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**OFFERING DOCUMENT
MCB DYNAMIC CASH FUND**

OFFERING DOCUMENT OF MCB DYNAMIC CASH FUND (MCB DCF)
MANAGED BY MCB Asset Management Company

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

Date of Publication of Offering Document February 22, 2007.

Initial Offering Period: February 26, 2007 to February 28, 2007

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

REGULATORY APPROVAL AND CONSENT

Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of MCB Dynamic Cash Fund (the Fund) under Rule 67¹ of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules). The SECP has approved this Offering Document, under Rule 70² of the Rules.

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

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

Filing of the Offering Document

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

1. The SECP's letter No. NBFC-II/50/MCB/AMC/13/2005 dated December 15, 2005 granting license to MCB AMC to carry out Asset Management Services together with the copy of the license;

¹ Regulation 44 of NBFC & NE Regulations 2008

² Regulation 54 of NBFC & NE Regulations 2008

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2. Trust Deed (Deed) of MCB Dynamic Cash Fund dated November 10, 2006 between MCB Asset Management Company (MCB AMC) as the establisher and the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee;
3. SECP letter No. NBFC/MF-RS/AD-ZRK/MCB-DCF/895/2006 dated December 12, 2006 authorizing MCB Dynamic Cash Fund;
4. SECP letter No. NBFC/MF-RS/MCB-DCF/AD-CMH/792/2006 dated November 7, 2006, approving the Trust Deed between CDC as the Trustee of MCB Dynamic Cash Fund and MCB Asset Management Company as the Management Company;
5. Letter from A.F Ferguson & Co., Chartered Accountants consenting to act as Auditors of MCB Dynamic Cash Fund;
6. The SECP's letter No. NBFC/MF-RS/AD-ZRK/MCB-DCF/145/2007 dated February 21, 2007, approving this Offering Document.

1. CONSTITUTION OF THE SCHEME

1.1 Constitution

The Fund is an open-ended fund and has been constituted by a Trust Deed entered into at Karachi on November 10, 2006 between:

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

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

1.2 Registered Address, Place and Date of Creation

The registered address of the MCB Asset Management Company is 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi. The Trust was created on November 10, 2006. The official web site address of MCB Asset Management Company is www.mcbamc.com.pk

1.3 Trust Deed

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

1.4 Modification of Trust Deed

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

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

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

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

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

1.5 Duration

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

1.6 Units

1.6.1 The Fund is divided into Units having an initial Offer price of Rs. 100/- (Rupees Hundred only) each. This price is applicable to such Units that are issued before any of the assets of MCB DCF are invested other than bank deposits, whether or not earning interest/mark-up. Thereafter, the Units shall be issued on the basis of the Net Asset Value (NAV) of MCB DCF, which shall form the base for determining the Offer and Repurchase Prices. All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in MCB DCF proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time. Consequently, the Units issued with differing arrangements may have differing respective applicable quantum of the Front-end Load added to the NAV for determining the Offering Price thereof and differing respective applicable quantum of Back-end load deducted from the NAV for determining the Repurchase Price.

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

1.6.2.1 Classes of Units

(a) Class "R" (Restricted/Core Units) issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial offer. However, such Units are transferable.

(b) Class "A" Units being offered and issued during the Private Placement and Initial Offer Period (IPO) with no Sales Load. For Units issued after the Initial Period of Offer, a sales load may or may not be charged.

1.6.2.2 Types of Units

(i) Growth Units: The Unit value grows in line with the growth in the NAV and the Unit Holders are entitled to cash dividend and/or bonus units³ at the time of distribution.

(ii) Income Units: The Unit Holders, based on their own consent & instructions and with prior intimation to the Management Company, exercise the option of redeeming a certain number of Units for fulfilling their requirement of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi-annually and annually). Such instructions shall be given in writing at the beginning of each regular interval or at the time of purchase of Units. For subscription to Income Units, the investor would have a higher initial investment and balance requirements as further elaborated in Clause 4.2 of this Offering Document.

(iii) Cash Dividend Units: All distribution in this type of units will be in the form of Cash Dividend only. However, the unit holders can switch between different types of units at their own discretion, as further elaborated in Clause 4.2 of this Offering Document.⁴

1.6.2.3 The Management Company shall, calculate the redemption value to be paid to the Income Unit Holder(s) based on the Redemption Price of that day.

1.7 Open-ended Fund

It shall offer and redeem Units on a continuing basis subject to terms contained herein and to the Rules. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. Units are also transferable. Units will be issued in registered, un-certificated form and will be confirmed to investors by means of an account statement issued by the Transfer Agent. Certificates representing the Growth Units will be issued only if so requested by the Unit Holder at the time of application or at any later stage and

³ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

⁴ SECP approval Ref No NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28 2008

upon payment of a fee not exceeding Rs. 50 per certificate, subject to revision of this fee from time to time by the Management Company.

1.8 Initial Offer

Initial Offer is made during the Initial Period, which will be three Business Days and commence at the start of the banking hours on February 26, 2007 and shall end at the close of the banking hours on February 28, 2007. This price is applicable to such Units that are issued before any of the assets of the Scheme are invested other than deposits, whether or not earning mark-up/profit. During the Initial Period, units will be offered at the Initial Price of Rs. 100 per unit and will not include any Sales Load. During the Initial Offering Period Units will not be redeemed.

1.9 Transaction in Units after Initial Offering Period

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

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

The Management Company may at some future time apply for the eligibility of its Units with a depository organization, such as the Central Depository Company of Pakistan. Any issue, redemption, transfer or transmittal of de—materialized eligible Units with the depository will take place according to the rules and regulations of the depository organization.⁵

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

2.1 Investment Objective

MCB Dynamic Cash Fund is a money market fund and its objective is to provide an attractive return for short term investors or investors with a very low appetite for risk while taking into account capital security and liquidity considerations.

2.2 Investment Policy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing primarily in money market and short term instruments. The fund may also invest a portion of the Fund in medium term assets in order to provide higher returns to Unit Holders.

2.3 Authorized Investments

Its “Authorized Investments” include all transacted, issued, traded, listed and unlisted investments, inside or outside Pakistan and may include any of the following:

- Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;
- Money Market Instruments, Certificates of Deposit and Bankers’ Acceptances;
- Debentures and Certificates of Musharika (COM);

⁵ SECP letter ref. no NBFC-II/AD/ZRK/MCB DCF/227/2008

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- Long, medium and short term bank deposits with banks or financial institutions including deposit in currencies other than the Pakistani Rupee;
- Units of any other money market fund / fixed income fund; repurchase and acquisition of units in any one scheme shall not exceed 10% of Net Asset Value of MCB Dynamic Cash Fund, except as may otherwise be permissible under the rules.
- Investment in money market security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability;
- Secured and unsecured listed or privately placed debt securities issued by local governments, government agencies, statutory bodies, private or public sector entities and/or financial institutions having a minimum investment grade rating. If the entity issuing the debt securities is not rated then the instrument would have a minimum investment grade rating by a credit rating agency registered with the SECP;
- Convertible debt securities issued by corporates/financial institutions; In case MCB Dynamic Cash Fund is required to convert the preference shares into ordinary shares it would offload the shares within a period of three months of the shares being issued. Total investment by MCB Dynamic Cash Fund in Convertible Debt Securities will not exceed 15% of its Net Asset Value;
- Convertible and Non-Convertible preferred shares; In case MCB Dynamic Cash Fund is required to convert the preference shares into ordinary shares it would offload the shares within a period of three months of the shares being issued. Total investment by MCB Dynamic Cash Fund in Convertible preferred shares will not exceed 15% of its Net Asset Value;
- Certificates of Investment/Deposits issued by financial institutions having a minimum investment grade rating by a credit rating agency registered with the SECP;
- Asset Backed and Mortgage Backed Debt Securities;
- Repurchase transactions (REPOs) against money market securities subject to compliance with Rules and reverse REPOs against eligible securities as notified by the SECP/Stock Exchange;
- Commercial Papers and any other money market debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any other security that would involve assumption of unlimited liability;
- Continuous Funding System (CFS); Investment in CFS shall be restricted to a maximum of 50% of Net Asset Value of the fund, with not more than 20% of CFS amount in any one script at the time of investment. In the future if any other scheme replaces CFS, investment in such an avenue will be permissible subject to the SECP's special or general approval of that scheme.
- Spread Transactions. MCB Dynamic Cash Fund will enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. MCB Dynamic Cash Fund will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities. In the future if there are certain changes in methodology of settlement of futures transactions, a revised mechanism will be permissible subject to the SECP's special or general approval.
- Fixed income bonds, debentures, debenture stock, participation term certificates, modaraba certificates, musharika certificates, privately placed or listed term finance certificates, sukuks, participation term certificates, convertible bonds and other asset-backed or mortgage-backed securities or securities traded or to be traded Over-the-

Counter (OTC) Markets. Such investments shall include those for ready settlement as well as those for future settlement;

- Any other money market/fixed income security and/or instruments that may be allowed by the SECP, the Rules or any other regulatory authority from time to time;
- Authorized investments in overseas markets to the extent of 30% of the Net Asset Value, subject to a cap of US\$15 million or such cap as may be defined in the Rules from time to time. Overseas investments would be subject to prior approvals/ guidelines of SECP/SBP and
- Warrants, Options, derivatives subject to the prior approval of SECP. Investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the SECP from time to time.

2.3.1 Asset Allocation Policy

The Management Company will aim to create an optimum portfolio in order to achieve the Investment Objective of maximizing returns while taking into account the low risk appetite and higher liquidity considerations of its Unit Holders. The Management Company will shift the portfolio between various types of investments based on its assessment of market conditions. The funds not utilized will generally be placed with banks or financial institutions in deposits of various durations.

This asset allocation policy will take into account the various Investment restrictions and Exposure limits as elaborated below in Clause 2.5 which aim to provide diversification benefits.

2.3.2 Investment in Securities Listed or Traded Outside Pakistan. The Management Company, with such regulatory permission that may be required, can invest Fund property in debt and money market instruments that are issued, traded and or listed outside Pakistan.

2.3.3 Investment in Derivatives and Lending of Securities

Subject to regulatory permission from the SECP or other agencies that may be required and subject to the restrictions stated in Clause 2.5 herein below, the Management Company may seek to enhance the return on the Fund or to protect its value through derivatives. The investment in this class shall be for hedging purposes and subject to such term and conditions that may be specified by SECP from time to time.

2.4 Changes in Investment Policy

The investment policy will be governed by the Rules (subject to any exemptions provided to the Fund specifically by SECP). Any change in the Investment Policy will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unit Holders to the satisfaction of the Trustee.

2.5 Investment Restrictions and Exposure Limits

2.5.1 The Trust Property shall be subject to such exposure limits as are provided in the Rules (subject to any exemptions that may be specifically given to the Fund by the SECP): Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any Investment or disposal of any Investments such limit shall be exceeded. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.

2.5.2 The Scheme shall not invest more than twenty five (25) percent of its net asset value in securities of any one sector as per classification of the pertinent stock exchange(s).

2.5.3 The purchase or acquisition of Units in other open end unit trusts shall not exceed in the aggregate ten (10) percent of the Net Asset Value of the Scheme immediately after such investment has been made.

2.5.4 If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Rules, the Management Company shall not purchase any further Investments in such

company or sector. However this restriction on purchase shall not apply to any offer of right shares or bonus shares or any other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust. The Management Company will have Three (3) months to comply with the exposure limits in case such limits are exceeded.

2.5.5 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company or any of their Connected Persons owns more than five (5) percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company or any of their Connected Persons own more than ten per cent of those securities.

2.5.6 The Trust shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten (10) percent or more of the equity of the Management Company or the Trustee, save in the case of such party acting as an intermediary.

2.5.7 The Trust will not at any time:

2.5.7.1 Purchase or sell:

- Bearer securities.
- Securities on margin,
- Real estate, other than securities issued by companies engaged in real estate business.
- Securities which result in assumption of unlimited liability (actual or contingent).
- Commodity contracts or commodities.
- Anything other than Authorized Investments as defined herein;

2.5.8 Participate in a joint account with others in any transaction;

2.5.9 Make short sales of any security or maintain a short position in securities.

2.5.10 Under no circumstances shall the Management Company buy or sell such options on behalf of the Scheme in excess of ten (10) percent of the Net Asset Value that result in an exposure beyond the number of underlying securities held in the portfolio of the Scheme. The Management Company may, however, buy call options or put options, on one or more item (financial or otherwise) that in its opinion would act as a hedge/defensive proxy for the overall market risk.

2.5.11 Investment of the Scheme in any company shall not, at any time, exceed an amount equal to ten (10) percent of the total Net Asset Value of the Scheme at the time of investment or ten (10) percent of the issued capital of the investee company whichever is lower⁶.

2.5.12 Exception to the Investment Restrictions

In the event the weightages of shares exceed the limits laid down in the Offering Document or the Rules as a result of the relative movement in the market prices of the investments or through any disinvestments, the Management Company shall bring the exposure within the prescribed limits within three (3) months of the event. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.

2.5.13 Borrowing and Borrowing Restrictions

1. Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may, at the request of the Management Company, concur with the Management Company in making and varying arrangements with Banks or financial institutions for borrowing by the

⁶ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

Trustee for the account(s) of the Scheme provided that borrowing shall not be resorted to, except for meeting redemption requests.

2. The charges payable to any bank or financial institution by the Trust against such borrowings on account of the Scheme shall not be higher than the normal prevailing bank charges or normal market rates.

3. The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Scheme for a period of 90 Days or such other limit as may be provided in the Rules. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

4. Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Management Company or their officers shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

5. For the purposes of securing any such borrowing the Trustee may with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Rules and/or any law for the time being in force.

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

2.5.14 Restriction of Transactions with Connected Persons

2.5.14.1 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five (5) percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten (10) percent of those securities.

2.5.14.2 The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten (10) percent or more of the equity of the Management Company or the Trustee, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.

2.5.14.3 For the purpose of sub-paragraphs 2.5.14.1 and 2.5.14.2 above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

2.5.14.4 Cash forming part of the property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits;

2.5.14.5 Money can be borrowed from the Trustee or any other Institution provided that the charges are not higher than the normal bank charges.

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

2.6 Risk Disclosure

Investors are advised that all investments in mutual funds and securities are subject to market risks. A targeted return / dividend range cannot be guaranteed. It should therefore be clearly understood that the portfolio of MCB Dynamic Cash Fund is subject to interest rates and money market fluctuations and other

risks inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

1. Credit Risk - Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of a fixed-income security including money market instruments.

a) Default risk is the risk that the issuer of the security will not be able to pay the obligation, either on time or at all.

b) Credit spread risk is the risk that there will be an increase in the difference between the return/mark-up rate of an issuer's bond and the return/mark-up rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between this return/mark-up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of fixed income securities including money market instruments.

c) Downgrade risk is the risk that a credit rating agency, such as PACRA or JCR-VIS or any other reputed international credit rating agency, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those fixed income securities including money market instruments.

2. Derivative Risk - Derivatives may be used to limit or hedge potential losses associated with investments. This process is called "hedging". The hedging strategy may not be effective and there is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract. There is also no guarantee that an acceptable counterpart will be willing to enter into the derivative contract. The counter-party to the derivative contract may not be able to meet its obligations or the Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a Fund from closing out a particular contract. If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract. The price of a derivative may not accurately reflect the value of the underlying security or index.

3. Return / Markup Rate Risk - Fixed income securities including money market instruments generally pay a fixed rate of coupon/mark-up. The value of the fund, due to its holdings in these securities including money market instruments, will rise and fall as market interest rates change. For example, when interest rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing return/mark-up rates and vice versa.

4. Government Regulation Risk - Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows and/or any governmental or court orders restraining payment of capital, principal or income.

5. Voluminous Purchase/Redemption of Fund Units Risk - Any significant transaction made by any investor could significantly impact a Fund's cash flow. If the third party buys large amounts of Units of a Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of Units of a Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment.

6. Counterparty Risk - The risks with repo / reverse repo / money market placement transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/mark-up, if the market value of the security has dropped. In the case of a repurchase transaction, the Fund could incur a loss if the value of the security sold has increased more than the value of the cash or collateral held.

2.7. Other Risks Involved:

Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made or a breakdown of law and order, war, terrorist activity, natural disasters etc

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

2.7.2 Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up in such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund’s Trust Deed for more detailed information regarding this clause.

2.8 Disclaimer

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

3. OPERATORS AND PRINCIPALS

3.1 Management Company

3.1.1 Organization

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

Vision Statement

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

Mission Statement

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

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

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

3.1.2 MCB Bank Limited

MCB is one of the leading commercial banks in Pakistan, with an asset base of over Rs. 315bn and a deposit base of over Rs. 250bn. With a current market capitalization of over Rs. 130bn, MCB is the second largest listed bank on the Karachi Stock Exchange and is one of the most actively traded stocks in the market. MCB’s approximately 8,600 employees operate through a network of over 950 branches servicing thousands of institutional banking clients and 4.3m account holders. Based on its market position, potential for growth, profitability and management quality, MCB has received the Euromoney Award for Excellence for the ‘Best Bank in Pakistan’ for six out of the past seven years, and the Asia Money Award for the ‘Best Domestic Commercial Bank’ for the last three years.

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

Funds under Management of MCB Asset Management Company Limited

MCB DYNAMIC ALLOCATION FUND (MCB DAF)	
Fund Type	Open-End Asset Allocation Scheme
Risk Level	Moderate / High
Launch Date	17-Mar-08
Listing	Lahore Stock Exchange
Custodian / Trustee	Central Depository Company Limited
Auditor	A.F.Ferguson & Co.
Net assets as at June 30, 2009	PKR 714.089 million
Net Asset Value as at June 30, 2009	PKR 67.0203
Performance Information (%)	MCB DAF
Since inception till June 2009	-33%

3.2 Board of Directors of the Management Company

Name	Occupation and Address	Position	Other Directorships
Mian Mohammad Mansha	Industrialist 28, Main Gulberg, Lahore	Chairman / Director	<ol style="list-style-type: none"> 1. MCB Bank Limited 2. Engineering Management Foundation (Foundation for Advancement of Engineering & Advanced Technologies – FASAT) 3. Board of Investment, Government of Pakistan 4. Shalamar Medical & Dental College 5. Civil Aviation Authority 6. Punjab Coal Mining Company 7. Punjab Board of Investment and Trade (PBIT)
Mr. Atif Aslam Bajwa	Banker 60, Shadman II, Lahore	Director	<ol style="list-style-type: none"> 1. MCB Bank Limited 2. MNET Services (Private) Limited. 3. Muslim Commercial Financial Services (Private) Limited 4. Adamjee Insurance Co. Limited (MCB Nominee) 5. First Women Bank Limited (MCB Nominee) Khushhali Bank Limited (MCB Nominee)

Name	Occupation and Address	Position	Other Directorships
Mr. Ali Munir	Banker 39, Gulberg V, Lahore	Director	1. Hub Power Company Limited 2. Muslim Commercial Financial Services (Private) Limited 3. MNET Services (Private) Limited
Mr. Muhammad Usman Ali Usmani	Banker 32/1, Khayaban-e-Hilal, Defence, Karachi	Director	1. Muslim Commercial Financial Services (Private) Limited
Mr. Ahmed Jahangir	Service House No. 80 H Block, Model Town, Lahore	Director	None
S. Waliullah Shah	Service B-94, Block-3, Gulshan-e-Iqbal, Karachi	Director	1. Siddiqsons Timplite Limited
Mr. Yasir Qadri	Fund Management 12/II, Phase IV, Main Gizri Avenue, DHA, Karachi	Chief Executive Officer	1. Mutual Fund Association of Pakistan

3.2.1 Profile of Directors

Mian Mohammad Mansha – Chairman

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

He is affiliated with Babson College (MA, USA) as a member of their International Advisory Board, the National Management Foundation as a member of Board of Governors. He serves as a Trustee of Government College of Faisalabad and Textile College of Faisalabad. Previously he has been the President of All Pakistan Textile Manufacturers Association (APTMA) and APTMA Punjab.⁷

Mr. Atif Aslam Bajwa - Director

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

⁷ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

organizational structure across geographies, and recommend short-term and long-term remedies to operational inefficiencies.⁸

Mr. Ali Munir - Director

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

Mr. Muhammad Usman Ali Usmani - Director

Mr. Usmani has a vast experience in the banking industry especially on the treasury, FX and capital market side. He is currently working as the Head of Treasury and FX for MCB Bank Limited. Prior to joining this group, he was serving Deutsche Bank as the Head of treasury and global markets.

He has been associated with different international banks during his distinctive professional career. He has held various senior positions at American Express Bank, Pakistan during his 30 year long association.

Mr. Usmani holds a Bachelors degree in Economics from the University of Karachi.

Mr. Ahmed Jahangir - Director

Mr. Jahangir has vast experience in the entire chain of the textile business along with investment banking management. He has served as the head of Home Textile Business Unit at Nishat Mills Limited. Prior to this, he served as the Director Marketing of Taj Textile Mills Limited where he looked after the international marketing of yarn, fabric and home textile made ups.

He also served as a director of Fidelity Investment Bank Limited where he was involved in its turnaround and eventual sale to the Crescent Group. He also oversaw the creation of the group's corporate equity brokerage business.

Mr. Jahangir earned his MBA degree from Lahore University of Management Sciences (LUMS) and BBA from Boston University, USA.

Mr. Waliullah Shah – Director

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

Mr. Yasir Qadri - Chief Executive Officer

⁸ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

OFFERING DOCUMENT

He is currently serves as the CEO of MCB Asset Management, a position he has held for almost the last two years. Prior to his current assignment he served as the Chief Operating Officer of the company. He has also served as Senior Executive Vice President with Arif Habib Investment Management Limited where he spent over six years as a part of the core team. He has of over 12 years, 7 of which were spent in the Pakistani asset management industry. He has experience in marketing, product development and structured transactions, and has also served on investment committees of various funds. Mr. Qadri currently sits on the Board of Mutual Funds Association of Pakistan (MUFAP) and has also served as a member on Council of the Pakistan Advertisers Society (PAS). He has also actively served on various pan industry committees as member and Chairman. Mr. Qadri is also a regular speaker in seminars and conferences on industry issues. He has also been associated as visiting faculty for graduate and undergraduate classes with leading educational institutions of the country. He currently serves on the consultative group for capital markets set up by SECP.⁹

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

Performance of Listed Companies where directors are holding similar position

		2008	2007	2006	2005	2004	2003
Adamjee Insurance Company Limited	Profit after tax (PKRmn)	1,099	4,201	1,577	1,163	327	310
	EPS (PKR)	10.75	41.09	15.43	11.38	4.0	3.8
	Payouts	2.9	3.28	4.0, 19.2%B	1.5	-	15%B
	Shareholders' Equity (PKRmn)	8,444	7,651	3,788	2,426	1,387	1,059
	Book value per share (PKR)	82.59	74.85	37.05	29.37	16.79	16.95
		2008	2007	2006	2005	2004	2003
D.G. Khan Cement Company Limited	Profit after tax (PKRmn)	(53.23)	1,622	2,418	1,682	794	484
	EPS (PKR)	(0.21)	6.43	9.14	7.82	3.78	2.7
	Payouts	Nil	15%	15%, 10%B, 25%R	15%	15%, 10%B	10%, 25%R
	Shareholders' Equity (PKRmn)	30,080	33,923	19,268	9,318	6,317	5,058
	Book value per share (PKR)	118.64	134.44	82.62	50.52	34.27	29.86
		2008	2007	2006	2005	2004	2003
Hub Power Company Limited	Profit after tax (PKRmn)	2,600	2,654	2,768	5,385	5,463	6,102
	EPS (PKR)	2.25	2.29	2.39	4.65	4.7	5.3
	Payouts	2.5	3.09	3.84	2.89	3.68	6.93
	Shareholders' Equity (PKRmn)	28,470	29,052	29,985	31,671	29,642	26,031
	Book value per share (PKR)	24.60	25.06	25.89	27.34	25.50	22.60

⁹ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

		2008	2007	2006	2005	2004	2003
MCB Bank Limited		2008	2007	2006	2005	2004	2003
	Profit after tax (PKRmn)	15,374	15,266	12,142	8,922	2,432	2,230
	EPS (PKR)	24.47	24.30	23.40	21.36	7.21	7.28
	Payouts	12.5, 10%B	12.5	8.7, 15%B	6.02%, 20%B	3.5%, 10%B	3.75, 10%B
	Shareholders' Equity (PKRmn)	58,436	55,120	40,845	23,735	14,553	11,109
	Book value per share (PKR)	93.01	83.73	78.71	56.82	43.16	32.95
<hr/>							
Siddiqsons Tinline Limited		2008	2007	2006	2005	2004	2003
	Profit after tax (PKRmn)	169	249	340	562	303	192
	EPS (PKR)	2.15	3.17	4.33	7.17	3.85	2.45
	Payouts	1.5	1.5	1	3.56	1.25	1.25
	Shareholders' Equity (PKRmn)	1,674	1,623	1,590	1,212	1,052	973
	Book value per share (PKR)	21.32	20.66	20.24	15.48	13.40	12.42

3.2. 2 Profile of Management

Mr. Yasir Qadri
Chief Executive Officer

Please see background as explained above in particulars of Directors.

Muhammad Faisal Malik
Head of Sales & Marketing

With ten years of experience, Mr. Malik is an innovative, results-driven Head of Sales & Marketing with a track record of identifying and capturing new market sectors in the asset management industry to realize exponential revenue growth. Prior to joining MCB Asset Management he was the Head of Strategy & Business Development with NAFA. He also served as SVP - Head of Mutual Funds Distribution and Portfolio Management with IGI Investment Bank Ltd., where he successfully founded and established one of the most successful mutual fund distributions in the country. He was also the Head of Marketing for UBL Fund Managers (Formerly United Asset Management Ltd). He has also worked as Market Development Officer with Engro Asahi Polymer and Chemicals Ltd and as Assistant Manager with Small and Medium Enterprises Development Authority (SMEDA). With proven success Mr. Faisal is an MBA, MS in Manufacturing Engineering, and BE in Mechanical Engineering.¹⁰

Mr. Muhammad Imran
Senior Fund Manager – Debt

Mr. Imran has over nine and half years of experience in Treasury and Fund Management. He held different positions in leading financial institutions. Prior to joining MCB Asset Management, he was the Head of Fixed Income Funds at AMZ Asset Management Company Limited where he was instrumental in establishing the company, systems and successful launch of different open ended funds. Earlier, he has also worked for Arif Habib Investment Management Limited as an AVP – Debt Funds.

¹⁰ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

Devising strategies to spot and profit from market inefficiencies is his key strength. Mr. Imran is an MBA in Finance

Mr. Saqib Saleem
CFO & Company Secretary

Mr. Saleem is an Associate member of the Institute of Chartered Accountants of Pakistan. He has over eight years of working experience which includes four years of post qualification experience with the leading institutions such as JS Investments Limited (formerly JS ABAMCO Limited), Habib Bank Limited and Atlas Asset Management Limited. Before joining MCB Asset Management Company Limited, Mr. Saleem was heading the Internal Audit Department of Atlas Asset Management Limited which includes Risk management and Compliance. Mr. Saleem is serving as CFO and Company Secretary of MCB Asset Management Company Limited. He is responsible for supervising and monitoring all accounts and finance functions and related reporting requirement, liaising with the Board of Directors, regulatory authorities, auditors and tax consultants and ensuring compliance with the Companies Ordinance, NBFC Rules, and all other relevant laws and regulations.

Mr. Muhammad Ali
Head of Internal Audit

Mr. Ali has over 8 years of experience in Audit and Finance. Most of his experience belongs to the financial sector. Before joining MCB Asset Management he worked for National Asset Management Company Limited in the position of Chief Financial Officer (CFO) and Company Secretary. At the same time he was also the Company Secretary position of First National equities. The other companies he worked for includes JS ABAMCO Limited, Saudi Pak Leasing Company Limited, Deloitte Touch Tohmatsu and Pak-Kuwait Investment (Private) Limited. His scope of practice encompasses internal audit in accordance with the regulatory standards. Performing high-degree of accountability under strict vigilance and ensuring conformity with the applicable rules and regulations.

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

Mr. Muhammad Adnan Rasheed
Head of Operations

Mr. Adnan holds an MBA degree with a major in Accounting & Finance and has over 17 years of diverse experience in the mutual fund industry. He has held various positions in research, accounts and operations. He is heading the operations department which consists of settlements, unit holder accounts, administration, human resources and information technology.

Prior to joining MCB AMC, he has worked for Al-Meezan Investment Management Limited as an Assistant Vice President, where he was responsible for back-office operations, including maintenance of books of accounts of management company as well as the funds, management reporting and reporting to regulatory agencies. He also works for some other reputable institutions including, BMA Capital Management Limited, Pak-Kuwait Investment Company (Pvt.) Limited.

Mr. Junaid Khalid
Head of Product Design & Asset – Liability Management

Mr. Khalid has worked for 2 years at an Actuarial Consultancy Akhtar & Hasan Pvt Ltd. (William Mercer Associates) as an Actuarial Risk Analyst followed by 5 years as Head of Analytics at National Commodity Exchange Limited where he developed an end to end Value at Risk based margining framework for the Exchange. He also developed a Value at Risk and Impact Cost based risk management system for the three stock exchanges which is currently being used to compute margins on a daily basis. Junaid was also invited by National Commodities and Derivatives Exchange India to do a complete Risk Management Audit in 2006 & 2007. He is currently working as VP-Product Design and Asset-Liability Management.

Muhammad Asim

Fund Manager - Equities

Asim has about 6 years experience in the areas of corporate finance, treasury and investment management. Prior to MCB AMC, he was managing a closed end equity fund and a corporate portfolio at a local Investment Advisory Firm. Performance of his fund was rated as “4-Star” by PACRA indicating good performance versus peers. With his previous employer, he was leading the Investments and Research function and was playing a key role in also playing a key role in expansion and revamping of fund management business. He started his career in fund management as Research Analyst. Earlier, he has associated for about two years with the country’s largest media conglomerate as Business Analyst. Asim is a CFA Charter holder and an MBA with majors in Finance from Institute of Business Administration, Karachi.

Shahab Farooq

Head of Research

Mr. Farooq holds an MBA degree specializing in finance and is associated with the capital markets research since 2002. Mr. Farooq has worked with some of the very well-known names in research and is well versed with the fundamentals of the capital markets and of various sectors with his specialty in the oil and gas, fertilizers, autos and cement sectors. He was previously serving as the Head of Research at AL Habib Capital Markets.

Syed Akbar Ali

Senior Research Analyst

Syed Akbar Ali is an MBA in Finance from Karachi University Business School. Mr. Ali was awarded with a Gold Medal for maintaining excellent academic performance at the university level. Mr. Ali is associated with the equities research since 2006. He is well versed with the fundamentals of the equities market and of various sectors with his specialty in fertilizer, automobile, cement, economy and commercial banking sectors. Prior to joining MCB AMC, he was working as a Research Analyst at Ismail Iqbal Securities Limited, sister concern of Candy Land Group. Mr. Ali has been associated with the Institute of Business Administration (IBA) as a visiting faculty member and he is also a candidate for CFA Level II.

Syed Sohail Ahmed

Manager - Risk Management and Compliance

Mr. Sohail is a CA Finalist and an individual member of Global Association of Risk Professionals (GARP). He completed his four years mandatory professional training from A.F.Ferguson & Co. (a member firm of PricewaterhouseCoopers - PwC) in Assurance and Business Advisory Services (ABAS) where he was assigned to assurance and other engagements of various financial and non-financial business concerns. He also served as a Risk Associate Consultant for almost two years in Risk Advisory Services (RAS) of A.F.Ferguson & Co. During his service as a Risk Associate Consultant, he supervised the Internal Control Project of one of the largest commercial bank. This Internal Control Project involved the implementation of Guidelines on Internal Controls issued by State Bank of Pakistan, Internal Controls Framework adopted by Committee of Sponsoring Organizations of Treadway Commission (COSO) and Auditing Standard No. 2 adopted by Public Company Accounting Oversight Board (PCAOB) for an audit of internal controls over financial reporting.

3.2.3 Duties and Responsibilities of the Management Company

The duties and responsibilities of the Management Company are to promote the sale of Units in the Fund, invest and manage the assets of the Funds according to the provisions of the Deed and the NBFC Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any connected person or its officers.

The Management Company shall maintain proper accounts and records of the Fund to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of Units and paid out on redemptions of Units and by way of distribution as required under relevant rules. The

Management Company shall within the time period specified in the Regulations of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account and the Auditor's report for the Accounting Period to the Unit Holders; the SECP and the Trustee..

The Management Company shall within the period prescribed by the Rules, first, second and third quarter of its year of account, prepare and transmit (physically or through electronic means or on the web subject to the SECP's approval) to the Unit Holders; the SECP and the Trustee, a profit and loss account, balance sheet as at the end of that quarter, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise in accordance with the Rules.

In the unlikely event of its occurrence, the Management Company shall account to Trustee for any loss in value of the assets of the Fund caused by its own negligence or willful act or omission. The Management Company shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as a manager as if they were its own acts or omissions.

However, the Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the NBFC Rules and the Trust Deed, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, or for anything except for its own negligence or wilful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Management Company shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith..

The Management Company shall instruct the Trustee on purchase, including placement of cash, and sale of investments.

3.3 Trustee

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

Basic Role of the Trustee

1. The Trustee shall invest, hold and/or maintain the Trust Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Document(s), the Rules and the conditions (if any) which may be imposed by the SECP from time to time;
2. The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Unit Trusts on behalf of the beneficial owners (the Unit Holder(s)), within the framework of the Rules, the Trust Deed establishing the Unit Trust and Offering Document(s) issued for the Unit Trust.
3. The Trustee shall have all the obligations entrusted to it under the Rules, the Trusts Act 1882, this Trust Deed and the Offering Document.
4. The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Trust Property unless such instructions are in conflict with the provisions of this Deed and/or the Offering Document(s) or the Rules and/or any other applicable law.
1. The Trustee shall, if requested by the Management Company or if it considers necessary for the protection of the Fund Property or safeguarding the interest of the Unit Holders, institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of

the Fund Property or any part thereof if so requested in writing by the Management Company. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Fund Property, for all reasonable costs and expenses incurred in taking the aforesaid action(s).

The Trustee shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions and shall account for any loss in value of the Fund Property where such loss has been caused by gross negligence or breach of its duties in connection with the Trust under the Trust Deed or the Rules or any reckless or willful act and/or omission of the Trustee or any of its Directors, Officers, Nominees or Agents. The Trustee shall, however, not be under any liability on account of anything done in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Deed or the Rules.

6. The Trustee may in consultation with the Management Company appoint and also remove and replace from time to time one or more bank(s) and/or other depository company, to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s). Provided however, the Trustee may also itself provide custodial services for the Trust with the approval of the Management Company at competitive terms as part of its normal line of business.
7. The Trustee shall issue a report to the Unit Holder(s) included in the annual report whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the Rules, the Offering Document and this Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

3.4 Core Investor

Name	Number of Units	Rupees
MCB Bank Limited	2,500,000	250,000,000

The above core investor has subscribed an aggregate sum of Rs. 250,000,000 towards the purchase of 2,500,000 Core Units of Rs.100 each. These Core Units are not redeemable for a period of first two years from the date of the closure of Initial Offer Period. However, these Units are transferable with the condition the Units may not be redeemable before the expiry of the period of first two years mentioned herein. The Transfer Agent will mark the Unit as such. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee.

Pre-IPO Investors

Allied Bank Limited
Arif Habib Securities Limited
Bank Al Habib
Bank AlFalah Limited
Bank of Khyber
Central Depository Company of Pakistan Limited
Engro Chemical Pakistan Ltd. Provident Fund
Habib Metropolitan Bank
International General Insurance Company of Pakistan Ltd
IGI Investment Bank Limited
Jahangir Siddiqui & Co. Limited
KASB Bank
Karachi Electric Provident Fund
Packages Limited Employees Gratuity Fund

Pak-Libya Holding Company (Pvt.) Ltd
Pakistan Herald Publications
Pakistan Industrial Credit & Investment Corporation Ltd
Pakistan Kuwait Investment Company (Private) Ltd
SOCL Staff Provident Fund
Soneri Bank Ltd.
The Bank of Punjab
Tri-Pack Films Limited Employees Provident Fund

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

3.5 Registrar

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

3.6 Custodian

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

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

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

3.7 Distributors/Investment Advisors/ Facilitators/Sales Agent

3.7.1 Parties detailed in Annexure C of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in Annexure "C" of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may from time to time, appoint additional Distributors or terminate the arrangement with any Distributor and intimate the Trustee accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

3.7.2 The Distributors will be responsible for receiving applications for performing Distribution Functions, including receiving applications for issuance of Units and redemptions / transfer applications.. They will also be interfacing with and providing other services to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate certificates, requests for income tax exemption/Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The management company shall remunerate the distributor out of its own resources and/or from sales load.

3.7.3 The Distributors/Distribution Companies may appoint sub-distributors with prior approval of the Management Company to perform some aspects of the Distribution Functions but such Distributors / Distribution Companies shall be responsible for all acts and omissions of their sub-distributors.

3.7.4 The Management Company may, at its sole responsibility, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources.

3.8 Auditors

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

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

3.8.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.

3.8.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.

3.8.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto.

3.8.5 The contents of the Auditors report shall be in accordance with the provisions of the Rules.

3.9 Legal Advisors

Bawaney & Partners
404, 4th Floor, Beaumont Plaza
Beaumont Road
Karachi, Pakistan

3.10 Bankers

MCB Bank Limited

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

3.10.1 Bank Accounts

1. The Trustee, at the request of the Management Company, shall open Bank Accounts titled CDC-Trustee MCB Dynamic Cash Fund for the Unit Trust at designated Bank(s) at Karachi for collection, investment, redemption or any other use of the Trust's funds.

2. The Trustee shall also open additional Bank Account(s) titled CDC-Trustee MCB Dynamic Cash Fund at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.

3. The Trustee shall open additional Bank Account(s) titled CDC – Trustee MCB Dynamic Cash Fund at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be

reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holder for redemption purposes.

4. The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. This account may also be used to facilitate redemptions and other Trust related (ancillary) transactions.

5. The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust.

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

7. All interest, income, profit etc earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holder(s) and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.

8. The amounts received from the Core Investors (seed capital) and other investors during the Pre IPO shall be deposited in a separate Bank Account and transferred to the main Bank Account of the Fund upon the close of the Initial Period. Any Income, profit, interest etc earned on the investments by the Core Investors and Private Placement Investors up to the close of the Initial Period, shall be paid to the Core Investors and Private Placement Investors and shall not form part of the Trust Property.

4. CHARACTERISTICS OF UNITS

4.1 Classes of Units

(i) Class “R” (Restricted/Core Units) issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial offer. However, such Units are transferable.

(ii) Class “A” Units being offered and issued during the Private Placement and Initial Offer Period (IPO) with no Sales Load. For Units issued after the Initial Period of Offer, a sales load may or may not be charged.

4.2 Types of Units

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

4.2.2 The Management Company may from time to time amend the minimum amount of initial investment that is required to open and maintain an account with the Transfer Agent. At the initial offer and later on, the minimum amount of investment to open and maintain an account is Rs. 5,000 for Growth Units , Rs. 100,000 for Income Units and Rs. 5,000 for Cash Dividend Units¹¹. The Management Company reserves the right to alter the minimum amounts stated hereinabove. In the event the investment in any investor’s account falls below the minimum level as a result of revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Transfer Agent to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date. For Income Units, in case the amount falls below Rs. 90,000, funds may be transferred to Growth Units.

¹¹ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

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

(i) **Growth Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders are entitled to cash dividend and/or bonus units¹² at the time of distribution.

(ii) **Income Units:** The Unit Holders, based on their own consent & instructions and with prior intimation to the Management Company, exercise the option of redeeming a certain number of Units for fulfilling their requirement of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi-annually and annually). Such instructions shall be given in writing at the beginning of each regular interval or at the time of purchase of Units.

(iii) **Cash Dividend Units:** All distribution in this type of units will be in the form of Cash Dividend. However, the unit holders can switch between different types of units at their own discretion.

4.2.3 The Management Company shall, on the 25th of every Regular Interval, calculate the redemption value to be paid to the Income Unit Holder(s) based on the Redemption Price of that day.¹³

4.2.4 The Transfer Agent shall send an account statement to the Unit Holder upon an activity in the account at the option of the Unit Holder¹⁴. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the register.

4.2.5 In case the Management Company announces a suspension of further issue of Units of MCB DCF, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on Units held under this option.

4.2.6 The Unit Holder may withdraw funds from the option at any stage by filling out and lodging the prescribed form to the Distributor/Investment Facilitator. However, in the event the principal value of the account goes below the prescribed amount as a result of loss in valuation, the minimum value requirement as stated herein above shall not apply to that extent. In such an event, the Unit Holder is free to discontinue the option or convert the remaining Units into Growth Units.

4.2.7 Certificates representing Units purchased under the Income Units shall not be issued. However, the Transfer Agent shall send directly each Unit Holder an account statement upon a transaction in the account at the option of the Unit Holder.¹⁵

4.2.8 All Units and fractions thereof (up to four or more decimal places) represent an undivided share in the Scheme and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in MCB DCF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's pari passu rights, for the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time. Consequently, the Units issued with differing arrangements may have differing respective applicable quantum of the Front-end Load added to the NAV for determining the Offering Price thereof and differing respective applicable quantum of Back-end load deducted from the NAV for determining the Repurchase Price.

¹² SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

¹³ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

¹⁴ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

¹⁵ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

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

4.2.10 Registration of Pledge / Lien - The Transfer Agent may register a pledge / lien on any Units in favor of any third party with the specific authority of the Management Company. However, the pledge / lien shall be valid only if evidenced by a statement or letter issued by the Transfer Agent indicating the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien. (Please see Clause 4.7 for details).

4.3 Purchase and Redemption of Units

(a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices on any Business Day, which will be ¹⁶from in accordance with the procedure set out in Clauses 4.4 and 4.5 of this Offering Document.

(b) During the period the register is closed, as mentioned in Clauses 4.8 and 5.8 of this Offering Document, the sale redemption of Units will be suspended.

(c) The Management Company may decline to issue of Units to any applicant, if it is of the opinion that it will not be possible to invest substantial inflow of fund or to meet any regulatory requirements.

4.4 Procedure for Purchase of Units

4.4.1 Who Can Apply?

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Transfer Agent nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made in pursuant to the procedures described in paragraph 4.4.2 below including but not limited to:

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

¹⁶ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

- Non Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

4.4.2 Account Opening Application Procedure

A. The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic / web based options for the transactions.

B. Fully completed application form for purchase of Units, accompanied with the full amount for the investment and copies of the documents mentioned in the subparagraphs below should be delivered at any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator during the business hours on each business day as announced by the Management Company from time to time. Currently only the Authorized Branches of the Distribution Companies as mentioned in Annexure “C” of this Offering Document are authorized to collect application and payment for the issue of Units as laid down in Clause 4.4.4 of this Offering Document.

C. In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company, need to be furnished.

D. In case of body corporate or a registered society/institutions/corporates/trusts¹⁷ attested copies of the following documents may be submitted:

- i. Investor's name
- ii. List of Authorized Signatories along with copies of CNIC and their specimen signatures.
- iii. Instructions for Redemption.
- iv. Bank details.
- v. Instructions for Dividend mandate, Zakat and Tax status.
- vi. Memorandum and Articles/ charter / bye-laws or rules and regulation.
- vii. Power of attorney and / or relevant resolutions of the board of directors delegating any of its officers to invest in the fund and / or to realize the investments and
- viii. Other relevant documents as may be required by the Transfer Agent.

E. In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company and /or Transfer Agent, fresh submission of documents will not be required, provided that deposited documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.

F. Once the Investor Account has been opened, the Investor will be allotted a specific Registration/ Folio Number which can be used for all future transactions to facilitate reference and linking.

G. The applicant will receive a note confirming the receipt of the application form from Authorized Officer of the Distributor or Management Company. Payment of Units can be made by cheque, pay order, demand draft as so desired.

H. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant fails to rectify the discrepancy.

I. If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; in the mean while the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any markup.

J. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Transfer Agent or the Distributor will advise the applicant in writing to remove the discrepancy

¹⁷ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

within fifteen days. If the investor, in the opinion of the Transfer Agent, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.

K. Investors will be allotted Units based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, of the day on which cleared funds are received in the Trustee account from the investor before 1:30 pm or as decided by the Management company from time to time, or if not a Subscription Day, then on the next following Subscription Day. However, the Investor will be provided the account statement within seven (7) business days after the said purchase amount of the Units purchased have been credited to the Fund Account at the option of the Unit Holder¹⁸.

4.4.3 Joint Application

A. Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their Computerized National Identity Card or other identification document.

B. The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligation.

C. In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form, shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations. Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

4.4.4 Purchase of Units

An application for purchase of Units may be lodged with any authorized Distributor or presented to the Management Company or through an Investment Facilitator. The application shall be in the form prescribed by the Management Company. Application forms are available with Distributors or Investment Facilitators or may be obtained from the Management Company or its web site www.mcbamc.com.pk¹⁹. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 4.10.3. Payment for the Fund Units can be made in the form of:

- Demand draft or Pay order in favor of CDC-Trustee MCB Dynamic Cash Fund
- Online transfer of money
- Cheque (account payee only marked in favor of CDC-Trustee MCB Dynamic Cash Fund)

The Management Company may also notify from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it. The aforesaid payments must be handed over to a Distributor and / or Investment Facilitator who will acknowledge the receipt on the Investment Form. Such payments must only be deposited in the bank account of the Fund titled "CDC - Trustee MCB Dynamic Cash Fund" maintained with the designated banks and their branches. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Rule 65²⁰ of the Rules.

¹⁸ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

¹⁹ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

²⁰ Regulation 38 of NBFC & NE Regulations 2008

4.5 Procedure for Redemption of Units

4.5.1 Who Can Apply?

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

4.5.2 Redemption Application Procedure

A. Request for redemption can be made by completing the prescribed application form and endorsing the relevant Certificate, if issued and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company or through an Investment Facilitator within business hours on the business day as announced by the Management Company from time to time. The redemption amount to be adjusted downwards or upwards to the nearest whole number depending upon the value of the decimal number(s). ²¹In case the Certificate is not issued, the applicant has only to complete the prescribed application form. The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder from the Register.

B. The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.

C. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

D. If subsequent to receipt of the application by the Distributor, but prior to the Redemption of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.

E. Units will be redeemed on the basis of daily Net Asset Value (NAV) announced as of the close of the business day on which a correctly filled Redemption Form is submitted within business hours as announced by the Management Company from time to time.

F. Unless otherwise instructed, payment of the redemption proceeds will be made by a cross cheque, in favor of Unit Holder’s registered name or first name Joint Holder in the event of Joint Holders, and will be sent to registered address of the Unit Holder or first name Joint Holder, or if so authorized by all the Joint Holders, at the address of the Joint Holder who has signed the redemption form as provided, within six (6) business days of the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first- named joint holder in the event of joint Holder. No money shall be paid to any intermediary except the Unit Holder /Joint Holder or his /their authorized representatives.

G. In case the investor has requested encashment of bonus Units then such bonus Units will be redeemed at the ex-dividend Net Asset Value of June 30 of the relevant Accounting Period.

H. Redemption of Fund Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this please refer to Clause 4.8.2 and Clause 4.8.3 below.

I. Partial Redemption of Units covered by a single Certificate is not permitted. However, Fund Unit Holders may apply for a splitting of the Certificate before applying for redemption.

²¹ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

J. In the event the Units are redeemed by any major Unit Holder in such period of time that the Management Company believes, may adversely affect the interest of other Unit Holder(s), it may charge Contingent Load on such redemption.

4.5.3 Joint Unit Holder(s)

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

4.6 Procedure for Requesting Change in Unit Holder Particulars

4.6.1 Who Can Request Change?

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

4.6.2 Application Procedure for Change in Particulars

A. The information submitted at the time of purchase of Units can be changed through the Service Request Form.

B. Some of the key information which the Unit Holder can change is as follows:

- i. Change in address
- ii. Joint Holder details
- iii. Nominee details

C. The Unit Holder can also issue the following instructions:

- i. Change in Bank Account details
- ii. Account Operating instructions
- iii. Frequency of profit payments

D. Fully completed service request form has to be submitted by both Individuals and / or by Institutional Investor(s).

This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within business hours on the business day as announced by the Management Company from time to time.

E. The applicant must obtain a copy of the service request form signed and duly verified by an Authorized Officer of the Distributor or Management Company if the Form is given to an Investment Facilitator. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Rule 65²² of the Rules.

F. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

G. The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request via the Service Request Form. These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.

4.6.3 Joint Unit Holder(s)

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

²² Regulation 38 of NBFC & NE Regulations 2008

4.6.4 Partial Transfer

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

4.7 Procedure for Pledge / Lien / Charge of Units

4.7.1 Who Can Apply?

All existing Unit Holders or those who have purchased Fund Units as per Clause 4.4 above are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form as attached in Annexure "D" of this Offering Document. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

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

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

4.7.4 Save any legal bar or court order requiring otherwise, any dividends that are declared on the pledged Units shall be made to the order of the Unit Holder. However, any Units issued on reinvestments or bonus Units that the pledged Units are entitled to automatically be marked under the lien or pledge. In the event the pledged Units are redeemed for any reason, the redemption proceeds of the Units lien/pledge/charge shall be made to the lien/charge/pledge holder for the account of the Holder.

4.7.5 The lien on the pledge Units shall continue till such time it is released by the lien holder in writing.

4.7.6 The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

4.7.7 Fully completed Pledge of Units Form has to be submitted by both Individuals and/or by Institutional Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within business hours on the business day as announced by the Management Company from time to time.

4.7.8 All risks and rewards, including the right to redeem such units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

4.8 Suspension of Dealing, Queue System and Winding Up

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

4.8.1 Suspension of Fresh Issue of Units

The Management Company may at any time, subject to the Rules, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP if fresh issue of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

4.8.2 Suspension of Redemption of Units

In the event of extraordinary circumstances as mentioned in Clause 4.9 of this Offering Document, the Management Company may suspend or defer Redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, terrorist threat and / or activities, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company, Transfer Agent, Trustee or the Distributors unable to function or any other conditions mentioned in the Rules.

4.8.3 Queue System

In the event redemption requests on any day exceed ten (10) percent of either the number of Units outstanding or the rupee redemption value of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten (10) percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/or arrange borrowing as it deems fit in the best interest of the Unit Holder(s) and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten (10) percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent of the Units in issue or ten (10) percent of the NAV of the Fund, these shall once again be treated on first-come-first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.

4.8.4 Winding up in view of Major Redemptions

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holder(s) who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holder(s) shall be paid after selling the assets and determining the final Redemption (Repurchase) Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

4.9 Issue and Redemption of Units in Extraordinary Circumstances

The Issue and Redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchange(s) on which any of the Securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money cannot be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holder(s) in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten (10) percent of the Units in issue or ten (10) percent of Fund NAV. In the event of a large number of redemption

requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 4.8 herein above. Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system, shall in the opinion of the Management Company, have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system, the Management Company shall immediately notify the SECP and publish the same in the newspaper in which the Fund's prices are normally published.

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

4.10.1 The valuation method of the property for determining the value of assets and liabilities and the net asset value would be as mentioned in the rules. For the Classes of Units and the Initial Period (Purchase) Prices, please refer to Clause 1.6.2 and Clause 1.8 of this Document.

4.10.2 Subsequent to the Initial Period, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices each business day²³, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be cleared to the Trustee's satisfaction that such method is adequate for ensuring accurate calculation of the prices.

4.10.3 The Purchase (Offer) Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Days, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), Transaction Cost, any Front-End Sales Load (Load) not exceeding 5% of the Purchase (Offer) Price (Please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Purchase (Offer) Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Investment Form has been received.

4.10.4 The Redemption Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Days, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days) less Transaction Cost, if any, a Back-End Sales Load (Load) not exceeding 5% of the Redemption Price (Please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Redemption Form has been received. However, the Back-End Load may not be deducted from the NAV for such units that are being converted in another scheme being run by the Management Company.

4.10.5 The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Rules, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document, the Management Company may suspend the announcement of the prices.

4.10.6 The Management Company shall publish the Purchase (Offer) and Redemption (Repurchase) Prices in at least one daily newspaper widely circulated in Pakistan.

4.10.7 The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

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

A. Subject to foreign exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance of Units to person(s) not resident

²³ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

in Pakistan or for delivery in any country outside Pakistan the price at which such Units may be issued may at the discretion of the Management Company include in addition to the Offer Price as herein before provided, a further amount sufficient to cover any currency exchange fluctuation, transaction costs, bank charges, any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.

B. In the event that the Redemption Price for Units is paid in any country outside Pakistan, the price at which such Units may be redeemed may, at the discretion of the Management Company, include as a deduction to the Redemption Price as hereinbefore provided a future amount sufficient to cover any currency exchange fluctuation, bank charges, additional transaction costs and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such payment or redemption.

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

4.12 Transfer, Transmission and Conversion Procedure.

A. Unit Holder may, subject to the law, transfer any Units held by them to any other account holder. The transfer shall be carried out after the Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with. A Unit shall be transferable only in its entirety.

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

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

D. Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent after satisfying as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be

payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.

E. A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company. The Transfer Agent shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, have been received. The Management Company may impose a time limit before which conversion may not be allowed.

F. A Unit Holder may merge the Units when he/she has invested with two folio/registration numbers and wishes to merge both the Units into one registration number/ Folio number/MCB AMC Account Number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, have been received.

G. The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee (which consent shall not be unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law.

5. DISTRIBUTION POLICY

5.1 Distribution Policy

The Fund currently may distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail tax exemption or any other benefits in the interest of the Unit Holder. According to the types of Unit, Cash Dividend Units are entitled to Cash Dividend only even if the distribution for other types of Units is in the form of Bonus Units, whereas Growth and Income Unit Holders are entitled to Cash and/ or Bonus Units. ²⁴However, a portion of capital gains realized may normally be retained for reinvestment. The Management Company may alter the distribution policy in order to achieve the most efficient structure in the best interest of the Unit Holders.

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

5.2 Declaration of Dividend

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

5.3 Determination of Distributable Income

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

a) The total income earned on the Trust Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, etc.;

b) The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Trust Property once transferred to the Distribution Account.

²⁴ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

c) Net realized appreciation as set out in (b) above from which shall be deducted expenses as set out in Clause 6.2 below and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Rules and the provisions of the Income Tax Ordinance and the Rules thereunder.

5.4 Reinvestment of Dividend

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

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

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

5.5 Bonus Units

The Management Company may decide to distribute, wholly or in part the distributable income in the form of a stock dividend if it is in the interest of Unit Holder, which would comprise of the Bonus Units of the Trust. The Bonus Unit would rank pari passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen (15) days of the issue of Bonus Units. The Unit Holder(s) have the option to en-cash the Bonus Units at ex-dividend Net Asset Value as on June 30 of the relevant period.

5.6 Payment of Dividend

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

5.7 Dispatch of Dividend Warrants/Advice

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

5.8 Closure of Register

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

6. FEE AND CHARGES

6.1 Fees and Charges Payable by an Investor

6.1.1 Sales and Processing Charges (Front-end Load)

The Unit Purchase Price includes front-end load of a maximum of five percent (5%) of the Net Asset Value of the Unit (For current level of Front End Load please see ²⁵Annexure "B"). The issue price applicable to

²⁵ Amended through SECP letter no.NBFC/MF-RS/MCBDCF/2009/1029 dated Nov 20,2009

bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any Front-End Load. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value at the date the request is lodged within business hours on the business day to the Authorized Distributor, or Transfer Agent or Management Company, which shall be recovered from the transferee. These taxes, charges or duties may be recovered by redemption of Unit Holder equivalent Units at the time of the transfer or may be charged separately. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

6.1.2 Remuneration of Distribution Company / Investment Advisor / Investment Facilitator

A. The Distribution Company or any Investment Facilitator/Investment Advisor/Sales Agents employed by the Management Company will be entitled to a remuneration payable by the Management Company (out of its own resources) on terms to be agreed between the Management Company and the Distribution Company/Advisor/Facilitator/Sales Agent.

B. The remuneration of the Distribution Company shall be paid by the Trustee and/ or Management Company and shall not be charged to the Trust Property. The remuneration due to the Distribution Company shall be paid as per the agreement between the distribution company and the management company.

C. In the event that Distribution Function is to be performed by more than one Distribution Company, the remuneration shall be distributed amongst the Distribution Companies in proportion to the Units sold during the relevant period.

D. Distributor/Investment Facilitators or Advisors located outside Pakistan may if so authorized by Trustee and the Management Company will be entitled to a remuneration (from its own resources) in terms to be agreed between the Management Company and the Distributor located outside Pakistan, subject to the law for the time being in force.

6.1.3 Redemption Processing Charge (Back-end Load)

The Unit Redemption Price is calculated after deducting a processing charge not exceeding 5% percent from the Net Asset Value of the Unit (The current level of Back-end Load is NIL as indicated in Annexure "B").

6.2 Fees and Charges Payable by MCB Dynamic Cash Fund

The following expenses will be borne by the Fund:

6.2.1 Remuneration of the Management Company

The Management Company shall be entitled to receive:

A remuneration of an amount not exceeding three (3) percent per annum of the average daily Net Assets during the first five years of the scheme and two (2) percent per annum of the average daily Net Assets there after, and provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under rules. (The current remuneration is 1.5% initially and then will be reviewed quarterly as indicated in Annexure "B").

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

The remuneration due to the Management Company shall be paid within thirty days after the close of each calendar month, provided that the Management Company may from time to time draw in advance out of accrued remuneration a sum that the Trustee shall consider reasonable.

6.2.2 Remuneration of the Trustee

The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure A), which shall be applied to the average daily Net Asset Value during such calendar month. The remuneration shall begin to accrue following the expiry of the Initial Period. For any period other than a full calendar month such remuneration will be pro-rated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned. Any costs incurred by the Trustee such as legal and related costs incurred in protecting or enhancing the interests of the Trust or the collective interest of the Unit Holders, are reimbursable at actuals, out of the Trust's properties. All expenses incurred by Trustee affecting the registration of all registerable property in Trustee's name for the benefit of the Trust, are reimbursable at actuals, out of the Trust's properties.

6.2.3 Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property.

6.2.4 Legal and related costs incurred in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holder(s).

6.2.5 Bank charges and borrowing/financial costs; provided that the charges payable to any bank or financial institution against borrowings on account of the Scheme as permissible under Clause 2.5.14 above, shall not be higher than the normal prevailing bank charges or normal market rates.

6.2.6 Auditors' fees and expenses including any certification as allowed under this Deed, Offering Documents and applicable rules; and expenses and any printing cost and related expenses for issuing Scheme financial reports etc;

6.2.7 Formation Cost estimated at but not exceeding one percent (1%) of amount received during Pre-IPO. This will be amortized over a period not exceeding five years.

6.2.8 Listing fee including annual fee payable to the Stock Exchange(s) on which Units may be listed.

6.2.9 Annual fee payable to the SECP under the Rules.

6.2.10 Taxes and duties, if any, applicable to the Scheme and its income, turnover, assets and/or its properties.

6.2.11 Credit Rating fees payable against rating of the Scheme.

6.2.12 Charges and levies of Stock Exchanges, National Clearing and Settlement Company, SECP charges, CDC charges, capital value tax, Laga, Scheme's dividend/redemption of units transfer charges as payable to bank at time of transfer of funds to Unit Holder and such other levies and charges.

6.2.13 Marketing and distribution expenses specifically related or attributable to the Scheme.

6.2.14 Bank charges, fees and duties payable on remittances for investments abroad.

6.2.15 All other expenses, taxes and charges due or accrued during Accounting Period which are allowed under the Rules;

Such expenses shall be paid to the Management Company at actuals within thirty days of the incurring of such expense.

6.3 Expenses of the Management Company and the Trustee

The Management Company and Trustee shall bear all expenditures in respect of their respective secretarial and office space and professional management including all accounting and administrative services provided in accordance with the provisions of the Deed. Neither the Management Company nor the Trustee shall make any charge against the Unit Holders nor against the Trust Property nor against the Distribution

Account for their services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules and the Deed to be payable out of Trust Property.

7. TAXATION

7.1 Taxation on the Income of the Fund

7.1.1 Liability for Income Tax

Under the Tax Law in Pakistan, the definition of a public company includes a Unit Trust whose units are widely available to the public and any other Trust as defined in the Trust Act, 1882. The Fund will be regarded as a public company liable to a tax rate applicable to a public company.

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

- Dividend income received from a company shall be taxed at an income tax rate of 10%.
- Capital gain arising on sale of securities listed on any Stock Exchange(s) in Pakistan is exempt from tax upto June 30, 2007.
- Income from Term Finance Certificates or Corporate Paper(s), Government Securities, return on deposits / certificates of investment/deposit with banks / financial institutions, money market transactions, profit and loss sharing accounts with banks or any other income not mentioned above is taxable at the rate applicable to a public company (as per Income Tax law).

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

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

7.1.3 Zakat

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

7.2 Taxation on Unit Holders

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

7.2.1 Unit Holders of the Fund will be subject to Income Tax on dividend income (excluding the amount of dividend paid out of capital gains) as under:

- Every company, private or listed and others 10%²⁶

The rate of tax so specified will be the final tax and the payer (Trustee) will be required to withhold the amount of tax at source.

Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and / or Transfer Agent and on the basis of Exemption Certificate income tax will not be withheld. Every banking company or non-banking finance company shall be chargeable to tax under the head "Income from Business" on the portion of profit on debt, if any, included in Dividend, distributed by MCB DCF, out of its income. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

7.2.2 Capital Gains

²⁶ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

Capital Gains in disposition of Units in the Fund will be subject to capital gains tax at the applicable tax rate. The Units of the Fund will be listed on the Stock Exchange(s). Consequently, subject to such listing, the Capital Gain on disposal of the Units shall be exempt from tax upto Tax Year ending on 30th day of June 2007.

7.2.3 Tax Credit

Unit Holders other than a company shall be entitled to a tax credit under the prevailing Income Tax Laws on purchase of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested in purchase of new Units, (b) 10% of the taxable income of the Unit Holder, and (c) Rupees Three ²⁷hundred thousand, and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year in which the Units are disposed shall be increased by the amount of tax credit.

7.2.4 Zakat

Units held by resident Pakistani shareholders (individuals only) shall be subject to Zakat at 2.5% of the Par value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds.

7.3 Dividends

The Management Company may, in the interest of Unit Holders, distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail Tax Exemption or any other benefits.

7.4 Disclaimer

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

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

8. REPORTS AND ACCOUNTS

8.1 Financial Year of MCB Dynamic Cash Fund

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

8.2 Financial Reporting

The following reports will be sent to the Unit Holders:

- a) Audited financial statements, together with the auditors report, the report by the Management Company (Director's Report) and the report by the Trustee within the time specified in the Regulations at the close of each Accounting Period.
- b) Un-audited financial statements (subject to limited scope review by auditors), together with the report by the Management Company within two months of the close of the second quarter of the Accounting Period, as per the Rules.
- c) Un-audited financial statements, together with the report by the Management Company within one month of the close of the first and third quarter of each Accounting Period or such period as prescribed by SECP or the Rules.
- d) The Trustee shall issue a report to the Unit Holders to be included in the annual report, or at such times as directed by the SECP, in accordance with the Law, whether in its opinion, the Management Company

²⁷ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

has in all material respects managed the Trust Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof. The regularity of reporting will change if so required by the SECP or under the Rules and the Ordinance.

9. SERVICE TO UNIT HOLDERS

9.1 Availability of Forms

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

9.2 Register of Unit Holders

- A Register of Unit Holders may be maintained by Transfer Agent Department of the Management Company presently having its office at Customer Services Department, MCB Asset Management Company, 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.
- Every Unit Holder will have a separate Registration/Folio Number. The Management Company shall use such Registration/Folio Number for recording Units held by the Unit Holder. Unit Holder's account identified by the Registration/Folio number will reflect all the transactions in that account held by such Unit Holder.
- The Holder will be entitled to ask for copies of his account statement thereof on any Business Day within business hours by applying to the Transfer Agent in writing and providing such fee that the Management Company may notify from time to time.
- The Register shall be conclusive evidence as to the Units held by each Unit Holder.

9.3 Information in the Register

The Register will normally contain the following major information:

9.3.1 About Unit Holders

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

9.3.2 About Units

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

9.3.3 Instructions

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

e) Bank details for Redemption / Dividend mandate.

9.3.4 Request for Changes

All existing Unit Holders or those who have purchased Fund Units as per Clause 4.4 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via Special Instruction Form, as attached in Annexure "D" of this Offering Document. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through our web site. The Transfer Agent, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate if required to such Holder.

9.4 Account Statement

The Transfer Agent may send directly to each Unit Holder an account statement upon transaction in the account at the option of the Unit Holder.²⁸

9.5 Certificates

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

9.5.2 Unit Certificate(s) will be issued only if requested by Unit Holder(s) together with a fee at the rate of Rs. 50/- per Certificate or any other amount as determined by the Management Company from time to time.

9.5.3 The issued Certificate would be sent through postal or courier service at the applicant's risk within Twenty one (21) Business Days after the request for the Certificate has been made, to the address of the Unit Holder or to the address of the first named Joint Holder / Principal Account Holder, if the relevant Unit or Units are jointly held.

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

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

9.5.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.

9.6 Replacement of Certificates

9.6.1 The Transfer Agent or Management Company may replace Certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed form on the payment of all costs and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.

9.6.2 The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one (01) Certificate upon surrender of existing Certificates.

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

9.7 Pledge/Lien of Units/Charge

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

²⁸ SECP letter NBFC-II/AD-ZRK/MCB DCF/141/2008 dated Feb 28, 2008

9.8 Nomination

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

10. FINANCIAL INFORMATION

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

10.2 Auditors Certificate on the Net Asset Value of the Fund

10.3 Formation Cost

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

11. WARNING

11.1 Offering Document

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

11.2 Fluctuation in Price and Income

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

11.3 Disclaimer

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

12. GENERAL INFORMATION

12.1 Inspection of Constitutive Documents

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

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

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

12.2 Date of Publication of Offering Document

The Offering Document has been published on February 22, 2007. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.

13. TERMINATION OF THE FUND

13.1 By the Management Company

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

13.2 By the Securities and Exchange Commission of Pakistan

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

13.3 Winding up

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

14. DEFINITIONS

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

- 14.1 “Accounting Date”** means the 30th day of June in each year, provided that the Management Company, with the written consent of the Trustee and after obtaining the approval of the Commissioner of Income Tax may change such date to any other date and such change shall be intimated to the SECP.
- 14.2 “Accounting Period”** means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 14.3 “Asset Management Company”** means an asset management company as defined in the Rules.
- 14.4 “Auditor”** means a firm of Chartered Accountants that is appointed by the Management Company with the consent of Trustee, as the auditor for the Fund who shall be independent of the auditor of the Management Company and Auditor of the Trustee in accordance with the Rules.”
- 14.5 “Authorized Branch and Branches”** means those Branches of Distributors which are allowed to deal in Units of the Scheme.
- 14.6 “Authorised Investment”**

MCB Dynamic Cash Fund is a money market fund. Its “Authorized Investments” include all transacted, issued, traded, listed and unlisted investments, inside or outside Pakistan and may include any of the following:

- Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;
- Money Market Instruments, Certificates of Deposit and Bankers’ Acceptances;
- Debentures and Certificates of Musharika (COM);
- Long, medium and short term bank deposits with banks or financial institutions including deposit in currencies other than the Pakistani Rupee;
- Units of any other Cash fund; repurchase and acquisition of units in any one scheme shall not exceed 10% of Net Asset Value of MCB Dynamic Cash Fund, except as may otherwise be permissible under the rules.

OFFERING DOCUMENT

- Investment in money market security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability;
- Secured and unsecured listed or privately placed debt securities issued by local governments, government agencies, statutory bodies, private or public sector entities and/or financial institutions having a minimum investment grade rating. If the entity issuing the debt securities is not rated then the instrument would have a minimum investment grade rating by a credit rating agency registered with the SECP;
- Convertible debt securities issued by corporates/financial institutions; In case MCB Dynamic Cash Fund is required to convert the preference shares into ordinary shares it would offload the shares within a period of three months of the shares being issued. Total investment by MCB Dynamic Cash Fund in Convertible Debt Securities will not exceed 15% of its Net Asset Value;
- Convertible and Non-Convertible preferred shares; In case MCB Dynamic Cash Fund is required to convert the preference shares into ordinary shares it would offload the shares within a period of three months of the shares being issued. Total investment by MCB Dynamic Cash Fund in Convertible preferred shares will not exceed 15% of its Net Asset Value;
- Certificates of Investment/Deposits issued by financial institutions having a minimum investment grade rating by a credit rating agency registered with the SECP;
- Asset Backed and Mortgage Backed Debt Securities;
- Repurchase transactions (REPOs) against money market securities subject to compliance with Rules and and reverse REPOs against eligible securities as notified by the SECP/Stock Exchange;
- Commercial Papers and any other money market debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any other security that would involve assumption of unlimited liability;
- Continuous Funding System (CFS); Investment in CFS shall be restricted to a maximum of 50% of Net Asset Value of the fund, with not more than 20% of CFS amount in any one script at the time of investment. In the future if any other scheme replaces CFS, investment in such an avenue will be permissible subject to the SECP's special or general approval of that scheme.
- Spread Transactions. MCB Dynamic Cash Fund will enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. MCB Dynamic Cash Fund will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities. In the future if there are certain changes in methodology of settlement of futures transactions, a revised mechanism will be permissible subject to the SECP's special or general approval.
- Fixed income bonds, debentures, debenture stock, participation term certificates, modaraba certificates, musharika certificates, privately placed or listed term finance certificates, sukuks, participation term certificates, convertible bonds and other asset-backed or mortgage-backed securities or securities traded or to be traded Over-the-Counter (OTC) Markets. Such investments shall include those for ready settlement as well as those for future settlement;
- Any other money market/fixed income security and/or instruments that may be allowed by the SECP, the Rules or any other regulatory authority from time to time;

- Authorized investments in overseas markets to the extent of 30% of the Net Asset Value, subject to a cap of US\$15 million or such cap as may be defined in the Rules from time to time. Overseas investments would be subject to prior approvals/ guidelines of SECP/SBP and
- Warrants, Options, derivatives subject to the prior approval of SECP. Investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the SECP from time to time.

- 14.7 “Back-end Load”** means the charge or commission (excluding Duties and Charge) not exceeding 5% (or such other percentage as may be mutually agreed between the Trustee and the Management Company in writing) of the Net Asset Value, deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different investors, as may be mutually agreed between the Trustee and the Management Company.
- 14.8 “Bank”** means institution(s) providing banking services under the Banking Companies Ordinance , 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under banking laws of the jurisdiction of its operation outside Pakistan.
- 14.9 “Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 14.10 “Broker”** means any person licensed by the SECP and engaged in the business of effecting transactions in securities for the account of others.
- 14.11 “Business Day”** means a day on which scheduled Banks and authorized offices of the Distribution Company or Asset Management Company are open for business in Pakistan.
- 14.12 “Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Unit Holder pursuant to the provisions of this Trust Deed.
- 14.13 “Connected Person”** shall have the same meaning as in the Rules.
- 14.14 “Constitutive Documents”** means the trust deed that is the principal document governing the formation, management or operation of the trust, the offering document and all material agreements in relation to the trust.
- 14.15 “Core Units”** means such Units of the Scheme that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. However, such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee.
- 14.16 “Core Investors”** of the Scheme shall be such initial Investors whose subscription shall in aggregate be in compliance of the requirements of Clause 67(2) (f) of the Rules. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 14.17 “Custodian”** means: (a) Bank(s) which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and/or (b) the Trustee, if performing custodian functions with the approval of the Management Company.

14.18 “Distribution Account” means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holder(s) shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).

14.19 “Distributor / Distribution Company” means a Company(s) or firm or a Bank or any other financial institution appointed by the Management Company in consultation with the Trustee for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.

14.20 “Distribution Function” mean the functions with regard to:

- a. receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- b. issuing receipts in respect of (a) above;
- c. interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
- d. accounting to the Trustee for all: (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
- e. the above functions may be performed electronically, if appropriate systems are in place.

14.21 “Duties and Charges” means in relation to any particular transaction or dealing all stamp and other duties, taxes, zakat, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

14.22 “Federal Government” means the Federal Government of Islamic Republic of Pakistan.

14.23 “Formation Cost” means preliminary expenses relating to regulatory and registration fees of the Scheme, including flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period.

14.24 “Front-end Load” means the sales and processing charge or commission (excluding Duties and Charges) not exceeding 5 % or such other percentage (as may mutually be agreed upon between the Trustee and the Management Company in writing) of the Net Asset Value which may be included in the Offer Price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as may be mutually agreed between the Trustee and the Management Company.

14.25 “Government Securities” means securities and other instruments issued and to be issued by any Federal and/or Provincial Government of the Islamic Republic of Pakistan and/or the State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds and any securities/instruments replacing or substituting the foregoing from time to time.

- 14.26 “Holder or Unit Holder”** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of the Trust Deed.
- 14.27 “Initial Period”** means a period determined by the Management Company not exceeding ninety days during which Units will be offered at the Initial Price in terms of the Offering Document, inclusive of the offering to the Core Investors.
- 14.28 “Initial Price”** means the price of Rs. 100 per Unit during the Initial Period determined by the Management Company.
- 14.29 “Investment”** means any Authorized Investment forming part of the Trust Property.
- 14.30 “Investment Facilitators/Advisors/Sales Agents”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Management Company shall compensate the Investment Facilitators/Sales Agents out of the Sales Load collected by it in the Offer Price and /or Management Fee.
- 14.31 “Management Company”** is defined in the preamble hereto.
- 14.32 “Net Assets”** in relation to the Trust, means the excess of assets over liabilities of the Trust, such excess being computed in the manner specified hereunder:-
- a. An equity security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of which it is valued, or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date, the security shall be valued at an amount not higher than the closing asked price nor lower than the closing bid price;
 - b. An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held, and the cash account of the Fund shall be adjusted to reflect the purchase price, including brokers commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;
 - c. An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
 - d. The value of any dividends, bonus shares or rights which may have been declared on securities in the portfolio but not received by the Fund as of the close of business on the valuation date shall be included as assets of the Fund, if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;
 - e. A security not listed or quoted on a stock exchange shall be valued at investment price or its break up value as per last audited accounts, whichever is later.
 - f. Mark-up accrued on any mark-up bearing security in the portfolio shall be included as an asset of the Fund, if such accrued interest is not otherwise included in the valuation of the security;
 - g. Any other income accrued up to the date on which computation was made shall also be included in the assets;
 - h. All liabilities, expenses, taxes and other charges, including Annual Fee due or accrued up to the date of computation which are chargeable under the Rules, other than the paid-up capital of the Fund, 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.
- 14.33 **“Net Asset Value”** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 14.34 **“Offer Price”** means the sum to be paid to the Trustee for the benefit of the Trust for issuance of one Unit, such price to be determined in accordance with Clause 1.6.1 and Clause 4.10.3 of this Offering Document.
- 14.35 **“Offering Document”** means the prospectus, advertisement or other document (approved by the SECP) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules and is circulated to invite offers by the public to invest in the Scheme.
- 14.36 **“On-line”** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 14.37 **“Ordinance”** means the Companies Ordinance, 1984.
- 14.38 **“Par Value”** means the face value of a Unit as defined in the Offering Documents.
- 14.39 **“Personal Law”** means the law of inheritance and succession as applicable to the Individual Unit Holder(s).
- 14.40 **“Pre IPO”** means the period during which Units shall be subscribed by investors before the Initial Period.
- 14.41 **“Redemption Account”** means the account(s) (which may be a current, saving or deposit account(s)) maintained by the Trustee with MCB Bank Limited and/or any other bank having an investment grade rating and approved by the Management Company in which the amount required for redemption of Units to the Holders may be transferred.
- 14.42 **“Redemption Price”** means the amount to be paid to the relevant Unit Holder(s) upon redemption of that Unit, such amount to be determined pursuant to Clause 4.10.4 of this Offering Document.
- 14.43 **“Register”** means the Register of the Unit Holder(s) kept pursuant to the Rules and this Offering Document.
- 14.44 **“Registrar Functions”** means the functions with regard to:
- a) maintaining the Register, including keeping a record of change of addresses/other particulars of the Unit Holder(s);
 - b) issuing account statements to the Unit Holder(s);
 - c) issuing Certificate, including Certificates in lieu of undistributed income to Unit Holder(s);
 - d) canceling old Certificates on redemption or replacement thereof;
 - e) processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holder(s);
 - f) issuing and dispatching of Certificates;

- g) dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h) receiving applications for redemption and transfer/transmission of Units directly from Holder or legal representatives or through Distributor;
- i) maintaining record of lien/pledge/charge; and
- j) keeping record of change of addresses/other particulars of the Holders.

14.45 “**Regular Interval**” means monthly, quarterly, half year or annual period.

14.46 “**Rules**” means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time.

14.47 “**SECP**” is the Securities and Exchange Commission.

14.48 “**Sales Load**” means the Front-end Load and Back-end Load. All Sales Load collected would accrue to the Management Company. For current level of Sales Load, please see Annexure B.

14.49 “**Stock Exchange**” means Stock Exchanges registered under the Securities & Exchange Ordinance, 1969.

14.50 “**Subscription Day**” means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in the two widely circulated English & Urdu newspapers declare any particular Business Day or days not to be a Subscription Day.

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

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

14.53 “**MCB Dynamic Cash Fund**” or “**MCB DCF**” or “**Trust**” or “**Unit Trust**” or “**Fund**” or “**Scheme**” means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.

14.54 “**Trust Deed**” means the trust deed of MCB Dynamic Cash Fund executed between the Management Company and the Trustee along with all the exhibits appended thereto.

14.55 “**Trust Property**” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption price after deducting there from or providing there against the value of Redemption, Front-end and Back-end load (as provided in the Offering Document), Duties and Charges applicable to the purchase or redemption of Units and any expenses chargeable to the Scheme; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Trust Deed and shall include the income, profit, interest etc earned on

the amount credited to the Distribution Account but shall not include any amount standing to the credit of the Distribution Account and the income earned on the investments of the Core Investors (seed capital) and Private Placement Investors (as per Clause 3.4) upto the date of the close of the Initial Period which shall not form part of the Trust Property.

14.56 “Trustee” is defined in the preamble hereto.

14.57 “Unit” means one undivided share in the Trust, and where the context so indicates, a fraction thereof.

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

15. ARBITRATION

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

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

ANNEXURE A

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

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

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

ANNEXURE B

CURRENT LEVEL OF LOADS AND MANAGEMENT FEE

Current Level of Front-end and Back-end Loads

Effective from the close of First Offer

Front-end Load : 1.5 %

Back-end Load : NIL

Management Fees :

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

Current level of management remuneration : 1.5% per annum of average daily Net Assets. Any change in the load and fee structure, provided it is within the maximum limit disclosed in this document, shall be notified through an addendum.

ANNEXURE C

MANAGEMENT COMPANY AND DISTRIBUTION COMPANY

Management Company

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

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

For more information

Call: 111-000-622 / 2276900

Email: info@mcbamc.com.pk

Website: www.mcbamc.com.pk

Distribution Company

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

ANNEXURE D

The following forms are attached herewith :

