banking, and Insurance when under Mr. Mansha’s guidance the group ventured into DG Khan Cement, MCB Bank and Adamjee Insurance.

He is affiliated with Babson College (MA, USA) as a member of their International Advisory Board, the National Management Foundation as a member of Board of Governors. He serves as a Trustee of Government College of Faisalabad and Textile College of Faisalabad. Previously he has been the President of All Pakistan Textile Manufacturers Association



(APTMA) and APTMA Punjab.

**Mr. Atif Aslam Bajwa - Director**

Mr. Bajwa received a Bachelor degree in Economics from Columbia University (NY, USA). Mr. Bajwa joined MCB Bank as the President in 2007. Previously, he was the Executive Vice President of Mashreq Bank from 2005, where he headed the Retail and SME Banking division. Prior to that he was the Regional Head at Citigroup and was responsible for building Citibank's corporate, SME and consumer banking businesses in the Central and Eastern Europe region from 2001. From 1993-2001 he worked for ABN Amro Bank in various senior management roles in Pakistan, Singapore and the Netherlands. Prior to joining ABN Amro he was at Citibank from 1983-1993 where he was a part of the Corporate Banking Group. While at Citibank he also worked for the Geographic Organization Task Force in New York, where he was part of a team empowered to study Citibank's organizational structure across geographies, and recommend short-term and long-term remedies to operational inefficiencies.

**Mr. Ali Munir - Director**

Mr. Munir needs no introduction in the Banking circles, with over 30 years of practical experience. A Lawyer and Chartered Accountant from England, by qualification, Mr. Munir is also a Member of the Securities Association of England (SFA), and of the Investment Management Regulatory Organization (IMRO) in England. Mr. Munir, is one of the leading bankers of Pakistan, having diverse experience, including financial consultancy, as CEO of Capital Assets Leasing Corporation Ltd, and as S.E.V.P and CFO, of two of the largest banks in Pakistan, viz Habib Bank Limited, & MCB Bank Limited. At MCB Bank Limited Mr. Munir's responsibilities have included Information Technology, Operations, Financial Control, Cash Management, and Corporate Affairs. In addition to the foregoing, Mr. Munir, has been a member of various Committees of the Government, more recent of which include, the Task Force on Real Estate Investment Trust (REITs), National E-Government Council, Sub Committee of Pakistan Banks Association on Accounting, Finance & Taxation, Task Force on elimination of Riba. Further, Mr. Munir has also served as Chairman of Sub-Committee of State Bank of Pakistan on Islamic Banking, Pakistan Banks Association Sub Committee on Accounting & Taxation, Sub-committee of State Bank of Pakistan on revision of National Agricultural Credit Scheme, Sub Committee of State Bank of Pakistan on branch rationalization of five large banks.

**Mr. Manzar Mushtaq - Director**

Mr. Mushtaq has a degree in Political Science/International Relations from Clark University, Worcester, Massachusetts, USA from where he graduated in 1988. He is currently an Executive Director for Bancassurance in Adamjee Insurance Company, which is a market leader in the Insurance Industry in Pakistan. He has recently moved to Adamjee Insurance Company from Security General Insurance Company Ltd, where he has served as a CEO for the past couple of years. He is currently serving on the Boards of various Companies of the Nishat Group, which include D.G.Khan Cement Company, Nishat Chunian, and MCB Asset Management Company Limited.

**Mr. Salman A. Usmani - Director**

Mr. Usmani has an MBA degree from the Grand Valley State University, Michigan, USA. A prominent banker and high profile fund manager in the Pakistani financial markets, Mr. Usmani has been a Treasurer of three major banks, including Mashreq Bank, United Bank and now MCB Bank Limited. A prominent professional, having a reputation of being a result oriented person, Mr. Usmani has served as the Joint Secretary and subsequently the President of the Financial Markets Association of Pakistan (FMA). Mr. Usmani is also a member of the Foreign Exchange Rates Committee of Pakistan. He brings with him valuable fund management experience and expertise.

**Mr. Waliullah Shah – Director**

Mr. Shah holds an M.Com, DAIBP and is a Director of Siddiqsons Denim. Prior to joining the Siddiqsons Group, he holds significant banking experience with institutions such as Finance Bank Zambia, Trust Bank in Nairobi and Habib Bank with positions in various countries such as Kenya and Sri Lanka. An experienced professional, he brings extensive knowledge and experience to MCB AMC.

**Mr. Yasir Qadri - Chief Executive Officer**

Prior to his current assignment of heading MCB Asset Management Company Limited, he served as the Chief Operating Officer of the company. He has also served as Senior Executive Vice President with Arif Habib Investment Management Limited where he spent over six years as a part of the core team. He has a versatile experience of over 12 years, 7 of which were spent in the Pakistani asset management industry. He has experience in marketing and product development and structured transactions, and has also served on investment committees of various funds. Mr. Qadri currently serves on the Board of Mutual Funds Association of Pakistan (MUFAP) and has also served as a member on Council of the Pakistan Advertisers Society (PAS). He has also actively served on various pan industry committees on marketing communications and capital market issues. Mr. Qadri is also a regular speaker in seminars and conferences on industry issues. Mr. Qadri has also been associated as visiting faculty for graduate and undergraduate classes with leading educational institutions of the country.

Mr. Qadri earned his BBA and MBA degree form University of Central Oklahoma.

According to Para 5 of Schedule VII of the Regulations, performance of listed companies where the directors are holding similar office is as follows:

Adamjee Insurance Co. Ltd.		2007	2006	2005	2004	2003	2002
	Profit after tax (PKRmn)	n/a	1,577	1,163	327	310	219
	EPS	n/a	15.43	11.38	3.2	3.0	2.1
	Payouts	15% (i)	28%, 12.5%B	30%, 10%B	-	15%B	30%B
	Shareholders' Equity (PKRmn)	n/a	3,788	2,426	1,387	1,059	1,149
	Book value per share (PKR)	n/a	37.05	29.37	16.79	16.95	18.39

D.G. Khan Cement Co. Ltd.		2007	2006	2005	2004	2003	2002
	Profit after tax (PKRmn)	1,622	2,418	1,682	794	484	280
	EPS	6.3	9.5	6.63	3.1	1.9	1.1
	Payouts	15%	15%, 10%B, 25%R	15%	15%, 10%B	10%, 25%R	10%B
	Shareholders' Equity (PKRmn)	33,923	19,268	9,318	6,317	5,085	3,493
	Book value per share (PKR)	43.60	44.34	31.06	24.92	22.67	22.92

Hub Power Co. Ltd.		2007	2006	2005	2004	2003	2002
	Profit after tax (PKRmn)	2,654	2,768	5,385	5,463	6,102	7,286
	EPS	2.29	2.39	4.65	4.7	5.3	6.3
	Payouts	29%	31%	39%	0%	54%	76%
	Shareholders' Equity (PKRmn)	29,052	29,985	31,671	29,642	26,031	26,177
	Book value per share (PKR)	25.11	25.91	27.37	25.62	22.50	22.62

MCB Bank Ltd.		2007	2006	2005	2004	2003	2002
	Profit after tax (PKRmn)	n/a	12,142	8,922	2,432	2,230	1,739
	EPS	n/a	19.33	14.20	3.9	3.5	2.8
	Payouts	75% (iii)	75%, 15%B	42.5%, 20%B	25%, 10%B	27.5, 10%B	25%, 25%B
	Shareholders' Equity (PKRmn)	n/a	35,657	18,311	9,199	7,726	6,314
	Book value per share (PKR)	n/a	74.76	55.65	43.16	36.24	43.89

Nishat (Chunian) Ltd.		2007	2006	2005	2004	2003	2002
	Profit after tax (PKRmn)	10	251	722	635	327	503
	EPS	0.135	3.34	9.60	8.4	4.4	6.7
	Payouts	15%	15%	20%, 60%B	0	25%	25%, 10%B
	Shareholders' Equity (PKRmn)	2,789	2,676	1,887	1,363	1,146	744
	Book value per share (PKR)	37.09	35.59	25.09	18.12	15.24	9.89

Siddiqsons Tinplate Ltd.		2007	2006	2005	2004	2003	2002
	Profit after tax (PKRmn)	249	340	562	303	192	
	EPS	3.1724	4.33	7.15	3.9	2.4	
	Payouts	15%	10%, 10%B	0%	-	0%	0%
	Shareholders' Equity (PKRmn)	1,623	1,445	1,104	796	738	
	Book value per share (PKR)	20.66	20.24	15.48	13.40	12.42	

Source: Annual reports, KSE Quotations

### 3.2. 2 Profile of Management

#### **Mr. Yasir Qadri** **Chief Executive Officer**

Prior to his current assignment of heading MCB Asset Management Company Limited, he served as the Chief Operating Officer of the company. He has also served as Senior Executive Vice President with Arif Habib Investment Management Limited where he spent over six years as a part of the core team. He has a versatile experience of over 12 years, 7 of which were spent in the Pakistani asset management industry. He has experience in marketing and product development and structured transactions, and has also served on investment committees of various funds. Mr. Qadri currently serves on the Board of Mutual Funds Association of Pakistan (MUFAP) and has also served as a member on Council of the Pakistan Advertisers Society (PAS). He has also actively served on various pan industry committees on marketing communications and capital market issues. Mr. Qadri is also a regular speaker in seminars and conferences on industry issues. Mr. Qadri has also been associated as visiting faculty for graduate and undergraduate classes with leading educational institutions of the country.

Mr. Qadri earned his BBA and MBA degree from University of Central Oklahoma.

#### **Muhammad Faisal Malik** **Head of Sales & Marketing**

With nine years of experience, Mr. Malik is an innovative, results-driven Head of Sales & Marketing with a track record of identifying and capturing new market sectors in the asset management industry to realize exponential revenue growth. Prior to joining MCB Asset Management he was the Head of Strategy & Business Development with NAFA. He also served as SVP - Head of Mutual Funds Distribution and Portfolio Management with IGI Investment Bank Ltd., where he successfully founded and established one of the most successful mutual fund distributions in the country. He was also the Head of Marketing for UBL Fund Managers (Formerly United Asset Management Ltd). He has also worked as Market Development Officer with Engro Asahi Polymer and Chemicals Ltd and as Assistant Manager with Small and Medium Enterprises Development Authority (SMEDA). With proven success Mr. Faisal is an MBA, MS in Manufacturing Engineering, and BE in Mechanical Engineering.

#### **Mr. Jafar Khan, CFA** **Chief Investment Officer**

Mr. Jafar has around 8 years of experience in capital markets and corporate planning. Beginning his career with equity research in Jahangir Siddiqui & Co, he joined JP Morgan's research in 2001. Subsequently, he has worked for Securities

& Investment Co. (SICO) – an Investment Bank based in Bahrain where he was involved in launching a fund investing in the six GCC markets. He was associated with First Capital Investments as the Chief Executive where he was part of the team that revived the operations of the company's closed end fund and also successfully launched investment advisory services targeting institutional clients. In his last assignment prior to joining MCB AMC he was involved in preparation of business plan / study of asset management business for a large business group of Pakistan.

He completed his Masters in Business Administration from Institute of Business Administration, Karachi in 1999 and is a CFA Charter holder as well as a Director / Treasurer of CFA Association of Pakistan.

**Mir Shujaat Ali**

**National Business Head – Retail**

Shujath has over 14 years of practical experience in marketing, sales and developing strategies for establishing distribution channels for insurance and asset management company. He provides marketing and sales leadership by spearheading initiatives, facilitating training sessions and leveraging best practices across the organization.

His expertise resides on his vast experience in working for institutions including, Standard Chartered, Arif Habib Investment Management Limited and American Life Insurance Company.

Mr. Shujath is a Bachelors of Science and a Post Graduate in Public Administration.

**Mr. Muhammad Adnan Rasheed**

**Head of Operations**

Mr. Muhammad Adnan Rasheed holds an MBA degree and has an experience of over 14 years in Accounts, Operations and Research. He is heading the operations department which consists of settlements, unit holder accounts, administration, human resources and information technology.

Prior to joining MCB AMC, he has worked for Al Meezan Investment Management Company as a Assistant Vice President, where he was responsible for back-office operations, including maintenance of books of accounts of the management company as well as the funds, management reporting and reporting to regulatory agencies.

**Mr. Muhammad Ali**

**Head of Internal Audit**

Mr. Muhammad Ali has over 8 years of experience in the financial services industry and has worked for National Asset Management Company Limited, JS ABAMCO Limited, Saudi Pak Leasing Company Limited, Deloitte Touch Tohmatsu and Pak-Kuwait Investment (Private) Limited. His scope of practice encompasses audit in accordance with the regulatory standards. Performing high-degree of accountability under strict vigilance and ensuring conformity with the applicable rules and regulations.

Mr. Ali is an associate member of Institute of Cost and Management Accountants (ICMAP) and Pakistan Institute of Public Finance Accountants (PIPFA).

**Mr. Muhammad Imran**

**Senior Fund Manager – Debt**

Mr. Imran has over seven years of experience in Management Accounting, Treasury and Fund Management. He held different positions in leading Pakistani financial institutions like, Saudi Pak Leasing Company Limited, Arif Habib Investment Management Limited and AMZ Asset Management Limited. Prior to joint MCB Asset Management, he was the fund manager of Pakistan's one of the best performing funds in income fund category.

Mr. Imran has actively traded different money market and capital market fixed income instruments and was instrumental in devising investment strategies, through market analysis, with a view to capitalize on opportunities that resulted due to inefficiencies of the market. Mr. Imran is an MBA in Finance.

**Ms. Sabeen Mughees**

**Product Structuring & Development**

Ms. Mughees has over the last eight years gained versatile experience in areas of financial analysis, product development and marketing. Prior to her current position, she was responsible for institutional sales at MCB AMC, where she played a key role in the initial launch of the company's funds. She began her career at Indosuez W. I. Carr Securities as a research analyst before joining ThreeSixtyDegree LLC, USA. Being posted in Houston, USA, she led the company's initiative in the medical transcription with responsibilities of revenue generation and profitability of the division. She was later associated with Arif Habib Investments again on the Institutional sales team.

She completed her Masters in Business Administration from Institute of Business Administration, Karachi in 1999 and is a level II candidate for the CFA program.

**Mr. Saqib Saleem**

**CFO & Company Secretary**

Mr. Saleem is an Associate member of the Institute of Chartered Accountants of Pakistan. He has over seven years of working experience which includes three 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 MCB Asset Management Company Limited, Mr. Saleem was heading the Internal Audit Department of Atlas Asset

Management Limited which includes Risk management and Compliance. Mr. Saleem is serving as CFO and Company Secretary of MCB Asset Management Company Limited. He is responsible for supervising and monitoring all accounts and finance functions and related reporting requirement, liaising with the Board of Directors, regulatory authorities, auditors and tax consultants and ensuring compliance with the Companies Ordinance, NBFC Rules, and all other relevant laws and regulations.

- 3.2.3 Duties and Responsibilities of the Management Company  
The Management Company shall manage, operate and administer the Scheme in accordance with the Rules and the Regulations (As amended or replaced from time to time).

3.2.3.1 Primary Functions of the Management Company:

Fund Management

The Management Company has the responsibility to make all investment decisions within the framework of the Rules and regulations, the Trust Deed and this Offering Document.

Investor Services

The Management Company has the responsibility to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing applications in this regard.

Investor Records

The Management Company has the responsibility to maintain investors' records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. maintaining investors' (Unit Holders') records and providing related services.

Registrar Services

The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities. The Management Company shall not remove the records or Documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of the SECP and the Trustee. The Management Company shall perform the function of Registrar; however, at its discretion the Management Company may outsource the Registrar Function to a third party.

Distribution

The Management Company shall, from time to time, appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) at its own expense under intimation to Trustee for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distributor and the Management Company. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions. The Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee and perform all other Distribution Function(s), as defined in Clause 3.7 hereafter.

Investment Facilitators

The Management Company may, at its own responsibility and expense, from time to time appoint Investment Facilitators (through Direct Marketing, Co-Branding or any other marketing means) to assist it in promoting sales of Units.

Record Keeping

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices and for producing and issuing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

3.2.3.2 Other Functions and Responsibilities of the Management Company:

1. The Management Company shall manage the Scheme and the Fund in the best interest of the Unit Holder(s), in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties including connected persons and group companies or its officers, and subject to the restrictions and limitations as provided in the Trust Deed and the Rules, the regulations (As amended or replaced from time to time) and subject to any special exemptions granted by SECP. Any purchase or sale of investments made under any of the provisions of the Trust 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 Trust Deed, the regulations, or the Rules. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Trust Property due to any elements or circumstances beyond its reasonable control.
2. The Management Company shall comply with the provisions of the Rules and the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer(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 Trust 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 manager as, 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 its negligence, reckless or willful act or omission.

3. The Management Company may from time to time appoint, remove or replace the Transfer Agent/Registrar under intimation to the Trustee.
4. The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules 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. 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.
5. The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issue of Units and paid out by the Scheme on redemption of Units and by way of distributions.
6. The Management Company shall within one month of the close of first and third quarters and within two months of the close of second quarter of the year of account of the Trust scheme, prepare and circulate to the unit or certificate holders, the trustee, the Commission and stock exchanges, on which the units or certificates of the scheme are listed, balance sheet as at the end of that quarter, an income statement, a cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise, Provided that the Commission, subject to any applicable conditions, may allow the asset management company to transmit the said quarterly accounts to the unit or certificate holders by placing them on the company's website. The asset management company shall, however, make available the printed copy to any certificate or unit holder, free of cost, as and when requested. The content and regularity of the financial reports shall be as per provisions of the Rules.
7. The Management Company shall maintain a Register of Unit Holder(s) of the Trust (either in physical or electronic form) through Registrar or itself and inform the Trustee and the SECP of the address where the Register is kept.
8. The Management Company shall with the consent of the Trustee, appoint at the establishment of the Trust and upon any vacancy an auditor, from the approved list of auditors circulated by the Commission from time to time, who shall be a chartered accountant and independent of the auditor of the asset management company, as the case may be, and the trustee and such auditor shall not be appointed for more than five consecutive years and contents of the auditor's report shall be in accordance with Schedule IV. The appointed for a period as defined in the Rules and the contents of the Auditor's report shall also be in accordance with the provisions of the Rules.
9. The Management Company shall be obliged to obtain a rating of the Scheme, once the scheme becomes eligible for ratings as per the rating criteria of the rating agency.
10. The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/disinvestment transactions entered into by it on behalf of the Trust. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions unless they are not in conflict with trust deed and the Rules. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction.
11. The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.

### 3.3 Trustee

Central Depository Company of Pakistan Limited (CDC), a company incorporated under the Companies Ordinance 1984, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan has been appointed as the Trustee for the Fund. The Trustee has considerable amount of experience of trusteeship of open-end Schemes which are successfully functioning in the country.

#### 3.3.1 Basic Role of the Trustee

1. The Trustee shall invest, hold and/or maintain the Trust 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 Trust Deed, the Offering Document, the Regulations and the conditions (if any) which may be imposed by the SECP from time to time.
2. The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Unit Trusts on behalf of the beneficial owners (the Unit Holder(s)), within the framework of the Rules, the Regulations, the Trust Deed establishing the Unit Trust and Offering Document issued for the Unit Trust.
3. The Trustee shall have all the obligations entrusted to it under the Rules, the Regulations, the Trusts Act 1882, the



Trust Deed and the Offering Document.

4. The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company.
5. The Trustee may in consultation with the Management Company appoint and also remove and replace from time to time one or more bank(s) and/or other depository company, to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s). Provided however, the Trustee may also itself provide custodial services for the Trust with the approval of the Management Company at competitive terms as part of its normal line of business.
6. The Trustee shall comply with the provisions of the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee with the consultation of the Management Company. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by gross negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
7. 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 accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Trust Deed or the Rules. Whenever pursuant to any provision of the Trust Deed, any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:
  - a document signed or purporting to be signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorised in writing by the Management Company to accept;
  - any instruction received online through the software solution adopted by the Management Company in consultation with the Trustee for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee.
8. 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 beyond its reasonable control.
9. The Trustee shall be liable for any loss caused due to its acts or omissions or that of its agents in relation to any custody of assets or investment forming part of the property of the Scheme.
10. The Trustee shall ensure that the asset management company has specified criteria in writing to provide for a diverse panel of brokers at the time of offering of a Scheme and shall also ensure that the asset management company has been diligent in appointing brokers to avoid undue concentration of business with any Broker.
11. The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Trust Property unless such instructions are in conflict with the provisions of the Trust Deed and/or the Offering Document or the Rules, the Regulations and/or any other applicable law.
12. The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Trust.
13. The Trustee shall issue a report to the Unit Holder(s) included in the annual and second quarterly report of the Fund whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the Regulations, the Offering Document and the Trust Deed 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.
14. The Trustee shall ensure that the sale, purchase, issue and transfer of Units effected by the open-end scheme and repurchase, redemption and cancellation of Units effected by the open-end scheme are carried out in accordance with the provisions of the constitutive documents.
15. The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
16. The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Trust Property or safeguarding the interest of Unit Holder(s), institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear,

verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses: Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under the Trust Deed or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in the Trust Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Trust Fund.

17. Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust, save in the capacity of an intermediary.
18. Subject to the Regulations, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
19. The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Regulations and the Trust Deed nor shall the Trustee be liable for any act or omission of the Management Company, nor for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust 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.
20. The Trustee shall ensure that Units of the scheme have been issued after realization of subscription money or as allowed in the Regulations.
21. The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations and Constitutive Documents and the conditions under which the open-end scheme has been authorized are complied with.
22. The Trustee shall ensure that the methodology and procedures adopted by the management company in calculating the value of units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the constitutive documents and the Regulations .

### 3.4

#### Core Investor

Name	Class of Unit	Number of Units	Rupees
MCB Bank Limited	CR	500,000	50,000,000
MCB Bank Limited	CU	500,000	50,000,000
Total		1,000,000	100,000,000

The above core investor has subscribed a minimum of Rs. 100,000,000 towards the purchase of a minimum of 1,000,000 Units of Rs.100 each, including both CR and CU class, as described in clause 1.6.2.1 of this offering document.

#### Pre-IPO Investors

S.No	Investors
01	Al Hoqani Securities & Investment Corporation
02	Bank Al Habib Ltd.
03	Central Depository Company of Pakistan Ltd. Employees' Gratuity Fund
04	Century Insurance Company
05	Habib Metropolitan Bank
06	HRS Private Ltd.
07	Matco Rice Processing (Pvt.) Ltd.
08	Packages Ltd. - Employees Gratuity Fund
09	Pak-Libya Holding Company (Pvt.) Ltd.
10	PSOCL Management Employees Pension Fund
11	PSOCL Workmen Staff Pension Fund
12	Sui Southern Gas Non-Executive Staff Pension Fund
13	The Bank of Khyber
14	The Bank of Punjab
15	MCB AMC Staff
16	MCB Bank Ltd.
17	State Oil Company Ltd. Employees Provident Fund

The above Core Investors plus the Pre-IPO Investors will be eligible to receive any bank interest / mark-up or equivalent additional Units (as per investor's preference) earned on their investment from the date the funds are credited in the Fund Account till the start of the Initial Period. The purpose of this is to ensure that all Unit Holders (Core Investors, Pre-IPO Investors and IPO investors) are treated at par as far as their investment into the Fund is concerned.

### 3.5 Registrar

The Management Company will perform duties as the Registrar of the Fund until any further notice and intimation to the Trustee. The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities.

### 3.6 Custodian

The Central Depository Company of Pakistan Limited (CDC) will also be performing the functions of the custodian of the Trust Property. The salient features of the custodial function are:

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

The Trustee may, if it considers necessary, appoint additional custodians with the approval of the Management Company and at such terms and conditions approved by the Management Company, for the safekeeping of any portion of the Trust Property.

### 3.7 Distributors/Investment Advisors/ Facilitators/Sales Agent

- 3.7.1 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 or terminate the arrangement with any Distributor and intimate the Trustee accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.
- 3.7.2 The Distributors will be responsible for receiving applications for performing Distribution Functions, including receiving applications for issuance of Units and redemptions / transfer applications. They will also be interfacing with and providing other services to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate certificates, requests for income tax exemption/Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The management company shall remunerate the distributor out of its own resources and/or from sales load.
- 3.7.3 The Distributors/Distribution Companies may appoint sub-distributors with prior approval of the Management Company to perform some aspects of the Distribution Functions but such Distributors / Distribution Companies shall be responsible for all acts and omissions of their sub-distributors.
- 3.7.4 The Management Company may, at its sole responsibility, 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.

### 3.8 Auditors

A.F. Ferguson & Co.  
Chartered Accountants  
State Life Building No. 1-C  
I.I.Chundrigar Road, P.O.Box 4716  
Karachi-74000, Pakistan.

- 3.8.1 The Auditors will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to Accounting Period and will be eligible for reappointment by the Management Company with the consent of the Trustee. However, an auditor may be reappointed for up-to three consecutive terms. Thereafter, that auditor may only be appointed after a break in appointment. The auditor shall be appointed as per provisions of the Rules and the Regulations.
- 3.8.2 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.
- 3.8.3 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 Rules.

- 3.8.4 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 and income and expenditure account, including notes, statements or schedules appended thereto.
- 3.8.5 The contents of the Auditors report shall be in accordance with the provisions of the Rules and the Regulations (as amended or replaced from time to time).

**3.9 Legal Advisors**  
Bawaney & Partners  
404, 4th Floor, Beaumont Plaza  
Beaumont Road  
Karachi, Pakistan.

**3.10 Bankers**  
MCB Bank Limited

In addition, the Management Company may appoint any other Bank. The Trustee shall operate the accounts on instruction from the Management Company.

**3.10.1 Bank Accounts**

1. The Trustee, at the request of the Management Company, shall open Bank Accounts titled CDC-Trustee MCB Dynamic Allocation Fund for the Unit Trust at designated Bank(s) at Karachi for collection, investment, redemption or any other use of the Trust's funds.
2. The Trustee shall also open additional Bank Account(s) titled CDC-Trustee MCB Dynamic Allocation Fund at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.
3. The Trustee shall open additional Bank Account(s) titled CDC – Trustee MCB Dynamic Allocation Fund at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holder for redemption purposes.
4. The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. This account may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
5. The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust.
6. All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
7. All interest, 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 Holder(s) and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
8. The amounts received from the Core Investors and other investors during the Pre IPO shall be deposited in a separate Bank Account and transferred to the main Bank Account of the Fund upon the close of the Initial Period. The Core Investors plus the Pre-IPO Investors will be eligible to receive any bank interest / mark-up or equivalent additional Units ( as per investor's preference) earned on their investment from the date the funds are credited in the Fund Account till the start of the Initial Period.

**4. CHARACTERISTICS OF UNITS**

**4.1 Classes of Units**

- (a) Class "CR" (Restricted Core Units) issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial offer. However, such Units are transferable.
- (b) Class "CU" (Un-Restricted Core Units) issued to the Core Investors (as stated in Regulation no. 61(2)(e)(ii) with no Sales Load. These Units can be redeemed from the date of closure of Initial offer.
- (c) Class "A" Units being offered and issued during the Private Placement and Initial Offer Period (IPO) with no Sales Load. For Units issued after the Initial Period of Offer, a Front-End load may or may not be charged. (This is currently set at 3% as disclosed in Annexure "B" of this Offering Document).

(d) Class “B” Units that shall carry only a Back-end Load with the following structure:

Year since Purchase of Units	Back-end Load Applicable
First	3%
Second	2%
Third	1%
Fourth and beyond	0%

The Management Company may revise Sales Load from time to time, but at no time will the sum of Frontend and backend Load be greater than 5% of NAV. The Management Company reserves the right to offer class “B” at its own discretion, although once offered, it will be available to all investors.

## 4.2 Types of Units

4.2.1 An investor at the time of opening an account shall select the type(s) of Unit(s) in which investor wishes to invest in, namely Growth Units, and Cash Dividend Units.

4.2.2 The Management Company may from time to time amend the minimum amount of initial investment that is required to open and maintain an account with the Transfer Agent. At the initial offer and later on, the minimum amount of investment to open and maintain an account is Rs.5,000. The Management Company reserves the right to alter the minimum amounts stated hereinabove. In the event the investment in any investor’s account falls below the minimum level as a result of revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Transfer Agent to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

Following the minimum initial investment, Unit Holders of MCB Dynamic Allocation Fund may add a minimum of Rs. 1,000 per transaction at their convenience. Units of MCB DAF (including fraction thereof) shall be issued against the amount received from the Unit Holders in accordance with the procedure laid down in this Offering Document. The Management Company may alter the minimum amount required for opening, maintaining or adding to the account. Provided an upward change for maintaining the account or adding funds the Management Company shall give seven days notice to Unit Holders.

(i) Growth Units: The Unit value grows in line with the growth in the NAV, and the Unit Holders are entitled to cash dividend and / or bonus units at the time of distribution.

(ii) Cash Dividend Units: Cash dividend units are meant for those investors who opt to receive cash dividend only. The Management Company may from time to time amend the minimum amount of initial investment of Rs. 5000, that is required for opening an account with the registrar. All normal distribution (as the company decides subject to the fund making profit) will be a Cash Dividend only, even if distribution for other types of Units is in the form of Bonus Units. Conversion from one unit to the other can be made at investor’s discretion.

4.2.3 The Transfer Agent shall send an account statement to the Unit Holder as instructed by the Unit Holder. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder’s address recorded in the register.

4.2.4 In case the Management Company announces a suspension of further issue of Units of MCB DAF, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on Units.

4.2.5 All Units and fractions thereof (up to four or more decimal places) represent an undivided share in the Scheme 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 MCB DAF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit’s *pari passu* rights, 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. Consequently, the Units issued with differing arrangements may have differing respective applicable quantum of the Front-end Load added to the NAV for determining the Offering Price thereof and differing respective applicable quantum of Back-end load deducted from the NAV for determining the Redemption Price.

4.2.6 Unit Holders may obtain certificates representing the Units they hold by paying a nominal fee of Rs. 50/- per certificate, subject to revision from time to time by the Management Company. Requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificate(s) if issued earlier. In the event of loss or defacing of certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Management Company / Trustee / Transfer Agent and the associated cost if any will be borne by the Unit Holder.

4.2.9 Registration of Pledge / Lien - The Transfer Agent may register a pledge / lien on any Units in favor of any third party with the specific authority of the Management Company. However, the pledge / lien shall be valid only if evidenced by a statement or letter issued by the Transfer Agent indicating 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. (Please see Clause 4.7 for details).



### 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 on any Business Day, in accordance with the procedure set out in Clauses 4.4 and 4.5 of this Offering Document.
- (b) During the period the register is closed, as mentioned in Clauses 4.8 and 5.8 of this Offering Document, the sale redemption of Units will be suspended.
- (c) The Management Company may decline to issue of Units to any applicant, if it is of the opinion that it will not be possible to invest substantial inflow of fund 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. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Transfer Agent nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made in pursuant to the procedures described in paragraph 4.4.2 below including but not limited to:

- a) Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians
- b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan 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 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 Section 213 (i) of the Income Tax Rules, 2002

#### 4.4.2 Account Opening Application Procedure

- a) The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic / web based options for the transactions.
- b) Fully completed application form for purchase of Units, accompanied with the full amount for the investment and copies of the documents mentioned in the subparagraphs below should be delivered at any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator during the business hours on each business day as announced by the Management Company from time to time. Currently only the Authorized Branches of the Distribution Companies as mentioned in Annexure "C" of this Offering Document are authorized to collect application and payment for the issue of Units as laid down in Clause 4.4.4 of this Offering Document.
- c) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company, need to be furnished.
- d) In case of body corporate or a registered society/ institutions/ corporates/ trusts attested copies of the following documents may be submitted:
  - i. Investor's name
  - ii. List of Authorized Signatories along with copies of CNIC and their specimen signatures
  - iii. Instructions for Redemption
  - iv. Bank details



- v. Instructions for Dividend mandate, Zakat and Tax status
  - vi. Memorandum and Articles/ charter / bye-laws or rules and regulation
  - vii. Power of attorney and / or relevant resolutions of the board of directors delegating any of its Officers to invest in the fund and / or to realize the investments and
  - viii. Other relevant documents as may be required by the Transfer Agent.
- e) In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company and /or Transfer Agent, fresh submission of documents will not be required, provided that deposited documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.
  - f) Once the Investor Account has been opened, the Investor will be allotted a specific Registration/ Folio Number which can be used for all future transactions to facilitate reference and linking.
  - g) The applicant will receive a note confirming the receipt of the application form from Authorized Officer of the Distributor or Management Company. Payment of Units can be made by cheque, pay order, demand draft, bank transfer as so desired.
  - h) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant fails to rectify the discrepancy.
  - i) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; in the mean while the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any markup.
  - j) However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Transfer Agent or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days. If the investor, in the opinion of the Transfer Agent, 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.
  - k) Investors will be allotted Units based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, of the day on which cleared funds (or as allowed in the Regulation 58(h)) are received in the Trustee account from the investor before 1:30 pm or as decided by the Management company from time to time, or if not a Subscription Day, then on the next following Subscription Day. However, the Investor will be provided the account statement within seven (7) business days after the said purchase amount of the Units purchased have been credited to the Fund Account at the option of the Unit Holder.

#### 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 application form and submit a copy of their Computerized National Identity Card or other identification document.
- b. The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligation.
- c. In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form, shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations. 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

An application for purchase of Units may be lodged with any authorized Distributor or presented to the Management Company or through an Investment Facilitator. The application shall be in the form prescribed by the Management Company. Application forms are available with Distributors or Investment Facilitators or may be obtained from the Management Company or its web site i.e. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 4.10.3. In case an investor fails to specify the unit class in the prescribed form, growth units will be purchased for him/her. Payment for the Fund Units can be made in the form of:

- a. Demand draft or Pay order in favor of CDC-Trustee MCB Dynamic Allocation Fund

- b. Online transfer of money
- c. Cheque (account payee only marked in favor of CDC-Trustee MCB Dynamic Allocation Fund)

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. The aforesaid payments must be handed over to a Distributor and / or Investment Facilitator who will acknowledge the receipt on the Investment Form. Such payments must only be deposited in the bank account of the Fund titled “CDC - Trustee MCB Dynamic Allocation Fund” maintained with the designated banks and their branches. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company’s liability under Regulation 46 of the Regulations.

#### 4.5 Procedure for Redemption of Units

##### 4.5.1 Who Can Apply?

All Unit Holders, other than the holders of Class “CR” (Restricted/Core Units) Units are eligible to redeem the said Units. Holders of Class “CR” Units will be eligible for redemption after the expiry of the period of two years from the date of the closure of the Initial Period; however such units are eligible for transfer subject to the condition that the new transferee of such unit(s) agrees to the same for the balance period, if any.

##### 4.5.2 Redemption Application Procedure

- a) Request for redemption can be made by completing the prescribed application form and endorsing the relevant Certificate, if issued and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company or through an Investment Facilitator within business hours on the business day as announced by the Management Company from time to time. In case the Certificate is not issued, the applicant has only to complete the prescribed application form. The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder from the Register.
- b) The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- c) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- d) If subsequent to receipt of the application by the Distributor, but prior to the Redemption of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent 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.
- e) Units will be redeemed on the basis of daily Net Asset Value (NAV) announced as of the close of the business day on which a correctly filled Redemption Form is submitted within business hours as announced by the Management Company from time to time. The redemption amount to be adjusted downwards or upwards to the nearest whole number depending upon the value of the decimal number(s).
- f) Unless otherwise instructed, payment of the redemption proceeds will be made by a cross cheque, in favor of Unit Holder’s registered name or first name Joint Holder in the event of Joint Holders, and will be sent to registered address of the Unit Holder or first name Joint Holder, or if so authorized by all the Joint Holders, at the address of the Joint Holder who has signed the redemption form as provided, within six (6) business days of the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first- named joint holder in the event of joint Holder. No money shall be paid to any intermediary except the Unit Holder /Joint Holder or his /their authorized representatives.
- g) In case the investor has requested encashment of bonus Units then such bonus Units will be redeemed at the ex-dividend Net Asset Value.
- h) Redemption of Fund Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this, please refer to Clauses 4.8.2, 4.8.3, 4.8.4 and 4.8.5 below.
- i) Partial Redemption of Units covered by a single Certificate is not permitted. However, Fund Unit Holders may apply for a splitting of the Certificate before applying for redemption.
- j) In the event the Units are redeemed by any major Unit Holder in such period of time that the Management Company believes, may adversely affect the interest of other Unit Holder(s), it may charge Contingent Load on such redemption.

##### 4.5.3 Joint Unit Holder(s)

Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Redemption

Form for such Units.

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

##### **4.6.1 Who Can Request Change?**

All existing Unit Holders or those who have purchased Fund Units as per Clause 4.4 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Relevant Forms. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

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

- a) The information submitted at the time of purchase of Units can be changed through the Relevant Form.
- b) Some of the key information which the Unit Holder can change is as follows:
  - a. Change in address
  - b. Joint Holder details
  - c. Nominee details
- c) The Unit Holder can also issue the following instructions:
  - a. Change in Bank Account details
  - b. Account operating instructions
- d) Fully completed Relevant Form has to be submitted by both Individuals and / or by Institutional Investor(s).
- e) 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 the Business Day as announced by the Management Company from time to time.
- f) The applicant must obtain a copy of the relevant form signed and duly verified by an Authorized Officer of the Distributor or Management Company if the Form is given to an Investment Facilitator. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Regulation 46 of the Regulations.
- g) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- h) The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request via the Relevant Form. 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.

##### **4.6.3 Joint Unit Holder(s)**

Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Relevant Form for such Units.

##### **4.6.4 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.

#### **4.7 Procedure for Pledge / Lien / Charge of Units**

##### **4.7.1 Who Can Apply-** All existing Unit Holders or those who have purchased Fund Units as per Clause 4.4 above 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 web site.

##### **4.7.2 Any Unit Holder or all the Joint Holders of a Unit or types of Units may request the Transfer Agent to record pledge or lien all or any of her/his/their Units in favour of third party legally entitled to invest in such units in its own rights. The Registrar shall register a lien on any Units in favour of third party with the specific authority of the Management Company as security for any debt to any third party. The Transfer Agent shall take a note of the pledge/lien charge in his record, whether the certificate has been issued or not, provided sufficient evidence of pledge to the satisfaction of the Management Company.**

##### **4.7.3 The lien once registered shall be removed by the authority of the party in whose favour the lien has been registered or through an order of the competent court. Neither the Trustee nor the Management Company nor the Transfer Agent shall be liable for ensuring the validity of any such pledge/lien/charge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/lien/charge by any party shall be at the entire discretion of such party**

and neither the Trustee nor the Management Company nor the Transfer Agent take any responsibility in this matter.

- 4.7.4 Save any legal bar or court order requiring otherwise, any dividends that are declared on the Pledged Units shall be made to the order of the Pledge Holder. Furthermore, any Units issued on reinvestments or Bonus Units that the Pledged Units are entitled to automatically be marked under the lien or Pledge. In the event the Pledged Units are redeemed for any reason, the redemption proceeds of the Units lien/pledge/charge shall be made to the lien/charge/Pledge Holder for the account of the Holder.
- 4.7.5 The lien on the Pledge Units shall continue till such time it is released by the lien holder in writing.
- 4.7.6 The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 4.7.7 Fully completed Pledge of Units Form has to be submitted by both Individuals and/or by Institutional 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 through an Investment Facilitator within business hours on the business day as announced by the Management Company from time to time.
- 4.7.8 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.
- 4.7.9 For the purpose of clauses 4.6.1 to 4.7.7 above, the Relevant Forms mean the standardized Forms prepared by the Management Company, which are attached in Annexure "D" to this Offering Document.

#### **4.8 Suspension of Dealing, Queue System and Winding Up**

Under the circumstances mentioned in Clause 4.9 below, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

- 4.8.1 **Suspension of Fresh Issue of Units**  
The Management Company may at any time, subject to the Regulations, as may be modified from time to time, under extraordinary circumstances, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP if fresh issue 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.
- 4.8.2 **Suspension of Redemption of Units**  
In the event of extraordinary circumstances as mentioned in Clause 4.9 of this Offering Document, the Management Company may suspend or defer Redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, terrorist threat and / or activities, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company, Transfer Agent, Trustee or the Distributors unable to function or any other conditions mentioned in the Regulations.
- 4.8.3 **Queue System**  
In the event redemption requests on any day exceed ten (10) percent of either the number of Units outstanding or the rupee redemption value 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 (10) percent 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 the Unit Holder(s) and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten (10) percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent of the Units in issue or ten (10) percent of the NAV of the Fund, 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 of the Units then in issue.
- 4.8.4 **Winding up in view of Major Redemptions**  
In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holder(s) 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 Holder(s) shall be paid after selling the assets and determining the final Redemption (Repurchase) Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.



**4.9 Issue and Redemption of Units in Extraordinary Circumstances**

The Issue and Redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchange(s) on which any of the Securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money cannot be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holder(s) in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten (10) percent of the Units in issue or ten (10) percent of Fund NAV. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 4.8 herein above. Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system, shall in the opinion of the Management Company, have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system, the Management Company shall immediately notify the SECP and publish the same in the newspaper in which the Fund's prices are normally published.

**4.10 Frequency of Valuation, Dealing and Mode of the Price Announcement**

- 4.10.1 The valuation method of the property for determining the value of assets and liabilities and the net asset value would be as mentioned in the rules and the regulations (As amended or replaced from time to time). For the Classes of Units and the Initial Period (Purchase) Prices, please refer to Clause 1.6.2 and Clause 1.8 of this Document.
- 4.10.2 Subsequent to the Initial Period, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices each business day, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be cleared to the Trustee's satisfaction that such method is adequate for ensuring accurate calculation of the prices.
- 4.10.3 The Purchase (Offer) Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Days, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), Transaction Cost, any Front-End Sales Load (Load) not exceeding 5% of the Purchase (Offer) Price (Please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Purchase (Offer) Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Investment Form has been received.
- 4.10.4 The Redemption Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Days, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days) less Transaction Cost, if any, a Back-End Sales Load (Load) not exceeding 5% of the Redemption Price (Please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Redemption Form has been received.
- 4.10.5 The Management Company shall, at such frequencies as may be prescribed in this Offering Document and under the Regulations, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document, the Management Company may suspend the announcement of the prices.
- 4.10.6 The Management Company shall publish the Purchase (Offer) and Redemption (Repurchase) Prices in at least one daily newspaper widely circulated in Pakistan.
- 4.10.7 The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

**4.11 Purchase (Offer) and Redemption (Repurchase) of Units Outside Pakistan**

- a) Subject to foreign exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance of Units to person(s) not resident in Pakistan or for delivery in any country outside Pakistan the price at which such Units may be issued may at the discretion of the Management Company include in addition to the Offer Price as herein before provided, a further amount sufficient to cover any currency exchange fluctuation, transaction costs, bank charges, any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.
- b) In the event that the Redemption Price for Units is paid in any country outside Pakistan, the price at which such Units may be redeemed may, at the discretion of the Management Company, include as a deduction to the Redemption Price as hereinbefore provided a future amount sufficient to cover any currency exchange fluctuation, bank charges, additional transaction costs and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that

country in respect of such payment or redemption.

- c) 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.

#### 4.12 Transfer, Transmission and Conversion Procedure

- a) Unit Holder may, subject to the law, transfer any Units held by them to any other account holder. The transfer shall be carried out after the Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with. A Unit shall be transferable only in its entirety.
- b) 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 on respect thereof. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificates where the Certificates have been lost, destroyed, subject to compliance by the transferor with like requirements to those arising in the case of an application by him for the replacement of thereof as provided in this Offering Document or the Trust Deed. The Transfer Agent shall retain all instruments of transfer.
- c) The Transfer Agent, shall with the prior approval of the Management Company and the Trustee, shall be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from 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 Certificates duly and properly cancelled, provided always (i) the provision aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall be imposing 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 proviso (i) above are not fulfilled and (ii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.
- d) 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 after satisfying as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.
- e) 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. The Transfer Agent 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, have been received. The Management Company may impose a time limit before which conversion may not be allowed.
- f) A Unit Holder may merge the Units when he/she has invested with two folio/registration numbers and wishes to merge both the Units into one registration number/ Folio number/MCB AMC Account 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, have been received.
- g) The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee (which consent shall not be unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law.

## 5. DISTRIBUTION POLICY

### 5.1 Distribution Policy

Under Regulation 72 of the Regulations, the Fund is required to distribute by way of dividend to its Unit Holders, not less than ninety per cent of its income received or derived from sources other than capital gains as reduced by such expenses as are chargeable to a collective investment scheme under these regulations. According to the types of Unit, Cash Dividend Units are entitled to Cash Dividend only even if the distribution for other types of Units is in the form of Bonus Units whereas Growth Unit Holders are entitled to Cash and/or Bonus Units at the Management Company's discretion. Investors can convert between types of units at their discretion. However, a portion of capital gains realized may normally be retained for reinvestment. The Management Company may alter the distribution policy in order to achieve the most efficient structure in the best interest of the Unit Holders.



The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund less all expenses incurred or accrued attributable to the Fund.

## 5.2 Declaration of Dividend

The Management Company shall decide as soon as possible, but not later than 45 days after the Accounting Date whether to distribute among Unit Holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash, additional units, or a combination of both as the Management Company may determine for Growth Unit holder. But for Cash Dividend Unit Holders, only cash dividend will be declared. The Management Company may also distribute an amount, through cash and/ or bonus units for an interim period that is not a full accounting Period.

## 5.3 Determination of Distributable Income

**Minimum Dividend Distribution:** Under the Regulations, an asset management company managing a collective investment scheme shall distribute by way of dividend to its Unit Holders not less than ninety per cent of its income received or derived from sources other than capital gains as reduced by such expenses as are chargeable to a collective investment scheme under these Regulations.

The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:

- a) The total income earned on the Trust Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, etc.;
- b) The proceeds of sales of rights and all other 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 Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company 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 Trust Property once transferred to the Distribution Account.
- c) Net realized appreciation as set out in (b) above from which shall be deducted expenses as set out in Clause 6.2 below and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Rules and the provisions of the Income Tax Ordinance and the Rules thereunder.

## 5.4 Reinvestment of Dividend

Dividends shall be automatically reinvested in additional Units, except for Cash Dividend Units, however a Unit Holder may instruct the Management Company in writing by completing the prescribed Form not to re-invest the future dividends to which he will be entitled. In such an event future dividends shall be paid by way of transfer to his designated Bank Account. Unit Holders may opt to receive the amount equivalent to their share of the annual cash distribution in the form of additional Units. In such an event, the Management Company shall at the end of the financial year (or the relevant period in the event of an interim distribution) cause to issue such number of Units to the Unit Holder that approximately equates the value of the Cash Dividend for the period. The issue price shall be determined on the basis of the NAV of June 30 or relevant date after appropriation of income of that year/ relevant period, but without any charge of the Front-end Load normally deducted from the Offer Price. The issuance of the bonus Units shall be made, net of any taxes, charges and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder.

5.4.1 A Unit Holder may in writing at the time of purchase of Units or at a later date instruct the Management Company to reinvest the future dividends to which he will be entitled into Fund Units.

5.4.2 The Purchase (Offer) Price for the Units to be issued under Clause 5.4.1 above will be the NAV at the Distribution Date after the adjustment of the announced dividend.

## 5.5 Bonus Units

The Management Company may decide to distribute, wholly or in part the distributable income in the form of a stock dividend on Units other than Cash Dividend Units, if it is in the interest of Unit Holder, which would comprise of the bonus Units of the Trust. The bonus Unit 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 (15) days of the issue of bonus Units. The Unit Holder(s) have the option to en-cash the bonus Units at ex-dividend Net Asset Value as on June 30 of the relevant period.

## 5.6 Payment of Dividend

All payments for dividend shall be made by transfer of funds to the Unit Holder(s) designated bank account or through any other mode(s) of payment and such payment shall be subject to the Regulations (or the charge-holder's designated bank account in case of lien / pledge of Units as the case may be).

## 5.7 Dispatch of Dividend Warrants/Advice

Dividend warrants/advice and/or Account Statement as the case may be shall be dispatched to the Unit Holder's or the charge-holder's registered address as per the Regulations.

## 5.8 Closure of Register

The Management Company may close the Register by giving at least fourteen (14) days notice to Unit Holders and for period not exceeding forty-five (45) days in a calendar year. During the period, the Register is closed, the sale and redemption of units, including transfer applications, will be suspended.

## 6. FEE AND CHARGES

### 6.1 Fees and Charges Payable by an Investor

#### 6.1.1 Sales and Processing Charges (Front-end Load)

The Unit Purchase Price includes Front-end Load of a maximum of five percent (5%) of the Purchase (Offer) Price (The current level of Front-end Load is 3% as indicated in Annexure "B"). 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 Front-end Load. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value at the date the request is lodged within business hours on the business day to the Authorized Distributor, or Transfer Agent or Management Company, which shall be recovered from the transferee. These taxes, charges or duties may be recovered by redemption of Unit Holder equivalent Units at the time of the transfer or may be charged separately. 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.

#### 6.1.2 Remuneration of Distribution Company / Investment Advisor / Investment Facilitator

- a) The Distribution Company or any Investment Facilitator/Investment Advisor/Sales Agents employed by the Management Company will be entitled to a remuneration payable by the Management Company (out of its own resources) on terms to be agreed between the Management Company and the Distribution Company/Advisor/Facilitator/Sales Agent.
- b) The remuneration of the Distribution Company shall be paid by the Trustee and/ or Management Company out of sales/back end load and shall not be charged to the Trust Property. The remuneration due to the Distribution Company shall be paid as per the agreement between the Distribution Company and the Management Company.
- c) In the event that Distribution Function is to be performed by more than one Distribution Company, the remuneration shall be distributed amongst the Distribution Companies in proportion to the Units sold during the relevant period.
- d) Distributor/Investment Facilitators or Advisors located outside Pakistan may if so authorized by Trustee and the Management Company will be entitled to a remuneration (from its own resources) in terms to be agreed between the Management Company and the Distributor located outside Pakistan, subject to the law for the time being in force.

#### 6.1.3 Redemption Processing Charge (Back-end Load)

The Unit Redemption Price is calculated after deducting a processing charge not exceeding 5% percent from the Net Asset Value of the Unit.

### 6.2 Fees and Charges Payable by MCB Dynamic Allocation Fund

The following expenses will be borne by the Fund:

#### 6.2.1 Remuneration of the Management Company

- a) The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the Trustee, during the first five years of collective investment scheme's existence, of an amount not exceeding three percent of the average annual Net Assets of the collective investment scheme and thereafter of an amount equal to two per cent of such assets or such other amount as may be specified by the Commission from time to time: Provided that a Management Company may charge performance based or fixed fee or the combination of both (in all the three cases not to exceed 3% in the first five years and 2% in the years after that) as per the guidelines issued by the Commission from time to time and such fee structure shall be disclosed in this Offering Document. Any such changes in the management fees would be disclosed in annexure B.
- b) The remuneration shall begin to accrue from the close of the Initial Offer period. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.
- c) The remuneration due to the Management Company shall be paid within seven days after the close of each calendar month after the receipt of invoice by the Trustee, provided that the Management Company may from time to time draw in advance out of accrued remuneration a sum that the Trustee shall consider reasonable. The Management Company shall be entitled to draw remuneration permissible under the Regulations.
- d) In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holder(s) or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and the Trust Deed to be payable out of Trust Property.

- e) The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Offering Document.
- f) The Management Company shall however not make any further material charge against the Unit Holder(s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Trust Deed.

#### 6.2.2 Remuneration of the Trustee

- a) 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 a full calendar month such remuneration will be pro-rated 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 calendar month concerned.
- b) Such remuneration shall be paid to the Trustee within seven (7) Business Days after the end of each calendar month after the receipt of invoice from the Trustee.
- c) In consideration of the foregoing and save as aforesaid and the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Holders or against the Trust Property or against the Distribution/ Redemption Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Regulations and the Constitutive Documents.
- d) The Trustee shall bear all expenditures in respect of their secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Trust Deed and the Regulations.
- e) Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the SECP.
- f) The Trustee shall however not make any further material charge against the Unit Holder(s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Trust Deed to be payable out of Trust Property.

#### 6.2.3 Formation Cost

Formation Cost shall be charged to the Fund which are estimated at and shall not exceed 1% of amount received during Pre-IPO or Five Million rupees, whichever is lower. Formation Cost will be amortized over a period not exceeding five years.

#### 6.2.4 Other Costs

- (a) listing fee payable to the stock exchange including renewals
- (b) charges and levies of stock exchange, national clearing and settlement company and central depository company
- (c) rating fee of collective investment scheme payable to approved rating agency
- (d) auditors' fees and related expenses
- (e) any fees payable to the Commission
- (f) brokerage and transaction costs related to investing and disinvesting of the assets of the collective investment schemes
- (g) expenses incurred by Trustee in effecting registration of all registerable assets in the name of the trustee
- (h) legal and related costs incurred in protecting or enhancing the interests of the unit or certificate holders of the collective investment scheme
- (i) bank charges and borrowing and financial costs
- (j) hedging costs including forward cover, forward purchase or option purchase costs
- (k) any printing costs and related expenses for issuing the collective investment scheme's quarterly, half-yearly and annual reports, etc.
- (l) taxes, fees, cess, duties and other charges applicable to the collective investment scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investments outside Pakistan; and

(m) any other expense or charge as may be permitted by the Commission

Such expenses shall be paid to the Management Company at actual within fifteen days of the incurring/claiming of such expense and shall be reported to the Commission and the Trustee giving their break-ups under separate heads, as required under the Regulations.

### 6.3 Expenses of 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 including all accounting and administrative services provided in accordance with the provisions of the Deed and the Regulations. 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.

## 7. TAXATION

### 7.1 Taxation on the Income of the Fund

#### 7.1.1 Liability for Income Tax

Under the Tax Law in Pakistan, the definition of a public company includes a Unit Trust whose units are widely available to the public and any other Trust as defined in the Trust Act, 1882. 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 currently. Any change in the tax law from time to time will apply.

- a) Dividend income received from a company shall be taxed at an income tax rate of 10%.
- b) Capital gain arising on sale of securities listed on any Stock Exchange(s) in Pakistan is exempt from tax upto June 30, 2008.
- c) Income from Term Finance Certificates or Corporate Paper(s), Government Securities, return on deposits / certificates of investment/deposit with banks / financial institutions, money market transactions, profit and loss sharing accounts with banks or any other income not mentioned above is taxable at the rate applicable to a public company (as per Income Tax law).

#### 7.1.2 Liability for Income Tax if 90% of the Income is Distributed

Notwithstanding the tax rates given above, the income from the Fund will be exempted from tax if 90% or more of the income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as dividend. Further under the provisions of Clause 47 (B) of Part (IV) of the Second Schedule to the Income Tax Ordinance 2001 the Fund's income from dividend, profit on debt, brokerage and commission is exempt from withholding tax under relevant provision of Law.

Under Finance Act 1989, (V of 1989) as amended by Finance Act 2006, read with Circular # 02 of 2006 dated July 1, 2006 a capital value tax at a rate of 0.02% of the purchase value of Modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. This tax will be collected by the stock exchange concerned and will be payable by the fund on any purchase transaction.

#### 7.1.3 Zakat

The Fund is Sahib-e-Nisab under Zakat and Ushr Ordinance, 1980.

### 7.2 Taxation on Unit Holders

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

#### 7.2.1 Unit Holders of the Fund - will be subject to Income Tax on dividend income at the rate of 10% of gross amount of cash dividend.

The rate of tax so specified will be the final tax (except for companies, as defined in Income Tax Ordinance, 2001) and the payer (Trustee) will be required to withhold the amount of tax at source.

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. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution except for companies, as defined in Income Tax Ordinance, 2001.

#### 7.2.2 Capital Gains

Capital Gains in disposition of Units in the Fund will be subject to capital gains tax at the applicable tax rate. The Units

of the Fund will be listed on the Stock Exchange(s). Consequently, subject to such listing, the Capital Gain on disposal of the Units shall be exempt from tax upto Tax Year ending on 30th day of June 2008. Any changes in tax law from time to time shall apply.

#### 7.2.3 Tax Credit

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. The amount on which tax credit will be allowed shall be lower of (a) amount invested in purchase of new Units, (b) 10% of the taxable income of the Unit Holder, and (c) Rupees Three hundred thousand, and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year in which the Units are disposed shall be increased by the amount of tax credit.

#### 7.2.4 Zakat

Units held by Sahib-e-Nisab as per Zakat and Ushr Ordinance, 1980 shall be subject to Zakat at 2.5% of the Par 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 dividend amount or from the redemption proceeds.

#### 7.3 Dividends

The Management Company shall distribute at least 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail Tax Exemption or any other benefits.

#### 7.4 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 but Investors are expected to seek independent advice so as to determine the taxability arising from their investment in the Units of the Trust. 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.

The entire information in Clause 7 is based on the current taxation status. The exemptions and rates of taxation are subject to change from time to time.

### 8. Reports and Accounts

#### 8.1 Financial Year of MCB Dynamic Allocation Fund

The Accounting Period will commence from the date of registration of the Fund for the first year to June 30, and from July 01 to June 30 for all the following years.

#### 8.2 Financial Reporting

The following reports will be sent to the Unit Holders:

- a) Audited financial statements, including balance sheet, income statement, cash-flow statement and statement of movement in Unit Holders' fund or Net Assets and reserves together with the Auditors report, the report by the Management Company (Director's Report) and the report by the Trustee within three months of the close of each Accounting Period.
- b) Un-audited financial statements (subject to limited scope review by auditors), including an income statement, cash-flow statement and statement of changes in equity, together with the report by the Management Company within two months of the close of the second quarter of the Accounting Period, as per the Regulations.
- c) Un-audited financial statements, including an income statement, cash-flow statement and statement of changes in equity, together with the report by the Management Company within one month of the close of the first and third quarter of each Accounting Period or such period as prescribed by SECP or the Regulations.
- d) The Trustee shall issue a report to the Unit Holders to be included in the annual and second quarters reports of the Scheme, or at such times as directed by the SECP, in accordance with the Regulations, whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the Regulations and the Deed 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.

The regularity, content and format of reporting will be according to the Rules and the Regulations and the Ordinance and will change if so required by the SECP or under the Regulations and the Ordinance.

### 9. SERVICE TO UNIT HOLDERS

#### 9.1 Availability of Forms

All the Forms mentioned and/or included in this Offering Document will be available at the Authorized Branches of the Distribution Companies as well as from the Management Company or on its web site at [www.mcbamc.com.pk](http://www.mcbamc.com.pk).

#### 9.2 Register of Unit Holders

- a) A Register of Unit Holders may be maintained by Transfer Agent Department of the Management Company presently



having its office at Customer Services Department, MCB Asset Management Company Limited, 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

- b) Every Unit Holder will have a separate Registration/Folio Number. The Management Company shall use such Registration/Folio Number for recording Units held by the Unit Holder. Unit Holder's account identified by the Registration/Folio number will reflect all the transactions in that account held by such Unit Holder.
- c) The Holder will be entitled to ask for copies of his account statement thereof on any Business Day within business hours by applying to the Transfer Agent in writing and providing such fee that the Management Company may notify from time to time.
- d) The Register shall be conclusive evidence as to the Units held by each Unit Holder.

### 9.3 Information in the Register

The Register will normally contain the following major information:

#### 9.3.1 About Unit Holders

- a) Name of Unit Holder / Joint Unit Holders
- b) Address of Unit Holder / first named Joint Holder
- c) National Identification Number(s) of Unit Holder/ Joint Unit Holders and or identification number of passport if applicable
- d) Father's or Husband's name of Unit Holder in case of individual
- e) Occupation of the Unit Holder
- f) Tax status of the Unit Holder
- g) Bank details
- h) Zakat status of the Unit Holder(s)
- i) Record of signature of Unit Holder/ Joint Holders
- j) Particulars of Nominee(s)

#### 9.3.2 About Units

- a) Type and Class
- b) Certificate number, if applicable
- c) Dates of purchase / redemption / transfer
- d) Number of Units held by the Unit Holder; and
- e) Information about lien / pledge / charge on Units

#### 9.3.3 Instructions

- a) Instruction about reinvestment or payment of dividend or the encashment of bonus Units
- b) Instructions for redemption application
- c) Information and instruction about Pledge of Units / lien
- d) Information and instruction about Nominee(s) in case of death of Unit Holder
- e) Bank details for Redemption / Dividend mandate

#### 9.3.4 Request for Changes

All existing Unit Holders or those who have purchased Fund Units as per Clause 4.4 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via Special Instruction 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 our web site. The Transfer Agent, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate

previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate if required to such Holder.

#### 9.4 Account Statement

The Transfer Agent may send directly to each Unit Holder an account statement upon transaction in the account at the option of the Unit Holders.

#### 9.5 Certificates

9.5.1 Unit Certificates will be issued only to Unit Holder(s) if requested.

9.5.2 Unit Certificate(s) will be issued only if requested by Unit Holder(s) 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.

9.5.3 The issued Certificate would be sent through postal or courier service at the applicant's risk within twenty one (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 Holder / Principal Account Holder, if the relevant Unit or Units are jointly held.

9.5.4 Certificate(s) will not be issued for fractional Units.

9.5.5 In the case of Units held jointly the Transfer Agent shall not issue more than one Certificate for the Units held by such Joint Holder(s) and delivery of such Certificate to the first named Joint Holder/Principal Account Holder named first therein shall constitute sufficient delivery to all Joint Holders. All payments required under this Offering Document (i.e. redemption and dividend) will be made to first name Joint Holder/Principal Account Holder.

9.5.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register. The Certificates shall be signed by the authorized officers of the Management Company, the Trustee and the Registrar, as provided in the Clause 27.7. of the Trust Deed.

#### 9.6 Replacement of Certificates

9.6.1 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.

9.6.2 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.

9.6.3 Each new issue of Certificates will require payment of Rs.50/- per Certificate, subject to revisions of fee from time to time by the Management Company.

#### 9.7 Pledge/Lien of Units/Charge

For details about Pledge / Lien of Units / Charge please refer to Clause 4.7 above.

#### 9.8 Nomination

Subject to any Personal Laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by filling in the relevant portion of the Investment Form (or may request a nomination or change in nomination through the Special Instruction Form). Nominee(s) can be nominated only by single Unit Holder when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not restrict the Management Company or the Trustee or the Transfer Agent from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.

10. FINANCIAL INFORMATION

10.1 Auditors Certificate on Core Investors' Investment in the Units of the Fund.

**A.F.FERGUSON & CO.**

A member firm of

PRICEWATERHOUSECOOPERS 

A.F.Ferguson & Co  
Chartered Accountants  
State Life Building No. 1-C  
I.I.Chundrigar Road, P.O.Box 4716  
Karachi-74000, Pakistan  
Telephone: (021) 2426682-6 / 2426711-5  
Facsimile: (021) 2415007 / 2427938

The Board of Directors  
MCB Asset Management Company Limited  
8<sup>th</sup> Floor, Techno City Corporate Tower  
Hasrat Mohani Road  
Karachi

March 11, 2008

C 0535

Dear Sirs

**AUDITORS' CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL - MCB DYNAMIC ALLOCATION FUND (THE FUND)**

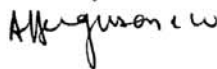
As requested by you we have verified from the books and records of the Fund managed by MCB Asset Management Company Limited that a sum of Rs 100,000,000 (Rupees one hundred million only) has been received up to March 10, 2008 in the Fund's bank account maintained with MCB Bank Limited (Stock Exchange Branch) towards subscription of seed capital of the Fund.

The seed capital has been received as follows:

Core Investors	Number of Units	Amount in Rupees
MCB Bank Limited	1,000,000	100,000,000

This certificate is being issued only for submission as part of MCB Dynamic Allocation Fund's 'Offering Document'.

Yours truly



## 10.2 Auditors Certificate on the Net Asset Value of the Fund.

**A.F.FERGUSON & CO.**

A member firm of

PRICEWATERHOUSECOOPERS 

A.F.Ferguson & Co  
Chartered Accountants  
State Life Building No. 1-C  
11, Chundrigar Road, P.O.Box 4716  
Karachi-74000, Pakistan  
Telephone: (021) 2426682-6 / 2426711-5  
Facsimile: (021) 2415007 / 2427938

The Board of Directors  
MCB Asset Management Company Limited  
8<sup>th</sup> Floor, Techno City Corporate Tower  
Hasrat Mohani Road  
Karachi

March 11, 2008

C 0534

Dear Sirs

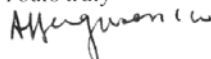
**NET ASSET VALUE (UNAUDITED) OF EACH UNIT OF MCB DYNAMIC ALLOCATION FUND (THE FUND)**

As requested by you we confirm that on the basis of the unaudited books and records of the Fund and the details provided to us by the management company of the Fund, the Net Assets of the Fund as on March 10, 2008 amount to Rs. 125,000,000. The Net Asset Value of each unit proposed to be issued amounts to Rs. 100 and has been computed as follows:

	(Rupees)
Total assets of the Fund	128,663,502
Less: Total liabilities of the Fund	3,663,502
Net assets of the Fund	125,000,000
Number of units proposed to be issued as of March 10, 2008	1,250,000
Net Asset Value per unit	Rs. 100

This certificate is being issued only for submission as part of MCB Dynamic Allocation Fund's 'Offering Document'.

Yours truly



### 10.3 Formation Cost

All preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document and inviting investment therein and all expenses incurred during the period leading up to the Initial Period, shall be borne by the Fund and amortized over a period of not more than five years. Such cost will not exceed one percent (1%) of amount received during Pre-IPO or Rs. 5 million whichever is less.

## 11. WARNING

### 11.1 Offering Document

The provisions of the Trust Deed, the Rules and the Regulations govern this Offering Document. This Offering Document sets out the arrangements covering the basis of the Trust Units. It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund. Prospective investors should consult one or more from amongst their legal advisor, stockbroker, bank manager, or other financial advisor.

### 11.2 Fluctuation in Price and Income

Prices of Units and income from them may go up or down.

### 11.3 Disclaimer

The investor must recognize that all investments involve varying level of risk. Neither the value of Units in the Fund nor the dividend declared by the Fund can be assured. The historical performance of this Fund, the financial market or that any one security or transaction included in the Fund's portfolio does not necessarily indicate future performance. Investors are advised to read risk disclosure as mentioned in this document in Clause 2.6 and Clause 2.8 above for more information concerning risk.

## 12. GENERAL INFORMATION

### 12.1 Inspection of Constitutive Documents

The copies of constitutive documents, such as Trust Deed and Offering Document, can be inspected free of charge at the addresses given below:

MCB Asset Management Company Limited  
8th Floor, Techno City Corporate Tower,  
Hasrat Mohani Road, Karachi  
Pakistan.

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

### 12.2 Date of Publication of Offering Document

The Offering Document has been published on March 12, 2008. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.

## 13. TERMINATION OF THE FUND

### 13.1 By the Management Company

The Fund may be terminated by the Management Company by giving three (3) months notice in writing to the Unit Holders on the grounds given in the Trust Deed and Clauses 4.8.4 and 4.9 of this Offering Document. The grounds on which termination is made shall be mentioned in the notice to the Unit Holders.

### 13.2 By the Securities and Exchange Commission of Pakistan

If the SECP considers that further continuation of the authorization of the Fund will not be in the interest of Unit Holders, it will give a three months notice to the Unit Holders about its intention not to maintain such authorization, provided that no notice shall be served without offering an opportunity of hearing to the Management Company.

### 13.3 Winding up

In case of the termination of the Fund, the Management Company shall be required to wind-up the Fund and refund the proceeds to the Unit Holders in such a manner and within such time as may be specified by the SECP.

## 14. DEFINITIONS

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

- 14.1 "Accounting Date" means the 30th day of June in each year, provided that the Management Company, with the written consent of the Trustee and after obtaining the approval of the Commissioner of Income Tax and intimation to SECP may change such date to any other date.



- 14.2 “Accounting Period” means a period ending on and including an Accounting Date and commencing in case of the first such period on the date on which the Fund Property is first paid or transferred to the Trustee and in any other case from the end of the preceding Accounting Period.
- 14.3 “Asset Management Company” means an asset management company as defined in the Rules and the Regulations.
- 14.4 “Auditor” means a firm of Chartered Accountants that is appointed by the Management Company with the consent of Trustee, as the auditor for the Fund who shall be independent of the auditor of the Management Company and Auditor of the Trustee in accordance with the Rules and the Regulations.”
- 14.5 “Authorized Branch and Branches” means those branches of the Distributors authorised by the Management Company to perform the Distribution Function.
- 14.6 “Authorised Investment”  
MCB Dynamic Allocation Fund is an asset allocation fund. Its “Authorized Investments” include all transacted, issued, traded, listed and unlisted investments, inside or outside Pakistan and may include any of the following:
- a) Listed Equity Securities
  - b) Listed Debt Securities
  - c) Unlisted Equity Securities, only if an application for listing of such securities has been accepted by the stock exchange
  - d) Unlisted Debt Securities but does not include bearer security or any security that would involve assumption of unlimited liability
  - e) Modaraba and Musharika Certificates
  - f) Debentures
  - g) Sukuks
  - h) Securities Traded Over the Counter Market
  - i) Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Federal Government Securities
  - j) Long, medium and short term deposits with Commercial banks
  - k) Long, medium and short term deposits in foreign Currencies with Commercial banks after prior approval of the applicable regulatory authorities
  - l) Secured debt securities issued by local governments and government agencies
  - m) Unsecured debt securities issued by local governments and government agencies
  - n) Secured debt securities issued by public sector entities and/or financial institutions
  - o) Secured debt securities issued by private sector entities and/or financial institutions
  - p) Unsecured debt securities issued by public sector entities and/or financial institutions
  - q) Unsecured debt securities issued by private sector entities and/or financial institutions
  - r) Convertible debt securities issued by corporates/financial institutions
  - s) Convertible and non-convertible preferred shares
  - t) Certificates of Investment/Deposits issued by financial institutions
  - u) Asset-backed or mortgage-backed debt securities
  - v) Commercial Papers
  - w) Continuous Funding System (CFS); or its replacement thereof with necessary SECP approval. Investment in CFS shall be restricted upto a maximum of 25% of Net Assets of the Scheme, with not more than 20% of the aforesaid CFS amount in any one scrip at the time of investment.
  - x) Spread Transactions. MCB Allocation Fund (MCB DAF) will enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. MCBDAF will buy in

the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities. In the future if there are certain changes in methodology of settlement of futures transactions, a revised mechanism will be permissible subject to the SECP's special or general approval.

- y) Warrants, Options, derivatives subject to the prior approval of the Commission. Investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the Commission from time to time; and
- z) Authorized Investments in overseas markets to the extent of 30% of the Net Assets, subject to a cap of US\$15 million or such cap as may be defined in the Rules from time to time. Overseas investments would be subject to prior approvals / guidelines of the Commission and the State Bank of Pakistan, and
- aa) Any other security and/or instruments that may be allowed by the Commission, the Rules or any other regulatory authority from time to time;

The investment in asset classes mentioned above will be subject to such exposure limits and minimum ratings as specified in Clause 14.6 of this Offering Document.

Asset Classes	Entity Ratings	Instrument Rating	Exposure Limits (% of NAV)
Listed Equity Securities	NR*	N/A	100%
Listed Debt Securities	BBB	A-	100%
Unlisted Equity Securities (only if an application for listing of such securities has been accepted by the stock exchange)	NR*	-	25%
Unlisted Debt Securities	A-	A-	100%
Modaraba, Musharika Certificates & Sukuks separte	A-	-	50%
Debentures;	BBB	A-	50%
Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Federal Government Securities;	AAA	AAA	50%
Long, medium and short term deposits with Commercial banks (in case of unavailability of other profitable avenues);	BBB+	BBB+	50%
Long, medium and short term deposits in foreign Currencies with Commercial banks after prior approval of the applicable regulatory authorities;	BBB+	BBB+	30%
Secured debt securities issued by local governments and government agencies;	A-	A--	50%
Unsecured debt securities issued by local governments and government agencies;	A-	A-	50%
Secured debt securities issued by public sector entities and/or financial institutions;	BBB	A-	50%
Secured debt securities issued by private sector entities and/or financial institutions;	BBB	A-	50%
Unsecured debt securities issued by public sector entities and/or financial institutions;	A-	A-	50%
Unsecured debt securities issued by private sector entities and/or financial institutions;	A-	A-	50%

Convertible debt securities issued by corporates/financial institutions;	A-	A-	50%
Convertible and non-convertible preferred shares;	NR*	-	25%
Certificates of Investment/Deposits issued by financial institutions;	A-	A-	50%
Asset-backed or mortgage-backed debt securities;	A-	A-	50%
Commercial Papers;	A-	A-	50%
Continuous Funding System (CFS); or its replacement thereof with necessary SECP approval. Investment in CFS shall be restricted upto a maximum of 25% of Net Assets of the Scheme, with not more than 20% of the aforesaid CFS amount in any one scrip at the time of investment	NR*	-	25%
Spread Transactions. - MCB Dynamic Allocation Fund will enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. MCB Dynamic Allocation Fund will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities. In the future if there are certain changes in methodology of settlement of futures transactions, a revised mechanism will be permissible subject to the SECP's special or general approval.	NR*	-	50%
Warrants, Options, derivatives subject to the prior approval of the Commission and as per limits and conditions imposed by SECP	-	-	25%
Authorized Investments in overseas markets subject to regulatory approval	-	-	30%
Any other security and/or instruments that may be allowed by the Commission, the Rules or any other regulatory authority from time to time;	As per SECP Approval	As per SECP Approval	As per SECP Approval

NR\* Many well respected high volume traded Pakistani securities are not rated.

- 14.7 “Back-end Load” means the charge or commission (excluding Duties and Charge) not exceeding 5% (or such other percentage as may be mutually agreed between the Trustee and the Management Company in writing) of the Net Asset Value, 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, as may be mutually agreed between the Trustee and the Management Company.
- 14.8 “Bank” means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a scheduled bank.
- 14.9 “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).
- 14.10 “Broker” means any person licensed by the SECP and engaged in the business of effecting transactions in securities for the account of others.
- 14.11 “Business Day” means a day on which Local Stock Exchanges are open for business in Pakistan.
- 14.12 “Certificate” means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Unit Holder pursuant to the provisions of the Trust Deed.
- 14.13 “The Commission” means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997.
- 14.14 “Connected Person” shall have the same meaning as in the Rules and the Regulations.
- 14.15 “Constitutive Documents” means the trust deed that is the principal document governing the formation, management or operation of the trust, the offering document and all material agreements in relation to the trust.
- 14.16 “Contingent Load” means Sales Load payable not exceeding five percent (5%) of the Net Asset Value, of Units are redeemed by any major Unit Holder in such period of time that the Management Company believed may adversely affect the interest of other Unit Holder(s) and disclosed in the Offering Document. Any Contingent Load received shall form part of the Trust Property.
- 14.17 “Core Units” means such Units of the Scheme that are issued to Core Investors. They can be of two types as further explained in clause 1.6.2.1 of this offering document.
- 14.18 “Core Investors” shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 14.19 “Custodian” means: (a) Bank(s), the Central Depository Company of Pakistan Limited, or any other Depository for the time being which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and/ or (b) the Trustee, if performing custodian functions with the approval of the Management Company.
- 14.20 “Distribution Account” means the 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).
- 14.21 “Distributor / Distribution Company”, “Distribution Companies means a Company or companies or firm or a Bank or any other financial institution appointed by the Management Company in consultation with 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.
- 14.22 “Distribution Date” means the date on which the Management Company decides to distribute the profits (if any).
- 14.23 “Distribution Function” mean the functions with regard to:
- receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants
  - Issuing receipts in respect of (a) above
  - 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
  - accounting to the Trustee for all: (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function;

- e. the above functions may be performed electronically, if appropriate systems are in place
- 14.24 “Duties and Charges” means in relation to any particular transaction or dealing all stamp and other duties, taxes, zakat, Government charges, brokerage, 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.
- 14.25 “Exposure” includes facilities and subscription to or investment in equity securities, debt instruments/securities, Units of collective investment scheme, placements, CFS, forward contracts, derivatives and credit cards.
- a. Explanation: For the purpose of this definition, exposure shall not include the following:
- (a) Obligations under letters of credit and letters of guarantee to the extent of cash margin held by the NBFCs
  - (b) Facilities provided to financial institutions through REPO transactions with underlying SLR eligible securities
  - (c) Letters of credit established for the import of plant and machinery
- b. Secured exposure means exposure backed by tangible security and any other form of security with appropriate margins (in cases where margin has been specified by the Commission appropriate margin shall at least be equal to the specified margin). Clean exposure means exposure without any security or collateral.
- 14.26 “Federal Government” means the Federal Government of Islamic Republic of Pakistan.
- 14.27 “Formation Cost” means preliminary expenses relating to regulatory and registration fees of the Scheme, including floatation 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 the Offering Document, announcements describing the Scheme, and all other expenses incurred until the end of the Initial Period.
- 14.28 “Front-end Load” means the sales and processing charge or commission (excluding Duties and Charges) not exceeding 5 % or such other percentage (as may mutually be agreed between the Trustee and the Management Company in writing) of the Net Asset Value which may be included in the Offer Price of the Units; provided however that different levels of Front-end Load may be applied to different classes of units, as may be mutually agreed between the Trustee and the Management Company.
- 14.29 “Fund Property” means the Trust property.
- 14.30 “Government Securities” means securities and other instruments issued and to be issued by any Federal and/ or Provincial Government of the Islamic Republic of Pakistan and/or the State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds and any securities/instruments replacing or substituting the foregoing from time to time.
- 14.31 “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.
- 14.32 “Initial Period” means a period determined by the Management Company not exceeding ninety (90) days during which Units will be offered at the Initial Price in terms of the Offering Document, inclusive of the offering to the Core Investors.
- 14.33 “Initial Price” means the price of Rs. 100 per Unit during the Initial Period determined by the management company.
- 14.34 “Investment” means any Authorized Investment forming part of the Trust Property.
- 14.35 “Investment Facilitators/ Advisors/ Sales Agents” 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 Management Company shall compensate the Investment Facilitators/ Advisors/ Sales Agents out of the Sales Load collected by it in the Offer Price and /or from Management Fee.
- 14.36 “Management Company” is defined in the preamble hereto.
- 14.37 “Net Assets” means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified in the Rules and the Regulations.
- 14.38 “Net Asset Value” means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 14.39 “Offer Price” means the sum to be paid to the Trustee for the benefit of the Trust for issuance of one Unit, such price to



be determined pursuant to Clause 7.1 of the trust deed.

- 14.40 “Offering Document” means the prospectus, advertisement or other document (approved by the SECP) 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 the Regulations and is circulated to invite offers by the public to invest in the Scheme.
- 14.41 “On-line” means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 14.42 “Ordinance” means the Companies Ordinance, 1984.
- 14.43 “Par Value” means the face value of a Unit as defined in the Offering Documents.
- 14.44 “Personal Law” means the law of inheritance and succession as applicable to the Individual Unit Holder(s).
- 14.45 “Pre IPO” means the period during which Units shall be subscribed by investors before the Initial Period.
- 14.46 “Redemption Account” means the account(s) (which may be a current, saving or deposit account(s)) maintained by the Trustee with MCB Bank Limited and/ or any other bank having an investment grade rating and approved by the Management Company in which the amount required for redemption of Units to the Holders may be transferred.
- 14.47 “Redemption Price” means the amount to be paid to the relevant Unit Holder(s) upon redemption of that Unit, such amount to be determined pursuant to Clause 7.3 of the trust deed.
- 14.48 “Register” means the Register of the Unit Holder(s) kept pursuant to the Rules and the trust deed.
- 14.49 “Registrar Functions” means the functions with regard to:
- maintaining the Register, including keeping a record of change of addresses/ other particulars of the Unit Holder(s)
  - issuing account statements to the Unit Holder(s)
  - issuing Certificate, including Certificates in lieu of undistributed income to Unit Holder(s)
  - canceling old Certificates on redemption or replacement thereof
  - processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holder(s)
  - issuing and dispatching of Certificates
  - 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
  - receiving applications for redemption and transfer/ transmission of Units directly from Holder or legal representatives or through Distributor
  - maintaining record of lien/ pledge/ charge
  - keeping record of change of addresses/other particulars of the Holders
- 14.50 “Rules” is defined in the preamble hereto and includes any specific or general relaxations in respect of applicability of such Rules granted or to be granted by the SECP and/ or the Federal Government, as appropriate.
- 14.51 “Regulations” defined as Non-Banking Finance Companies and Notified Entities Regulations, 2007.
- 14.52 “SECP” is the Securities and Exchange Commission of Pakistan.
- 14.53 “Sales Load” means the Front-end Load and Back-end Load. All Sales Load collected would accrue to the Management Company.
- 14.54 “Stock Exchange” means Stock Exchanges registered under the Securities & Exchange Ordinance, 1969.
- 14.55 “Subscription Day” means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven (7) days notice in the two (2) widely circulated English & Urdu newspapers declare any particular Business Day or days not to be a Subscription Day.
- 14.56 “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. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Trust Property.

- 14.57 “Transfer Agent/ Registrar” 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.
- 14.58 “ MCB Dynamic Allocation Fund ” or “MCB DAF” or “Trust” or “Unit Trust” or “Fund” or “Scheme” means the Unit Trust constituted by the trust deed for continuous offers for sale of Units.
- 14.59 “Trust Deed” means the trust deed or deed or any supplemental deed executed between the Management Company and the Trustee along with all the exhibits appended hereto. It is the principal Document governing the formation, management and operation of MCB DAF.
- 14.60 “Trust Property” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption price after deducting there from or providing there against the value of Redemption, Front-end and Back-end load (as provided in the Offering Document), Duties and Charges applicable to the purchase or redemption of Units and any expenses chargeable to the Scheme; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing, 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 Trust Deed and shall include the income, profit, interest etc earned on the amount credited to the Distribution Account but shall not include any amount standing to the credit of the Distribution Account and the income earned on the investments of the Core Investors (seed capital) and Private Placement Investors (as per Clause 23) upto the date of the close of the Initial Period which shall not form part of the Trust Property.
- 14.61 “Trustee” is defined in the preamble hereto.
- 14.62 “Unit” means one undivided share in the Trust, and where the context so indicates, a fraction thereof.
- 14.63 “Zakat” has the same meaning as in the Zakat and Ushr Ordinance, 1980.

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

## 15. ARBITRATION

In the event of any disputes arising out of the trust deed or the Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the parties hereto, as well as those relating to the interpretation of the terms and conditions of the trust deed and the Offering Document relating to Unit Trusts, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the parties hereto. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners of renowned law firms, or senior bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited. The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

**Subject to Arbitration Clause above applicable between the Management Company and the Trustee inter se, each party, including the Unit Holders, irrevocably submit to the exclusive jurisdiction of the courts at Karachi.**

16. SIGNATORIES TO THE OFFERING DOCUMENT

NAME	Position In Investment Advisor	Signatures
Mian Mohammad Mansha	Chairman / Director	Sd
Mr. Atif Aslam Bajwa	Director	Sd
Mr. Ali Munir	Director	Sd
Mr. Manzar Mushtaq	Director	Sd
Mr. Salman A. Usmani	Director	Sd
Mr. S. Waliullah Shah	Director	Sd
Mr. Yasir Qadri	CEO	Sd

Place: Karachi, Pakistan

1 Witness: -sd-

Name: M. Saqib Saleem

Address: 8th Floor, Techno City Corporate Tower  
Hasrat Mohani Road, Karachi.

NIC No: 42201-0415367-1

2. Witness: -sd-

Name: M. Jafar Khan

Address: 8th Floor, Techno City Corporate Tower  
Hasrat Mohani Road, Karachi.

NIC No: 420009-354738-1

## ANNEXURE A

**TARIFF STRUCTURE FOR OPEN-END MUTUAL FUNDS UNDER CDC'S TRUSTEESHIP**

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

Net Assets (Rupees in millions)		TARIFF
From	To	
1	1,000	Rs. 0.7 million or 0.20% p.a. of NAV which ever is higher
1,000	& Above	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

## ANNEXURE B

### CURRENT LEVEL OF LOADS AND MANAGEMENT FEE

#### Current Level of Front-end and Back-end Loads

Effective from the close of First Offer

**Front-end Load : 3.00%**

**Back-end Load : 0%**

#### Management Fees :

A remuneration of an amount not exceeding three (3) percent per annum of the average daily Net Assets during the first five years of the Scheme and two (2) percent per annum of the average daily Net Assets there after, and provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under Rules.

Current level of management remuneration : 3% per annum of average daily Net Assets. Any change in the load and fee structure, provided it is within the maximum limit disclosed in this document, shall be notified through an addendum.





## ANNEXURE C

**MANAGEMENT COMPANY AND DISTRIBUTION COMPANY****Management Company**

Management Company of the Fund is MCB Asset Management Company 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 Asset Management Limited**  
**8<sup>th</sup> Floor, Techno City, Corporate Tower**  
**Hasrat Mohani Road,**  
**Karachi.**

For more information  
Call: 111-000-622 / 2276900-07  
Email: [info@mcbamc.com.pk](mailto:info@mcbamc.com.pk)  
Website: [www.mcbamc.com.pk](http://www.mcbamc.com.pk)

**Distribution Company**

MCB Bank has appointed MCB Bank Limited as the Distribution Company for the Fund. Forms and other information of the Fund can be collected from selected branches of MCB Bank Limited.





NATIONWIDE NETWORK



INVESTOR SERVICES



NAV SMS \ eMAIL



eSTATEMENT

**Registered Office**

8th Floor,  
Techno City Corporate Tower,  
Hasrat Mohani Road, Karachi.  
T (92-21) 2276900  
F (92-21) 2276908  
E [info@mcbamc.com.pk](mailto:info@mcbamc.com.pk)



For more information visit any designated MCB branch  
or visit [WWW.MCBAMC.COM.PK](http://WWW.MCBAMC.COM.PK)