



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

## **Replacement Offering Document** **Pakistan Strategic Allocation Fund**

**An Open-end Equity Fund (formerly a Closed-end Fund)**  
**Managed By**

**Arif Habib Investments Limited**

**(An Asset Management Company)**

**Licensed under the**

**Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003**

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# REPLACEMENT OFFERING DOCUMENT

OF

## PAKISTAN STRATEGIC ALLOCATION FUND

(IN REPLACEMENT OF THE OFFERING DOCUMENT PUBLISHED ON 14<sup>th</sup> August 2004)

An Open-end Equity Scheme (formerly a Closed-end Fund)  
Managed By Arif Habib Investments Limited  
(An Asset Management Company)

Licensed under the

Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003

Effective Date of Conversion from a Closed-end Scheme into an Open-end Scheme:  
November 11<sup>th</sup>, 2010

This Offering Document is in replacement of the Offering Document of Closed-end Fund published on 14<sup>th</sup> August, 2004 by Arif Habib Investments Limited, as the Management Company, which stands superseded by this Offering Document of the Open-end Scheme.

This Offering Document sets out the arrangements covering the basic structure of the Fund subsequent to its conversion into an open-end scheme and contains necessary information for prospective investors to make a decision to invest in the Fund. Prospective investors are advised in their own interest to carefully read the contents of this Offering Document and in particular the risk factors mentioned in Clause 3.8 and Warning and Disclaimer in Clause 10 before investing. Investors may note that this Offering Document remains effective until a change occurs and they should retain this Offering Document for future reference. Changes shall be subject to prior approval from the Securities and Exchange Commission of Pakistan ("Commission" or "SECP") and shall be circulated to all investors or may be publicly notified by advertisements in the newspapers subject to the applicable provisions of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulations").

**Investors should realize that all investments involve risk. It should be clearly understood that the portfolio of Pakistan Strategic Allocation Fund is subject to market risks inherent in all such investments. The value of the Units in the Fund may appreciate as well as depreciate as well as the level of dividend declared by the Fund, if any, may go down as well as up.**

**If you have any doubt about the contents of this Offering Document, you should seek independent professional advice from your legal, financial and/ or other professional adviser.**

The particulars of this Fund under this Offering Document have been prepared in accordance with the Regulations and filed with the SECP. It must be distinctly 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.

**This Offering Document is dated as at, 28<sup>th</sup> October, 2010.**

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## **1. PART 1: BACKGROUND, APPROVAL AND CONSENT**

### **1.1. BACKGROUND**

Arif Habib Investments Limited (“AHIL” or the “Management Company” and then known as Investment Advisor) launched a closed-end scheme under the name “PAKISTAN STRATEGIC ALLOCATION FUND” on 1<sup>st</sup> September, 2004 hereinafter referred to as the “Scheme”, or “PSAF”, or the “Fund”, or the “Trust”). The Management Company for the benefit of the Certificate Holders, proposed the conversion of the Fund from a Closed-end Scheme to an Open End Scheme. The Board of Directors in a meeting held for this purpose on June 16, 2010, approved the conversion and convened a general meeting of the Certificate Holders on September 8, 2010 for the purpose of conversion, whereat a Special Resolution was proposed and passed unanimously by Certificate Holders who were present in person or by proxies at the meeting (“Certificate Holders' Resolution”) approving the conversion of the Scheme from a Closed end Scheme to an Open-end Scheme with no dissenting vote.

Pursuant to the Certificate Holders' Resolution and NOC from the Commission vide letter No. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010, a First Supplemental Trust Deed of Pakistan Strategic Allocation Fund was executed between AHI, as the Management Company and Central Depository Company of Pakistan Limited (“CDC”), as the Trustee on October 6, 2010, which was registered with the Sub-Registrar. The provisions of the First Supplemental Trust Deed and the Regulations govern this Offering Document.

### **1.2 DEFINITIONS**

Unless the context requires otherwise all words, terms or expressions used in this Offering Document shall have the meaning assigned to them in Clause 13 hereof or Clause 21 of the First Supplemental Trust Deed.

### **1.3 REGULATORY APPROVAL**

The Commission has, vide its letter No. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010, authorized the conversion of the Fund to an open-ended scheme,

under the name, “**Pakistan Strategic Allocation Fund**” and through its letter No. SCD/NBFC-II/PSAF/760/2010 dated October 4, 2010 authorized the registration of the First Supplemental Trust Deed to effectuate the conversion. Letter No.SCD/NBFC-II/DD/PSAF/819/2010 dated October 28<sup>th</sup>, 2010 from the SECP to AHI, registering the Scheme as a notified entity under the Regulations. The Commission has approved this Offering Document, under clause 54 of the Regulations vide letter No. – SCD/ NBFC-II/PSAF/ 820/ 2010.

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

#### **1.4 FILING OF THE OFFERING DOCUMENT**

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

- (1) Trust Deed dated 26<sup>th</sup> May 2004 (the Initial Trust Deed) , executed between AHI and the Central Depository Company Limited (“CDC”), appointing the CDC as Trustee to the Fund;
- (2) The Certificate Holders’ Resolution passed at a meeting called for this purpose on 8<sup>th</sup> September 2010 approving the conversion of the Fund from Closed-end to an Open-end Fund
- (3) First Supplemental Trust Deed (to Modify and Restate the Trust Deed dated May 26, 2004) executed between AHI and the CDC, effecting the conversion of the Fund from closed end Fund to an open-end Scheme;
- (4) Letter No. NBFC-45/AMC & IA /05/2003 dated 21 August 2003 from SECP, licensing **AHI** to undertake Asset Management and Investment Advisory Services, under the Rules, which license was last renewed, vide License No. NBFC-II/38/AHIL/AMS /20/2010 dated 29 September 2010 & License No. NBFC-II/39/AHIL/IA /17/2010 dated 29 September 2010.
- (5) Trustee's letter No.CDC/ T&C-SII/DH/1511/2010 dated 29 September, 2010 agreeing to continue as the trustee for the Scheme after its conversion into an Open-End Scheme on remuneration based on an annual tariff of charges appended hereto as Annexure "A"
- (6) SECP's letter No. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010, appended hereto as Annexure “D” conveying its no objection to the conversion of the Scheme from Closed-end Fund to Open-end Scheme and to the execution and registration of First Supplemental Trust Deed

( to Modify and Restate the Trust Deed)

- (7) Letter No. SCD/NBFC-II/DD/PSAF/819/2010 dated October 28<sup>th</sup>, 2010 from the SECP to AHI, registering the Scheme as a notified entity under the Regulations.
- (8) Letter No. SCD/ NBFC-II/ PSAF/ 820/ 2010 dated October 28<sup>th</sup>, 2010 from SECP to AHI, approving this Offering Document under the Regulations.
- (9) This Replacement Offering Document

## **2. PART II: CONSTITUTION OF THE SCHEME**

### **2.1 CONSTITUTION OF THE SCHEME**

Pakistan Strategic Allocation Fund (hereinafter referred to as "the Scheme" or "the Trust" or the "Fund" or PSAF") has been established through the Initial Trust Deed dated May 26, 2004 as amended by a registered First Supplemental Trust Deed dated October 6<sup>th</sup>, 2010 (to Modify and Restate the Trust Deed) (the "Trust Deed") under the Trusts Act, 1882, executed between:

- (A) **Arif Habib Investments Limited** (the "Management Company"), having its registered office at **Arif Habib Centre 23, M.T. Khan Road, Karachi**, Pakistan, and having been licensed to provide asset management services under the Rules, (Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003) which expression shall include any amendments thereto by the Commission of the one part; and
- (B) **Central Depository Company of Pakistan Limited** (the "Trustee"), a company, incorporated under the Companies Ordinance 1984 having its registered office at the CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahr-e-Faisal, Karachi Pakistan, licensed to act as central depository company under Rule 4(3) of the Central Depositories Company (Establishment and Regulation) Rules, 1996, of the other part.

### **2.2 EFFECTIVE DATE OF CONVERSION**

The Scheme has been converted from a "Closed –end Scheme" to an "Open End Scheme" with effect from November 11<sup>th</sup>, 2010 , which is the Effective Date of conversion, being the commencement of first Business Day after the expiry of the book closure that was announced by the Management Company for the purpose of determining the entitlement of the Certificate Holders to the Units of the Open End Scheme, in lieu of the Certificates of the Closed-end Scheme held by them, for which authorization has been granted by the SECP under the Regulations and the

Scheme has also been registered by SECP as a Notified Entity under the Regulations.

### **2.3 GOVERNING LAW**

The Trust Deed and this Offering Document of the Scheme shall be subject to and be governed by the laws of Pakistan including the Ordinance, the Rules, the Regulations and all other applicable rules and regulations as amended or replaced from time to time and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in an offering document by the Regulations are incorporated in this Offering Document, as a part and parcel hereof and in the event of any conflict between the Trust Deed and the Regulations, the latter shall supersede and prevail over the provisions contained in the Trust Deed and in case of any conflict between the Trust Deed and this offering Document, the provisions of the Trust Deed will prevail. Where the Rules or Regulations are amended or any directives are issued or any relaxations or exemptions are allowed thereunder, such amendments, directives, relaxation and exemptions shall deem to have been included in this Offering Document. The Management Company, Trustee and the Scheme shall be subject to full compliance of the Rules, the Regulations, the Trust Deed and this Offering Document.

### **2.4 MODIFICATION OF THE TRUST DEED**

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

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

- (a) To the extent required to ensure compliance with any applicable laws and regulations;
- (b) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- (c) To otherwise benefit the Unit Holders;

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

If the Commission modifies the Rules and/or Regulations to allow any relaxations or



exemptions, these will be deemed to have been included in the Trust Deed without requiring any modification.

## **2.5 DURATION**

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

## **2.6 OPEN-END EQUITY FUND**

**Pakistan Strategic Allocation Fund** is an open-end Equity Fund. It shall offer and redeem Units on a continuous basis. There is no 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 after giving prior notice to the investors to facilitate economical and efficient management of investors’ accounts. Fractional Units will be issued to enhance economical and efficient handling. Units may be redeemed for cash pursuant to the Redemption Procedures. Units are also transferable. Units will be registered and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates, being the definitive certificate acknowledging the number of Units registered in the name of the Holder, shall be issued at the request of the Unit Holder.

## **2.7 TRANSACTIONS IN UNITS AFTER CONVERSION**

Due to the conversion of the Scheme from a Closed-end Fund to an Open-end Scheme, the Units can then be purchased at their Offer Price and redeemed at the Redemption Price, which shall be calculated on the basis of NAV. The Offer and Redemption Prices shall be calculated and the Units will be available for purchase and redemption on each Dealing Day. Please see Part V for details.

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

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

## **2.8 OFFERING DOCUMENT**

This Offering Document sets forth the information about the **Pakistan Strategic**

**Allocation Fund** that a prospective investor should know before investing in any Unit. **Arif Habib Investments Limited** accepts responsibility for the accuracy of the information herein contained as of the date of publication.

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

## **2.9 MODIFICATION OF OFFERING DOCUMENT**

The Management Company with the approval of the Commission shall be entitled by Supplementary Offering Document(s) to modify, alter or add to the provisions of the Offering Document for introducing additional or supplemental plans or altering the clauses of this Offering Document.

Provided that such alterations or additions 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 the Unit Holder(s) immediately either through mail, advertising in the paper or by posting on its website regarding such alteration/amendments.

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

### **3.1 INVESTMENT OBJECTIVE**

The objective of the Fund is to provide investors capital growth over medium to long term primarily from investment in more liquid Pakistani equities.

### **3.2 INVESTMENT POLICY**

3.2.1 Pakistan Strategic Allocation Fund (PSAF) is an open end equity fund which primarily invests in equities based on a quantitative model. The Pakistan Strategic Allocation Fund's (PSAF) investment is based on fundamentals, on the concept of benefiting from market volatility. The fund follows a strict discipline of fundamental investing with constant reference to the fair value of stocks. Exposure is increased and decreased as the market prices moves away from these fair values. Allocations are based on an exponential formula, which increases buy or sell quantities as market prices of selected stocks move further away from their fair values.

The Fund takes advantage of equity market volatility and buys equities when they are underpriced and sells equities when they are overpriced. DCF (discounted cash flow) valuations are pivotal for stocks selection in the portfolio. The fund is mostly invested in liquid stocks.

The Fund shall be subject to such exposure limits as are specified in the Regulations and SECP's directives.

- At least 70% of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis;
- The remaining net assets shall be invested in cash and or near cash instruments which include cash in bank accounts (excluding TDRs), and treasury bills not exceeding 90 days remaining maturity; and
- It shall not take exposure to Continuous Funding Scheme (CFS)

3.2.2 The Trustee shall hold the Fund Property on deposit in a separate account with a Bank of minimum investment grade rating as approved by the Management Company, or in money market investments as advised by the Management Company. All Fund Property, except in so far as such cash may, in the opinion of the Management Company (then known as Investment Advisor), is required for transfer to the Distribution Account or to be kept for meeting the redemption requirements, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of the First Supplemental Deed, this Offering Document, and the Regulations) be directed by the Management Company.

3.2.3 Any Investment may at any time be disinvested at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorized Investments or to provide funds required for the purpose of any provision of the Trust Deed or in order to retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid. Any Investment, which ceases to be an Authorized Investment, would be disinvested within such period as the Management Company may determine to be in the best interest of the Unit Holders. However, in any case the period shall not exceed 3 (three) months.

3.2.4 The Fund Property shall be subject to such exposure limits as are provided in the Regulations or relevant Commission's circulars and notifications, provided that the

Management Company will have a period of three months to bring the Fund into compliance with the exposure limits if the deviation is due to appreciation or depreciation of any Investment or disposal of any Investment.

3.2.5 In case the rating of a Bank is reduced or institution is placed on watch list, investment may at any time be realized at the discretion of the Management Company but only to reasonably protect the interest of the Unit Holders.

3.2.6 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or the directors and officers of the Management Company own more than ten per cent of those securities collectively.

### **3.3 BENCHMARK:**

KSE-100 Index

### **3.4 RESTRICTIONS**

The Fund Property shall be subject to such exposure limits as are provided in the Regulations, the First Supplemental Deed, this Offering Document, Rules and Regulations. Subject to this, the Fund will not at any time:

- (a) effect a short sale in a security whether listed or unlisted,
- (b) purchase any security in a forward contract;
- (c) purchase any security on margin;
- (d) apply any part of its assets to real estate, commodities or commodity contracts;
- (e) issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- (f) apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
- (g) invest in securities of the Management Company
- (h) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (i) take exposure of more than thirty five percent of its Net Assets in any single group and more than ten 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.

- (j) acquire any security of which another asset management company, managing a collective investment scheme, is the issuer;
- (k) take exposure in any other collective investment scheme;
- (l) make investments in unlisted equity securities unless an application for listing of such securities have been accepted by the pertinent Stock Exchange, provided the Scheme may make total investments in pre-initial public offering of a security upto fifteen percent of the Net Assets of the Scheme, subject to other investment limits prescribed by the Regulations;
- (m) issue Units in consideration other than cash unless permitted by the Commission;
- (n) take over any other collective scheme without the prior approval of the Commission;
- (o) acquire twenty five per cent or more of the voting rights or a control of a company;
- (p) Exposure of a Collective Investment Scheme to any single entity shall not exceed an amount equal to ten per cent of total net assets of the collective investment scheme or the index weight of the security subject to the limit of fifteen percent whichever is higher. Also, Exposure to equity securities of a company shall not exceed ten percent of the issued capital of that company;
- (q) enter into transactions with any Broker that exceed thirty per cent of the commission paid by the Scheme in any one Accounting Year or otherwise as may be specified in the Regulations or notifications or circulars issued by the Commission from time to time;
- (r) the Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of trustee, the Fund would not be able to issue payment instrument for the redemption money to the Unit Holder within time period stipulated in the Regulations;
- (s) the Management Company on behalf of the Fund shall not at any time net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.

- (t) Exposure of a Collective Investment Scheme to any single entity shall not exceed an amount equal to ten per cent of total net assets of the collective investment scheme and exposure to equity securities of a company shall not exceed ten percent of the issued capital of that company;
- (u) Take exposure in securities of any one sector as per classification of the Stock Exchange of more than thirty percent (30%) of the Fund's Net Assets or index weight of the sector, whichever is higher, subject to the limit of thirty-five percent (35%) of the Fund's Net Assets

### **3.5 EXCEPTION TO INVESTMENT RESTRICTIONS**

In the event the weightage of shares exceed the limits laid down in this Offering Document or the Regulations as a result of the relative movement in the market prices of the investments including subscription to right shares or through any disinvestments, the Management Company shall make its best endeavours to bring the exposure within the prescribed limits within three months of the event. In case Management Company is unable to adjust the exposure as per time limit allowed, a formal application to Commission shall be made to allow additional time to bring such exposure inline. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists.

### **3.6 BORROWING**

- 3.6.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company shall arrange finance with the approval of the Trustee, with Banks , Financial Institutions and collective investment schemes for borrowing by the Trustee for the account of the Fund provided that such arrangement shall not be resorted to, except for meeting redemption request(s) provided that the charges payable to such Banks , Financial Institutions and collective investment scheme are not higher than the prevailing market rates. Provided further that the maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Scheme and shall be repayable within a period of ninety days or such time as may be prescribed under the Regulations from time to time if subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.
- 3.6.2 Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks, Financial Institutions and collective investment schemes. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

- 3.6.3 For the purposes of borrowing, the borrowing and security documents shall be executed by the Trustee and for such borrowing the Trustee may, with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Regulations and/or any law for the time being in force.
- 3.6.4 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.

### **3.7 TRANSACTIONS WITH CONNECTED PERSONS**

- 3.7.1 The Management Company on behalf of the Scheme shall not without the approval of its Board of Directors in writing and consent of Trustee , purchase from or sell any securities to any connected person or employee of the Asset Management Company.
- 3.7.2 Where cash forming part of the assets of the Fund is deposited with the trustee or the custodian that is banking company or an NBFC, a return on the deposit shall be paid 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.
- 3.7.3 All transaction with connected persons carried out by an Asset Management Company on behalf of the Fund shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the annual report of the Fund.

### **3.8 RISKS**

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

**Pakistan Strategic Allocation Fund** is the name of the Fund and does not in any manner indicate either the quality of the Fund or its future prospects and the returns. Investors in the Fund are not being offered any guaranteed or assured returns.

The Fund invests in a portfolio of equity and money market investments. Such investments are subject to varying degrees of risk. The risk emanates from various factors that include, but not limited to:

#### **Market Risk:**

The Fund's NAV will react to the stock market movements. The investor could lose money over short periods due to fluctuation in the Fund's NAV in response to

factors such as economic and political developments, changes in interest rates and perceived trends in stock prices market movements, and over longer periods during market downturns.

### **Credit Risk**

Credit Risk is the risk of loss arising from default by a creditor or counterparty.

### **Business Risk**

Business Risk is the uncertainty of income flows caused by the nature of a firm's business. It includes:

- a) Change in business cycles affecting the business of the company in which the investment is made.
- b) Mismanagement of the invested company, third party liability through class action or Occurrence of other events such as strikes, fraud etc., in the company in which the Investment was made.

### **Liquidity Risk**

Liquidity Risk is the uncertainty introduced by the secondary market for an investment such as suspension in Trading of shares by Stock Exchange/ Regulatory Authorities where the competent authority determines that it is appropriate to protect the interest of investors. The Management Company may announce suspension or deferral of issuance and/or redemption of units to safeguard the interest of unit holders. This would result in difference in cash flows and their timing for investors depending upon the Redemption Price applicable on redemption request.

### **Country or Political Risk**

Country or Political Risk is the uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as:

- a) Break down of law and order, war, natural disasters, Force Majeure etc.
- b) Any governmental actions, legislative changes or court orders restraining payment of principal or income.

### **Asset Class Risk**

The returns from the types of securities in which the Fund invests may under perform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and under performance in comparison of the general securities markets.

### **Other Risk**

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



Pakistan (MUFAP) is available on the website of the Management Company and can be obtained by calling/ writing to the Management Company.

### **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 or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institution.**

If you are in any doubt about the contents of this Offering Document, you should consult your stock-broker, bank manager, legal adviser or other financial adviser.

## **4. PART IV: OPERATORS AND PRINCIPALS**

### **4.1. MANAGEMENT COMPANY**

**Arif Habib Investments Limited** is registered with the Commission as an asset management company under the Rules and Regulations. **AHI** started operations by offering two funds with a total seed capital of Rs. 500 million in March 2002. **AHI**, which offers both close and open- ended collective investment schemes, and manages Rs. 15.950 billion (USD 185.681 million) in assets (as of 31<sup>st</sup> August 2010).

**AHI** has developed a number of products for retail investors and set-up a network of branches and investment facilitators that give it outreach into major cities of Pakistan. It currently operates nine open-ended and two closed-end mutual funds.

#### **4.1.1 Compliance and transparency**

- **AHI** has self imposed an ongoing (daily), three-tier outsourced compliance audit for selected **AHI** funds. The audit ensures compliance with:
  - < NBFC and Notified Entities Regulations 2008 (imposed by the SECP)
  - < Offering Document
  - < Internal Policies and processes

The management company has written a mandatory change of auditors after every three year in Offering Documents of most funds.

- The Management Company has self imposed a strong cut-off timing discipline. All forms are time stamped.
- The Management Company also ensures that assets in the all open-ended as well as closed- end funds are marked to market on a daily basis. This includes funds investing in all available asset classes.

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

**4.1.2 Ratings of Management Company (February 02, 2010) and Funds (Star Ranking) & Funds (Fund Stability Rating) issued on February 10, 2009 and October 9, 2009 respectively)**

Management Company/Funds	Rating	Rating	Rating Reflects
Arif Habib Investments Limited	PACRA	AM2 (Positive Outlook) (issued on February 02,2010)	The rating reflects the company's very strong capacity to master the risks inherent in asset management. The rating recognizes that the company meets very high investment management industry standards and benchmarks with noted strengths in several of the rating standards efficiency of operations
Pakistan Stock Market Fund (PSM )	PACRA	4-star Normal 2-star Long Term	The rating reflects an average performance in short term and superior performance in long term relative to its peers.
Pakistan Income Fund (PIF )	PACRA	AA – (f) (Fund Stability Rating)	The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.
Pakistan Premier Fund Limited (PPFL )	PACRA	3-star Normal 3-star Long Term	The Rating reflects a good performance in short term and superior performance in long term relative to its peers.
Pakistan Capital Market Fund (PCM )	PACRA	2-star Normal	The rating reflects its superior performance in short term relative to its peers.
Metrobank- Pakistan Sovereign Fund	PACRA	AA (f) (Fund Stability Rating)	The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

Pakistan Strategic Allocation Fund (PSAF)	PACRA	3-star Normal 3-star Long Term	The rating reflects a good performance in short term relative to its peers.
Pakistan International Element Islamic Fund (PIEIF)	PACRA	4-star Normal	The rating reflects a good performance in short term relative to its peers.
Pakistan Capital Protected Fund-1 (PCPF-1)		Unrated	
Pakistan Cash Management Fund (PCF)	PACRA	AAA (f) (Fund Stability Rating)	The rating denotes an exceptionally strong capacity to maintain relative stability in returns and negligible exposures to risks.
Pakistan Income Enhancement Fund (PIEF)	PACRA	A + (f) (Fund Stability Rating)	The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

#### 4.1.3 Customer Facilitation through Technology

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

#### 4.2. OPEN –ENDED FUNDS:

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

**Name: Pakistan Capital Protected Fund (Fixed Income Securities)**

Date of Launching:	February 16, 2010
Nature of Fund:	Fixed Income Securities
NAV on June. 30, 2010:	Rs. 244.564million
NAV on Sep. 30, 2010:	Rs. 250.231million
Par value of unit:	Rs. 10.00
NAV per unit on June 30, 2010:	Rs. 10.43

NAV per unit on Sep. 30, 2010: Rs. 10.31

Name:	Pakistan Stock Market Fund
Date of Launching:	March 11, 2002
Nature of Fund:	Equities Fund
NAV on June 30, 2008:	Rs. 3,350.619 million
NAV on June 30, 2009:	Rs. 1,847.87 million
NAV on June 30, 2010:	Rs. 1,844.447 million
NAV on Sep. 30, 2010:	Rs. 1,682.547 million
Par value of unit:	Rs. 50.00
NAV per unit on June 30, 2008:	Rs. 81.55
NAV per unit on June 30, 2009:	Rs. 47.56
NAV per unit on June 30, 2010:	Rs. 60.55
NAV per unit on Sep. 30, 2010:	Rs. 50.56
Distribution (June 30, 2008):	34% (Rs.17)
Distribution (June 30, 2009):	NIL
Distribution (June 30, 2010):	19.4% (Rs.9.7)

Name:	Pakistan Income Fund
Date of Launching:	March 11, 2002
Nature of Fund:	Money Market Fund
NAV on June 30, 2008:	Rs.6,070.068 million
NAV on June 30, 2009:	Rs.2,369.948 million
NAV on June 30, 2010:	Rs.2,098.483 million
NAV on Sep. 30, 2010:	Rs.2,123.173 million
Par value of unit:	Rs. 50.00
NAV per unit on June 30, 2008:	Rs. 51.48
NAV per unit on June 30, 2009:	Rs. 53.06
NAV per unit on June 30, 2010:	Rs. 52.93

NAV per unit on Sep. 30, 2010:	Rs. 51.43
Distribution (June 30, 2008):	9.50% (Rs.4.75)
Distribution (June 30, 2009):	2.6 % Bonus (Interim or Rs. 1.30 per unit) 4.7% Bonus (Annual or Rs.2.35 per unit)
Distribution (June 30, 2010):	2.2% (Rs. 1.1)

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<b>Name:</b>	<b>Pakistan Capital Market Fund</b>
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Date of Launching:	January 24, 2004
Date of Conversion (Close to Open Ended)	November 21, 2005
Nature of Fund:	Asset Allocation Fund
NAV on June 30, 2008:	Rs. 835.028 million
NAV on June 30, 2009:	Rs. 548.94 million
NAV on June 30, 2010:	Rs. 444.587 million
NAV on Sep. 30, 2010:	Rs. 437.924 million

Par value of unit:	Rs. 10.00
NAV per unit on June 30, 2008:	Rs. 10.85
NAV per unit on June 30, 2009:	Rs. 8.28
NAV per unit on June 30, 2010:	Rs. 10.17
NAV per unit on Sep. 30, 2010:	Rs. 7.24

Distribution (June 30, 2008):	3% (Rs.0.30)
Distribution (June 30, 2009):	NIL
Distribution (June 30, 2010):	29% (Rs. 2.9)

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<b>Name:</b>	<b>Metro-Bank Pakistan Sovereign Fund</b>
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Date of Launching:	March 1, 2003
Nature of Fund:	Govt. Bonds Fund
NAV on June 30, 2008:	Rs. 365.134 Million
NAV on June 30, 2009:	MSF – Perpetual Rs. 1,953.35 Million MSF – December 2012 Rs. 0.763 Million
NAV on June 30, 2010:	MSF-Perpetual Rs. 1,505.748 Million MSF- December 2012 Rs. 101.82 Million
NAV on Sep. 30, 2010:	MSF-Perpetual Rs. 1,721.590 Million MSF- December 2012 Rs. 103.615 Million

Par value of unit:	Rs. 50	
NAV per unit on June 30, 2008	Rs. 48.97	
NAV per unit on June 30, 2009	Rs. 49.96	
	MSF – December 2012	Rs. 57.54
NAV per unit on June 30, 2010	Rs. 54.07	
	MSF-December 2012	Rs. 60.30
NAV per unit on Sep. 30, 2010	Rs. 49.81	
	MSF-December 2012	Rs. 47.93
Distribution (June 30, 2008):	13.7% (Rs.6.85)	
Distribution (June 30, 2009):	MSF- Perpetual	0.14% Bonus
	MSF- December 2012	5.5% Bonus
Distribution (June 30, 2010):	MSF-Perpetual	10% (Rs. 5)
	MSF-December 2012	26% (Rs. 13)

<b>Name:</b>	<b>Pakistan International Element Islamic Fund</b>
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Date of Launching:	May 2, 2006
Nature of Fund:	Islamic Asset Allocation Fund
NAV on June 30, 2008:	Rs.984.083 million
NAV on June 30, 2009:	Rs.606.59 million
NAV on June 30, 2010:	Rs.409.859 million
NAV on Sep. 30, 2010:	Rs.393.970 million
Par value of unit:	Rs. 50.00
NAV per unit on June 30, 2008:	Rs. 51.86
NAV per unit on June 30, 2009:	Rs. 42.16
NAV per unit on June 30, 2010:	Rs. 46.01
NAV per unit on Sep. 30, 2010:	Rs. 38.86
Distribution (June 30, 2008):	3.50% (Rs.1.75)
Distribution (June 30, 2009):	NIL
Distribution (June 30, 2010):	14.2% (Rs. 7.1)

<b>Name:</b>	<b>Pakistan Cash Management Fund</b>
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Date of Launching:	May 14, 2008
Nature of Fund:	Money Market Fund
NAV on June 30, 2008:	Rs.114.074 million

NAV on June 30, 2009:	Rs.579.814 million
NAV on June 30, 2010:	Rs.2,062.920 million
NAV on Sep. 30, 2010:	Rs.2,294.970 million

Par value of unit:	Rs. 50.00
NAV per unit on June 30, 2008:	Rs. 50.54
NAV per unit on June 30, 2009:	Rs. 50.66
NAV per unit on June 30, 2010:	Rs. 50.68
NAV per unit on Sep. 30, 2010:	Rs. 50.18

Distribution (FY-2007- 2008):	2.30% (Rs.1.15)
Distribution (June 30, 2009):	10.08 % Bonus (interim or Rs. 5.04 per Unit) 0.135% Bonus (Annual Rs. 0.675 per Unit)
Distribution (June 30, 2010)	1.38% (Rs. 0.69)

<b>Name:</b>	<b>Pakistan Income Enhancement Fund</b>
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Date of Launching:	Aug 28, 2008
Nature of Fund:	Money Market Fund
NAV on June 30, 2009:	Rs.799.34 million
NAV on June 30, 2010	Rs. 2,199.803 million
NAV on Sep. 30, 2010	Rs. 2,089.803 million

Par value of unit:	Rs. 50.00
NAV per unit on June 30, 2009:	Rs. 50.91
NAV per unit on June 30, 2010	Rs. 52.08
NAV per unit on Sep. 30, 2010	Rs. 50.65
Distribution (June 30, 2009):	12.74 % Bonus (Interim or Rs. 6.37 per unit) 0.74% Bonus (Annual or Rs. 0.37 per Unit)
Distribution (June 30, 2010)	1.02% (Rs. 0.51)

### 4.3 CLOSED-END FUNDS

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

Name:	Pakistan Premier Fund Limited
Date of Acquisition:	January 1, 2003
Nature of Fund:	Equities Fund
NAV on June 30, 2008:	Rs.2,414.916 million
NAV on June 30, 2009:	Rs.1,392.635 million
NAV on June 30, 2010:	Rs. 1,749.803 million
NAV on Sep. 30, 2010:	Rs. 1,464.362 million
Par value of unit:	Rs. 10.00
NAV per unit on June 30, 2008:	Rs. 14.22
NAV per unit on June 30, 2009:	Rs. 8.20
NAV per unit on June 30, 2010:	Rs. 10.30
NAV per unit on Sep, 2010:	Rs. 8.62
Distribution (June 30, 2008):	15% (Rs.1.5)
Distribution (June 30, 2009):	NIL
Distribution (June 30, 2010):	18.6 % (Rs. 1.86)
Closing Market Price (June 30, 2008)	Rs. 13.37 per share
Closing Market Price (June 30, 2009)	Rs.4.10 per share
Closing Market Price (June 30, 2010)	Rs.8.10 per share

Besides above mentioned fund, Management Company launched Pakistan Capital Protected Fund -1 [PCPF-1] on July 27, 2007 with a capital protection guarantee of initial investment to initial investors. PCPF-1 matured on July 14, 2010. Besides capital protection, return on investment was also passed onto investors.

### 4.4 A) FINANCIAL HIGHLIGHTS OF MANAGEMENT COMPANY

(Rupees in '000)

Year Ended 30 June:	2009 -10	2008 -09	2007 -08	2006-07	2005 -06
Authorized Capital	300,000	300,000	300,000	300,000	100,000
Paid-up Capital	300,000	300,000	300,000	130,000	65,000
Total Equity	488,070	354,689	708,577	698,491	574,686
Total Assets	821,890	768,359	1,046,195	953,823	882,519
Revenue	369,266	271,329	687,059	547,742	609,610
Expenses	329,887	324,354	399,660	272,491	276,094
Profit/(Loss) after Tax	64,249	(302,480)	249,043	215,424	266,435



**B) DETAILS OF SHAREHOLDING OF MANAGEMENT COMPANY AS AT June 30, 2010**

S r. N o.	Name	% of Holding
1	Arif Habib Securities Limited	60.18
2	Mr. Nasim Beg	7.590
3	AHIML Employees Stock Beneficial Ownership Trust	10.20
4	Mr.Muhammad Shafi Malik	0.000013
5	Mr. Muhammad Kashif	0.000013
6	Mr. Sirajuddin Cassim	0.000013
7	Mr. Akmal Jameel	0.000013
8	Syed Ajaz Ahmed	0.0000033
9	Mr. S. Gulrez Yazdani	0.0000033
10	Non-Resident/General Public/ Companies/ Banks/Investment Company/NIT	22.03

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

- 4.5.1 The Management Company shall manage, operate and administer the Scheme in accordance with the Regulations, the First Supplemental Trust Deed and this Offering Document.
- 4.5.2 The Management Company has the primary responsibility for all record keeping, regular determination of announcement of prices and for producing financial reports from time to time. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.
- 4.5.3 The responsibilities of the Management Company are to invest and manage the assets of the Fund according to the provisions of the First Supplemental Deed, this Offering Document, the Rules and the Regulations in good faith, to the best of its ability, and without gaining any undue advantage for itself or any related parties, including Connected Persons and group companies or its officers.
- 4.5.4 The Management Company shall appoint a qualified fund manager and constitute an investment committee in accordance with the provisions of the Regulations to assist in investing and managing the assets of the Fund or to invest and manage part or whole of the assets of the Fund. The Investment Committee shall be constituted with the approval of the Board of Directors of the Management Company and shall consist of key personnel of the Management Company, including the chief investment officer and the fund manager and shall have a minimum of three members. The investment committee shall function in accordance with the provisions of Regulation 37 of the

Regulations and shall inter alia separately record its decision along with rationale and objective for buying or selling each security and highlighting the limits including price, quantity, time period, etc.

- 4.5.5 The Management Company shall comply with the provisions of the Rules, the Regulations and the First Supplemental Deed and this Offering Document(s) (as may be amended from time to time with the approval of the Commission) for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of the First Supplemental Trust Deed to be the act of the Management Company.
- 4.5.6 The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker.
- 4.5.7 The Management Company shall be liable to the Trustee for any loss in value of the Fund Property where such loss has been caused by its negligence or reckless or wilful act and/or omission or by its officers, officials or agents.
- 4.5.8 Any purchase or sale of Investments made under any of the provision of the First Supplemental Trust Deed shall be made by the Trustee according to the instructions of the Management Company, unless such instructions are in conflict with the provisions of the First Supplemental Trust Deed or the Rules or the Regulations. The Management Company shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- 4.5.9 The Management Company shall maintain proper accounts and records of the Scheme which will enable a complete and accurate view to be formed of
  - a) The assets and liabilities of the Scheme.
  - b) The income and expenditure of the Scheme
  - c) All transactions for the account of the Scheme
  - d) Amounts received by the Scheme in respect of issues of Units.
  - e) Pay out on redemption of Units and distributions by the Scheme.
  - f) Pay out at the termination of the Scheme.
- 4.5.10 The Management Company shall within four months of the close of the Accounting Period of the Scheme prepare and circulate physically to Unit Holders, the Trustee, the Commission or the Stock Exchange on which the Units of the Scheme are listed, the annual report as per the requirement set out in Schedule V of the Regulations, including:
  - a. copy of the balance sheet and income statement;

- b. cash flow statement,
- c. statement of movement Unit Holders' funds or Net Assets and reserves; and
- d. the Auditor's report of the Scheme.

4.5.11 The Management Company shall within one month of the close of the first and the third quarter and within two months of the close second quarter of the year of accounts of the Scheme, prepare and transmit to the Unit Holders, the Trustee, the Commission and the Stock Exchanges on which the Units of the Scheme may be listed, the following:

- i. balance sheet at the end of that quarter,
- ii. an income statement,
- iii. a cash flow statement
- iv. a statement of movement in Unit Holders' fund or Net Assets or reserves and changes in equity for that quarter, whether audited or otherwise in accordance with the Regulations;
- v. statement showing the securities owned at the beginning of the relevant period, securities purchased or sold during such period and the securities held at the end of such period together with the value (at carrying and at market) and the percentage in relation to its own assets and the issued capital of the persons whose securities are owned for that quarter, whether audited or otherwise in accordance with the Regulations.

Provided that these accounts may be transmitted to Unit Holders electronically by publication on the Management Company's website unless any Unit Holders(s) elect(s) to receive them physically in which case the Management Company shall make available to such Unit Holders(s) printed copies thereof free of cost, as and when requested.

4.5.12 The Management Company shall maintain a record of Unit Holders of the Scheme and inform the Trustee and the Commission of the address where the Register is kept. However, the Management Company may appoint a Registrar, as its agent, to maintain the register and may from time to time with the intimation to the Trustee and the Commission, remove or replace the Registrar.

4.5.13 The Management Company shall make available or ensure that there is made available to the Trustee such information and record as the Trustee may require in respect of any matter relating to the Trust.

4.5.14 The Management Company shall with the consent of the Trustee appoint at the establishment of the Scheme and upon any vacancy, the Auditor, from the approved list of auditors circulated by Commission from time to time, who shall be a chartered

accountant or a firm of chartered accountants and independent of the auditor of the Management Company and the Trustee and such auditor shall not be appointed for more than such number of consecutive years as specified under the Regulations and contents of the Auditor's report shall be in accordance with the provisions of the Regulations.

- 4.5.15 The Management Company shall not be under any liability, except such liability as may be expressly assumed by the First Supplemental Trust Deed and this Offering Document or liability imposed under the Rules and the Regulations, nor shall the Management Company (save as herein otherwise provided) be liable neither for any act or omission of the Trustee nor for anything except its own negligence or wilful breach of duty hereunder and it shall not incur any liability by reason of any error of law.
- 4.5.16 The Management Company shall ensure that the Distributors to whom it delegates the function of Distribution, have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the Commission and are abiding by the code of conduct prescribed by the association(s) and that the appointments shall be made under written contract with the Distributors, which shall clearly state the terms and conditions for avoidance of frauds and sales based upon misleading information.
- 4.5.17 The Management Company shall obtain rating for the Fund, once it becomes eligible for rating as per the rating criteria of the rating agency, and such rating shall be updated once every financial year and shall be disclosed in the annual and quarterly reports.
- 4.5.18 The Management Company shall be obliged to process payment instrument immediately on receipt of the application.
- 4.5.19 The Management Company shall ensure that no entry and exit to the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than cash settled transactions based on the formal issuance and redemption requests, unless permitted otherwise under the Regulations or by the Commission in writing.
- 4.5.20 The Management Company shall formally forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within 24 hours of the receipt of such requests.
- 4.5.21 The Management Company shall not be liable for any loss caused to the Scheme or to the Fund Property due to any elements or circumstances of Force Majeure.
- 4.5.22 The Management Company shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc of Units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.

- 4.5.23 The Management Company shall clearly specify Cut-off time for acceptance of application forms of issuance, redemption, conversion etc of Units of the Scheme in the Constitutive Documents on its website and designated points. Such Cut-off time shall uniformly apply on all Unit Holders.
- 4.5.24 The Management Company shall not open or close or arrange to open or close any bank/ depository/ brokerage account for the Fund with a Bank without the approval of the Board of Directors of the Management Company. If the Management Company has obtained approval of its Board of Directors for opening or arranging to open an account with any particular Bank, it may open accounts with any branch of that Bank and shall obtain approval therefor from its Board of Directors in the subsequent meeting.

#### 4.6. DIRECTORS OF THE MANAGEMENT COMPANY

Name	Address	Position	Other Directorships
Mr. Nasim Beg	F 61/6, Block 4, Clifton, Karachi	Chief Executive	Pak Arab Fertilizers Ltd. Summit Bank Limited (Formerly Arif Habib Bank Ltd.) Pakistan Private Equity Management Limited. Arif Habib Securities Limited. Mutual Funds Association of Pakistan (MUFAP) Institute of Capital Markets. Arif Habib REITs Management Ltd. Safe Mix Concrete Products Limited Thatta Cement Company Limited Al Abbas Cement Limited.
Mr. Muhammad Akmal Jameel	146-M, Block 2, PECHS, Karachi.	Director	Arif Habib Securities Ltd. Rozgar Microfinance Bank Ltd. Thatta Cement Company Limited Arif Habib REIT Management Co. Ltd. Pakistan Private Equity Management Limited.
Mr. Sirajuddin Cassim	D -43 Block 9, KDA Scheme No.5 Kehkashan, Clifton, Karachi	Director	Arif Habib Securities Ltd. Platinum Securities (Pvt) Ltd. D .R .H. Logistics Pakistan (Pvt.) Ltd.
Mr. Muhammad Kashif	86/11, 10th Street, Khayaban-e-Sehar, DHA, Karachi.	Director	Arif Habib Securities Limited Nooriabad Spinning Mills (Pvt) Ltd. Thatta Cement Company Ltd Rotocast Engineering (Pvt.) Ltd Javedan Cement Limited. Pakarab Fertilizers Limited Arif Habib RIET Management Co. Ltd. Arif Habib Real Estate Services (Pvt.) Ltd. Fatima Fertilizer Company Limited Real Estate Modaraba Management Company Limited

Mr .Muhammad Shafi Malik	278-X, Phase III Lahore	Director	None
Syed Ajaz Ahmed		Director	Arif Habib Securities Limited. Javedan Cement Limited. Al Abbas Cement Limited. Cryo-Cell Pakistan (Pvt.) Limited Sweetwater Dairies Pakistan (Pvt.) Ltd. J.J Media (Pvt.) Limited. Project One (Pvt.) Limited. Pakistan Private Equity Management Limited. Arif Habib Real Estate Services (Pvt.) Limited.
Mr. S. Gulrez Yazdani	House No 31, Street 37 F 7/1, Islamabad	Director	None

#### 4.7 PARTICULARS OF DIRECTORS

##### **Nasim Beg, Chief Executive**

A chartered accountant by profession, Mr. Nasim Beg is a seasoned professional and one of the leading figures in the asset management industry of Pakistan. He has been associated with the Group since 2000 and currently serving as Chief Executive Officer of Arif Habib Investments Limited. Mr. Beg has been responsible for development and growth of the Group's mutual fund business from conceptual stage. His successful management and leadership have enabled the business to achieve significant growth on a sustained basis. Prior to joining the Arif Habib Group, Mr. Beg served National Investment Trust as its Deputy Chief Executive.

##### **Muhammad Akmal Jameel, Director**

Mr. Akmal Jameel is a CFA charter holder and has earned his Masters degree from the London School of Economics. He is an Executive Director of Arif Habib Securities Limited. He has extensive experience in Capital markets both domestically and internationally.

##### **Sirajuddin Cassim, Director**

Mr. Sirajuddin Cassim is a former President of Karachi Stock Exchange and Central Depository Company. He is a fellow member of Institute of Chartered Accountants of Pakistan.

##### **Muhammad Shafi Malik, Director**

Mr. Muhammad Shafi Malik holds a Masters degree in Public Administration from Harvard University and a Masters Degree in Economics from University of Punjab. He has done L.L.B, D.L.L and D.T.L with distinction and gold medal in Mercantile Law & Labour Laws. He has diversified experience of serving with distinction in public offices, corporations and institutions of national importance like C.B.R., and EOBI. He served as Chairman Employees Old Age Benefit (EOBI) for three years before his retirement in March 2005. Having valuable experience of management, legal consultancy, adjudication, audit and financial management, he is capable of tendering advice on administrative, legal/corporate affairs, and strategic planning.

**Kashif A. Habib, Director**

Mr. Habib has obtained a Bachelors of Commerce degree in 2004 and has also passed modules A, B, C & D exams of the Institute of Chartered Accountants of Pakistan. In October 2004, he joined M/s. A. F. Fergusons, Chartered Accountants, for Articleship. He has three years experience as an intern and as a Non-Executive Director of Arif Habib Securities Ltd.

**Syed Ajaz Ahmed, Director**

Mr. Ajaz Ahmed has been associated with the Group since 2001. He has over a decade of work experience in asset management, audit, and financial consulting. Mr. Ahmed is a Fellow of Institute of Cost and Management Accountants of Pakistan and also holds a degree in law.

**Mr. S. Gulrez Yazdani**

Mr. S. Gulrez Yazdani is a member of British Institute of International and Comparative Law, London, UK. He holds LLM (Master of Laws) from Law School of University of Hertfordshire and M Phil from London School of Economics. He holds almost 35 years domestic and international experience and has worked at senior and middle management levels with the Government in various Ministries, Departments, Statutory Corporations, and Regulatory Institutions. Also has the experience of working with the private sector and as a professional researcher. Presently working as Chief Executive Officer of the Institute of Capital Markets of Pakistan and also involved with the London School of Economics as occasional research on 'sites of global governance'.

He has developed and executed projects in collaboration with different international donor and executing institutions like UN-ITC, UNCTAD, DFID, World Bank, ADB and the Commonwealth Secretariat. He has worked as the Executive Director/Head of Investments of State Life Insurance Corporation and managed one of the largest equity and money market investment portfolios in Pakistan along with small investment portfolios in UAE and the UK. He has also worked as Executive Director, SECP

**PARTICULARS OF CHIEF FINANCIAL OFFICER.****Zeeshan, Chief Financial Officer & Company Secretary**

Zeeshan is the CFO and Company Secretary of the Company, responsible for of the Finance and Accounting function of the Management Company and Funds as well as the company secretarial functions. He is also heading Strategic planning and new products department

Zeeshan is a chartered accountant, having qualified in Feb 2003. He completed his Articleship from Ford Rhodes Robson Morrow (a member firm of Ernst & Young International). During his Articleship Zeeshan was seconded to Ernst & Young, Doha where he was involved in the system based audits and consultancy assignments. Prior to joining Arif Habib Investments, Zeeshan was associated with a large group involved in Textile and Construction business. During his stay he was deputed to UK and Europe to take up group related assignments.

Zeeshan has a diversified experience including Internal Audit, Product Development and Fund Accounting. Zeeshan has also officiated as Head of Marketing.

#### 4.8 FINANCIAL SUMMARY OF LISTED COMPANIES HAVING COMMON DIRECTORS

##### 4.8.1 Arif Habib Securities Limited

Rupees in million

	2010	2009	2008	2007	2006
Profit before tax	3,732.50	(2,134.60)	9,514.23	3,934.90	4,768.42
Profit after tax	3,798.47	(2,768.90)	7,970.82	3,682.30	4,157.36
Paid up Capital	3,750.00	3,750.00	3,000.00	3,000.00	270.00
Shareholders' Equity	19,784.15	16,135.322	19,049.923	18,074.60	10,690.64
Total Assets	23,388.23	21,919.015	23,277.575	20,049.20	12,059.44
Earning per share	10.13	(7.38)	21.26	12.30	153.98
Specie dividend (%) )Fatima Fertilizer	30	-	15%	75.00%	100.00%
Bonus (%)	-	-	25%	322.00%	66.67%

##### 4.8.2 Pakistan Premier Fund Limited

Rupees in million

	2010	2009	2008	2007	2006
Profit after tax	357.169	(767.573)	(126.025)	702.72	546.56
Net Assets	1,749.805	1,392.635	2,414.916	2,910.08	2,576.50
NAV per share (Rs.)	10.30	8.20	14.22	19.71	17.45
Earning per share	2.10	(4.52)	(0.74)	4.76	3.70
Cash dividend (%)	18.60	-	15%	25%	25.00%
Bonus (%)	-	-	-	15%	15%

##### 4.8.3 Javedan Cement Limited

Rupees in million

	2009	2008	2007	2006	2005
Profit before tax	(370)	(3,408)	(178)	422.78	294.96
Profit after tax	(428)	(3,393)	(90.00)	344.32	211.15
Paid up Capital	291	291.00	560.00	560.00	560.00
Shareholders' Equity	(3,775)	(3,347)	316.11	499.74	379.41
Total Assets	5,861	1,370.54 5	1,287	964.62	985.16
Earning per share (Rs.)	(14.73)	(116.76)	(1.61)	6.15	3.77
Cash dividend (%)	-	-	-	56.70%	-



**4.8.4 Arif Habib Bank Limited**

Rupees in million

	2009	2008	2007	2006
Profit before tax	(2,285.586)	(347.274)	326.918	50.029
Profit after tax	(2,066.790)	(191.408)	230.165	93.974
Paid up Capital	5000.000	5000.000	4,500.000	3000.000
Shareholders' Equity	4,065.941	6,132.731	6,324.139	3,093.974
Total Assets	38,173.375	24,802.817	18,120.789	5,696.379
Earning per share	(4.13)	(0.38)	0.65	1.10
Cash dividend (%)	-	-	-	-
Bonus (%)	-	-	-	-

**4.8.5 Al-Abbas Cement Industries Ltd (formerly Essa Cement Industries Ltd.**

Rupees in million

	2009	2008	2007	2006	2005
Profit before tax	(41.97)	(128.93)	(168.768)	(75.025)	(72.612)
Profit after tax	121.81	(108.26)	(141.987)	17.599	(82.341)
Paid up Capital	1,828.45	1,828.45	1,142.78	1,142.78	380.927
Shareholders' Equity	1,717.44	1,595.62	1,018.217	1,160.20	380.751
Total Assets	5,923.9	5,273.87	4,442.97	3,819.21	1,882.564
Earning per share	0.67	(0.59)	(1.242)	0.17	(2.16)
Cash dividend (%)	-	-	-	-	-

**4.8.6 Thatta Cement Limited**

Rupees in million

	2009	2008	2007	2006	2005
Profit before tax	263.398	53.796	58.589	337.052	251.183
Profit after tax	203.872	39.522	46.651	221.698	263.309
Paid up Capital	797.745	797.745	797.745	797.745	797.745
Shareholders' Equity	770.811	570.749	531.227	484.576	422.427
Redeemable Capital	83.333	166.662	263.886	360.686	398.336
Total Assets	1,419.189	1,346.352	2,072.738	1,119.014	972.277
Earning per share	2.56	0.50	0.58	2.78	3.30
Cash dividend (%)	-	-	-	-	-

**4.8.7 Pak Arab Fertilizer Limited**

Rupees in million

	2009	2008	2007	2006	2005
Profit before tax	5,099	8,034.501	1,701.577	949.622	1,423.852
Profit after tax	4,643	7,089.890	1,359.317	1,441.828	985.153
Paid up Capital	4,500	3,000	743.061	743.061	743.061
Shareholders' Equity	14,339	11,976.445	7,069.144	5,838.997	1,531.700
Total Assets	51,421	45,523.344	25,167.267	23,225.065	3,573.308
Earning per share	10.32	23.63	18.29	19.40	9.22
Cash dividend (%)	-	-	-	-	-
Bonus (%)	-	50%	-	2,562.10	-

#### **4.9 PRINCIPAL SHAREHOLDER OF THE MANAGEMENT COMPANY**

The main sponsor of the Management Company is Arif Habib Securities Limited (“AHSL”). AHSL, the holding company of Arif Habib Group, was incorporated on 14th November 1994 as a Public Limited Company under the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad Exchanges. It holds license to carry out Investment Finance Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The principal activity is business of investments in listed and unlisted securities.

**AHSL** has the single distinction of being recipient of the Top 25 Companies award of Karachi Stock Exchange for each of the five years since its listing in 2001. The company has the honour of being ranked 9th in the award list for the year 2005.

**AHSL** holds shares in both the **operating subsidiaries** and other **strategic investments**.

**Operating subsidiaries** cover a wide range of financial services, viz:

1. **Arif Habib Limited** - Brokerage House with 75% shareholding
2. **Arif Habib Investments Limited** - Asset Management Company with 60.18% shareholding
3. **Arif Habib DMCC** – Member of Dubai Gold & Commodities with 100% shareholding
4. **Pakistan Private Equity Management Limited** - Venture Capital Management Company with 85% shareholding
5. **SKM Lanka Holding (Pvt.) Limited** with 75% shareholding
6. **Real Estate Modaraba Management Company** with 99.99% shareholding

**Strategic investments** include:

1. **Pak Arab Fertilizers Limited** with 30% shareholding
2. **Fatima Fertilizer Company Limited** with 12.59% shareholding
3. **Al Abbas Cement Limited** with 25.32% shareholding
4. **Rozgar Microfinance Bank Limited** with 19.01 % shareholding
5. **Takaful Pakistan Limited** with 10% shareholding
6. **Sweet Water Pakistan Dairies (Pvt.) Limited** with 24.90% shareholding
7. **Sunbiz (Pvt.) Limited** with 4.65% shareholding
8. **Aisha Steel** with 25% shareholding

Additionally, AHSL maintains a well diversified portfolio of listed securities. With such a diversified investment portfolio, AHSL stands strong and is well placed to play an important role in Pakistan’s rapidly developing economy. The Shareholder’s equity of AHSL stands at **Rs.17.21 billion as of 30<sup>th</sup> June, 2009**

#### **4.10 THE TRUSTEE**

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 Shara-e-Faisal, Karachi, Pakistan has been appointed as the Trustee for the Scheme. The Trustee has considerable amount of experience of trusteeship of open-end schemes which are successfully functioning in the country

#### **4.11 TRUSTEE: DUTIES AND RESPONSIBILITIES**

- 4.11.1 The Trustee shall take under its custody or control all of the Fund Property and hold the same in trust for the Unit Holders in accordance with the provisions of the Constitutive Documents, the Rules and the Regulations. Cash and registerable assets shall be registered in the name of or to the order of the Trustee
- 4.11.2 The Trustee shall comply with the provisions of the First Supplemental Deed, the Rules and the Regulations, 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 under intimation to the Management Company. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by gross negligence or any wilful or reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 4.11.3 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Management Company, provided these are not in conflict with the provisions of the Constitutive Documents or the Rules and the Regulations. Whenever, pursuant to any provision of the First Supplemental 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 authorized in writing by the Management Company to accept.
  - (b) any instruction received online through the software solution adopted by the Management Company for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee and approval of the Commission.
- 4.11.4 The Trustee shall not except for wilful action or omission, negligence or bad intention, be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

- 4.11.5 The Trustee shall ensure that the methodology adopted by the Management Company in calculating the value of Units are adequate and the pricing and valuation for the sale, issue, repurchase, redemption and cancellation of the Units are carried out in accordance with the provisions of the Constitutive Documents and the Regulations;
- 4.11.6 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disinvestment and disposition of the Fund Property, unless such instructions are in conflict with the provisions of the First Supplemental Trust Deed, the Rules, the Regulations or any other applicable law.
- 4.11.7 The Trustee shall ensure that the investment and borrowing limitations set out in the Constitutive Documents and the Regulations and the conditions under which the Scheme was registered are complied with;
- 4.11.8 The Trustee shall issue a report to be included in the annual and second quarter reports, to be sent to Unit Holders whether, in the Trustee's opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of the Constitutive Documents, the Offering Document, the Rules and the Regulations and if the Management Company has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof;
- 4.11.9 The Trustee shall ensure that Units have been issued after realization of subscription money.
- 4.11.10 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.
- 4.11.11 The Trustee shall, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company.
- 4.11.12 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 Fund Property and all other matters relating to the Trust.
- 4.11.13 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules and the Regulations. The Trustee shall endeavour to provide the certification at the earliest date reasonably possible.

- 4.11.14 The Trustee shall ensure that the sale, purchase, issue, cancellation and transfer of Units affected by the Scheme are carried out in accordance with the provisions of the Constitutive Documents
- 4.11.15 The Trustee shall, if requested by Management Company, and may, if it considers necessary for the protection of Fund Property or safeguarding the interest of Unit Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses, provided that no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under the First Supplemental Trust Deed or the Regulations. For the avoidance of doubt it is clarified that, notwithstanding anything contained in the First Supplemental 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 Fund.
- 4.11.16 The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers at the time of the offering of the Scheme and shall ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration with any Broker.
- 4.11.17 The Trustee shall not be under any liability, except such liability as may be expressly assumed by it under the Regulations, the Rules and the First Supplemental Trust Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company nor for anything except its own negligence or wilful breach of duty hereunder. If, for any reason, it becomes impossible or impracticable to carry out the provisions of the First Supplemental 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. Notwithstanding removal/resignation of Trustee, the Trustee shall remain entitled to the benefit of this clause.
- 4.11.18 The Trustee shall arrange for an annual system audited by its auditors and provide the report to this effect to the Commission and the Management Company, within four months of the close of the financial year.
- 4.11.19 The Trustee shall have the responsibility to ensure timely delivery to the Management Company statements of accounts and transactions advices for banking and custodial

accounts in the name and under the control of the Trustee.

- 4.11.20 The Trustee shall have all obligations entrusted to it under the Rules, the Regulations, the Trusts Act, 1882, the First Supplemental Trust Deed and the Offering Document.
- 4.11.21 The Trustee shall immediately inform the Commission if any action of the Management Company contravenes the Ordinance, the Rules, Regulations, Constitutive Documents, guidelines, codes, circulars, directive or any other applicable laws.
- 4.11.22 The Trustee shall comply with the directions of the Commission given in the interest of the Units Holders.
- 4.11.23 The Trustee shall not invest in the Units of the Fund.
- 4.11.24 The Trustee shall not be liable for any loss caused to the Scheme or to the Fund Property due to any elements or circumstances of Force Majeure.
- 4.11.25 The Trustee may accept instructions given electronically to the Trustee based on distinctive user IDs and password allocated to authorised person(s) of the Management Company or other mutually agreed arrangement through a computerised system which both the Management Company and the Trustee have agreed in writing

#### **4.12 THE DISTRIBUTION COMPANIES.**

The Fund shall be distributed through the main office and branches/representative offices of the management Company.

The Management Company from time to time may appoint/designate other distributors to facilitate the investors. A list of the authorized distribution companies and their branches would be given in Annexure C after the appointment of Distribution Companies. This list is based on the current address of the Area offices of the Management Company and the address of the current authorized branches of distributors and can be changed due to relocation of offices or addition or deletion of authorized branches or distributors.

#### **4.13 THE CORE INVESTOR:**

Since the Fund is converted from Closed End Fund to Open end Scheme; hence no Core capital requirement is applicable.

#### **4.14 THE EXTERNAL AUDITOR**

KPMG Taseer Hadi & Co.  
Chartered Accountants  
First Floor, Sheikh Sultan Trust Building No. 2  
Beaumont Road, Karachi.

#### **4.15 THE REGISTRAR**

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

#### **4.16 THE LEGAL ADVISOR**

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

### **5. PART V: CHARACTERISTICS OF UNITS**

#### **5.1. TYPE OF UNITS AND MINIMUM INVESTMENT**

- 5.1.1 Pakistan Strategic Allocation Fund is divided into Units having a Par Value of Rs.10. Two types of Units of the Fund are;

**Unit A:** All investors whose units are converted from Closed End Fund to an Open End Fund will be issued type A Units (Initial Units)

Front End Load:	None
Back End Load:	None
Distribution Method:	These Units will be entitled to get Bonus Units and/or Cash Dividend (“CD”) as decided by Management Company. However, investors may opt for CD Units where all normal distribution to CD units will be cash dividend only even if distribution of other types of units is in the form of bonus units.

**Unit B** All new investors post conversion will be issued type B units.

Minimum Investment: The Management Company may from time to time amend the minimum amount of initial investment, after giving fourteen (14) days prior notice to the Unit Holders that is required for opening an account with the Registrar. Such an enhanced limit shall not take effect retrospectively. At the initial stage, the minimum amount of investment to open an

account is Rs.5,000/- and the minimum amount for adding to an existing account is Rs.1,000/- per transaction.

Front End Load:	Upto 5.0% of NAV including Transaction costs (The current level of load is disclosed in the annexure to this Offering Document).
Back End Load:	upto 5.0% of NAV including Transaction costs (The current level of load is disclosed in the annexure to this Offering Document).
Distribution Method:	These Units will be entitled to get Bonus Units and/or Cash Dividend (“CD”) as decided by Management Company. However, investors may opt for CD Units where all normal distribution to CD units will be cash dividend only even if distribution of other types of units is in the form of bonus units.

**Note:-** Unit Holder may elect to receive the Bonus Units / Cash Dividend, provided such Unit Holder has to opt for such an arrangement at the time of applying for the Units or request the Registrar in writing prior to declaration of the distribution of any relevant period.

The Units of the Fund rank pari passu with each other. Each Unitholder has a beneficial interest in Fund proportionate to the Units held by such Unitholder. For the convenience of investors, the Management Company may issue Units with different options as to the administrative arrangements. Units issued under the different administrative arrangements shall in addition to being governed by this Offering Document, be governed by the relevant Supplementary Offering Document.

- 5.1.2 Units shall be accounted for in fractions up to four decimal places, with the fifth decimal being rounded up if it has a value of five or higher.
- 5.1.3 Statements shall be sent to the Unit Holders within 15 days via e-mail and at their designated addresses if they do not have their e-mail address or access to the internet after the close of every year. Half yearly statement in physical form shall only be sent to Unit Holders with a minimum balance of Rs. 1 million (Rs.1,000,000/-) in their account on half yearly closing date. The e-mail account statements would not be affected by the account balance on the closing date and investors with e-mail accounts would receive their account statements after the close of every half year. Statement via e-mail shall be sent to Unit holders each time there is an activity in the account indicating Units held at the statement date and the movement since the previous statement. The Unit holders may obtain more frequent statements in physical form by paying a nominal fee representing



the costs involved. The first of such requested account statements in each financial year would be free of charge.

- 5.1.4 Unit Holders may obtain certificates representing the units they hold by paying a nominal fee that might be imposed by the Management Company representing the costs involved. However in such cases, requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificates. In the event of loss or defacing of certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Registrar and Trustee. Certificates shall not be issued under certain plans governed by Supplemental Offering Documents.
- 5.1.5 The Management Company reserves the right to alter the minimum amounts stated herein above at its discretion after giving thirty (30) days prior notice to the Unit Holders.
- 5.1.6 The Offer Price shall be determined, from time to time, pursuant to clause 5.3 of this Offering document.
- 5.1.7 The Management Company may list the Units of the Fund on Stock Exchanges in Pakistan and subject to compliance with legal requirements, in any foreign jurisdiction. The cost of achieving and maintaining such a listing will be borne by the Fund.
- 5.1.8 The Management Company may also register the Units of the Fund in foreign jurisdictions as available for purchase/sale in those jurisdictions. For this purpose the Management Company, with the approval of the Commission, may amend the Trust Deed or issue supplemental Trust Deeds or Offering Documents with the consent of the Trustee and the Unit Holders will be bound accordingly.

## **5.2. DETERMINATION OF NAV**

Net Assets of the Fund shall be calculated in the following manner;

- (a) a security listed on a Stock Exchange, local or foreign as the case may be, shall be valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security shall be valued at an amount neither higher than the closing asked price nor lower than the closing bid price.
- (b) Government Securities not listed on a stock exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security
- (c) An investment purchased and awaiting payment against delivery shall be

included for valuation purposes.

- (d) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price.
- (e) The value of any dividends, bonus shares or rights which may have been declared on securities in the portfolio but not received by the collective investment scheme as of the close of business on the valuation date shall be included as assets of the Scheme if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be.
- (f) Mark-up accrued on any profit-bearing security in the portfolio shall be included as an asset of the Scheme if such accrued mark-up is not otherwise included in the valuation of the security.
- (g) Any other income accrued upto the date on which computation was made shall also be included in the assets.
- (h) All liabilities, expenses and other charges due or accrued up to the date of computation which are chargeable under these Regulations and taxes shall be deducted from the value of the assets.
- (i) The remuneration accrued up to the date of computation payable to the Management Company, for providing management and other services shall be included as an expense.
- (j) Any such method of valuation of assets and liabilities as may be specified or modified by the Commission from time to time.
- (k) The valuation shall be conducted as at the close of the Business Day in Pakistan. For international Investments, valuation will be carried-out one hour before the close of the Business Day in Pakistan according to the price of securities at or around that time or, if the price is not available, at the closing price of securities at the end of the last Business Day in the country in which the securities are quoted.
- (l) All amounts in foreign currencies will be converted into Pakistani Rupees based on the quotations by the National Bank of Pakistan or the Authorized Dealer(s). The conversion will take place at the buying rate of the National Bank of Pakistan (NBP)/ Authorized Dealer(s).

Note: Compliance shall be made with any such method of valuation of Assets as may be specified or modified by the Commission from time to time.

### **5.3. DETERMINATION OF OFFER PRICE**

- 5.3.1 From Effective Date, the Offer Price shall be calculated and announced by the Management Company on the following basis:
- 5.3.2 The gross NAV of the Fund will be calculated based on the valuation methodology given in 5.2 above;
- (a) The gross NAV will be divided by the number of Units outstanding in the Fund to reach the gross NAV per Unit.
  - (b) The gross NAV per Unit will be adjusted for the following to arrive at the net offer NAV per Unit
    - i. Addition of Front-end Load, if any, but not exceeding five (5) percent of NAV;
    - ii. Addition of such amount as the Management Company may consider an appropriate provision for Duties and Charges;
  - (c) The net offer NAV per Unit for each type of Unit will be adjusted to the nearest Paisa to arrive at the Offer Price for each type of Unit.
  - (d) The Offer Price shall be calculated based on the forward pricing methodology.

Note:-Cut Off Timing for receiving application forms.

Day	Time
Monday to Friday	09:00 am to 05:00 pm

All forms shall be received at the registered address of the Management Company or at the authorized branch of the Management Company or the distributor during the above mentioned time. Updated list of the addresses of the Management Company and Authorized branches of the Management Company and Distributors shall be disclosed in the Offering Document.

- 5.3.3 The Investment Application Form can be lodged with Distributor, if any, or directly lodged with the Management Company. No other person (including Investment Promotion Officer) is authorized to accept the form. The Offer Price determined at the end of the Business Day for Units of the Fund shall apply to all Investment application Forms, complete in all respects including payment, received by the Management Company or Distributor, if any, at its registered address during Cut Off Timing on that Business Day. Any Investment application Form received after Cut Off Timing will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing

Day the Investment application Form would be transferred to the next Dealing Day.

- 5.3.4 The Management Company will make arrangements, from time to time, for receiving purchase request from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan. In general, the Offer Price applicable to purchase requests received from outside Pakistan will be the Offer Price applicable on the date the Trustee receives the payments from international investors provided it is a Dealing Day otherwise the request will be transferred to the next Dealing Day.
- 5.3.5 In the event payment has been accepted by cheque, the payment will be deemed to be completed on the date the cheque is received by the Management Company. However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on cheques, which may vary for various class of Units and in the event a cheque is returned unpaid, the Management Company may instruct the Registrar to cancel the Units so allocated at the then prevailing redemption price but not exceeding the Redemption Price fixed on the day the Units were allocated. In the event the Management Company instructs the Registrar to cancel the Units, the investor may be prosecuted for recovery of the shortfall in the issue and Redemption Price and /or other punitive action for presenting a cheque that is returned unpaid.
- 5.3.6 In general, the payments from outside Pakistan will be deemed to be complete on the date the Trustee receives the payments from international investors in the pertinent Bank Account of the Fund, net of all charges and costs of conversion and remittance. However, the Management Company may announce a different policy for payments for different classes of Units and investors from outside Pakistan which shall be disclosed in the Offering Document(s)
- 5.3.7 In the event that the provision for payment of Duties and Charges is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Fund Property).
- 5.3.8 In the event that the provision for payment of Duties and Charges exceeds the relevant amount of Duties and Charges the Registrar shall issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application.
- 5.3.9 The Offer Price determined by the Management Company shall be forwarded to MUFAP and made available daily to the public with in cut-off timings at the office and Authorized branches in the manner prescribed under SECP directives. At the discretion of the Management Company the Offer Price may also be published in at least two

daily newspapers, one in English and one in Urdu, widely circulated in Pakistan and make it available at its website.

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

##### 5.4.1 Who Can Apply:

- (a) Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- (b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such Investment is permitted under their respective memorandum and articles of association and/or bye-laws. In respect of trusts the trustees of such trust may make an application to buy the Units.
- (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units shall be deemed to have warranted that he is duly authorized to purchase such Units.
- (d) Management Company may seek more information to fulfil Know Your Customer (KYC) and Customer Due Diligence (CDD) requirement

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the issue of Units in the Fund. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Facilitators accept any responsibility in this regard.

5.4.2 The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based options for the transactions with the consent of Trustee.

5.4.3 **How Units can be purchased:** Before purchasing Units of the Fund an investor must open an account with the Management Company using the Investors Account Opening Form subject to the fulfilment of KYC/CDD requirements as the Management Company may deem acceptable.

- (a) Applications shall be accepted only if the investor designates a bank account. Such account of the investor shall be used for transferring any dividends and redemption proceeds. The investor may at any subsequent stage change the account to another bank account. If the bank account is not in Pakistan and/or denominated in Pakistani Rupee then any cost of conversion or transfer

will be borne by the Unit Holder.

- (b) In case of individual applicant a photocopy of the National Identity Card of the applicant or any other form of identification acceptable to the Management Company.
- (c) In case of a body corporate or a registered society or a trust,
  - (1) copy of the memorandum and articles of association/Charter/Byelaws or rules and regulations;
  - (2) copy of the relevant resolution of the board of directors approving the investment.
  - (3) copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the Investment and
  - (4) copy of the National Identity Card of the officer to whom the authority has been delegated.
- (d) The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (e) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the mean while the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.

5.4.4 After opening an account an account holder may purchase Units of the Fund using the Investment Application Form . Payment for the Units must accompany the form.

- (a) Payment for Units can be made by banker's draft/pay -order, payable in Karachi, Pakistan.
- (b) Payments can also be made by cheque drawn on any bank in Pakistan made payable to the "CDC-Trustee Pakistan Strategic Allocation Fund" and crossed "Account Payee only" and must be drawn on a Bank in the same town as the Authorized Branch of the relevant Distribution Company to which the application form has been submitted is located. However, payment by cheques is subject to such conditions that the Management Company may impose from time to time.

(The Management Company may impose such limits it deems fit as to the bank branch on which the cheque is drawn and as to the monetary limits on cheques, which may vary for various class of investors). However, an appropriate notice shall be given to investors in this regards.

- (c) Payment for Units in cash will not be accepted, except, by Banks who are also Distributors of the Fund. Currently, maximum limit of acceptance of such proceeds in cash is Rs. 50,000/-. In this case the money may be deposited through a specifically designed paying-in form into an account in the name of the Trustee “CDC-Trustee Pakistan Strategic Allocation Fund”).
- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped (having date & Time) by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Cash can only be deposited in a bank account titled “CDC-Trustee Pakistan Strategic Allocation Fund” maintained with designated banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors.
- (f) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms, Investment Request Forms and payments from outside Pakistan after getting prior approval of the Commission and State Bank of Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

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

5.4.6 **Allocation/Issue of Units:**

- (a) Type A Units shall be issued as Initial Units to the certificate holders of the Closed-end Fund without any payment. Thereafter, Units shall be issued based on the Offer Price determined on the end of Business Day on which the duly completed investment application Form along with the funds in favour of the Trustee is received. The investment application form along with the funds should be received by the Management Company at its registered address during Cut off Timing. Any Investment Request Form not received during Cut off Timing will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing Day the request will be transferred to

the next Dealing Day.

- (b) In the event payment has been accepted by cheque, the payment will be deemed to be completed on the date the cheque is received by the Management Company. However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on cheques, which may vary for various class of Units, and in the event a cheque is returned unpaid, the Management Company shall instruct the Registrar to cancel the Units so allocated at the then prevailing redemption price but not exceeding the redemption price fixed on the day the Units were allocated. In the event the Management Company instructs the Registrar to cancel the Units, the investor may be prosecuted for recovery of the shortfall in the issue and redemption price and /or other punitive action for presenting a cheque that is returned unpaid.
- (c) In general, the payments from outside Pakistan will be deemed to be completed on the date the Trustee receives the payments from international investors in its account.

However, the Management Company may announce a different policy for payments for different classes of units and investors from outside Pakistan and shall disclose through Supplementary Offering Document(s).

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

#### 5.4.8 **Joint Application**

- (a) Joint application can be made by up to four related groups of applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their 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.
- (d) Where Units are registered in the name of Joint Holders and subsequently



additional Units are purchased by the same Joint Holders but the application is made in different order, such additional Units will be registered under a different account.

- 5.4.9 The Management Company may announce different plans under different administrative arrangements with differing levels of Front-end/back end Load, , which may also vary according to other criteria as disclosed in the Supplemental Offering Document(s)
- 5.4.10 In the event that the provision for payment of Duties and Charges is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Fund Property).
- 5.4.11 In the event that the provision for payment of Duties and Charges exceeds the relevant amount of Duties and Charges the Registrar shall issue additional Units or fractions thereof to the Unitholder based on the price applicable to the Units issued against the relevant application.
- 5.4.12 The Offer Price determined by the Management Company shall be made available to the public at the Registered Office and Authorized Branches and at the discretion of the Management Company may also be published in at least two daily newspaper(s) one in English and one in Urdu widely circulated in Pakistan and make it available at its website.
- 5.4.13 The Management Company may frame additional rules and regulations regarding issue of Units in dematerialized form registered with a depository organization. Provided they are not in contradiction with the Rules, the Regulations and other applicable laws.

## **5.5. DETERMINATION OF REDEMPTION PRICE**

- 5.5.1 From Effective Date, the Redemption Price shall be calculated according to the following method.
- (a) The gross NAV of the Fund will be calculated based on the valuation methodology given in 5.2 above.
  - (b) The gross NAV will be divided by the number of Units outstanding in the Fund to reach the gross NAV per Unit.
  - (c) The gross NAV per Unit will be adjusted for the following to arrive at the net redemption NAV per Unit:
    - i. Deduction of any Back-end Load, if any, but not exceeding five (5) percent of

NAV;

- ii. Deduction of any taxes imposed by the Government;
  - iii. Deduction of such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
- (d) The net redemption NAV will be adjusted to the nearest Paisa to arrive at the Redemption Price.
- (e) The Redemption Price shall be calculated based on the forward pricing methodology.

Note:- Cut Off Timing for receiving application forms.

Day	Time
Monday to Friday	09:00 am to 05:00 pm

All forms shall be received at the registered address of the Management Company or at the authorized branch of the Management Company or the distributor during the above mentioned time. Updated list of the addresses of the Management Company and Authorized branches of the Management Company and Distributors shall be disclosed in the Offering Document.

- 5.5.2 The Redemption Form can be lodged with any Authorized Branch of the Distributor, if any, or directly lodged with the Management Company. No other person (including Investment Promotion Officer) is authorized to accept the form. The applicant must obtain a copy of the form signed and stamped (having date and time) by an authorized officer of the Distributor/Management Company acknowledging the receipt of the form and the Certificates, if any. The Redemption Price determined at the end of the Business Day for Units of the Fund shall apply to all Redemption Forms complete in all respects, received by the Management Company or Distributor, if any, at its registered address during Cut Off Timing on that Business Day. Any Redemption Forms received after Cut Off Timing will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing Day the Redemption Form would be transferred to next Dealing Day.
- 5.5.3 The Management Company will make arrangements, from time to time for receiving Redemption Forms from outside Pakistan and payment of redemption amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 5.5.4 The maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Unit Holder will not exceed six Business Days. The payment of the redemption value shall be made by virtue of a transfer to the Unit Holder's (the first named joint holder, if jointly held) designated banker
- 5.5.5 In the event that the amount deducted for payment of Duties and Charges pursuant to sub- Section 8.3.1(c) iii is insufficient to pay, in full, such Duties and Charges, the

Management Company shall be liable for the payment, in full, of the amount of such Duties and Charges in excess of the provisions.

- 5.5.6 In the event that the amount deducted as provision for payment of Duties and Charges pursuant to sub-Section 8.3.1(c) iii exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders with the next income distribution, or if instructed by the Management Company, at any time earlier.
- 5.5.7 The Redemption Prices determined by the Management Company shall be forwarded to MUFAP made available daily to the public at the office and branches of the Management Company in the manner prescribed under SECP directives. At the discretion of the Management Company the Redemption Price may also be published in at least two daily news papers, one in English and one in Urdu, circulating in Pakistan and make it available at its website.

## **5.6. REDEMPTION PROCEDURE**

- 5.6.1 Unit Holders may redeem any Units held by them at any time using the redemption form. Redemption forms can also be lodged online. Certificates, if issued, must be submitted with the redemption form with an endorsement at the back of the Certificate. Partial redemption of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificate before applying for redemption. Unless the Joint Holders of Units have specified otherwise, all the Joint Holders shall sign the redemption form of such Units.
- 5.6.2 All forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company website or requested from the Management Company by mail.
- 5.6.3 The redemption form can be lodged with any Authorized Branch of the Management Company. No other person is authorized to accept the form. The applicant must obtain a copy of the form signed and stamped by an authorized officer of the Distributor/Management Company acknowledging the receipt of the form and the Certificates, if any.
- 5.6.4 The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company.
- 5.6.5 The Management Company will make arrangements, from time to time, for receiving Redemption Forms from outside Pakistan and payment of redemption amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 5.6.6 The maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Unit Holder shall not exceed six Business Days.

- 5.6.7 The payment of the redemption value shall be made by virtue of a transfer to the Unit Holder's (the first named joint holder if jointly held) designated bank. In case of overseas account holders the maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Authorized Dealer for conversion and transmission to the Unit Holder will not exceed six Business Days
- 5.6.8 In redeeming Units of the Fund, no money shall be paid to any person except the Unit Holder or his or her duly authorized representative.
- 5.6.9 After an existing Unit Holder has redeemed all his Units and collected all his dues, he shall have no further claims against the Fund.
- 5.6.10 The procedure hereinabove is designed for paper-based transactions. The Management Company may at a later date introduce electronic / Internet based options for the transactions. The Management Company may also offer Automated Teller Machines (ATMs) based redemptions through which a Unit Holder may also redeem Units of the Fund to such extent as the Management Company may arrange from time to time through Automated Teller Machines (ATMs) supported by one or more banks. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available subject to the Unit Holder signing a special form and agreement prescribed by the Management Company.
- 5.6.11 The Management Company may frame additional rules and regulations regarding redemption of de-materialized Units registered with a depository organization, provided such rules and regulations are not in contradiction with the provisions of the Rules, the Trust deed, and the Regulations.
- 5.6.12 The Management Company shall also advise the Trustee, of the details of amounts to be paid to respective Unit Holders against redemption requests. Such payments shall be effected by the Trustee out of the respective Bank Accounts of the Unit Trust by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holders or by payment instrument to be delivered to the Management Company for onward dispatch to the Unit Holders.

**5.7. CIRCUMSTANCES UNDER WHICH DEALING METHODOLOGY CAN CHANGE**

- 5.7.1 A permanent change in the method of dealing shall be made after expiry of one month's notice to Unit Holders and with the approval of Trustee.
- 5.7.2 A temporary change shall only be made
- (a) in exceptional circumstances, having regard to the interests of Unit Holders;
  - (b) if the possibility of a change and the circumstances in which it can be

made have been fully disclosed in the Offering Documents; and

(b) with the approval of the Trustee.

## **5.8. TRANSFER, TRANSMISSION AND CONVERSION PROCEDURE**

5.8.1 Unit Holders may, subject to the law, transfer any Units held by them to any other account holder. The transfer shall be carried out after the Registrar has satisfied him self that all requisite formalities including the payment of any taxes and has recovered the fee prescribed for the service. A Unit shall be transferable only in its entirety.

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

5.8.3 The Registrar, with the prior approval of the Management Company and the Trustee, shall be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered, at any time after the expiration of twelve years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from termination of the Trust. The Trustee or the Management Company or the Registrar shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Management Company or the Registrar that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Registrar and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided always that

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant;
- (ii) nothing in this Sub-section shall be construed as imposing upon the Trustee or the Management Company or the Registrar any liability

in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and

(iii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

- 5.8.4 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Registrar after satisfying him self as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Registrar.
- 5.8.5 Subject to any Personal Laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death or may request a nomination or change in nomination. Nominee(s) can be nominated only by single Unit Holders when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not include the Management Company or the Trustee or the Registrar from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.
- 5.8.6 Deletion of name, in case of a death of joint holder, all other holders need to specify so by signing in the deletion of name section of the form and identifying the name of the holder along with his/her date of expiry. The Registrar shall carry out the deletion of name after satisfying him self that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received
- 5.8.7 A Unit Holder may convert the Units held by him in a Unit Trust Scheme/Administrative Plan managed by the Management Company into units of another Unit Trust Scheme/Administrative Plan managed by the Management Company or vice versa subject to the terms of the respective Offering Documents or the terms stated in the Supplementary Offering Document(s) relating to the respective Administrative Plan(s). The Registrar shall carry out the conversion after satisfying him self that all the requisite formalities have been completed and payment of the applicable taxes and fees, and back-end load if any, has been received.
- 5.8.8 A Unit Holder may merge the units when he/she has invested with two registration numbers and wishes to merge both the units into one registration number. The Registrar shall carry out the merger after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any,

has been received.

- 5.8.9 Transfer, transmittal, merger and deletion of name can be carried out by filing the Service Request Form AHI 07 – Change in Investor Particulars, conversion of Units can be carried out by filing the Service Request Form AHI 08 – Conversion of Plans/Fund attached to the Offering Document and submitting it to the Authorized Branch of the Management Company together with any certificate/document required. Certificates, if issued, must accompany the form.
- 5.8.10 Any transfers and transmittal of de-materialized Units placed in a depository organization will take place under the rules and regulations of such organization.
- 5.8.11 The Management Company may close the Register in the consultation of Trustee by giving notice to the unit Holders and for period not exceeding forty five days in any calendar year. During the period the Register is closed, transfer application will not be received / processed.

## **5.9. DEALING, SUSPENSION, AND DEFERRAL OF DEALING AND WINDING UP**

- 5.9.1 **Suspension of fresh issue of Units** - The Management Company may at any time, subject to the Regulations, and during extraordinary circumstances suspend issue of fresh Units. Such suspension may however not affect the issue of bonus units as a result of dividend distribution. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the Fund's prices are normally published.

Provided that the Management Company shall, at any time, terminate such suspension at the order of the Commission.

- 5.9.2 **Refusal to accept fresh issue/account opening request:** The Management Company or the Authorized Branches may at any time refuse to accept a request for account opening/fresh issue of Units in any of the following cases:

- (a) In case the application for account opening/fresh issue request is contrary to the Know -Your- Customer rules or any other money laundering rules that the Fund may be subject to or that the Management Company may frame for self regulation.
- (b) In case the request for account opening/fresh issue of Units is contrary to the rules of the foreign jurisdiction or the laws of Pakistan and in particular those relating to money laundering and/ or exchange control that the Fund or the investor may be subject to or if accepting the request may subject the Fund or the Management Company to additional regulation under the foreign jurisdiction.

- (c) If accepting the request for account opening/fresh issue of Units would in any case be contrary to the interests of the Fund or the Unit Holders such as a case where the stock market circuit breakers for index constituents or for stock market index are invoked.

5.9.3 **Deferral of request for fresh issue of Units:** The Management Company may at any time suspend or defer the issue of fresh Units if in its opinion the total number or any one request for fresh issue of Units is so large that investing the funds would take some time and be contrary to the interests of the present Unit Holders. In this case the Management Company may accept certain request for fresh issue of Units and may defer part or all of certain request for fresh issue of Units and issue only a limited number of fresh units. The Units that are issued on a deferred basis, some time after the request for fresh issue of Units has been received, will be issued at the Offer Price prevailing on the date of such issue.

5.9.4 **Circumstances of suspension of issue and redemption -** The issue and redemption of Units may be suspended or deferred with the approval of the board of directors of the Management Company during extraordinary circumstances, including war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the banking system, invocation of stock market circuit breakers, enforcement of floor and/ or cap on stock market index, significant part of fund property, in the opinion of Management Company being exposed to unfavourable selling conditions such as lack of liquidity or possible value erosion, computer breakdown or strikes or other events that render the Management Company or the Distributors unable to function, or the existence of a state of affairs which, in the opinion of the Management Company, constitutes an emergency, as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Unit Holders or a break down in the means of communication normally employed in determining the price of any Investment or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue or 10% of the funds Net Assets. 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.

5.9.5 Such suspension or Queue System shall end on the day following the first Business Day on which the conditions giving rise to the suspension or Queue System shall, in the opinion of the Management Company, have ceased to exist and no other condition, under which suspension or queue system is authorized under the Deed, exists. In case of suspension and invoking of a Queue System and end of suspension and Queue System,



the Management Company shall immediately notify the Commission and publish the same in at least two daily news paper(s) in which the Fund's prices are normally published.

- 5.9.6 Management Company shall ensure that in case of suspension of redemption of units of scheme due to extra ordinary circumstances in terms of provisions of the constitutive documents and Non Banking Finance Companies and Notified Entities, Regulations, 2008 (as amended or replaced) ("the "Regulations"), the issuance of fresh units shall also be kept suspended until and unless redemption of units is resumed.
- 5.9.7 **Queue System** - In the event redemption requests on any day exceed 10% of the Units in issue or ten (10) % of the funds Net Assets, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to 10% of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing, as may be permissible under the Regulations as it deems fit, in the best interest of the Unit Holders, and shall determine the Redemption Price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis, proportionate to the size of the requests. The requests in excess of the 10% shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed 10% of the Units in issue, these shall once again be treated on first-come -first-served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.
- 5.9.8 **Winding up in view of major redemptions** - In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund, as per the Regulations, under intimation to the Commission and the Trustee. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the Final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.
- 5.9.9 The Commission may cancel the registration of the Scheme before investment of the core units and direct the Management Company and/or the Trustee to wind-up the Scheme. In such case, the terms so specified by the Commission shall be adhered to by both the parties individually and collectively.

## **5.10. CONSOLIDATION OF UNITS**

By a further deed supplemental to the Trust Deed the Management Company may at any time, with the approval of the Trustee, on giving not less than 7 days previous notice in writing to each Unit Holder, subdivide or consolidate the whole or any part of the Units and the Unit Holder shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates have been issued, (who shall be bound accordingly) deliver up his Certificates for endorsement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such sub-division or consolidation.

## **5.11. ISSUANCE OF CERTIFICATES**

- 5.11.1 Upon being satisfied that the Offer Price for each Unit has been received in full from the applicant, the Registrar shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder.
- 5.11.2 Certificates shall be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee to be set by the Management Company from time to time. The proceeds of such fee will accrue to the Management Company.
- 5.11.3 Account statements or certificates, as the case may be, shall only be issued against full payment of the subscription money.
- 5.11.4 Unit Holders must use the Service Request Form AHI 06 for issue, replacement, splitting or consolidation of Certificates. The form duly completed, must be lodged with the management Company or the Authorized Branch .
- 5.11.5 Certificates shall be issued as herein provided not later than 21 (twenty one) Business Days after the date of request. The Certificate may be sent to the Unit Holder or his duly authorized nominee at his own risk by registered post or by courier service.
- 5.11.6 In the case of Units held jointly, the Registrar shall not issue more than one Certificate for the Certificates held by such joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 5.11.7 Certificates shall be issued in such form as may, from time to time, be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.

- 5.11.8 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Registrar, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificates so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Registrar or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Registrar or an authorized signatory.
- 5.11.9 The issue of certification or receipt in lieu of physical Certificate or any other record of de-materialized Units placed in a depository organization will take place under the rules and regulations of such organization.
- 5.11.10 Subject to the provisions of this Offering Document or the Trust Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee, with the approval of the Management Company, every Unit Holder shall be entitled to exchange upon surrender of any or all of his existing Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.
- 5.11.11 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Registrar, with the approval of the Management Company, may issue to the person entitled a new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have (i) returned the mutilated or defaced Certificate or furnished to the Trustee /Registrar evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate, (ii) paid all expenses incurred in connection with the investigation of the facts; and (iii) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Registrar shall incur any liability for any action that they may take in good faith under the provisions of this sub-Section. Provided further that the Trustee and/or the Management Company may also require production of an FIR and an affidavit of loss as well as issuance of public notices in news papers and/or provision of such indemnification as the Management Company and the Trustee may deem appropriate, at the cost of the pertinent Unit Holder, before issuing any new certificates.
- 5.11.12 Before the issuing of any Certificate under the provisions of this sub-Section the Registrar may require from the applicant for the Certificate the payment to it of a fee to be set by the Management Company, from time to time, together with a sum sufficient in

the opinion of the Management Company to cover any Duties and Charges, if any, payable in connection with the issue of such Certificate.

## **5.12. PLEDGE OF UNITS**

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

## **6. PART VI: DISTRIBUTION POLICY**

### **6.1. DISTRIBUTION POLICY AND DATE**

- 6.1.1 The Fund shall distribute annually an amount that is required under the Regulations and the tax laws in force and that may be beneficial for its Unit Holders. The entire amount available for distribution may be distributed as bonus Units, cash dividend or in any other form acceptable to the Commission that may qualify under the tax laws or as a combination of the above. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.
- 6.1.2 The Management Company shall decide as soon as possible, but not later than 45 days after the Accounting Date whether to distribute among Unit Holders, profits, if any, available for the distribution at the end of the Accounting Period to comply with the requirement of the Regulations, the tax laws and other regulations in force relating to income distribution and shall advise the Trustee of the rate of such distribution per Unit. In no case, the time period for closure of register for dividend declaration shall exceed six (6) working days at a time and whole forty five days in a year.
- 6.1.3 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 Fund Property during such Accounting

Period, including all amounts received in respect of, dividend, profit and fee;

- (b) Whole or part of the net realized appreciation, at the option of the Management Company; and
- (c) From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine.

The Trustee may rely on the amount certified by the Auditors or in absence of the such certification may require the Management Company to provide detailed working for such distribution

- 6.1.4 The Management Company may also distribute an amount, through cash dividend, bonus, partially cash/bonus or in any other form, monthly and/ or for an interim period that is not a full month/ Accounting Period.

## **6.2. DISTRIBUTION OF INCOME**

- 6.2.1 After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company will inform the Trustee who shall cause to have additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units shall rank pari passu as to their rights in Net Assets, earning and the receipts of the dividends and distributions, with the existing Units of the Fund from the date of issue of these Units.
- 6.2.2 On each Accounting Date or interim distribution date, the Management Company shall, in case of cash distribution, instruct the Trustee to transfer to the Distribution Account such amount of cash as required to effect the cash distribution of income to the Unit Holders net of re-investment of dividend. The amount standing to the credit of the Distribution Account shall not be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute to Unit Holders as herein provided. Management Company may decide not to open a separate distribution account for each dividend distribution.
- 6.2.3 After the fixing of the rate of cash distribution per Unit, cash distribution payments shall be made by transfer to the Unit Holders' designated bank accounts, or in the case of joint Unit Holders, to designated bank account of the joint Unit Holder first named on the Register. The receipt of funds by such designated bankers shall be a good discharge thereof.
- 6.2.4 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments, whatsoever, and issue to the Unit Holder, upon request, the certificate in respect of such deduction in the form as may be prescribed or approved by the concerned authorities.
- 6.2.5 Certain Unit Holders may authorize the Management Company to re-invest any cash

distributions from the Fund into additional Units of the Fund. The Trustee on instruction of Management Company, in such cases will not pay cash distribution but will issue such Units and pay for such Units out of the relevant cash distribution net of any deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments. In such cases, the additional Units will be issued at Net Asset Value less any Duties and Charges and will not attract any Front-end Load or Transaction Costs. Deductions in respect of any Zakat, income or other taxes, charges or assessments shall be paid as cash to the relevant Government agencies and the Unit Holder, upon request, will be issued a certificate in respect of such deduction in the form as may be prescribed or approved by the concerned authorities.

- 6.2.6 Where the Units are placed under pledge, the payment of dividends or the issue of Bonus Units for Units under pledge shall be made to the pledge holder for the account of the Unit Holder.

### **6.3. DISTRIBUTION OF LIQUIDATION PROCEEDS**

- 6.3.1 Upon the Trust being terminated or dissolved, the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing affected by the Trust together with any mark-up/interest remaining unpaid. In case of any shortfall, neither the Management Company, nor the Trustee shall be liable for the same.
- 6.3.2 The Trustee, on the recommendation of the Management Company, shall from time to time, distribute to the Unit Holders pro rata to the number of Units held by them, respectively, all net cash proceeds derived from the realization of the Fund Property after making payment and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case of any surplus, the same shall be distributed proportionately among the Unit Holders, provided neither the Trustee nor the Management Company shall be liable for any shortfall.
- 6.3.3 In case the Trust is terminated by the Commission on the grounds given in the Regulations, the Commission may appoint a liquidator in consultation with the Trustee.

## **7. PART V II: FEES AND CHARGES**

### **7.1. MANAGEMENT COMPANY REMUNERATION**

- 7.1.1 Regulation 61 of the Regulations (Non-Banking Finance Companies and Notified Entities Regulations 2008) allows the Management Company to charge a remuneration to be paid monthly in arrears, accrued remuneration duly verified by the Trustee, during the first five years of the Scheme's existence, of an amount not exceeding three percent of the average annual Net Assets of the 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. Current level of management fee is disclosed in Annexure 'B'.

- 7.1.2 The remuneration shall continue to accrue from the date of close of Initial Offering Period. In respect of any period other than Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the Accounting period concerned.
- 7.1.3 The remuneration due to the Management Company shall be calculated and accrued on a daily basis but paid monthly in arrears.
- 7.1.4 In consideration of the foregoing, and save as aforesaid, the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Fund. The Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and this Offering Document or the Trust Deed to be payable out of Fund Property.
- 7.1.5 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Offering Document or the Trust Deed.

## **7.2. TRUSTEE REMUNERATION**

- 7.2.1 Upto the Effective Date, the Trustee shall be entitled to remuneration out of the Fund Property based on tariff of charges annexed to the Trust Deed when the Fund was created as a Closed end Fund, which shall be applied to the average daily Net Assets.
- 7.2.2 Subsequent to Effective Date of the conversion of the Fund from a Closed-end Scheme to an Open End Scheme, the Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure "A") The Trustee's remuneration shall be paid to the Trustee in arrears.
- 7.2.3 In consideration of the foregoing, and save as aforesaid, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for their expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Regulations, the First Supplemental Deed and this Offering Document.
- 7.2.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including administrative services provided in accordance

with the provisions of this First Supplemental Deed and the Offering Document.

- 7.2.5 Any increase in the remuneration of the Trustee agreed by the Management Company shall require the prior approval of the Commission.

### **7.3 CONVERSION COST**

Conversion Costs shall be charged during the book closure period specifically meant to determine eligibility for Initial Units. The Conversion Cost shall be reimbursed by the Open End Scheme to Management Company on the Effective Date.

### **7.4. ALLOCATION OF FRONT-END/BACK-ENDLOAD**

- 7.4.1 The remuneration of Distribution Companies and Investment Facilitators shall be paid exclusively from any Front-end Load received by the Management Company and no charges shall be made against the Fund Property or the Distribution Account in this respect. The remainder of any Front-end Load after such disbursement shall be paid by the Trustee to the Management Company as distribution support and processing charges for their distribution services for the Trust. If the Front-end Load received by Management Company is insufficient to pay the remuneration of the Distribution Companies and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.
- 7.4.2 Units issued to an existing account holder through conversion from another scheme managed by the Management Company shall be issued at a price based on the Net Asset Value.
- 7.4.3 A Distributor located outside Pakistan may, if so authorized by the Trustee and the Management Company, retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the applicable laws for the time being in force.
- 7.4.4 Transfer of Units from one Holder to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder. Such charges would become part of the Fund Property.
- 7.4.5 Back End Load would become part of Fund Property
- 7.4.6 Back End Load and Front End Load combined shall not exceed five percent (5%) of NAV.



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

- 7.5.1 The Management Company shall appoint one or more scheduled bank(s) as the Authorized Dealer(s) to manage Offer and Redemption of Units from outside Pakistan in foreign currency under the provisions of the Foreign Exchange Regulations.
- 7.5.2 Payments made in foreign currency to purchase Units shall be converted into Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost, Duties and Charges, Transaction Costs and Front-end Load shall be deducted from the payment before Units are issued. The Units issued will be denominated in Pakistani Rupees using the conversion rates quoted by the Authorized Dealer at the issue date of the Units (buying rate for the relevant currency).
- 7.5.3 Payments to be made in foreign currency on redemption of Units shall be converted from Pakistani Rupees through the Authorized Dealer using its quoted rates (selling rate for the relevant currency) and any conversion cost, Duties and Charges, Transaction Costs and Back-end Load shall be deducted from the payment to be made. Provided that neither the Management Company, nor the Trustee shall be responsible for arranging the remittance or fulfilling the repatriation formalities of the State Bank of Pakistan, required to be fulfilled by offshore investors.

## **7.6. FEES AND CHARGES OF THE FUND**

Fees and charges shall include:

- (a) remuneration of the Management Company ;
- (b) remuneration of the Trustee and/or Custodian ;
- (c) listing fee payable to the Stock Exchange including renewals;
- (d) charges and levies of Stock Exchange, national clearing and settlement company and central depository company;
- (e) rating fee of the Scheme payable to approved rating agency;
- (f) auditors' fees and out of pocket expenses as billed by them;
- (g) fees payable to the Commission;
- (h) conversion cost
- (i) brokerage and transaction costs related to investing and disinvesting of the assets of the Schemes;
- (j) expenses incurred by Trustee in effecting registration of all registerable assets in the name of the Trustee;
- (k) legal and related costs incurred in protecting or enhancing the interests of the Unit Holders of the Scheme;
- (l) bank charges and borrowing and financial costs;
- (m) hedging costs including forward cover, forward purchase or option purchase

costs;

- (n) any printing costs and related expenses for issuing the Scheme's quarterly, half-yearly and annual reports, etc.;
- (o) taxes, fees, cess, duties and other charges applicable to the Scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investments outside Pakistan; and
- (p) any other expense or charge as may be permitted by the Commission.

Note:- However, any cost associated with sales, marketing and advertisement of Scheme shall not be charged to the Scheme.

## **8. PART VIII: TAXATION**

### **8.1. TAXATION ON INCOME OF PSAF**

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

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

Under the income tax laws of Pakistan, PSAF is regarded as a public company for tax purposes. {**Section 2 (47) (c)**} The income of the Fund is taxable at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend Income: Gross Dividend is taxable @10% (**Division III of Part I of the First Schedule**)
- (b) Return from all other sources/instruments is taxable at the rate of 35% applicable to a public company. (**Division II of Part I of the First Schedule**)

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

Notwithstanding the tax rates stated under Section 8.1.1 above, the income of PSAF will be exempted from tax if not less than 90% of the income of the year is distributed amongst the Unit Holders. The 90% of the income shall be calculated after excluding unrealized capital gains. PSAF will comply with the requirements of tax exemption and distribute at least 90% of the income, calculated after excluding unrealized capital gains to the Unit Holders. (**Clause 99 of Part I of the Second Schedule**).

#### **8.1.3 Withholding Tax**

All income, namely, return from term finance certificates, dividend income, return on deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations, and establishments will not be subjected to withholding tax.

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

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

### 8.2.1 **Income Tax:**

**Dividend** paid to Unit Holders of the Fund shall be subject to a withholding Tax of 10% except Banks according to the present rates, which may be changed in future

### **Capital Gain Tax:**

Unit Holders except Banks are exempt from Capital Gains Tax if the holding period of securities is more than twelve months. Holding period of securities shall be calculated from the date of acquisition to the date of disposal of such security.

For Unit Holders except Banks (i) where holding period of a security is less than six months or (ii) where holding period of a security is more than six months but less than twelve months, capital gains, if any, would be subject to Capital Gains Tax as specified in Division VII of Part I of the First Schedule to the Income Tax Ordinance, 2001.

Banks are charged to Capital Gains Tax as per Seventh Schedule of Income Tax Ordinance, 2001.

8.2.2 **Tax Credit:** Unit Holders (other than a company) shall be entitled to a tax credit in Pakistan under Section 62 of the Income Tax Ordinance, 2001 on purchase of new **shares** issued by a **public company** listed on a Stock Exchange. The amount on which tax credit will be allowed shall be the lower of: (a) amount invested; (b) 10% of the taxable income of the Unit Holder; and (c) Rs. 300,000 and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year shall be increased by the amount of the credit allowed.

Shares:- includes units in a trust{Section 2 (58)}

**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/ her tax advisor with respect to the specific tax consequences to him/ her of investing in the Fund.

8.2.3 **Zakat:** Units held by resident Pakistani Unit Holders shall be subject to Zakat under the Zakat and Ushr Ordinance, 1980 at a rate of 2.5% of the par value of the Units, except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption payment, if Units are redeemed during the Zakat year before payment of dividend.

**Disclaimer:**

The tax and Zakat information given above is based on the Management Company's tax adviser'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 Fund. Furthermore, tax and Zakat laws, including rates of taxation and of withholding tax are subject to amendments from time to time. Any such amendments in future shall be deemed to have been incorporated herein.

**9. PART IX : REPORTS AND ACCOUNTS**

**9.1. ACCOUNTING PERIOD**

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

**9.2. ACCOUNTING DATE**

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

**9.3. AUDIT**

9.3.1 The Management Company shall in consultation with the Trustee, appoint as auditor a firm of chartered accountants from the approved list of auditors circulated by the Commission who shall be independent of the auditor of the Management Company and the Trustee. The Management Company may at any time, with the concurrence of the Trustee, and shall, if directed by the Commission, remove the Auditors and appoint other Auditors in their place.

9.3.2 The Auditors shall hold office until transmission of the annual report and accounts but may be re-appointed for up to three consecutive terms of one year each. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one year. The following persons shall not qualify to be the Auditors of the Trust:

- (a) A person who is or, at any time during the preceding three years, was a director, officer or employee of the Management Company or the Trustee .
- (b) A person who is a partner of, or in employment of, a director, officer, employee or Connected Person of the Management Company or Trustee.

- (c) The spouse of a director of the Management Company or Trustee.
  - (d) A person who is indebted to the Management Company or Trustee, and
  - (e) A body corporate.
- 9.3.3 Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm, for the time being.
- 9.3.4 The Auditors shall have access to the books, papers, accounts vouchers and other records of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar or elsewhere and shall be entitled to require from the Management Company, the Trustee and their directors, officers and agents, such information and explanations as considered necessary for the performance of audit.
- 9.3.5 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company and considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 9.3.6 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended there to.
- 9.3.7 The contents of the Auditors report shall be as required in the Rules and the Regulations.
- 9.3.8 The Management Company shall:
- (a) Within Four [4] months of closing of the Accounting Period, prepare and transmit the annual report along with the Trustee Report, together with a copy of the balance sheet, income and expenditure account, together with the Auditor's report for the Accounting Period, to the Commission and Unit Holders in accordance with the Regulations.
  - (b) Within two months after the close of the first half (second quarter) of its year of accounts, prepare and transmit to the Unit Holders the Commission and the Stock Exchanges on which the Units of the Scheme may be listed, a profit and loss account (income and expenditure statement) for and balance sheet as at the end of that half year, whether audited or otherwise, along with Trustee Report, in accordance with the Regulations.
  - (c) Within a month after the close of the first and the third quarter, prepare and transmit quarterly report to the Unit Holders, the Trustee and the Commission, along with a Profit and Loss Account and Balance Sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Regulations.

The Management Company may, with the approval of the SECP and in consultation with the Stock Exchanges, place the quarterly reports on its website ([www.arifhabib.com.pk](http://www.arifhabib.com.pk))

instead of mailing it to all Unit Holders. However, the Management Company will send a printed copy of the quarterly account to any Unit Holder on demand, free of cost at his registered address within one week of such demand.

## **10. PART X: WARNINGS and DISCLAIMER**

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

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

The Management Company may redeem any Units sold in contravention of any of the prohibitions contained in this Offering Document.

## **11. PART XI: GENERAL INFORMATION**

### **11.1. CONSTITUTIVE DOCUMENTS**

The constitutive documents of PSAF are:

- (a) Trust Deed dated 26<sup>th</sup> May 2004 (the Initial Trust Deed), executed between AHIL and the Central Depository Company Limited (“CDC”), appointing the CDC as Trustee to the Fund;
- (b) The Certificate Holders’ Resolution passed at a meeting called for this purpose on 8<sup>th</sup> September 2010 approving the conversion of the Fund from Closed-end to an Open-end Fund
- (c) First Supplemental Trust Deed (to Modify and Restate the Trust Deed dated May 26, 2004) executed between AHIL and the CDC, effecting the conversion of the Fund from closed end Fund to an open-end Scheme;

- (d) Letter No. NBFC-45/AMC & IA /05/2003 dated 21 August 2003 from SECP, licensing **AHI** to undertake Asset Management and Investment Advisory Services, under the Rules. which license was last renewed, vide License No. NBFC-II/38/AHIL/AMS /20/2010 dated 29 September 2010 & License No. NBFC-II/39/AHIL/IA /17/2010 dated 29 September 2010.
- (e) Trustee's letter No. CDC/ T&C-SII/DH/1511/2010 dated 29 September, 2010 agreeing to continue as the trustee for the Scheme after its conversion into an Open-End Scheme on remuneration based on an annual tariff of charges appended hereto as Annexure "A"
- (f) SECP's letter No. SCD/NBFC/MF-RS/PSAF/717/2010 dated September 23, 2010, appended hereto as Annexure "D" conveying its no objection to the conversion of the Scheme from Closed-end Fund to Open-end Scheme and to the execution and registration of First Supplemental Trust Deed ( to Modify and Restate the Trust Deed)
- (g) Letter No..... dated ..... Registering the ..... as notified entity
- (h) This Offering Document

The constitutive documents of PSAF can be inspected free of cost at the head office of the Management Company . Additionally, the constitutive documents of the Fund are posted on Management Company's website ([www.arifhabib.com.pk](http://www.arifhabib.com.pk))

## **11.2. DATE OF PUBLICATION OF THIS OFFERING DOCUMENT**

The date of publication of this Offering Document is [October 28<sup>th</sup>, 2010].

## **11.3. STATEMENT OF RESPONSIBILITY**

The Directors of Arif Habib Investments Limited accepts responsibility for the accuracy of the information herein contained as of the date of publication.

## **12. PART X II: TERMINATION OF THE SCHEME**

### **12.1. TERMINATION AND LIQUIDATION OF TRUST**

- 12.1.1 The Management Company may terminate the Fund if the Net Assets, at any time, fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and shall disclose the grounds of its decision. The

Management Company may announce winding up of the Fund without notice to the unit holders but under intimation to trustee and SECP in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund property to meet such redemption would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Fund be wound up.

- 12.1.2 In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund without notice with intimation to Trustee and Commission.
- 12.1.3 If the Commission considers that further continuation of the registration of the Scheme will not be in the interest of the Unit Holders, the Commission may give three months notice to the Trustee, the Management Company and the Unit Holders about the Commission's intention to cancel the registration of the Scheme. Provided that the registration shall not be cancelled without providing an opportunity of being heard to the Management Company or to the Unit Holders upon representation filed before the Commission by three-fourth (3/4<sup>th</sup>) of the total number of Unit Holders of the Scheme, as the case may be. In case of cancellation of registration for such reason, the Management Company shall be required to wind-up the Scheme and refund the net proceeds to the Unit Holders in such manner and within such time as may be specified by the Commission.
- 12.1.4 This Offering Document or the Trust Deed may be terminated in accordance with the conditions specified in the Regulations if there is any breach of the provisions of this Offering Document or the Trust Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Trust.
- 12.1.5 The Commission may cancel the registration of the Scheme before investment of the core units and direct the Management Company and/or the Trustee to wind-up the Scheme. In such case, the terms so specified by the Commission shall be adhered to by both the parties individually and collectively
- 12.1.6 In the event of termination of the scheme, other than due to reasons mentioned in Clause 12.1.1, 12.1.2 and 12.1.4 above, the Management Company shall notify the Units Holders by issuing a public notice in at least two newspaper(s), one in English and one in Urdu, each having wide circulation in Pakistan



### **13. DEFINITIONS**

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

- 13.1 “Accounting Date” means the date, 30th June, in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.
- 13.2 “Accounting Period”, “Accounting Year” means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 13.3 “Auditors” means such audit firms that are appointed as the auditors of the Scheme by the Management Company with the consent of the Trustee in accordance with the provisions of this First Supplemental Deed and the Regulations.
- 13.4 “Authorized Branch” means branches of the Management Company which are authorized from time to time to perform Distribution Functions.
- 13.5 “Authorized Dealer” means a Scheduled Bank appointed by the Management Company under the Foreign Exchange Manual of the State Bank of Pakistan to manage receipts and transfers of payments for subscription and redemption of Units and distributions to offshore investors.
- 13.6 “Authorized Investment” means Pakistan origin investment and includes the following;
- a) Local listed Equities
  - b) Cash and/ or near cash instruments where near cash instruments include cash in bank account (excluding TDRs).
  - c) Treasury Bills not exceeding 90 Days maturity.
- 13.7 “Back-end Load” means a processing charge deducted by the Management Company from the Net Asset Value in determining the Redemption Price and shall form part of Fund Property;
- 13.8 “Bank” means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force or an institution providing banking services under the banking laws of Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 13.9 “Bank Accounts” mean those accounts the beneficial ownership of which rests in the Unit

Holders and for which Central Depository Company (CDC) has been appointed as the Trustee;

- 13.10 “Broker” means any person engaged in the business of effecting transactions in securities for the account of others or a member of the Stock Exchange.
- 13.11 “Book Closure” means a period where the Unit Holder register is closed and no transfer, issue, redemption, conversion of Unit is allowed in that period.
- 13.12 “Bonus Units” mean the units issued, on distribution of the distributable income, in the form of stock dividend. “Business Day” means a day (such business hours thereof) when Stock Exchanges are open for trading in Pakistan
- 13.13 “Certificate” means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed. Provided that for a Certificate Holder prior to the Effective Date, this shall mean one undivided share in the Closed-end Scheme
- 13.14 “Certificate Holders” mean the Certificate Holders of the Closed-end Scheme to whom Units of the Open End Scheme shall be issued
- 13.15 “Commission” or “SECP” means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997.
- 13.16 “Connected Person” shall have the same meaning as in the Regulations.
- 13.17 “Connected Broker” means a broker that is a Connected Person.
- 13.18 “Constitutive Documents” means the Trust Deed, this Supplemental Deed, the Offering Document(s) and other principal documents governing the formation, management or operation of the Fund including all related material agreements.
- 13.19 “Conversion Cost” means all cost and expenses relating to the conversion of PSAF into an Open End Scheme, including but not limited to expenses in connection with the abstention of authorization for conversion of the Scheme, execution and registration of Supplemental Constitutive Document, issue, printing, publication and circulation of revised Offering Document, announcements to the public, the Unit Holders, banks and other concerned parties, announcements describing the Fund and inviting investments therein, legal expenses and all other cost and expenses incurred up to the period of effectuating and implementing the conversion of PSAF into an Open End Scheme.
- 13.20 “Custodian” means a company for the time being appointed by the Trustee, with the approval of the Management Company, to hold and protect the Fund Property, or any part thereof, as custodian, on behalf of the Trustee; the Trustee may also, itself, provide custodial services for the Fund, with the approval of the Management Company, at

competitive terms, as part of the normal line of its business; provided it has been approved by the Commission to act as custodian.

- 13.21 “Cut Off Timing” means time span in a Business Day which is allowed for valid receipt of form(s).
- 13.22 “Dealing/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 7 (seven) days notice in the news papers, declare any particular Business Day not to be a Dealing Day;
- 13.23 “Distribution Account” means the account (which may be a current, saving or deposit account,) maintained by the Trustee with a Bank (having an investment grade rating, or in the absence of a rating with the approval of the Commission) as directed by the Management Company in which the amount required for distribution of income to Unit Holders 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 Fund Property for the benefit of the Unit Holders.
- 13.24 “Distributor”, “Distribution Company”, “Distribution Companies” mean company(ies), firm(s), or bank(s) appointed by the Management Company, with the approval of the Trustee, for performing any or all of the Distribution Functions and shall include the Management Company, itself, if it performs the Distribution Functions.
- 13.25 “Distribution Functions” mean the functions with regard to:
- (a) Receiving applications for the issue of Units and the aggregate Offer Price for Units applied for by such applications;
  - (b) Issuing receipts in respect of (a) above;
  - (c) Issuing Contract notes to the applicants in accordance with the terms of the Scheme;
  - (d) Interfacing with and providing services to the Holders including receiving redemption, transfer applications, conversion notices and applications for change of address or issue of duplicate certificates for immediate transmission to the Management Company or the Registrar, as appropriate, and
  - (e) Accounting to the Trustee for (i) money received from applicants for the issuance of units; (ii) payments made to the Unit Holders on redemption of Units; (iii) expenses incurred in relation to the Distribution Function.
- 13.26 “Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or

purchase of Units or, in respect of the issue, sale, transfer, cancellation or replacement of a Certificate, or otherwise, which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distribution Company or any Front-end or Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

13.27 “Effective Date “ means effective date of conversion which is commencement of first Business Day after the expiry of the Book Closure to be announced by the Management Company for the purpose of determining the entitlement of the Certificate Holders to the Units of the Open End Scheme, in lieu of the Certificates of the Closed-end Scheme held by them

13.28 “Financial Institution” means

- (a) a company or an institution whether established under any special enactment and operating within or outside Pakistan which transacts the business of banking or any associated or ancillary business through its branches;
- (b) a modaraba, leasing company, investment bank, venture capital company, financing company, housing finance company, a nonbanking finance company; and;
- (c) such other institution or company authorized by law to undertake any similar business, as the Federal Government may, by notification in the official Gazette, specify for the purpose

13.29 “First Supplemental Deed” means this First Supplemental Deed of Pakistan Strategic Allocation Fund

13.30 “Force Majeure” means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not be limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any Party and which occurs after the execution of this Agreement and makes the performance of the Agreement in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other natural events and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc

- 13.31 “Front-end Load” means the sales processing charges charged by the Management Company, which are included in the Offer Price of Units.
- 13.32 “Fund Property” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices, after deducting therefrom or providing there against, the value of Redemption, Front-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising therefrom, Back End Load and all cash and other assets, movable or immovable, and property of every description, for the time being, held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.
- 13.33 “Holder” or “Unit Holder” means the investor, for the time being, entered in the Register as owner of a Unit or part thereof, including investors jointly registered pursuant to the provisions of this First Supplemental Deed.
- 13.34 "Initial Units" mean(s) the Unit(s), in lieu of Certificate(s) of the Closed-end Scheme, issued to the Initial Unit Holders in the ratio of 1:1 – i.e. each Initial Unit Holder (formerly Certificate Holder) shall be issued one (1) Unit of Par Value of PKR:10/- for each Certificate of par value of PKR:10/- each.
- 13.35 “Investment” means any Authorized Investment forming part of the Fund Property.
- 13.36 “Investment Advisor” means Management Company.
- 13.37 “Investment Promotion Officer” or “Facilitator” means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Fund. The Management Company will compensate the Facilitators.
- 13.38 “Management Company” means Arif Habib Investments Limited.
- 13.39 “Net Assets” means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified in Clause 8.1 of this First Supplemental Deed.
- 13.40 “Net Asset Value” or “NAV” means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 13.41 “Offer Price” means the sum to be paid to the Trustee for issuance of one Unit.
- 13.42 “Offering Document” means a published document containing information on a

Collective Investment Scheme to invite the public for purchase of certificates or units in that scheme;

- 13.43 “Open End Fund” “Open End Scheme” means a scheme constituted by way of a trust deed that continuously offers for sale its units that entitle the holder of such units on demand to receive his proportionate share of the net assets of the scheme less any applicable charges;
- 13.44 “Ordinance” means the Companies Ordinance, 1984.
- 13.45 “Par Value” means the Rs. 10 per Unit which is equivalent to the original issue price of Rs.10 per Certificate of the Closed-end Scheme.
- 13.46 “Pakistan Strategic Allocation Fund”, “Fund”, “Trust” or “Scheme”, or “PSAF”, or “Open-end Scheme” means the Trust constituted by the Trust Deed.
- 13.47 “Redemption Price” means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit,
- 13.48 “Redemption Form” means the redemption form prescribed by Management Company.\
- 13.49 “Register” means the Register of the Holders kept pursuant to the Regulations and the Trust Deed.
- 13.50 “Registrar” means an organization that the Management Company shall appoint for performing the Registrar Functions.
- 13.51 “Registrar Functions” means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of lien/pledge or for recording of changes in data with regard to the Unit Holders
  - (c) Dispatching income distribution warrants and bank transfer intimations;
  - (d) Issuing statement of accounts to the Unit Holders; and
  - (e) Issuing, re-issuing and cancelling Certificates.
- 13.52 “Regulations” mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended or substituted from time to time.
- 13.53 “Rules’ mean Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, as amended or substituted from time to time.

- 13.54 “Stock Exchange” means Karachi Stock Exchange, Lahore Stock Exchange or Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.
- 13.55 “Supplementary Offering Document” means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing amendments in the Offering Document or the special features of new type of Units and offering investment in the Scheme.
- 13.56 “Supplemental Trust Deed” means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission for further amendments in the Trust Deed (as amended vide this First Supplemental Deed).
- 13.57 “Transfer Application Form” means the prescribed form, which is given in the Offering Document.
- 13.58 “Transaction Costs” means the costs incurred or estimated by the Management Company to cover the costs (such as but not limited to brokerage, Trustee charges, taxes or levies on transaction etc.) related to the investing or disinvesting activities of the Fund’s portfolio, necessitated by creation or cancellation of Units. Such cost may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.
- 13.59 “Trust Deed” means the Trust Deed dated 13-05-2004, as amended by this First Supplemental Deed which is the principal Document governing the formation, management and operation of the Fund.
- 13.60 “Unit” means one undivided share in the Fund and, where the context so indicates, a fraction thereof.
- 13.61 “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 and the Regulations . Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words “written” or “in writing” include printing, engraving, lithography, or other means of visible reproduction.

## ANNEXURE A

Central Depository Company Limited Tariff Structure for Trusteeship of Open -end Scheme. Trustee Remuneration shall also consist of reimbursement of actual custodial expenses/charges plus the following tariff.

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	Rs. 700,000/- or 0.20% p.a of NAV whichever is higher.
Amount exceeding Rs.1,000 million	Rs.2.0 Million plus 0.10% p.a on NAV exceeding 1,000 million.



## **ANNEXURE B**

### **Current level of Management Fee and Load.**

Current level of Management Fee is 2% per annum of the average Net Assets of the Fund.

Current level of Front-end Load                      2% of Net Asset Value

Current level of Back-end Load                      None

## ANNEXURE C

### AUTHORISED BRANCHES OF MANAGEMENT COMPANY

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

### REGISTERED OFFICE OF THE MANAGEMENT COMPANY

Arif Habib Centre, 23 M.T Khan Road, Karachi-74000.

Tel: (092-21) 111-468 -378 (111-INVEST),  
32470153-62,32470210-19.

Fax: (092-21) 3247-0351, 3247-0337.

Email: marketing@arifhabib.com.pk.

Website: www.arifhabib.com.pk

### AUTHORISED BRANCHES

<b>Karachi</b>	<b>Lahore</b>	<b>Rawalpindi</b>
Arif Habib Center 23 M.T Khan Road, Karachi. Tel: (021) 111-468-378 Fax: (0213) 2470351 Email: marketing@arifhabib.com.pk	Plot # 16, Block-A Halli Road, Gulberg II, Lahore  Tel: (042) 111 468 378 Fax: (042) 35714957  Email: salim.beg@arifhabib.com.pk	60 - A, Canning Road Rawalpindi 46000 Tel: (051) 111-468-378 Fax: (051) 5563091 Email: zahir.khan@arifhabib.com.pk
<b>Multan</b>	<b>Peshawar</b>	<b>Islamabad</b>
143-144, Mall Plaza Multan Cantt. Tel: (061) 111-468-378 Fax: (061) 4542924 Cell:(0300) 6304490 Email: nawazish.zaidi@arifhabib.com.pk	1st Floor, State Life Building 34 The Mall. Peshawar Tel: (091) 287696 Fax: (091) 287697 Email: iltifat.khan@arifhabib.com.pk	Office No. 15, Beverly Centre, Blue Area, Jinnah Avenue, Islamabad. Tel: (051) 2814199  Email: nadeem.ishtiaq@arifhabib.com.pk