

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

**REPLACEMENT OFFERING DOCUMENT  
FOURTH SUPPLEMENTAL**

**Pakistan Pension Fund (PPF)**

**A Voluntary Pension Fund**

**Managed By:**

**MCB Arif Habib Savings and Investments Limited**

**Pension Fund Manager**

**Registered under the  
Voluntary Pension System Rules, 2005**

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# 1. INTRODUCTION OF THE PAKISTAN PENSION FUND – (PPF)

## 1.1. INTRODUCTION OF PENSION FUND

### SUMMARY

Fund Name	<b>PAKISTAN PENSION FUND (PPF).</b>
Fund Structure	Voluntary Pension Fund under Voluntary Pension System Rules, 2005.
Fund Objective	<b>Pakistan Pension Fund (PPF)</b> constituted under the Voluntary Pension System Rules, 2005, is a very <b>flexible savings-cum-investment Scheme</b> which facilitates individuals to save for their retirement in a systematic way, topping up their savings with investment returns at their desired investment exposures and granting them <b>special tax benefits</b> , with numerous valuable options before, at and after retirement.
Investment Objective	The investment objective of PPF is to seek steady returns with a moderate risk for investors by investing in a portfolio of equity, short medium term debt and money market instruments.
Eligibility	All Pakistani nationals over the age of eighteen (18) years who have a valid National Tax Number (NTN) or, a Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) shall be eligible to contribute to the Pakistan Pension Fund.
Minimum Contribution	The minimum amount of contribution to open an account is Rs. 500/- and the minimum amount for adding to an existing account is Rs. 500/- per transaction. There is no maximum limit.
Contribution Frequency	Eligible persons or their employers are allowed to contribute in one lump sum or in instalments.
Contribution Mechanism	Participants or their employer on their behalf can deposit the contributions to PPF in the account of “ <b>CDC- Trustee Pakistan Pension Fund</b> ” in the following manner: <ul style="list-style-type: none"> <li>▪ Direct bank transfer.</li> <li>▪ Standing instructions from the Participants to their bank for regular transfer of contribution.</li> <li>▪ In the form of “Account Payee Only” cheques, Payment Orders or demand drafts; or</li> <li>▪ Any other electronic form of transfer.</li> </ul>
Investment Mechanism	The investment philosophy for each asset class is based on independent, fundamental analysis of the sector and the company for the equity class; for the debt and money market asset classes we will assess the trend and volatility in interest rates. For equity, individual stock selection will be on the basis of growth and value considerations while the debt and money market individual security selection will be based on credit quality and valuation considerations

<p>Policy for Allocation and Reallocation of Contribution</p>	<ol style="list-style-type: none"> <li>1. The contribution received from any Participant by the Pension Fund Manager on any working day shall be immediately credited to his/ her Individual Pension Account after deducting the front-end fees, and the amount in the Individual Pension Account shall be used to purchase the Units of the Sub-Funds of PPF as the Commission may allow, at the Net Asset Value notified by the Pension Fund Manager at the close of that working day.</li> <li>2. The allocation of the contributions between the various Sub-Funds at the date of opening of Individual Pension Account and thereafter, shall be in accordance with the policy to be specified through circular by the Commission from time to time, hereinafter referred to as the prescribed allocation policy.</li> <li>3. The amount of the contribution used for the purchase of the Units of any Sub-Fund shall depend on such percentage as determined in the Specified Allocation Policy selected by the Participant. In the event of no allocation percentages being selected by any Participant the Pension Fund Manager shall allocate the contributions preferably to an approved Lifecycle Allocation Scheme specified, and if such a scheme has not been offered, then allocate contributions to either Low Volatility (formerly Conservative Allocation Scheme) or Lower Volatility (formerly Very Conservative Allocation Scheme).</li> <li>4. The Pension Fund Manager shall make reallocation of the Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the percentages selected by the Participants or where no selection has been made according to the prescribed allocation policy.</li> </ol>
<p>Front End Fee (Sales Charges)</p>	<p>A Pension Fund Manager may charge sales load maximum up to 3% of the contribution received from any Participant of PPF. Provided that there shall be no sales load payable in the event of the transfer of Individual Pension Account from one Pension Fund Manager to another Pension Fund Manager.</p>
<p>Allocation of Units</p>	<p>A Participant will choose the percentage of contributions that go in to each Sub-Fund for individual Allocation Scheme(s). There is no limit for change in Allocation Scheme. A Participant can change the Allocation Scheme as and when required till retirement</p> <p>Moreover, a Participant may choose to freeze his/ her portfolio allocation. and percentages at a point in time. However, such allocation and percentages may be changed for future contributions. The option of freezing of Portfolio to participant(s) will be allowed twice till retirement. This means that a Participant may have maximum three (3) individual Allocation Schemes simultaneously to avail the above mentioned option.</p> <p>Units of Sub-Funds will be issued as per the selection of Allocation Scheme of the contributions between the Sub-Funds by the Participant.</p>

<p>Management Fee</p>	<p>The Pension Fund Manager shall be entitled to an accrued remuneration equal to an amount up to the following percentage per annum of the average annual Net Assets of the Scheme calculated on daily basis, within allowed expense ratio limit:</p> <ul style="list-style-type: none"> <li>▪ Equity Sub-Fund up to 1.5%;</li> <li>▪ Money Market Sub-Fund up to 1.5%; and</li> <li>▪ Debt Sub-Fund up to 1.5% .</li> </ul> <p>A Pension Fund Manager shall prominently disclose on a daily basis, the following information regarding all its pension funds on its website and on the website of Mutual Funds Association of Pakistan (MUFAP),-</p> <p>(i) Total Expense Ratio;</p> <p>(ii) Management Fee as a percentage of net assets;</p> <p>(iii) Sales load as a percentage of net assets.</p>
<p>Taxation</p>	<p>Tax advantages on the contributions by the Participant during any Tax Year subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001),</p>
<p>Withdrawal on Retirement</p> <p>Transfer of Individual Income Payment Plan Account from one Pension Fund Manager to another or from one Income Payment Plan to another</p>	<p>1. At the date of retirement of the Participant, where no option is selected by him/her, all the Units of the Sub-Funds to his/her credit shall be withdrawn at the Net Asset Value notified at close of the day of retirement (if that day is not a Business Day, the following Business Day) and the amount due shall be transferred to his/her Individual Pension Account, in the lower volatility scheme offered by the Pension Fund Manager.</p> <p>2. The Participant shall then have the following options, namely: -</p> <p>(a) to withdraw up to fifty per cent (50%) or such percentage of the amount from his/her Individual Pension Account as cash without deduction of applicable withholding tax which is permissible under the Income Tax Ordinance, 2001 (amended or replaced); and</p> <p>(b) to use the remaining amount:</p> <p>(i) to withdraw as cash subject of deduction of applicable withholding tax under the Income Tax Ordinance, 2001 (amended or replaced); or</p> <p>(ii) to purchase an annuity from a Life Insurance Company of his/her choice; or</p> <p>(iii) to enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments for up to fifteen (15) years following the date of retirement, according to an income payment plan, approved by the Commission.</p>

	<p>3. The transfer of an Individual Income Payment Plan Account from one pension fund manager to another pension fund manager or from one Income Payment Plan to another Income Payment Plan shall only take place once in a financial year and notice for the change, specifying the name of new pension fund manager and the income payment plan shall be sent by the Participant at least seven (7) working days before the effective date of the proposed change.</p> <p>4. At the expiry of the income payment plan according to clause 1 (b) (iii), the participant shall have option to use the outstanding balance in his Individual Pension Account to purchase an annuity from a Life Insurance Company, of his/her choice or buy an Income Payment Plan for another term or withdraw the amount from his/her account.</p>
Early Withdrawal	<p>Participants at any time before retirement are entitled to withdraw the total or part of Units of the Sub-Funds to his/ her credit in the Individual Pension Account subject to the conditions laid down in the Income Tax Ordinance, 2001 from time to time. The withdrawals may be through single or multiple payments. Withholding tax and tax penalty, if any, applicable to all such withdrawals shall be deducted by the Pension Fund Manager and the same shall be deposited in the Government treasury.</p>
Change of Pension Fund and Pension Fund Manager by Participant	<p>1. A Participant is allowed to transfer his/ her Individual Pension Account with a particular Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund. In this case, the Units shall be encashed at the Net Asset Value of each Sub-Fund notified on the working day prior to the date of transfer.</p> <p>2. A Participant shall be allowed to transfer his/ her accumulated sum from an approved occupational savings scheme or an approved superannuation fund to a pension fund.</p> <p>3. No charges shall be deducted for transfer of the Individual Pension Account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund and from approved occupational savings scheme and approved superannuation fund to a pension fund.</p> <p>4. The transferred amount shall be used to purchase the Units of the Sub-Funds of the pension fund maintained by the new Pension Fund Manager at the Net Asset Value notified at the close of the working day, of the receipt amount, on such percentage according to the specified allocation policy selected by the Participant.</p> <p>5. The transfer of Individual Pension Account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund shall only take place as per the discretion of the Participant and the notice for the change of the Pension Fund Manager or pension fund, specifying the name of the new Pension Fund Manager or the pension fund shall be sent by the</p>



	Participant at least seven (7) working days before the effective date of the proposed change and the Pension Fund Managers shall record such transactions as transfer in the statement of account of the Participant.
Transparency	Daily calculation and announcement of NAV of each Sub-Fund.
Distribution Restriction	Any income earned shall be retained and accumulated in the respective Sub-Funds and no distribution / Dividend shall be made from the Pakistan Pension Fund.

## 2. REGULATORY APPROVAL AND CONSENT

### 2.1 DEFINITIONS

Unless the context requires otherwise, all words, terms or expressions used in this Offering Document will have the meaning assigned to them in clause (23) hereof or in the Trust Deed.

### 2.2 REGISTRATION OF THE PENSION FUND MANAGER

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

### 2.3 AUTHORISATION OF THE PAKISTAN PENSION FUND

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

### 2.4 APPOINTMENT OF THE TRUSTEE

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

### 2.5 REGISTRATION OF TRUST DEED

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

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

## 2.6 APPROVAL OF OFFERING DOCUMENT

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

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

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

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

**This Offering Document contains necessary information for the public to make an informed Participation decision in the Pension Fund described herein. The participants are advised, in their own interest, to carefully read the contents of the Offering Document, in particular, the risks mentioned in Clause 9 and Warnings in Clause 18, before making any participation/contribution decision. Participants may note that this Offering Document remains effective until a material change occurs and they should retain this Offering Document for future reference. Material changes shall be filed with the Securities and Exchange Commission of Pakistan (SECP) and circulated to all Participants or may be publicly notified by advertisements in the newspapers or on the Pension Fund Managers’ website subject to the applicable provisions of the Trust Deed and the Rules.**

**Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub-Funds of PPF consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments. It should be**

**noted that the value of Units of the Sub-Funds can fall as well as rise. It should also be noted that under certain circumstances the realization of Units may be restricted.**

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

### **3. FILING OF THE OFFERING DOCUMENT**

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

- (1) Trust Deed, dated June 04, 2007, executed between MCBAH and the Muslim Commercial Financial Services (Pvt.) Limited ( "MCFSL"), appointing the MCFSL as Trustee to the Fund;
- (2) First Supplemental Trust Deed, dated June 16, 2011, executed among MCBAH , Muslim Commercial Financial Services (Pvt.) Limited ( "MCFSL") and Habib Metro Bank (HMB), for the change of trustee from MCBFSL to HMB;
- (3) Second Supplemental Trust Deed, dated July 21, 2014, executed among MCBAH , Habib Metro Bank (HMB) and Central Depository Company of Pakistan Limited (CDC), for the change of trustee from HMB to CDC;
- (4) Letter dated June 27, 2007 from the Auditors giving the subscription to the Units of PPF by the core investors.
- (5) Consents of the Auditors, Legal Advisor and Trustee to their respective appointments and having been named and described as such in this Offering Document.
- (6) Letter No. SECP/PW/Reg-01/2007 dated January 08, 2007 from SECP, licensing MCBAH to undertake Pension Fund Manager services, under the Voluntary Pension System Rules, 2005.
- (7) Letter No. 9 (1) SEC/SCD/PW-AHIML/2007 dated May 24, 2004 from SECP to MCBAH, approving MCFSL to act as the Trustee of Pakistan Pension Fund (PPF) under the Voluntary Pension System Rules, 2005.
- (8) Letter No. 9 (1) SEC/SCD/PW-AHIML/2007/08 dated June 29, 2007 from SECP to

MCBAH, authorizing Pakistan Pension Fund (PPF) under the Voluntary Pension System Rules, 2005.

- (7) Letter No. 22 (1) SEC/SCD/PW-AHIML/2007/1 dated June 27, 2007 from SECP to MCBAH approving this Offering Document under the Voluntary Pension System Rules, 2005.
- (8) Trustee consent Letter No. CDC/ T&C-SII/DH/0459/2022 on this Replacement Offering Document.

## **4. CONSTITUTION OF PAKISTAN PENSION FUND**

### **4.1 CONSTITUTION**

The Fund has been established through a trust deed (the “**Trust Deed**”), dated June 04, 2007 under the Trust Act, 1882 (II of 1882), executed between MCB Financial Services (Pvt.) Limited and MCB Arif Habib Savings and Investments Limited; thereafter for the change of trustee, the Trust Deed has been amended through First Supplemental executed among MCBFSL, HMB and MCBAH, the Second Supplemental Trust Deed has been executed among :

- (1) **MCB-Arif Habib Savings and Investments Limited**, a listed public limited company incorporated under the Companies Ordinance, 1984 (the “Ordinance”), having its registered office at 2<sup>nd</sup> Floor, Adamjee House, I.I Chundrigar Road, Karachi (hereinafter called the "Management Company" which expression where the context so permits shall include its successors-in-interest and assigns) of the One Part;
- (2) **Central Depository Company of Pakistan Limited**, a public limited company incorporated in Pakistan under the Ordinance, having its registered office at CDC House, 99-B, Block B, SMCHS, Main Shakra-e-Faisal, Karachi (hereinafter called the “Trustee” which expression where the context so permits shall include its successors in interest and assigns) of the second part.

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

### **4.2 TRUST DEED**

The Trust Deed is subject to, and governed by, Voluntary Pension System Rules, 2005 (rules) and NBFC Regulation, 2008 and all other applicable laws, rules and regulations shall be deemed, for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel thereof and, in the event of any conflict between the Deed and the VPS Rules, the latter will supersede and prevail over the provisions contained in the Deed.

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

### **4.3 TRUST PROPERTY**

- 4.3.1 The Trust Property, initially, will be constituted out of the proceeds of the Sub-Fund Units issued

(the “Seed Capital”) to initial investors (the “Seed Investors”).

- 4.3.2 The aggregate proceeds of all contributions to the Pakistan Pension Fund, from time to time, will be remitted by the Distribution Companies to the Trustee in accordance with the instructions given by the Pension Fund Manager, from time to time. The net proceeds after deduction of any Front-end Fees and Duties and Charges, will constitute Trust Property vested in the Sub-Funds of the Pakistan Pension Fund.
- 4.3.3 The Trustee will take the Trust Property into its custody or under its control, either directly or through the Custodian, and hold it in trust for the benefit of the Participants in accordance with the provisions of the VPS Rules and the Deed. The Trust Property will always be kept as separate property and will not be applied to any purpose unconnected with the Pakistan Pension Fund. All registerable Investments will be registered in the name of the Trustee and will remain so registered until disposed of, pursuant to the provisions of the Deed. All expenses incurred by the Trustee in effecting such registration will be payable out of the Trust Property.
- 4.3.4 All cash forming part of the Trust Property will be deposited by the Trustee in separate account(s) to be opened in the name of the Trustee, as a nominee of the Trust, with bank(s) or financial institution(s) having at least minimum investment grade rating, approved by the Pension Fund Manager. Such bank(s) or financial institution(s) will be required to allow profit thereon, in accordance with the VPS Rules prescribed by such bank(s) or the financial institution(s) for sharing of profits or mark-up on deposits maintained in such account(s) or under any other arrangement approved by the Pension Fund Manager.
- 4.3.5 Save as herein expressly provided, the Trust Property will always be kept as separate property, free from any mortgages, charges, liens, or any other encumbrances, whatsoever, and the Trustee, the Pension Fund Manager or the Custodian will not, except for the purpose of the Pakistan Pension Fund, create, or purport to create, any mortgages, charges, liens or any other encumbrances, whatsoever, to secure any loan, guarantee, or any other obligation, actual or contingent, on the Trust Property.

#### **4.4 MODIFICATION OF THE CONSTITUTIVE DOCUMENTS**

The Pension Fund Manager and the Trustee, acting together with the approval of the Commission, where required under the Regulations and/ or with the Trustee Consent , will be entitled, by supplemental deed, to modify, alter, or add to the provisions of the Constitutive Documents on any of the following grounds:

- (a) To the extent required to ensure compliance with any applicable laws, rules and regulations;
- (b) To enable the provisions of the Constitutive Documents to be more conveniently or economically managed; or
- (c) For the benefits of the Participants;

Provided that in the case of (b) and (c) mentioned above, such alteration or addition shall not prejudice the interests of the Participants and, in any event, it shall not release the Trustee or the Pension Fund Manager from their responsibilities.

Provided further that in case the amendments are proposed in the fundamental attributes of pension fund and/or amendments with respect to offering of units to public shall be subject to 30 days prior notice to participants and prior approval of the Commission .

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

#### 4.5 SEED CAPITAL

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

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

Seed Capital Units subscribed by MCBAH was issued at the par value and will not be withdrawable for a period of three years from the date of issue or as may be determined by the Commission.

#### 4.6 TYPE / FEATURES OF UNITS OF SUB-FUNDS

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

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

Units of Sub-Funds will be issued to a Participant as per the selection of any one Allocation Scheme for the contributions between the Sub-Funds, by the Participants, at the date of opening his/her Individual Pension Account and the allocation and percentages may be changed for future contributions..

## 5. OPERATORS AND PRINCIPALS

### 5.1 PENSION FUND MANAGER

#### Name and Address

MCB Arif Habib Savings and Investments Limited (**MCB AH**)  
2<sup>nd</sup> Floor, Adamjee House, I I Chundrigar Road,  
Karachi

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

MCB-AH started its operations by offering two mutual funds with a total seed capital of Rs. 500 million in March 2002. In the year 2010 the process of merger was initiated and on June 27, 2011 MCB Asset Management Company Limited has been amalgamated with and into Arif Habib Investments Limited. Currently, MCB-AH is managing 15 open-ended Collective Investment Schemes and 2 Voluntary Pension Schemes. MCB-AH is also managing numerous separately managed accounts. The Assets Under Management (AUM) of MCB-AH as at June 30, 2021 is Rupees approx- (Rs. ----/- billion).

#### Rating of MCBAH

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

## 5.2 PRINCIPAL SHAREHOLDERS AND MAIN SPONSORS OF THE PENSION FUND MANAGER

### MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED

#### Pattern of Shareholding as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MR. NASIM BEG	4	29,822	0.04
MR. MUHAMMAD SAQIB SALEEM	1	500	0.00
MIRZA QAMAR BEG	1	500	0.00
MRS. MAVRA ADIL KHAN	1	100	0.00
SYED SAVAIL MEEKAL HUSSAIN	1	500	0.00
HAROUN RASHID	1	500	0.00
AHMED JAHANGIR	1	500	0.00
MOHAMMAD KASHIF	1	4	0.00
<b>Associated Companies, undertakings and related parties</b>			
MCB BANK LIMITED - TREASURY	1	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	1	21,664,167	30.09
ADAMJEE INSURANCE COMPANY LIMITED	1	5,462,000	7.59
<b>NIT and ICP</b>	-	-	-
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>	1	70	0.00
<b>Insurance Companies</b>	-	-	-
<b>Modarabas and Mutual Funds</b>	3	2,158,500	3.00
<b>General Public</b>			
a. Local	798	2,623,713	3.64
b. Foreign	10	6,570	0.01
Foreign Companies	1	2,036,500	2.83
Others	16	1,059,286	1.47
<b>Totals</b>	<b>843</b>	<b>72,000,000</b>	<b>100.00</b>

Share holders holding 10% or more	Shares Held	Percentage
MCB BANK LIMITED - TREASURY	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	21,664,167	30.09



## Main Sponsors

The main sponsors of MCB Arif Habib Savings and Investments Limited are MCB Bank Limited (51.33%) and Arif Habib Corporation Limited (30.09%).

- **MCB Bank Limited**

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

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

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

- **Arif Habib Corporation Limited**

Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The Company was incorporated in 1994 as a public limited company under the Companies Ordinance, 1984 with a paid up capital of Rs.40 million. In 2001, AHCL was listed on all three stock exchanges of the country, with an initial public offering (IPO) of one million shares, targeting to raise Rs.80 million in order to finance different projects. Since its listing in 2001, the Company has distributed Rs.6.44 billion as dividend (including specie dividend) and Rs.720 million by buying back two million shares (having face value of Rs.10 each) at a price of Rs.360 per share from its shareholders. Currently the Company's equity is Rs.25.75 billion built through retained earnings.

The AHCL brand has been built on years of commitment to the best interests of all stakeholders and has a strong record of quality asset selection and decisive market timing but above all, adherence to high standards of best practices.

**5.3 BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**  
**As at June 30, 2022**

Name	Address	Position	Other Directorships
Mr. Haroun Rashid	M/s. Heritage Developments, A-204, Gulberg Arcade, 38-G, Gulberg-II, Lahore.	Chairman	International Steels Limited
Mr. Nasim Beg	Arif Habib Center, 23 - M.T. Khan Road, Karachi.	Vice Chairman	Power Cement Limited Arif Habib Consultancy (Pvt) Ltd Pakarab Fertilizers Limited Arif Habib Corporation Limited Aisha Steels Mills Limited Naymat Collateral Management Company Limited.
Mr. Kashif A. Habib	Arif Habib Center, 23 - M.T. Khan Road, Karachi.	Director	Aisha Steel Mills Limited Arif Habib Corporation Limited Fatima Fertilizer Company Limited Fatima Packaging Limited Arif Habib Real Estate Services (Private) Limited Safe Mix Concrete Limited Siddiqsons Energy Limited Pak Arab Fertilizer Limited Power Cement Limited Nooriabad Spinning Mills (Private) Limited Arif Habib Equity (Private) Limited Rotocast Engineering Company (Pvt.) Limited Black Gold Power Limited Arif Habib Foundation Bubber Sher (Pvt.) Limited Fatima Cement Limited Essa Textile and Commodities (Private) Limited Alternates (Private) Limited Easy E-Tameer (Private) Limited Green Store (Private) Limited Transmovers (Private) Limited Alam Commodities DMCC (Foreign Company)
Mirza Qamar Beg	H.No. 20-E, Askari Apartments # 1, Ch. Khaliq-uz-zaman road, Clifton, Block-8, Karachi.	Director	Universal Network Systems Limited
Ms. Mavra Adil Khan	27Q, College Road, Gulberg, Lahore.	Director	N/A
Syed Savail Meekal Hussain	Sayyed Engineering Limited, 68-B1, Off M.M. Alam Road, Gulberg 3, Lahore.	Director	Sayyed Engineers Limited Fastline (Pvt) Ltd. Sayyed Healthcare Ltd. Piano Exports FZCO, Dubai UAE
Mr. Ahmed Jahangir	Nishat Mill Limited, Unit No. 36, 5 km East, Hadiara Drain, Off 22 km, Ferozepur Road, Lahore.	Director	Hyundai Nishat Motor (Pvt) Ltd.

### 5.3.1 Profile of Directors

#### **Mr. Haroun Rashid, Chairman**

Mr. Rashid is a Fellow Member of The Institute of Chartered Accountants in England & Wales, London. Besides holding this office, Mr Rashid has also served in senior positions of several prestigious organizations. He has vast international and local experience in banking, investments and industrial ventures to his credit and is a regular speaker at conferences worldwide. His extensive portfolio includes being Managing Director for ANZ Securities Asia Limited, Hong Kong and Kashmir Edible Oils Limited, Pakistan as well as Assistant Director at Grindlays Brandts Limited, London. He has held the position of Director at Financial Executives Institute, Hong Kong, Union Bank Limited, Pakistan and was a Director of Pakistan Cables Limited for nearly three decades.. He has also served as the Chairman of All Pakistan Solvent Extractors Association, Governor of Lahore General Hospital and on the Board of Public Procurement Regulatory Authority (PEPRA).

#### **Mr. Nasim Beg, Vice Chairman**

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited, along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him, which he headed as Chief Executive till June 2011. He qualified as a Chartered Accountant in 1970 and over the decades has had experience in the business world, including manufacturing, as well as in financial services, within and outside the country. Mr. Beg has also held senior level responsibilities in the automobile industry. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC). He has also served as Director in several prestigious organizations.

#### **Mr. Ahmed Jahangir, Director**

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

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

#### **Mr. Qamar Beg, Director**

Mr. Qamar has been Pakistan's Ambassador to Italy, Commerce Secretary, and Provincial Chief Secretary. He has also been Chairman and CEO of Pakistan Steel, and has served on several Boards, including State Bank of Pakistan and the National School of Public Policy, in addition to certain private sector Corporates. He has also been the President of World Food Program, the UN

agency, with presence in around 80 countries, tasked to fight hunger. Mr. Qamar is a visiting Fellow at Cambridge University and has been working on Poverty related issues, with particular focus on Institutions. An author of several reports and research papers, Mr. Qamar is a recipient of one of the highest civil awards of Italy.

**Ms. Mavra Adil Khan, Director**

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

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

**Syed Savail Meekal Hussain, Director**

Savail Hussain completed his Graduation (B.Sc. Economics) from University College London in the year 2003 and Post-Graduation (M.A. – Global Political Economy) from University of Sussex in the year 2006. In the year 2019, he completed the Owner/ President Management Program (HBS OPM53) at the Harvard University. Savail is currently serving as the Chief Executive Officer of Sayyed Engineers Limited – the makers of PIANO and TEMPO Stationary Brands. Savail has also contributed in various publications. He writes and teaches regularly in a wide range of academic and professional publications and institutions at home and abroad.

**Mr. Kashif A. Habib, Director**

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries. He has to his credit four years of experience in Arif Habib Corporation Limited as well as over nine years' experience as an Executive Director in cement and fertilizer companies of the group.

**Mr. Muhammad Saqib Saleem  
Chief Executive Officer**

Mr. Saleem is a Fellow member of the Institute of Chartered Accountants of Pakistan. He has over 13 years of working experience which includes 11 years of post- qualification experience with leading institutions such as JS Investments Limited (formerly JS ABAMCO Limited), Habib Bank Limited and Atlas Asset Management Limited. Before joining the Company in 2007, Mr. Saleem was heading the Internal Audit Department of Atlas Asset Management Limited which includes Risk Management and Compliance. He was performing as Chief Operating Officer & Company Secretary before being elevated to CEO. Mr. Saleem is a member of SECP's Technical Committee on "Pension under National Financial Inclusion Strategy" and has been a member of Technical Committees constituted by Mutual Fund Association of Pakistan.

### 5.3.2 Profile of the Management

**Mr. Muhammad Asim  
Chief Investment Officer**

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

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

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

**Mr. Junaid Qamar**  
**Head of Sales**

Mr. Junaid is a seasoned Investments and Sales professional with over 16 years of experience. He has delivered value results in various job functions, with extensive experience in spearheading business growth strategies. Mr. Junaid Qamar holds a Bachelors degree (BS – Accounting) from College of Staten Island, NY, USA (2000) and a Masters degree (MBA – Finance & Investments) from Wagner College, NY, USA (2002). Prior to his experience at MCB Arif Habib Savings & Investments Limited, he was associated with Soneri Bank Limited where he was serving as the Head – Money Market & Fixed Income. With a blend of extensive experiences in the past, Mr. Junaid has also been associated with Arif Habib Investments, Pearson Inc. NY, USA and UBL Fund Managers. He is currently serving Director of Financial Market Association as well.

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

Moiz Ali holds a Masters degree (MBA Finance & Accounting) from Preston University Karachi. He has a combined work experience of over 14 years in Asset Management industry specifically in the areas of Customer Services, Operations, Transfer Agent & Quality Assurance. Throughout his professional carrier he has been involved in various value added projects focusing on use of technology and data analysis for improved customer experience. At MCB-AH, Moiz is responsible to ensure that systems are in place to provide smooth processing of customer's requests and at the same time look to improve service quality with constant monitoring and analysis across all customer touch points.

**Mr. Monis Usman**

## **Head of Marketing**

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

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

Prior to joining MCB Arif Habib he was leading Daraz (Alibaba Group) as Head of Marketing and played a vital role in its successful acquisition by Alibaba Group. He also headed Marketing for Kaymu (E-commerce startup by Rocket Internet Germany) and was the acting CEO at the time of its merger with Daraz (Alibaba Group).

## **Mr. Shabbir Hussain**

### **Head of Information Technology**

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

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

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

## **Mr. Altaf Ahmed Faisal**

### **Chief Business Transformation Officer & Company Secretary**

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

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

#### 5.4 Existing Schemes under Management and their performance -

Name: MCB -Pakistan Stock Market Fund

Date of Launching:	11-Mar-02
Category of Fund:	Equity Scheme
NAV on June 30, 2020:	Rs. 8,804.21 millions
NAV on June 30, 2021:	Rs. 12,397.18millions
NAV on June 30, 2022:	Rs. 8,875.33millions
Par value of unit:	Rs. 50
NAV per unit on June 30, 2020:	Rs. 77.4230
NAV per unit on June 30, 2021:	Rs. 103.6294
NAV per unit on June 30, 2022:	Rs. 86.5039
Distribution (June 30, 2020)	Nil
Distribution (June 30, 2021)	Nil
Distribution (June 30, 2022)	Nil
Return since inception:	2781.28%

Latest five financial years Returns:

2018	2019	2020	2021	2022
-7.51%	-16.35%	-2.37%	33.85%	-16.53%

Name: Pakistan Income Fund

Date of Launching:	11-Mar-02
Category of Fund:	Income Scheme
NAV on June 30, 2020:	Rs. 2,076 millions
NAV on June 30, 2021:	Rs. 9,595.3545millions
NAV on June 30, 2022:	Rs. 3,210.025millions
Par value of unit:	Rs. 50
NAV per unit on June 30, 2020:	Rs. 54.2070
NAV per unit on June 30, 2021:	Rs. 54.2828
NAV per unit on June 30, 2022:	Rs. 54.3657
Distribution (June 30, 2020)	Rs. 7.14 per unit
Distribution (June 30, 2021)	Rs. 3.9065 per unit
Distribution (June 30, 2022)	Rs. 5.1073 per unit
Return since inception:	9.44%

Latest five financial years Returns:

2018	2019	2020	2021	2022
4.77%	8.13%	13.96%	7.35%	9.57%

**Name:** MCB Pakistan Sovereign Fund

Date of Launching: 1-Mar-03  
Category of Fund: Income Scheme  
NAV on June 30, 2020: Rs. 1,816 million  
NAV on June 30, 2021: Rs. 737.930million  
NAV on June 30, 2022: Rs. 610.371million  
Par value of unit: Rs. 50  
NAV per unit on June 30, 2020: Rs. 53.27  
NAV per unit on June 30, 2021: Rs. 53.32  
NAV per unit on June 30, 2022: Rs. 53.46  
Distribution (June 30, 2020) Rs. 8.56 per unit  
Distribution (June 30, 2021) Rs. 2.97 per unit  
Distribution (June 30, 2022) Rs. 5.07 per unit  
Return since inception: 7.97%

Latest five financial years Returns:

2018	2019	2020	2021	2022
5.08%	7.88%	16.39%	5.67%	9.79%

**Name:** Pakistan Cash Management Fund

Date of Launching: 20-Mar-08  
Category of Fund: Money Market Scheme  
NAV on June 30, 2020: Rs. 3,693.3 millions  
NAV on June 30, 2021: Rs. 3,118.6millions  
NAV on June 30, 2022: Rs. 5,075.266millions  
Par value of unit: Rs. 50  
NAV per unit on June 30, 2020: Rs. 50.3843  
NAV per unit on June 30, 2021: Rs. 50.4678  
NAV per unit on June 30, 2022: Rs. 50.4678  
Distribution (June 30, 2020) Rs. 2.07 per unit  
Distribution (June 30, 2021) Rs. 3.3605 per unit  
Distribution (June 30, 2022) Rs. 5.2193 per unit  
Return Since Inception 9.17%

Latest five financial years Returns:

2018	2019	2020	2021	2022
4.67%	7.48%	12.02%	6.98%	10.87%



Name: Pakistan Income Enhancement Fund

Date of Launching: Aug 28,2008  
Category of Fund: Aggressive Fixed Scheme  
NAV on June 30, 2020: Rs. 706.8 millions  
NAV on June 30, 2021: Rs. 629.596 millions  
NAV on June 30, 2022: Rs. 870.358 millions  
Par value of unit: Rs. 50  
NAV per unit on June 30, 2020: Rs. 53.8942  
NAV per unit on June 30, 2021: Rs. 53.9015  
NAV per unit on June 30, 2022: Rs. 54.1576  
Distribution (June 30, 2020) Rs. 6.96 per unit  
Distribution (June 30, 2021) Rs. 3.9355 per unit  
Distribution (June 30, 2022) Rs. 5.3543 per unit  
Return since inception: 10.00%

Latest five financial years Returns:

2018	2019	2020	2021	2022
5.17%	7.84%	14.45%	7.32%	10.42%

Name: Alhamra Islamic Stock Fund

Date of Launching: 11-Sep-04  
Date of Conversion (Close to Open Ended) 11-Nov-10  
Category of Fund: Equity Scheme  
NAV on June 30, 2020: Rs. 2,656 millions  
NAV on June 30, 2021: Rs. 3,410 millions  
NAV on June 30, 2022: Rs. 2,430 millions  
Par value of unit: Rs. 10  
NAV per unit on June 30, 2020: Rs. 8.69  
NAV per unit on June 30, 2021: Rs. 11.29  
NAV per unit on June 30, 2022: Rs. 9.10  
Distribution (June 30, 2020) Rs. 0.1168 per unit  
Distribution (June 30, 2021) Nil  
Distribution (June 30, 2022) Nil  
Return since inception: 1.22%

Latest five financial years Returns:

2018	2019	2020	2021	2022
-12.00%	-20.22%	2.36%	29.92%	-19.40%

Name: Pakistan Capital Market Fund

Date of Launching: 24-Jan-04  
Date of Conversion (Close to Open Ended) 21-Nov-05  
Category of Fund: Balanced Scheme  
NAV on June 30, 2020: Rs. 414.579 millions  
NAV on June 30, 2021: Rs. 466.663millions  
NAV on June 30, 2022: Rs. 381.609millions  
Par value of unit: Rs. 10  
NAV per unit on June 30, 2020: RS. 10.15  
NAV per unit on June 30, 2021: RS. 12.00  
NAV per unit on June 30, 2022: RS. 10.65  
Distribution (June 30, 2020) RS. 0.4533 per unit  
Distribution (June 30, 2021) RS. 0.50 per unit  
Distribution (June 30, 2022) Nil  
Return since inception: 666.50%

Latest five financial years Returns:

2018	2019	2020	2021	2022
-3.21%	-9.41%	4.86%	23.14%	-11.25%

Name: MCB Cash Management Optimizer

Date of Launching: 1-Oct-09  
Category of Fund: Money Market Scheme  
NAV on June 30, 2020: Rs. 28,105.786 millions  
NAV on June 30, 2021: Rs. 34,029.663millions  
NAV on June 30, 2022: Rs. 64,153.168millions  
Par value of unit: Rs. 100  
NAV per unit on June 30, 2020: Rs. 100.5861  
NAV per unit on June 30, 2021: Rs. 100.98  
NAV per unit on June 30, 2022: Rs. 101.3454  
Distribution (June 30, 2020) Rs. 11.8563 per unit  
Distribution (June 30, 2021) Rs. 6.4353 per unit  
Distribution (June 30, 2022) Rs. 10.0560 per unit  
Return since inception: 9.00%

Latest five financial years Returns:

2018	2019	2020	2021	2022
5.41%	8.88%	12.71%	6.98%	10.83%

Name: MCB-DCF Income Fund

Date of Launching:	1-Mar-07
Category of Fund:	Income Scheme
NAV on June 30, 2020:	Rs. 4,032.775 millions
NAV on June 30, 2021:	Rs. 3,645.9504millions
NAV on June 30, 2022:	Rs. 4,617.315millions
Par value of unit:	Rs. 100
NAV per unit on June 30, 2020:	Rs. 106.9649
NAV per unit on June 30, 2021:	Rs. 107.0518
NAV per unit on June 30, 2022:	Rs. 107.3596
Distribution (June 30, 2020)	Rs. 12.0476 per unit
Distribution (June 30, 2021)	Rs. 7.0333 per unit
Distribution (June 30, 2022)	Rs. 9.3394 per unit
Return since inception:	9.30%

Latest five financial years Returns

2018	2019	2020	2021	2022
4.62%	7.80%	11.69%	6.66%	9.02%

Name: Alhamra Islamic Income Fund

Date of Launching:	20-Jun-11
Category of Fund:	Open-end (Islamic) Income Scheme
NAV on June 30, 2020:	Rs. 4442.2 millions
NAV on June 30, 2021:	Rs. 5,575.12millions
NAV on June 30, 2022:	Rs. 4,783,375millions
Par value of unit:	Rs. 100
NAV per unit on June 30, 2020:	Rs. 101.8452
NAV per unit on June 30, 2021:	Rs. 101.9608
NAV per unit on June 30, 2022:	Rs. 102.1635
Distribution (June 30, 2020)	Rs. 11.1515 per unit
Distribution (June 30, 2021)	Rs. 6.5076 per unit
Distribution (June 30, 2022)	Rs. 8.8867 per unit
Return since inception:	7.80%

Latest five financial years Returns:

2018	2019	2020	2021	2022
4.96%	8.24%	11.63%	6.51%	8.93%

### Alhamra Islamic Money Market Fund

Date of Launching:	November 16, 2015
Category of Fund:	Shariah Compliant Money Market Scheme
Change of Category	August 21, 2020
NAV on June 30, 2020:	Rs. 152 million
NAV on June 30, 2021:	Rs. 15,257.63 million
NAV on June 30, 2022:	Rs. 11,894.221 million
Par value of unit:	Rs. 100
NAV per unit on June 30, 2020:	Rs.99.51
NAV per unit on June 30, 2021:	Rs.99.51
NAV per unit on June 30, 2022:	Rs.99.51
Distribution (June 30, 2020):	Rs. 7.05 per unit
Distribution (June 30, 2021):	Rs. 4.851 per unit
Distribution (June 30, 2022):	Rs. 10.6433 per unit
Return since inception:	8.34%
Since Inception Return computed from the date of change of category.	
Latest five financial years Returns:	

2021	2022
6.68	9.76%

Name: MCB Pakistan Asset Allocation Fund

Date of Launching:	17-Mar-08
Category of Fund:	Asset Allocation Scheme
NAV on June 30, 2020:	Rs. 1,299.48 millions
NAV on June 30, 2021:	Rs. 912.0634millions
NAV on June 30, 2022:	Rs. 837.9825millions
Par value of unit:	Rs. 100
NAV per unit on June 30, 2020:	Rs. 68.6797
NAV per unit on June 30, 2021:	Rs. 86.6497

NAV per unit on June 30, 2022:	Rs. 76.1026
Distribution (June 30, 2020)	Nil
Distribution (June 30, 2021)	Nil
Distribution (June 30, 2022)	Nil
Return since inception:	75.06%

Latest five financial years Returns:

2018	2019	2020	2021	2022
-2.55%	-9.79%	-3.58%	26.16%	-11.56%

Name: Alhamra Islamic Asset Allocation Fund

Date of Launching:	2-May-06
Category of Fund:	Shariah Compliant Islamic Asset Allocation Scheme
NAV on June 30, 2020:	Rs. 1,963.58 millions
NAV on June 30, 2021:	Rs. 2,334.888 millions
NAV on June 30, 2022:	Rs. 1,689.071 millions
Par value of unit:	Rs. 50
NAV per unit on June 30, 2020:	Rs. 62.5192
NAV per unit on June 30, 2021:	Rs. 77.7831
NAV per unit on June 30, 2022:	Rs. 64.3927
Distribution (June 30, 2020)	Rs. 0.8205 per unit
Distribution (June 30, 2021)	Nil
Distribution (June 30, 2022)	Nil
Return since inception:	262.25%

Latest five financial years Returns:

2018	2019	2020	2021	2022
-4.06%	-8.89%	-0.76%	24.41%	-17.22%

Name: Alhamra Smart Portfolio -Alhamra Islamic Active Allocation Fund

Date of Launching:	11-Jun-21
Category of Fund:	Funds of Funds
NAV on June 30, 2021:	Rs. 123.059 millions
NAV on June 30, 2022:	Rs. 145.409 millions
NAV per unit on June 30, 2021:	Rs. 99.8771
NAV per unit on June 30, 2022:	Rs. 100.1599
Distribution (June 30, 2021)	Nil

Distribution (June 30, 2022) 0.6881 per unit  
 Return since inception: 0.85%

Latest five financial years Returns:

2021	2022
-0.12%	0.97%

**Name:** Alhamra Daily Dividend Fund

Date of Launching: 10 April, 2018  
 Category of Fund: Income Scheme  
 NAV on June 30, 2020: Rs. 3,236.901 millions  
 NAV on June 30, 2021: Rs. 2,278.569 millions  
 NAV on June 30, 2022: Rs. 7,652.101 millions  
 Par value of unit: Rs. 100  
 NAV per unit on June 30, 2020: Rs. 100  
 NAV per unit on June 30, 2021: Rs. 100  
 NAV per unit on June 30, 2022: Rs. 100  
 Distribution (June 30, 2020) Rs. 11.216 per unit  
 Distribution (June 30, 2021) Rs. 6.2572 per unit  
 Distribution (June 30, 2022) Rs. 4.5749 per unit  
 Return since inception: 8.91%

Latest five financial years Returns:

2018*	2019	2020	2021	2022
4.97%	8.29%	11.86%	6.44%	10.05%

\* From April 10, 2018 to June 30, 2018.

**Name :** MCB Pakistan Opportunity Fund-(MCB Pakistan Dividend Yield Plan)

Date of Launching: 29 June, 2022  
 Category of Fund: Asset Allocation Scheme  
 NAV on June 30, 2022: Rs. 109.6558 millions  
 Par value of unit: Rs. 100  
 NAV per unit on June 30, 2022: Rs. 99.6871  
 Distribution (June 30, 2022) Nil  
 Return since inception: -0.34%

Latest five financial years Returns:

<b>2022</b>
-0.34%

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### MCB Pakistan Fixed Return Fund (Plan-I)

Date of Launching:	29 June, 2022
Category of Fund:	Fixed Rate/ Return Scheme
Plan I NAV on June 30, 2022:	Rs. 225.157 millions
Par value of unit:	Rs. 100
Plan I NAV per unit on June 30, 2022:	Rs. 100
Plan I Distribution (June 30, 2022)	Rs. 0.0822 per unit
Return since inception:	15.00%

Latest five financial years Returns:

<b>2022</b>
15.00%

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### Alhamra Wada Fund (Plan-I)

Date of Launching:	29 June, 2022
Category of Fund:	Shariah Compliant Fixed Rate/ Return Scheme
Plan I NAV on June 30, 2022:	Rs. _____ millions
Par value of unit:	Rs. 100
Plan I NAV per unit on June 30, 2022:	Rs. 100
Plan I Distribution (June 30, 2022)	Rs. _____ per unit
Return since inception:	14.50%

Latest five financial years Returns:

<b>2022</b>
14.50%

## **5.5 ROLE OF FUND MANAGER OF THE PAKISTAN PENSION FUND (PPF)**

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

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

## **5.6 DETAILS OF THE RESPONSIBILITIES, OBLIGATIONS AND RESTRICTIONS OF THE PENSION FUND MANAGER**

### **5.6.1 Responsibilities and Obligations:**

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

- (a) be obliged to manage the assets of the PPF in the interest of the Participants in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties or its officers;
- (b) be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as Pension Fund Manager, howsoever designated, as if they were its own acts and omission;
- (c) account to the trustee for any loss in value of the assets of PPF where such loss has been caused by its gross negligence, reckless or willful act or omission;
- (d) maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of PPF, all transactions for the account of PPF and contributions received by PPF and withdrawals by the Participants including detail of withholding tax deducted at source and transfer or receipt of balances in the Individual Pension Accounts of the Participants to or from other Pension Fund Managers;
- (e) prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of PPF within four (4) months of closing of the accounting period to the Commission and the Participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule XIII of the NBFC Regulations.

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



- (f) within one (1) month of the close of the first and third quarter of its year of account of PPF and within two (2) months of the close of second quarter, prepare and transmit to the Participants and the Commission a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of PPF and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule XIII of the NBFC Regulations. The Pension Fund Manager shall post the said quarterly accounts on its website;
- (g) maintain a register of Participants of PPF and inform the Commission of the address where the register is kept;
- (h) appoint an auditor with the consent of the trustee, at the establishment of PPF and upon any vacancy, and such auditor shall not be appointed for more than five (5) consecutive years;
- (i) furnish to the Commission within one (1) month of the close of any accounting period, -
  - (i) particulars of the personnel (executive, research and other) managing the PPF;
  - (ii) total number of Participants; and
  - (iii) such other information that may be specified by the Commission from time to time;
- (j) furnish to the Commission a copy of its annual report together with copies of the balance sheet, profit and loss account, the directors' report and the auditors' report within one (1) month of its annual general meeting and shall furnish its half yearly report to the Commission within two (2) months of close of its half year;
- (k) send an account statement as at the 30<sup>th</sup> June and the 31<sup>st</sup> December each year, within thirty (30) days after the end of each date, to Individual Participants, giving detail of the amounts received or withdrawn and tax deducted and the number of units allocated and held, the current valuation of the units and such other information as may be specified by the Commission, free of charge;
- (l) send an account statement each time when there is an activity in the Participant's account within seven (7) working days of such activity and the participant shall be entitled to receive any information, in respect of his account, at any time, on written application;
- (m) send a notice to a Participant at least thirty (30) days before the chosen date of retirement informing him the options available to him on retirement. The notice shall be sent physically on the mailing address as well as electronically on email or cellular phone number; and
- (n) specify criteria in writing to provide for a diverse panel of brokers at the time of offering of PPF or for any subsequent change and shall not enter, on behalf of PPF, into transactions with any broker that exceed twenty-five per cent (25%) of the commission payable by PPF in any one accounting year:  
Provided that this restriction shall not apply to transactions relating to money market instruments or debt securities.

#### 5.6.2 **Restrictions for the Pension Fund Manager**

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

- (a) merge with, acquire or take-over management of any other pension fund unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or takeover;

- (b) participate in a joint account with others in any transaction except for placement of orders under a single Universal Identification Number (UIN) subject to mechanism approved by the Commission;
- (c) make any investment with the purpose of having the effect of vesting the management, or control, in PPF;
- (d) employ as a broker, directly or indirectly, any of its director, officer or employee or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any connected broker, which shall equal or exceed twenty-five per cent (25%) or more of the brokerage or commission paid by PPF in any one accounting year; and
- (e) enter into a short sale transaction in any security.

### 5.6.3 Limitations and Prohibitions

- (a) The Pension Fund Manager, on behalf of PPF, shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness of any person.  
Provided that investment in sale and repurchase transactions involving Government securities or such eligible listed securities which are regulated by Pakistan Stock Exchange shall not be attracted by this bullet subject to the condition that risk management parameters are disclosed in this Offering Document.
- (b) Borrowing will not be resorted to except for meeting withdrawal requests or transfer of funds to other pension fund managers and such borrowing shall not exceed fifteen per cent (15%) of the total Net Assets of PPF at the time of borrowing, and shall be repayable within a period of ninety (90) days.
- (c) The Pension Fund will not be invested in any security of a company if any director or officer of the Pension Fund Manager owns more than five per cent (5%) of the total nominal amount of the securities issued, or, collectively the directors or officers of the Pension Fund Manager own more than ten per cent (10%) of those securities.
- (d) Except where it is necessary to protect its investment, the Pension Fund Manager shall not seek to acquire a controlling interest in any enterprise in which it has invested, or has any other interest, which would give it primary responsibility for management.
- (e) Individual Pension Account shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of the Participant, no sum shall pass to any trustee or person acting on behalf of his creditors:  
Provided that the Individual Pension Account may be subject to be pledged, lien or encumbrance against the loan or advance given by the employer to its employee.

#### 5.6.4 Retirement or Removal of Pension Fund Manager

- a) The Pension Fund Manager may, by giving ninety (90) days prior written notice to the Participants about its intention, with the prior written approval of the Commission, retire from management of Pension Fund.
- b) Where the Pension Fund Manager has given notice in accordance with Clause 5.6.4 (a) above, its retirement shall be effective on the date being not less than 90 days after the date of such notice on which, with the approval in writing of the Commission, it appoints a new pension fund manager to manage the Pension Fund in accordance with this Trust Deed and the VPS Rules.
- c) The Trustee may, with the prior approval of the Commission, remove the Pension Fund Manager if any of the following events have occurred:
  - i. The Pension Fund Manager has contravened the provisions of this Offering Document and the Deed in any material respect and has failed to rectify the contravention within (i) 30 days from the date of notification in writing, under intimation to the Commission or (ii) such other period as may be specified by the Commission, in respect of the subject contravention ; provided that such notice per se shall not be considered as an admission of contravention on part of the Pension Fund Manager who shall have the right to defend such action;
  - ii. The Pension Fund Manager goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation); or
  - iii. A receiver is appointed over any of the assets of the Pension Fund Manager.
- d) If the Commission is of the opinion that the Pension Fund Manager has contravened any provision of the VPS Rules, or has otherwise neglected or failed to comply with any order or direction of the Commission or with any requirement of the VPS Rules and NBFC Regulations, 2008 or has failed or neglected to carry out its duties to the satisfaction of the Trustee, or the Commission, as the case may be, and considers that it would be in the interest of the Participants so to do, the Commission, on its own motion or on the report of the Trustee, by order in writing and after providing the opportunity may immediately :-
  - i. cancel or suspend the registration of the Pension Fund Manager;
  - ii. remove the Pension Fund Manager managing the Pension Fund;
  - iii. issue appropriate orders to the Pension Fund Manager;
  - iv. order compensation to be paid to the Participants;
  - v. impose fine; or
  - vi. take any combination of the above mentioned actions.
- e) If the Commission has cancelled the registration of the Pension Fund Manager under the provisions of the VPS Rules, as outlined in sub-clause (c) and (d) above, the Commission shall appoint another pension fund manager to manage the Pakistan Pension Fund according to the provisions of this offering Document and the Deed and the VPS Rules.
- f) The removal of the Pension Fund Manager and appointment of a new pension fund manager

- shall always require the prior approval of the Commission.
- g) The removal of the Pension Fund Manager from management of the Pension Fund by the Trustee under Clause 5.6.4 shall be effective on the date on which, with the approval in writing of the Commission, the Trustee appoints a new Pension fund manager to manage the Pension Fund whose registration has not cancelled is eligible as Pension Fund Manager in accordance with the constitutive documents and the Rules.
  - h) The Commission may, in exercise of its powers under the Rules, remove the Pension Fund Manager from management of the Pension Fund and appoint in its place a new Pension fund manager to manage the Pension Fund in accordance with this the constitutive documents and the Rules.
  - i) Upon a new pension fund manager being appointed, the Pension Fund Manager will take immediate steps to deliver all the documents and records pertaining to the Trust to the new pension fund manager and shall pay all sums due to the Trustee.
  - j) Upon its appointment the new pension fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Pension Fund Manager hereunder, as fully as though such new pension fund manager had originally been a party hereto.
  - k) If so directed by the Commission, the Pension Fund Manager shall not receive any Contributions from any of the Participants or make any other transaction on account of the Pension Fund as from the date of issue of such notice as referred to in sub-clauses b, c and d above.
  - l) The Trustee shall ensure that accounts of the Pension Fund, till the day of the appointment of the new Pension Fund Manager, are audited by the Auditors of the Fund and the Audit Report is submitted, within one month from the date of such appointment, to the Commission and the Trustee. The Trustee, with the approval of the Commission, shall decide the cost of such interim audit and the same may be charged to the Trust with the prior approval of the Commission.

## **5.7 TRUSTEE AND ITS RESPONSIBILITIES AND OBLIGATIONS**

The Trustee of the Pension Fund is:

Central Depository Company of Pakistan Limited

CDC House, 99-B, Block “B”, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400, Pakistan

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

### **5.7.1 Obligations of Trustee of Pension Fund**

- a. The Trustee will comply with the provisions of the Deed and the VPS Rules, for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Pension Fund Manager, provided that the Trustee will be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and will account to the Trust for any loss in value of the Trust Property where such loss has

been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

- b. The Trustee will exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Participants. The Trustee will not be under any liability on account of anything done or not done by the Trustee in good faith, in accordance with, or in pursuance of, any request of the Pension Fund Manager, provided it is not in conflict with the provisions of the Deed or the VPS Rules. Whenever, pursuant to any provision of the Deed any certificate, notice, direction, instruction or other communication is to be given by the Pension Fund Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed, or purporting to be signed on behalf of the Pension Fund Manager, by any person whose signature the Trustee is for the time being, authorized, in writing, by the Pension Fund Manager to accept.
- c. The Trustee will take into its custody or under its control all the Trust Property, including properties of the Sub-Funds and hold the same in trust for the Participants in accordance with the law and the provisions of the constitutive documents; and the cash and registerable assets will be registered in the name of, or to the order of, the Trustee.
- d. The Trustee will be liable for any loss caused due to its willful act or omission or that of its agent or delegate in relation to custody of assets or any investment forming part of the property of the pension fund;
- e. The Trustee will be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the Pension Fund and, where borrowing is undertaken for the account of the Pension Fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender.
- f. The Trustee will ensure that the issue and withdrawal of Units are carried out in accordance with the provisions of the constitutive documents of the Pension Fund.
- g. The Trustee will ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub-Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of the constitutive documents or as specified by the commission
- h. The Trustee will carry out the instructions of the Pension Fund Manager in respect of investments unless they are in conflict with the provisions of the constitutive documents.
- i. The Trustee will ensure that the investment policy prescribed by the Commission, from time to time, and the borrowing limitations set out in the constitutive documents and the conditions under which the Pakistan Pension Fund was authorized, are complied with:
- j. The Trustee will issue a report to be included in the Annual Report to be sent to the Participants whether, in the Trustee's opinion, the Pension Fund Manager has, in all material respects, managed the Pension Fund and the Sub-Funds in accordance with the provisions of

the constitutive documents and, if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof.

- k. The Trustee will ensure that Units are not allocated until contributions have been received.
- l. The Trustee shall follow the order given by Commission in writing in the event where the Commission may, if it is satisfied that it is necessary and expedient so to do in the interest of the Participants, or in the interest of the capital market and the public, which are essential to enforce the VPS Rules including, but not limited to, making arrangements for safe custody of assets of the Pension Fund, submission of reports and disclosure of information.
- m. The Trustee shall immediately inform the Commission if any action of the Pension Fund Manager contravenes any provision of the Ordinance, these rules, constitutive document, offering document, guidelines, codes, circulars, directives or any other applicable laws; and comply with the directions of the Commission given in the interest of the participants.

## **5.8 RETIREMENT OR CHANGE OF TRUSTEE**

- 5.8.1 The Trustee shall not be entitled to retire voluntarily, or otherwise, except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Pension Fund Manager, with the prior written approval of the Commission, within a period of three months, may, by a deed supplemental to the Deeds under the seals of the Pension Fund Manager and the Trustee, appoint a new trustee under the provisions of the VPS Rules, in place of the retiring Trustee, and also provide, in such deed, for the automatic vesting of all the assets of the Trust in the name of the new trustee. The retirement of the Trustee shall take effect at the same time as the new trustee is appointed and the supplemental trust deed, reflecting this appointment, is executed. The Trustee shall ensure that accounts of the Pakistan Pension Fund, till the day of the appointment of the new Trustee, are audited by the Auditors of the Fund and the audit report is submitted, within one month from the date of such appointment, to the Commission, the newly appointed Trustee and the Pension Fund Manager. The Trustee, with the approval of the Commission, shall decide the cost of such interim audit and the same may be charged to the Trust, with the prior approval of the Commission.
- 5.8.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Pension Fund Manager ) or ceases to carry on business of trusteeship or a receiver of its undertaking is appointed or it becomes ineligible to act as a Trustee of the Pension Fund under the provisions of the VPS Rules & NBFC Regulations, the Pension Fund Manager shall, forthwith, by instrument in writing, remove the Trustee from its appointment under the Deed and shall, by the same or some other instrument in writing simultaneously, appoint some other company or corporation according to the provisions of the VPS Rules and the Deed as the new trustee.
- 5.8.3 The Commission, after giving thirty days' notice, may remove the Trustee, by order in writing, on grounds of any material default or non-compliance with the provisions of the VPS Rules or the Deed, negligence of its duties or incompetence in performing its duties or if the Commission is of the opinion that the Trustee has, otherwise, neglected or failed to comply with any order or direction of the Commission and considers that it would be in the interest of the Participants so

to do; provided that such notice shall not per se be regarded as an admission of contravention on the part of the Trustee who shall have the right to defend itself against such notice or action.

- 5.8.4 The Pension Fund Manager may also remove the Trustee, with the prior approval of the Commission, after giving thirty days' notice, if the Pension Fund Manager feels that the Trustee is charging a remuneration that is not comparable to the market norm and it would be in the interest of the Participants to appoint another trustee. For this purpose, if the Pension Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified to be appointed as trustee of a pension fund), determines that the remuneration being paid to the Trustee is not comparable to the market norm and that, for this reason, it would be in the interest of the Participants to appoint another trustee on such favorable terms, it will issue a thirty days' notice of removal of the Trustee on this ground. However, after receiving such notice from the Pension Fund Manager, the Trustee shall have the option to continue as Trustee of the Fund on such favorable terms offered by the alternate institution or to retire as Trustee of the Fund and notify the Pension Fund Manager accordingly. The change of Trustee will become effective with the Commission's approval, once the newly appointed trustee takes charge of all duties and responsibilities.
- 5.8.5 Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Individual Pension Account held by or for the Trustee under any approved Income Payment Plan to the new trustee and make payments to the new trustee of all sums due from the Trustee.
- 5.8.6 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee under the Deed, as fully as though such new trustee had, originally, been a party to the Deed.
- 5.8.7 Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under the Deed and the VPS Rules, NBFC Regulations, the Trustee shall remain entitled to the benefits under the terms of the Deed till the removal or resignation of the Trustee is effective, without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under the Deed and/ or the VPS Rules.

## **5.9 REGISTRAR OF THE UNITS OF PAKISTAN PENSION FUND**

The Management Company will perform the registrar services of Pakistan Pension Fund;  
The register shall be maintained by the registrar at the following address;  
MCB- Arif Habib Savings and Investments Limited  
2nd Floor, Adamjee House, I.I. Chundrigar Road,  
Karachi, Pakistan

## **5.10 DISTRIBUTION COMPANIES**

- 5.10.1 The main Distribution Company of the Pakistan Pension Fund will be MCB Arif Habib Savings and Investments Limited and its branches. Address of current branches are provided hereto as Annexure "B".

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

## **5.11 AUDITORS**

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

5.11.1 The Pension Fund Manager shall appoint an auditor with the consent of the trustee at the establishment of the pension fund and upon any vacancy and such auditor shall not be appointed for more than five consecutive years;. The Pension Fund Manager, may at any time, with the concurrence of the Trustee, and, if approved by the Commission, remove the Auditors and appoint other Auditors in their place. Furthermore, the Pension Fund Manager shall ensure that the Auditors so appointed, including the first Auditors, are appointed from the panel of Auditors as prescribed by the Commission for this purpose.

5.11.2 The Auditors will have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Manager, Trustee, Custodian, Registrar or elsewhere, and shall be entitled to require from the Pension Fund Manager, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

5.11.3 The Auditors will prepare an Auditor's Report as required under the VPS Rules & NBFC Regulations, applicable laws and Regulations, to be transmitted to the Commission and the Participants.

5.11.4 The contents of the Auditors' Report shall be as required in the VPS Rules & NBFC Regulations.

5.11.5 In case the VPS Rules or any other laws relating to appointment of Auditors of the Pension Funds are amended or substituted, the amended VPS Rules or other laws, as the case may be, will be deemed to become part of the Deed without the need to execute a Supplemental Trust Deed.

## **5.12 LEGAL ADVISORS**

5.12.1 The current legal advisors of Pakistan Pension Fund are:

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



### **5.13 BANKERS**

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

### **5.14 Bank Accounts:**

The Trustee shall, at the request of the Pension Fund Manager from time to time, open separate Bank Accounts in scheduled banks titled “CDC-Trustee Pakistan Pension Fund” for the Pension Fund and each Sub-Fund for, inter alia, (i) Contributions into the Pension Fund, (ii) credit of proceeds realized on account of any transfer or withdrawal at or before retirement or re-allocation in relation to Individual Pension Accounts, and (iii) withdrawals from Approved Income Payment Plans for the Pension Fund.

Further on the request of the Pension Fund Manager, the Trustee shall open Sub account(s) titled:

- 1- CDC- Trustee Pakistan Pension Fund
- 2- CDC- Trustee Pakistan Pension Fund-Equity Sub Fund
- 3- CDC- Trustee Pakistan Pension Fund-Debt Sub Fund
- 4- CDC- Trustee Pakistan Pension Fund-Money Market Sub Fund

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

## **6. CHARACTERISTICS OF THE PAKISTAN PENSION FUND**

### **6.1 ELIGIBILITY TO PARTICIPATE IN THE PAKISTAN PENSION FUND**

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

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

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

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

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

- 6.1.1** Pakistani National residing abroad can apply for the VPS Units subject to the approval of the State Bank of Pakistan and/or any other approval required to obtain in this regard. The payment of redemption proceeds to such Participant(s) shall be subject to the relevant taxation and exchange regulations/laws.

## **6.2 APPLICATION PROCEDURE**

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

- a) The Pension Fund Manager has obtained all requisite consents and approvals for the offer of the Pakistan Pension Fund.
- b) Participation in the Pakistan Pension Fund will be offered through Distribution Companies. The Pension Fund Manager will act as the main Distribution Company.
- c) Forms for required action can be obtained from the Pension Fund Manager or any Distributor or Sales Agent of the Pension Fund Manager or can be downloaded from the Pension Fund Manager website or may be requested from the Pension Fund Manager by courier or through electronic means. Forms are also attached in Annexure "I" hereto.
- d) Forms duly completed in all respects, along with the required documents can be lodged with any Distributor or directly with the Pension Fund Manager.
- e) Before contributing to the Pakistan Pension Fund, eligible Participants must open an account with the Pension Fund Manager, using the Participant Registration & Account Opening Form.
- f) An application for joining the Pakistan Pension Fund can be made by completing the prescribed Application Form required for the Participant Registration & Account Opening Form and submitting it with the payment, in such form as is prescribed by the Pension Fund Manager, in favour of the Trustee at the Authorized Branch of any Distribution Company. The Distribution Company will verify that the applicant is eligible to join the Pakistan Pension Fund and that the signature of any applicant to any document, required to be signed by him in connection with the application for joining the Pakistan Pension Fund, matches with the signature as per CNIC/NICOP.

- g) If, subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found, by the Registrar or the Distributor, to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant, in writing, to remove the discrepancy. In the meantime the application will be held in abeyance for fifteen days and, in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up.
- h) Participants must indicate their Registration Number or the Distinct Account Number in the Contribution Application Form, except in cases where the Participant Registration & Account Opening Form is sent with the first Investment.
- i) The applicant must obtain a copy of the application or receipt, signed and stamped by an authorized officer of the Distributor, acknowledging the receipt of the application, copies of other documents prescribed herein and the Demand Draft, Payment Order, Cheque or Deposit Slip as the case may be.  
However, in case of online Contributions, offered by the Pension Fund Manager ; the trustee consent and approval by the Commission that online contribution acknowledgement will be sufficient for the purpose of this clause .
- j) The Pension Fund Manager may make arrangements to accept applications for opening Individual Pension account through electronic means upon satisfaction of the Trustee, subject to the conditions of Customer Due Diligence (CDD) / Know Your Customer Policy (KYC), specified by the Commission through notifications / circulars / Rules / Regulations, etc.
- k) If any employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required Form for the Registration of Employer.
- l) Subject to the State Bank of Pakistan's Regulations, outside Regulators or any other authority, the Pension Fund Manager will make arrangements, from time to time, for receiving the Forms and payments from outside Pakistan from Non-Resident Pakistanis (NRPs), having valid CNIC or NICOP who meet with the eligibility criteria and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- m) If an employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required form entitled 'Employer and 3<sup>rd</sup> Party Contributor Form' as attached in Annexure "F" hereto.
- n) The application procedure described in clauses 6.2 may be altered by the Pension Fund Manager from time to time with the approval of the Commission and the Trustee. Such alterations shall be announced through Supplementary Offering Documents issued by the Pension Fund Manager from time to time and shall be deemed to correspondingly

alter the provisions of clause 6.2 without the need to execute a Supplementary Constitutive document.

### **6.3 CONTRIBUTION PROCEDURE AND MINIMUM CONTRIBUTION**

- a) Eligible persons or their employers, if any, will be allowed to contribute to the Pakistan Pension Fund in one lump sum or in instalments during any Tax Year.
- b) The minimum amount of contribution to open an account is Rs.500 and the minimum amount for subsequent contribution is Rs.500 per transaction. However, the minimum contribution to open an account and the subsequent contribution amount by Participants may be less than Rs.500 per transaction in case the contribution is received from the employers of the Participants or an organized group to which the Participants belong. There will be no penalties on delayed payments. The Pension Fund Manager may, from time to time, amend the minimum amount of initial contribution that is required to open an account in the Pakistan Pension Fund.
- c) Eligible persons themselves, as well as their employers, if any, will be allowed to contribute to the Pakistan Pension Fund, subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001).
- d) There is no maximum limit of contribution to the Pakistan Pension Fund. Participants can contribute any amount in one lump sum or in instalments to one or more Pension Fund Managers. However, tax credit will be available to the Participants up to a maximum allowable amount of contribution within any financial year according to the Income Tax Ordinance, 2001 (XLIX OF 2001).
- e) Participants, or their employers on their behalf, can deposit the contributions to the Pakistan Pension Fund in the account of **“CDC Trustee – Pakistan Pension Fund”** in the following manner:
  - 1) Direct bank transfer.
  - 2) Standing instructions from the Participants to their bank for regular transfer of contributions.
  - 3) In the form of “Account Payee Only” Cheques, Payment Orders or Demand Drafts, or
  - 4) Any other electronic/ web/ online form of transfer

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

**Head of Investor Services Department**  
MCB Arif Habib Savings and Investments Limited  
2nd Floor, Adamjee House, I.I. Chundrigar Road,

Karachi, Pakistan  
Tel: (92-21) 11-11-622-24

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

- f) Participants must fill out the Contribution Application Form, indicating their Registration Number or the Distinct Account Number; providing the details of their contribution and attaching the payment instrument, along with the Form, before submitting it at the Authorized Branch or office of the Distribution Companies.
- g) The Pension Fund Manager, directly or through the Registrar, will send an acknowledgement of receipt of the contribution, along with the Account Statement, to the Participant, within seven working days of such contribution.
- h) The Pension Fund may be marketed in conjunction with Group Life Insurance/ Takaful or any other insurance/ Takaful scheme, subject to approval of the Commission. These supplementary schemes would not be compulsory for all the Participants to join and the Trustee on the instruction of Pension Fund Manager would be authorized to deduct the premium only from the contributions of those Participants who have opted to join such schemes. The Trustee would, directly, deposit the deducted premium with the relevant Insurance/Takaful Company.
- i) The Pension Fund Manager may make arrangement to accept contributions through electronic mean upon satisfaction of the Trustee and approval from Commission.
- j) Contribution procedure mentioned above shall be subject to alterations due to amendments to or substitutions of the VPS Rules, NBFC Regulations and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules. Such alterations, with prior approval of the Commission, shall be announced through Supplementary Offering Documents and shall be deemed to correspondingly, alter the provisions of the Trust Deed without the need to execute a Supplementary Trust Deed. And the pension Fund Manager reserves the right to alter the minimum amount through supplementary offering document with prior consent of the Trustee and approval of the Commission.

#### **6.4 OPTIONS AND PROCEDURE IN CASE OF TEMPORARY OR PERMANENT CESSATION OF CONTRIBUTIONS BY THE PARTICIPANTS**

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

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

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

The Pakistan Pension Fund will, initially, consist of three Sub-Funds, to be called:

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

(These sub-funds will, collectively, be called **the “Sub-Funds”**)

- 6.5.1 Pakistan Pension Fund may, with the permission of the Commission, launch other Sub-Funds through a Supplemental Offering Document to incorporate information for contributions in other classes of assets, including securitized investment in real estate or in assets outside Pakistan.
- 6.5.2 The Pakistan Pension Fund is divided into Units having an initial value of Rs. 100 per Unit. This price is applicable to the Core Units. The amount received on account of Core Capital will be allocated to the respective Sub-Fund. Thereafter, all Units of the Pakistan Pension Fund will be issued and withdrawn on the basis of the Net Asset Value notified by the Pension Fund Manager at the close of each Business Day.
- 6.5.3 The VPS Rules require that the Pension Fund Manager shall offer at least four Asset Allocation Schemes for the Participants.
- 6.5.4 The Pension Fund Manager is currently offering five different Asset Allocation Schemes to the Participants. Policies and features of the Schemes are as follows:

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

- **High Volatility Allocation Scheme (HVAS)**

HVAS will allocate a major portion of the contribution to PPF Equity Sub-Fund; the remaining portion will go to the PPF Debt Sub-Fund and there will be NIL allocation to PPF Money Market Sub-Fund.

- **Medium Volatility Allocation Scheme (MVAS)**

MVAS will allocate a significant portion of the contribution to PPF Equity Sub-Fund and the remaining portion of the contribution will be allocated to the PPF Money Market Sub-Fund and PPF Debt Sub-Fund

- **Low Volatility Allocation Scheme (LVAS)**  
LVAS will allocate a major portion of the contribution to PPF Debt Sub-Fund and the remaining portion will be allocated between Equity Sub-Fund and PPF Money Market Sub-Fund.
- **Lower Volatility Allocation Scheme (LOVAS)**  
LOVAS will NOT allocate any portion of the contribution to PPF Equity Sub-Fund. The entire contribution will be allocated between PPF Debt Sub-Fund and PPF Money Market Sub-Fund.
- **Customized Allocation Scheme (CAS)**  
Customized Allocation Scheme offers a personalized investment between the equity and fixed income instruments through investments in PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund.

Pakistan Pension Fund may provide additional allocation scheme or products ( e.g Life Cycle Product), subject to approval of the Commission. Up to two additional scheme may be approved in the first 5 years.

#### 6.5.5 **Allocation between Equity, Debt and Money Market Sub-Funds**

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

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

- 6.5.6 The Pension Fund Manager will make reallocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the selected allocation scheme of the Participants.
- 6.5.7 All Participants of the Pakistan Pension Fund will, in turn, be holders of Units of the Sub-Funds in various proportions or, in certain conditions, of cash held in an appropriate bank account in the name of the Trustee.
- 6.5.8 Each Participant will only be liable to pay the Net Asset Value of the Units of the Sub-Fund subscribed by him and no further liability will be imposed on him in respect of the Units of any Sub-Fund held by him. Units in Sub-Funds will only be issued against receipt of full payment. No further liability will be imposed on the Participant in respect of transfer fees or taxes applicable to transmission, if any.

## 6.6 **DETAILS OF THE INDIVIDUAL PENSION ACCOUNT**

- 6.6.1 The Pension Fund Manager will assign a distinct account number (referred as folio

number) to the individual Pension Account held in the name of each Participant. The Participants shall quote this number in all the communications as well as while making contributions.

- 6.6.2 The Pension Fund Manager will also assign a unique serial number generated by the system to each individual Pension Account. This will be called the Registration Number. The Participants may also quote this number in all the communications and while making contributions
- 6.6.3 The contribution, received from or on behalf of any Participant by the Distribution Companies or the Trustee, on any working day, shall be immediately credited to the Individual Pension Account of the Participant, after deducting the Front-end Fee, and the amount in the Individual Pension Account shall be used to purchase the units of the respective Sub-Funds of the Pakistan Pension Fund at the Net Asset Value notified by the Pension Fund Manager at the close of that working day

## **6.7 ALLOCATION POLICY**

- 6.7.1 At the date of opening of an individual Pension account with the Pension Fund Manager, every participant will decide about his preference of the Allocation Scheme. The participant will select **any one Allocation Scheme** for contributions between the Sub-Funds and will indicate his selection of the Allocation Scheme on the Participant Registration & Account Opening Form (Form AHI-PPF - 01).
- 6.7.2 In the event no choice is made by the Participant, a Pension Fund Manager, keeping in view the profile and age of the Participant, shall allocate the contributions received from such Participant as per the Default Allocation Scheme i.e. Low Volatility (formerly: Conservative Allocation Scheme or Lower Volatility (Formerly: Very Conservative Allocation Scheme).
- 6.7.3 A Participant will choose the percentage of contributions that go in to each Sub-Fund for individual Allocation Scheme(s). There is no limit for change in Allocation Scheme. A Participant can change the Allocation Scheme as and when required.

Moreover, a Participant may choose to freeze his/ her portfolio allocation and percentages at a point in time. However, such allocation and percentages may be changed for future contributions. The option of freezing of Portfolio to participant(s) will be allowed twice till retirement.

Participants may obtain the required Form for the change in Investment from the Distributor Company or download it from the website of the Pension Fund Manager and submit the same at the office of the Distributor Company/Management Company.

- 6.7.4 An individual Pension Account will not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor will it be chargeable or assignable; and any agreement to charge or assign an allowance will be void, and on the bankruptcy of a Participant, no sum will pass to any trustee or person acting on behalf of his creditors.



6.7.5 A Pension Fund Manager shall get an undertaking from every Participant at the time of account opening with the Pension Fund Manager on the Form required for the Participant Registration & Account Opening Form that he/she has no objection to the investment and approved allocation policy and he or she is fully aware of the risk associated with the investment policy and the allocation policy chosen by him or her.

## **6.8 FREQUENCY OF VALUATIONS AND DEALINGS**

6.8.1 The valuation of the Sub-Fund Units will be carried out on each Business Day.

6.8.2 The valuation will be conducted as at the close of the Business Day in Pakistan.

6.8.3 Contributions from Participants and requests for withdrawals and transfers to other Pension Fund Managers will be received on all Business Days.

### **Calculation of the Net Asset Value:**

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

## **6.9 MODE OF ANNOUNCEMENT OF NET ASSETS AND UNIT PRICES**

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

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

### **Frequency of Dealing:**

Frequency of dealing as disclosed in Annexure A-1.

## **6.10 WITHDRAWALS AND TRANSFERS**

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

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

6.10.3 On receiving a withdrawal application, complete in all respects, the Pension Fund Manager

will withdraw the required Units of the Sub-Funds equal to the requested withdrawal amount at the Net Asset Value prevailing on the close of the Business Day on which the request was received.

- 6.10.4 The Pension Fund Manager will automatically withdraw all the Units from the Sub-Funds of the respective Participant on the close of the business day at which the date of Retirement falls or death of a Participant has been confirmed. Proceeds of Units withdrawn will be credited to the respective individual Pension Account. The Participants or their successor(s) or nominated survivor, administrators will be entitled to withdraw amounts from the Pension Fund under the provisions of the Trust Deed, VPS Rules, 2005, NBFC Regulations, 2008 and any circular and notices.
- 6.10.5 All the Participants of Pakistan Pension Fund will be entitled to transfer their individual Pension Accounts from the one Pension Fund Manager to another Pension Fund Manager shall only take place as per the discretion of the Participant.
- 6.10.6 Applications for transfers of the Individual Pension Accounts will be made by completing the prescribed form required for the Change of Pension Fund Manager Form and submitting them at the Authorized Branch or office of the Distribution Companies at least 7 working days before an effective date of the proposed change.
- 6.10.7 On receiving a transfer application mentioned in Clause 6.10.6 above, complete in all respects, the Pension Fund Manager will withdraw all Units of the Sub-Funds in the Individual Pension Account of the respective Participant at the close of the first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account and transfer the requisite encashed/withdrawn amount to the requested pension fund manager in the manner indicated in clause 6.11.2 hereafter.
- 6.10.8 The Pension Fund Manager will announce the Net Asset Value of each Sub-Fund on a daily basis, which shall be used for purchasing (issuance) and withdrawing (encashment) of Units of the respective Sub Fund. The Distribution Companies, Registrar and Trustee will verify the particulars given in the applications for withdrawals and transfers.
- 6.10.9 The Pension Fund Manager will make arrangements, from time to time, for receiving Withdrawal Forms from outside Pakistan and payment of withdrawal amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

## **6.11 PAYMENT OF PROCEEDS ON WITHDRAWALS AND TRANSFERS**

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

anniversary of the opening of the Individual Pension Account. In the event transfers request/withdrawal on any day exceed 10% of the Net Assets of any sub funds , the Pension Fund Manager may take extra time for the transfer of the requested amount.

- 6.11.3 The receipt of the Participant, nominated survivors, executors, administrators or successors or banking documents showing transfer to the Participant, insurance company or another Pension Fund Manager, as the case may be, or proof of issue of a cheque or money order and mail to the Participants address for any moneys payable in respect of the Individual Pension Account will be a good discharge to the Trustee and the Pension Fund Manager in respect of such moneys
- 6.11.4 The method for payment of proceeds shall be subject to change due to any changes prescribed by the Commission under the VPS Rules, NBFC Regulation and such changes shall be deemed to become part of the Trust Deed and the Offering Document without the need to execute any Supplementary Trust and Offering Document.
- 6.11.5 Payment of proceeds on withdrawals and transfers shall be determined as per the VPS Rules/NBFC regulation and the Income Tax Ordinance, 2001.

**Withholding Tax:**

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

## **6.12 SUSPENSION OF DEALING**

The Pension Fund Manager may, at any time, subject to the VPS Rules, suspend dealing in the Pakistan Pension Fund or issue of all or any type of fresh Units. Such suspension may, however, not affect existing subscribers. The Pension Fund Manager will also announce the details of exemptions at the time a suspension of dealing is announced. The Pension Fund Manager will immediately notify the Commission if dealing is suspended and will also have the fact published, immediately following such decision, in the newspaper.

## **6.13 REFUSAL TO ACCEPT CONTRIBUTION**

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

- a) In case the Contribution is contrary to the Know-Your-Customer (KYC) Rules or policy of the Pension Fund Manager or any other Money Laundering Rules that the Pakistan Pension Fund may be subject to or that the Pension Fund Manager may frame for self-regulation.
- b) In case the Contribution is from a Participant who does not have a valid CNIC/NICOP Number.

- c) In case the Contribution is contrary to the applicable laws of the foreign jurisdiction that the Pakistan Pension Fund or the Participant may be subject to or if accepting the Contribution may subject the Pakistan Pension Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction.
- d) If accepting the Contribution would, in any case, be contrary to the interests of the Pension Fund Manager or the Pakistan Pension Fund or the Participants.
- e) If advise by Commission to do so.

#### **6.14 CIRCUMSTANCES OF SUSPENSION OF WITHDRAWALS OR TRANSFERS**

The withdrawals or transfers from Pakistan Pension Fund may be suspended or deferred during

- a) extraordinary circumstances including war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of one or more Stock Exchange on which any of the Securities invested in by the Pension Fund Manager are listed, closure of the banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function,
- b) The existence of a state of affairs which, in the opinion of the Pension Fund Manager, constitutes an emergency, as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interests of the Pakistan Pension Fund or of the Participants:
- c) Break down in the means of communication normally employed in determining the price of any Investment, or
- d) When remittance of money cannot be carried out in reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to withdraw Units at a price determined in accordance with the Net Asset Value.

Such a measure will be taken to protect the interests of the Participants in the event of extraordinary circumstances or in the event withdrawal requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of withdrawal requests accumulating, the requests may be processed in a Queue System.

- 6.14.1 Such suspension or Queue System will end on the day following the first Business Day on which the conditions giving rise to the suspension or Queue System will, in the opinion of the Pension Fund Manager, have ceased to exist and no other condition, under which suspension or Queue System is authorized under the Deed, exists. In case of suspension and invoking of a Queue System and end of suspension and Queue System, the Pension Fund Manager will immediately notify the Commission and publish the same in at least one daily newspaper circulating in Karachi, Lahore and Islamabad.

## **6.15 QUEUE SYSTEM**

In the event withdrawal requests on any day exceed 10% of the Units in issue of a Sub-Fund the Pension Fund Manager may invoke a Queue System, whereby requests for withdrawals or transfers will be processed on a 'first- come- first served' basis for up to 10% of the Units of the Sub-Fund in issue. The Pension Fund Manager will proceed to sell adequate assets of the Sub-Fund and/ or arrange borrowing, as it deems fit, in the best interests of the Participants, and will determine the Net Assets Value to be applied to the withdrawal or transfer requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests will be processed on a proportional basis, proportionate to the size of the requests. The requests in excess of the 10% will be treated as requests qualifying for being processed on the next business day at the price to be determined for such requests. However, if the carried over requests and the fresh requests received on the next business day still exceed 10% of the Units in issue, these will, once again, be treated on a 'first-come-first-served' basis and the process for generating liquidity and determining the withdrawal price will be repeated and such procedure will continue till such time the outstanding withdrawal requests come down to a level below 10% of the Units then in issue.

## **6.16 DE AUTHORIZATION /WINDING UP IN VIEW OF MAJOR WITHDRAWALS**

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

If the Pension Fund Manager does not wish to maintain the authorization of the Pension Fund it shall apply to Commission to de authorize the Pension Fund by giving at least three months' notice in writing to the Participant, the Trustee and the Commission subject to the condition of the Rules.

If The Pension Fund Manager is of the view that the quantum of withdrawal or transfer requests that have built up will result in the Pakistan Pension Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Participants who are not redeeming, in such an event, the queue system, if already invoked, will cease to apply and the Pension Fund Manager may apply to the Commission for the transfer of the records, accounts and books along with the management of the Pakistan Pension Fund to another Pension Fund Manager.

## **6.17 FEATURES OF GROUP INSURANCE IN THE PAKISTAN PENSION FUND**

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

6.17.2 In the event the Subscriber opts for an insurance cover with one of the insurance

companies, the Subscriber will send the amount of the applicable premium along with his contribution. The Trustee will pass on the premium to the insurance company concerned as a free service to the Subscriber.

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

## **6.18 BENEFITS ON DEATH BEFORE RETIREMENT**

- 6.18.1 In case of death of a Participant before the retirement age, all the Units of the Sub Funds to his/her credit shall be withdrawn at the Net Asset Value notified at close of the day of intimation of the Participant's death given in writing to the Pension Fund Manager by any nominee, executor, administrator or successor of the deceased Participant, complete in all respects and acceptable to the Pension Fund Manager and/or the Trustee provided that such day is a Dealing / Business Day and otherwise on the next following Dealing / Business Day, the amount due shall be transferred to his/her Individual Pension Account in the lower volatility scheme offered by Pension Fund Manager, which shall earn the applicable market rate of mark -up offered for deposits of such amount and duration from the date of receipt of death certificate till the date when available options are exercised by the survivors. Death certificate issued by the issuing authority having jurisdiction over the matter and received by the Distributor on Dealing Day shall be considered as intimation of death to the Pension Fund Manager. Detailed procedure for intimation and allocation thereafter shall be provided in the Offering Document and as per laws enforced from time to time.
- 6.18.2 The total amount in the Pension Account of the deceased Participant will be divided among the nominated survivor(s) according to the succession certificate issued in accordance with the time being in force and each of the nominated survivors will then have the following options, namely to:
- (a) withdraw participant share of the amount subject to the conditions laid down in the Income Tax Ordinance; 2001 (XLIX of 2001);
  - (b) transfer participant share of the amount into participant existing or new Individual Pension Account or Income Payment Plan Account to be opened with the Pension Fund Manager, according to the VPS Rules;
  - (c) use participant share of the amount to purchase an approved Annuity Plan on his/her life from a Life Insurance Company, only if the age of the survivor is fifty five years or more; or
  - (d) use participant share of the amount to purchase a deferred approved Annuity Plan on his/her life from a Life Insurance Company to commence at age fifty five years or later.
- 6.18.3 Death benefits paid under the Group Life cover, if any, would be constituted as additional benefit payable to the nominated survivor(s) of the deceased.

- 6.18.4 The nominee(s), in case of nomination(s) and the executors or administrators or succession Participants of deceased Participants will be the only persons recognized by the Trustee and the Pension Fund Manager as having title to the Units of the Sub-Funds represented thereby.
- 6.18.5 Any person becoming entitled to an account in consequence of the death of any Participant, may, subject as hereinafter provided, upon producing such evidence as to his/her title as the Trustee will think sufficient, either be registered himself/herself as Participant upon giving the Trustee/Registrar such notice in writing of his/her desire, or withdraw funds from the account. Such notice or transfer was a transfer executed by the Participant, provided, however, that the Registrar or the Trustee may, at their discretion, request the nominated survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary, and they will not be liable or be involved in any manner whatsoever in any disputes among the nominated survivors and/or the rest of the legal heirs or the legal representatives of the deceased Participants.
- 6.18.6 The Trustee will retain any moneys payable in respect of any Units of any Sub-Fund or Pension Account or Periodic Payment Account of which any person is, under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Participant or which any person under those provisions is entitled to transfer, until such person will be registered as the Holder of such Units or will duly transfer the same.

**6.18.7 Instructions From Participants**

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

**6.19 WITHDRAWAL OF FUNDS BEFORE RETIREMENT**

- 6.19.1 A Participant, at any time, before retirement, is entitled to withdraw the total or part of the amount to his/her credit in the Individual Pension Account. The tax shall be deducted on all such withdrawals, subject to the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001), from time to time. The withdrawals may be through single or multiple payments.
- 6.19.2 If a Participant intends to withdraw funds from his/her Individual Pension Account before the date of his/her retirement, he/she must give written notice of his/her intention to the Pension Fund Manager in the form prescribed for such purpose by the Pension Fund Manager in the Offering Document, specifying therein whether the withdrawal is required of the whole or part of the Units held by him/her, and in the case of partial withdrawal, the percentage of Units to be withdrawn.
- 6.19.3 The Pension Fund Manager shall ensure that the form referred to in Clause 6.19.2 shall be available from Authorized Branches of Distributors and Pension Fund Manager and such form shall, if completed by the Participant and submitted to any Authorized Branch of Distributor or Pension Fund Manager, shall be taken to be the notice to the Pension Fund

Manager referred to in that Clause.

- 6.19.4 Applications for withdrawal of any desired amounts by the Participants will be made by completing the prescribed Withdrawal Request Form and submitting it at the Authorized Branch or office of the Distribution Companies.
- 6.19.5 On receiving a Withdrawal Request Form, complete in all respects, The Pension Fund Manager will withdraw the required number of Units from the holding of the respective Participant in the Sub-Funds at the Net Asset Value prevailing on close of the Business Day on which the request was received.
- 6.19.6 Withholding tax and tax penalty if any, applicable on all such withdrawals will be deducted by the Pension Fund Manager if so required and the same will be deposited in the Government Treasury.
- 6.19.7 Units of Sub-Funds will be withdrawn only in a manner that preserves the Allocation Scheme selected by the Participant.
- 6.19.8 The provisions of sub-clauses 6.19.1 to 6.19.7 may change due to amendments in or substitutions of the VPS Rules, NBFC Regulations and/or the Income Tax Ordinance, 2001 without the need for executing Supplemental Offering Document.

## **6.20 BENEFITS ON DISABILITY BEFORE RETIREMENT**

- 6.20.1 If a Participant suffers from any of the following disabilities, which may render him unable to continue any employment he may, if he so elects, be treated as having reached the retirement age at the date of such disability and all relevant provisions shall apply accordingly, namely: -
  - (a) loss of two or more limbs or loss of a hand and a foot;
  - (b) loss of eyesight;
  - (c) deafness in both ears;
  - (d) severe facial disfigurement;
  - (e) loss of speech;
  - (f) paraplegia or hemiplegia;
  - (g) lunacy;
  - (h) advance case of incurable disease; or
  - (i) wounds, injuries or any other diseases, etc, resulting in a disability due to which the participant is unable to continue any work.
  - (j) A doctor 's assessment certificate confirming the said disability shall be required for above (a) to (i).
- 6.20.2 The Participant will then have the following options, namely:
  - (a) to withdraw up to fifty per cent or such percentage of the amount from his individual pension account as cash which is permissible under the Income Tax Ordinance, 2001



(XLIX of 2001) and subject to payment of tax as required thereunder;

- (b) to use the remaining amount to purchase an Annuity from a Life Insurance Company of his choice; or
- (c) to enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments for up to fifteen years following the date of retirement, according to an income payment plan, approved by the Commission.
- (d) the transfer of an individual income payment plan account from one Pension Fund Manager to another Pension Fund Manager or from one income payment plan to another income payment plan shall only take place as once in a financial year and notice for the change, specifying the name of new Pension Fund Manager and the income payment plan shall be sent by the participant at least seven working days before the effective date of the proposed change.

6.20.3 At the expiry of the income payment plan according to clause 6.20.2(c) , the participant shall have option to use the outstanding balance in his individual pension account to purchase an annuity from a Life Insurance Company, of his choice or buy an income payment plan for another term or withdraw the amount from his account.

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

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

## **6.21 RETIREMENT AGE**

The retirement age for the participants shall be any age between sixty (60) and seventy (70) years or twenty-five (25) years since the age of first contribution to PPF, whichever is earlier.

Provided that the Participant may change his retirement age between sixty (60) and seventy (70) years by giving notice in writing to the Pension Fund Manager.

## **7. FEES, CHARGES AND EXPENSES**

### **7.1 PENSION FUND MANAGER'S REMUNERATION - ALLOCATION OF FRONT-END FEE**

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

contributions are exempt from a Front-end Fee.

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

- (i) Incoming transfer of the Individual Pension Account from other pension fund managers to the Pension Fund Manager;
- (ii) Incoming transfer from pension policies, approved by the Commission under section 63 of the Income Tax Ordinance, 2001, and issued by life insurance companies before 30<sup>th</sup> June 2005; or
- (iii) Such other contributions/transfers as may be declared by the Commission from time to time.

7.1.3 The Pension Fund Manager may reduce the Front-end Fee on Incoming transfers of the Provident Fund Balances of the Participants.

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

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

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

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

## **7.2 PENSION FUND MANAGER'S REMUNERATION – MANAGEMENT FEE**

7.2.1 An annual management fee (a) Money Market Sub Fund up to 1.5% (b) Debt Sub-Fund up to 1.5% (c) Equity Sub Fund up to 1.5%, which shall be within the allowed total expense

ratio limit of the average of the values of the net assets of each of the Sub-Fund calculated during the year for determining the prices of the units of the Sub-Funds.

- 7.2.2 The remuneration shall begin to accrue from the date of payment in full on all Sub-Fund Units subscribed by the Seed Investors, including the Pension Fund Manager. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued (for the total number of days accrued) in the Accounting Period concerned.
- 7.2.3 The remuneration due to the Pension Fund Manager as the Pension Fund Manager shall be calculated and accrued on a daily basis and paid monthly, within 30 days following the end of the calendar month.
- 7.2.4 The Pension Fund Manager will be responsible for the payment of all expenses it incurs from time to time in connection with its responsibilities as Pension Fund Manager. The Pension Fund Manager will not make any charge against the Participants or against the Trust Property for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the VPS Rules and the Deed to be paid out of Trust Property. In the event that a Pension Fund Manager erroneously makes an incorrect charge, The Pension Fund Manager will immediately notify the Trustee and the Commission and credit the incorrectly charged amount to the respective Sub-Fund(s), at its own expense.
- 7.2.5 The Pension Fund Manager will bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Trust Deed.

### **7.3 TRUSTEE'S REMUNERATION**

- 7.3.1 The Trustee will be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure "A"), which will be applied to the average daily Net Assets during such calendar month. The remuneration will begin to accrue from the date of payment in full on all Units of Sub-Funds subscribed to by the Seed Investors, including the Pension Fund Manager. For any period other than a full calendar month, such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued (for the total number of days) in the calendar month concerned.
- 7.3.2 Trustee remuneration will be paid to the Trustee, in arrears, within thirty days after the end of each calendar month.
- 7.3.3 In consideration of the foregoing, and save as aforesaid, the Trustee will be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as Trustee of the Trust. The Trustee will not make any charge against the Participants or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the VPS Rules and the Deed.

7.3.4 The Trustee will bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.

#### **7.4 FORMATION COSTS**

Formation costs not exceeding 1.5 per cent of the net assets at the close of initial public offering (IPO) in case of each Sub-Fund or ten million rupees whichever is lower, shall be charged to the Sub-Fund and shall be amortized over a period of not less than five years.

#### **7.5 OTHER FEES AND CHARGES**

7.5.1 Other fees and charges will include:

- a) Brokerage and transaction costs solely related to investments purchases and sales of the Trust Property;
- b) Legal costs incurred in protecting the interests of the Fund or the collective interests of the Participants;
- c) Bank charges /financial costs related to borrowings for withdrawals, withdrawals and transfers ;
- d) Audit Fees;
- e) Annual Fee payable to the Commission but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies. ;
- f) Taxes applicable to the Trust on its income, turnover, assets or otherwise, if any;
- g) Custody charges including Central Depository Company of Pakistan charges;

#### **7.6 FEES, CHARGES, COSTS, ETC. TO BE CHARGED TO THE SUB-FUNDS**

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

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

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

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

7.6.5 Any other expense allowed under Regulations.

## **8. INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER**

### **8.1 INVESTMENT POLICY OF PAKISTAN PENSION FUND**

- 8.1.1 The Pension Fund Manager will make investment of Pakistan Pension Fund in a transparent, efficacious, prudent and sound manner.
- 8.1.2 During and prior to the commencement of the Contribution date, the Trustee shall hold the Trust Property in cash in a separate account for the Pakistan Pension Fund and each Sub-Fund with a Bank having at least minimum investment grade rating by a credit rating agency approved by the Commission, or in short term money market investments, as advised by the Pension Fund Manager. Any income from such investments shall accrue to the Sub-Funds. After the contribution date all cash shall be invested by the Trustee at the direction of the Pension Fund Manager strictly in compliance with the investment policy prescribed by the Commission.
- 8.1.3 PPF shall consist of three or more sub-funds.
- 8.1.4 The Pension Fund Manager shall have at least one investment committee (IC) which shall be responsible for selecting and developing appropriate investment and risk management strategies for the proper performance of PPF and developing internal investment restrictions limits and restriction for PPF and in case same IC takes decisions for both mutual funds and pension funds, the decision taken for each kind of funds shall be separately identified and recorded in the minutes.
- 8.1.5 **The Pension Fund Manager shall: -**
- (a) act with due care, skill and diligence in carrying out its duties and responsibilities;
  - (b) ensure that investment decisions are consistent with the objectives and investment policy of the Pension Funds;
  - (c) ensure that investments do not deviate from the Constitutive Documents or the VPS Regulations or circulars or directions of the Commission;
  - (d) develop and follow internal investment restrictions and policies; and
  - (e) review the performance of the Pension Fund on a regular and timely basis.
- 8.1.6 The Pension Fund Manager shall be responsible for managing and meeting the liquidity requirements of the Pension Fund and the Participants thereof.
- 8.1.7 The Pension Fund Manager on behalf of PPF shall not take exposure of more than 20% of Net Assets in any single group and the term “group” means persons having at least 30% or more shareholding in any other company, as per publicly disclosed information.
- 8.1.8 A Pension Fund Manager shall carry out necessary due diligence for executing investment and disinvestment decision(s) in a security. Rating of an issue or the issuer, wherever mentioned herein below, shall be only one of the factors to be considered by a Pension Fund Manager and it shall in no way be construed as a recommendation or permission of the Commission to any Pension Fund Manager to invest in any security solely on the basis of rating. However, a Pension

Fund Manager shall ensure that the security and the issuer meet the minimum rating scale referred in the Investment Policy to stay qualified for continued investment.

- 8.1.9 A Pension Fund Manager shall not invest assets of PPF in securities of a company if equity is less than paid-up capital of the company, irrespective of the limits stated in the Investment Policy.
- 8.1.10 A Pension Fund Manager shall not invest or deposit or place assets of PPF if the issuer or the bank or the security does not fulfill the minimum rating specified in the Investment Policy.
- 8.1.11 A Pension Fund Manager shall adhere to the limits stipulated herein below; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in Net Assets resulting from fluctuation in price of securities or due to withdrawals, the Pension Fund Manager shall regularize the deviation within four (4) months of the breach.

## **8.2 INVESTMENT OBJECTIVE, PERFORMANCE BENCHMARK AND INVESTMENT POLICY OF PPF EQUITY SUB-FUND**

- 8.2.1 The objective of the Equity Sub-Fund is to earn returns from investments in Pakistan Capital Markets.
- 8.2.2 Performance Benchmark shall be determined in accordance with the directive of the Commission.
- 8.2.3 Assets of an Equity Sub-Fund shall be invested in equity securities which are listed on a Stock Exchange or for listing of which an application has been approved by a Stock Exchange. Equity Sub-Fund shall also be eligible to invest in units of Real Estate Investment Trust and Exchange Traded Funds provided that entity/ sector/ group limits as prescribed are complied with.
- 8.2.4 At least ninety percent (90%) of Net Assets of an Equity Sub-Fund shall remain invested in listed equity securities during the year based on rolling average investment of last ninety days (90) days calculated on a daily basis.
- 8.2.5 A Pension Fund Manager may make investment maximum up to 5% of Net Assets of Equity Sub- Fund in units of Private Equity and Venture Capital Funds registered under Private Fund Regulations 2015.
- 8.2.6 A Pension Fund Manager may make investment maximum up to 10% of Net Assets of Equity Sub-Fund in public offering and pre-initial public offering of equity securities.
- 8.2.7 Investment in equity securities of any single company shall not exceed ten percent (10%) of Net Assets of an Equity Sub-Fund or paid-up capital of that single company, whichever is lower.

- 8.2.8 A Pension Fund Manager may invest up to thirty percent (30%) or index weight, whichever is lower, subject to maximum of thirty-five percent (35%) of Net Assets of an Equity Sub-Fund in equity securities of companies belonging to a single sector as classified by Pakistan Stock Exchange.
- 8.2.9 A Pension Fund Manager may invest any surplus (un-invested) funds in government securities having less than one-year time to maturity or keep as deposits with scheduled commercial banks which are rated not less than “A”.
- 8.2.10 A Pension Fund Manager shall ensure that the investment in equity securities of the following companies shall not exceed 10% of the Net Assets of the Equity Sub-Fund on monthly average basis:
- (a) Company is not traded on regular trading counter of the Pakistan Stock Exchange;
  - (b) The minimum free float of the company is less than 15% of total outstanding shares; Provided that this clause shall not be applicable on equity securities which are part of KSE-30 index or KMI-30 index at the time of investment. However, in case an equity security is subsequently excluded from KSE-30 index or KMI-30 index, the Pension Fund Manager shall rebalance the portfolio and ensure compliance within six months of such index recomposition.
  - (c) The securities of the company are traded less than 50% of the total trading days during the last six months or from the date of listing as the case may be; and
  - (d) Company’s paid up capital is fully eroded owing to accumulated losses as per the annual audited account or half yearly limited scoped reviewed accounts, whichever is latest.

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

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

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

### **8.3 INVESTMENT OBJECTIVE, PERFORMANCE BENCHMARK AND INVESTMENT POLICY OF PPF DEBT SUB-FUND**

- 8.3.1 The objective of the Debt Sub-Fund is to earn returns from investments in Pakistan Debt

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

- 8.3.2 Performance Benchmark shall be determined in accordance with the directive of the Commission.
- 8.3.3 The Debt Sub-Fund shall consist of government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper, TFC or Sukuk or any other mode of placement, reverse repo, deposits/ placements with Microfinance Banks and any other approved debt/ money market security issued from time to time.
- 8.3.4 Rating of any security in the portfolio shall not be lower than A+ (A Plus).
- 8.3.5 Rating of any Bank and DFI with which funds are placed should not be lower than A+ (A Plus).
- 8.3.6 Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AA (Double A).
- 8.3.7 At least twenty-five percent (25%) of the Net Assets of the Debt Sub-Fund shall be invested in deposits with scheduled commercial banks (excluding TDRs) or government securities not exceeding ninety (90) days' maturity.
- 8.3.8 Exposure to any single entity shall not exceed 10% of Net Assets of Debt Sub-Fund.
- 8.3.9 Exposure in debt security of an entity shall not exceed 10% of Net Assets of Debt Sub-Fund or 10% of size of the issue of that debt security, whichever is lower.
- 8.3.10 The limits specified in sub-clauses 8.3.8 and 8.3.9 above are applicable to all securities mentioned other than the securities issued by the Federal Government.
- 8.3.11 Exposure to securities issued by entities of a single sector shall not exceed twenty-five percent (25%) of Net Assets of Debt Sub-Fund.
- 8.3.12 A Pension Fund Manager shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placement of funds) of more than 25% of Net Assets of Debt Sub-Fund with all microfinance banks, non-banking finance companies and modarabas.
- 8.3.13 The weighted average time to maturity of a Debt Sub-Fund shall not exceed five (5) years and this condition shall not apply to securities issued by the Federal Government.
- 8.3.14 Rating of any Microfinance Bank with which funds are placed should not be lower than



A+ (A Plus).

#### **8.4 INVESTMENT OBJECTIVE, PERFORMANCE BENCHMARK AND INVESTMENT POLICY OF PPF MONEY MARKET SUB-FUND**

- 8.4.1 The objective of the Money Market Sub-Fund is to earn returns from investments in money market securities in Pakistan, thus incurring lower risk than Debt Sub-Fund. As the investment of Participants nearing retirement age in the Money Market Fund will be high the preservation of capital is an important objective.
- 8.4.2 Performance Benchmark shall be determined in accordance with the directive of the Commission.
- 8.4.3 The Money Market Sub-Fund shall consist of government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), treasury bills, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM) or any other mode of placement, TDRs, commercial papers and reverse repo.
- 8.4.4 Rating of any security in the portfolio shall not be lower than AA (Double A).
- 8.4.5 Rating of any Bank and DFI with which funds are placed shall not be lower than AA (Double A).
- 8.4.6 Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AAA (Triple A).
- 8.4.7 At least 10% of the Net Assets of Money Market Sub-Fund shall be invested in deposits with scheduled commercial bank (excluding TDRs) or government securities not exceeding 90 days' maturity.
- 8.4.8 Exposure to any single entity shall not exceed 10% of Net Assets of Money Market Sub-Fund.
- 8.4.9 Exposure in security of an entity shall not exceed 10% of Money Market Sub-Fund or 10% of size of the issue of that security.
- 8.4.10 The limits specified in sub-clauses 8.4.8 and 8.4.9 above are applicable to all securities mentioned other than the securities issued by the Federal Government.
- 8.4.11 Exposure to securities issued by entities of a single sector shall not exceed twenty-five percent (25%) of Net Assets of Money Market Sub-Fund.
- 8.4.12 A Pension Fund Manager shall not place funds (including TDR, PLS saving deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of Net Assets of Money Market Sub-Fund with all microfinance banks, non-banking

finance companies and modarabas.

8.4.13 The weighted average time to maturity of assets of Money Market Sub-Fund shall not exceed ninety (90) days.

8.4.14 Time to maturity of any asset in the portfolio of Money Market Sub-Fund shall not exceed six (6) months.

## **8.5 ESTABLISHMENT OF ADDITIONAL SUB-FUNDS**

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

## **8.6 BORROWING RESTRICTIONS**

- a. Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Pension Fund Manager concur with the Pension Fund Manager in making and varying arrangements with Banks or Financial Institutions for borrowing by the Trustee for the account of the Pension Fund; provided that the borrowing shall not be resorted to, except for meeting the withdrawal requests or transfer of funds to other Pension Fund Managers.
- b. Borrowing shall not be resorted to except for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such borrowing shall not exceed the limits provided in the VPS Rules at the time of borrowing. However, if subsequent to such borrowing the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or withdrawal, the Trustee or Pension Fund Manager will not be under any obligation to reduce such borrowings unless the expiry of borrowing facility. Such borrowing shall be repayable within a period of ninety days.
- c. The charges payable to any Bank or Financial Institution against borrowings on account of the Trust as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.
- d. The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Pension Fund and the maximum borrowing for the account of any Sub-Fund shall not exceed fifteen per cent of the total Net Asset Value of such Sub-Fund or such other limit as may be provided in the VPS Rules. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or withdrawal of funds, the Pension Fund Manager or the Trustee shall not be under any obligation to reduce such borrowing.

- e. Neither the Trustee, nor the Pension Fund Manager shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from Banks and Financial Institutions. The Trustee or the Pension Fund Manager shall not in any manner be liable in their personal capacities for repayment of such loans or advances.
- f. For the purposes of securing any such borrowing the Trustee may upon instruction of the Pension Fund Manager mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the VPS Rules.
- g. Neither the Trustee nor the Pension Fund Manager shall incur any liability by reason of any loss to the Trust or any loss that a Participant may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made in accordance with the Trust Deed.

## **8.7 PARTICIPANTS' RIGHTS IN TERMS OF INVESTMENT CHOICE**

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

## **9. INVESTMENT RISKS AND TAX IMPLICATIONS**

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

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

- a. **Equity Risk** – Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
- b. **Government Regulation Risk** – Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in

extreme cases a governmental or court order could restrain payment of capital, principal or income.

- c. **Credit Risk** - Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc:
- **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
  - **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;
- d. **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in market rates.
- e. **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- f. **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing/ selling its investments which may affect the Fund's performance etc.
- g. **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
- h. **Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
- i. **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.

**Capital invested in the stock market could, in extreme circumstances, lose its entire value. However, studies show that diversification of the investment reduces the risk associated with investing in the stock market.**

#### **Disclaimer**

- (1) **Investment Risks and Tax Implication: All investments in Pakistan Pension Fund are**

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

- (2) The Units of the Sub-Fund(s) of the Pakistan Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any Government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the Core Investors or any other bank or financial institution.
- (3) The Sub-Fund(s) target return cannot be guaranteed. It should be clearly understood that the portfolio of the Sub-Fund(s) is subject to market fluctuations and risks inherent in all such investments.
- (4) It should be noted that the value/price of Units of the Sub-Funds can fall as well as rise.
- (5) It should be noted that under certain circumstances the withdrawal from the Pension Fund may be restricted or subject to tax penalties.
- (6) It should be noted that there will be no dividend distribution by the Sub-Fund(s).

**Disclosure:**

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

## **10. CHANGE OF PENSION FUND MANAGER**

- 10.1 Participants will be entitled to transfer their entire individual pension accounts or part thereof, from the Pakistan Pension Fund to another Pension Fund (s) managed by another Pension Fund Manager or from one pension fund to another pension fund at the effective date of the proposed change.. Units will be encashed at the net asset value of each sub-fund notified on the working day prior to the date of transfer.
- 10.2 Subject to sub clause 10.3 & 10.4, and provisions of Income Tax Ordinance, 2001 (XLIX of 2001), a participant shall be allowed to transfer his accumulated sum from an approved occupational savings scheme or an approved superannuation fund to a pension fund

- 10.3 The transferred amount shall be used to purchase the units of the sub-funds of the pension fund maintained by the new Pension Fund Manager at the net asset value notified at the close of the working day, of the receipt amount, on such percentage according to the specified allocation policy selected by the participant.
- 10.4 No charge whatsoever called shall be deducted for transfer of the individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund and from approved occupational savings scheme and approved superannuation fund to a pension fund.
- 10.5 The transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund shall only take place as per the discretion of the Participant and the notice for the change of the Pension Fund Manager or pension fund, specifying the name of the new Pension Fund Manager or the pension fund shall be sent by the participant at least seven working days before the effective date of the proposed change and the Pension Fund Managers shall record such transactions as transfer in the statement of account of the participant.
- 10.6 The Pension Fund Manager will use the transferred amount received from the other Pension Fund (s) to purchase the Units of the Sub- Funds at the Net Asset Value notified at the close of the Business Day of the receipt of the amount, at percentages according to the respective prescribed Allocation Scheme selected by the Participant.
- 10.7 If any Participant decides to transfer his entire Individual Pension Account, or part thereof, from the Pakistan Pension Fund to another Pension Fund managed by another Pension Fund Manager or from one pension fund to another pension fund, the Participant shall make an application by completing the prescribed form required for the Change of Pension Fund Manager Form and submit it at the Authorized Branch or office of the Distribution Companies. at least 07 days before the effective date of the proposed change.
- 10.8 On receiving a transfer application mentioned in clause 10.7 above, complete in all respects, The Pension Fund Manager will proceed as follows:
- 1) Withdraw all Units of the Sub-Funds of the respective Participant. at the close of first Business Day that falls on or after the effective date of the proposed change and transfer the requisite amount to the requested pension fund.
  - 2) The Pension Fund Manager will advise the respective Participant to open a Pension Account with the pension fund manager where the respective Participant intends to transfer his entire Pension Account, or part thereof, from the Pakistan Pension Fund
  - 3) As soon as the Participant completes the formalities for the opening of the individual Pension Account with the other pension fund manager, the Pension Fund Manager shall inform the Pension Fund Manager of the account details of the respective Participant
  - 4) After receiving the confirmation that the other pension fund manager has opened the

Pension Account of the respective Participant, The Pension Fund Manager will immediately arrange transfer of the requisite withdrawal amount to the requested Pension Fund managed by the other pension fund manager

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

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

10.10 Policyholders having pension policies approved by the Commission under section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001), and issued by life insurance/ Takaful companies before the 30th June, 2005, would be eligible to withdraw their units and transfer the balance to an individual pension account with a Pension Fund Manager, subject to these VPS Rules. No charge whatsoever shall be deducted from such withdrawal amount.

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

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

## 12. SAFEGUARD OF MONEY

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

## 13. DISTRIBUTION RESTRICTIONS

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

## 14. TAXATION

### 14.1 TAX CREDIT FOR CONTRIBUTIONS TO PAKISTAN PENSION FUND

An eligible person, as defined in sub-section (19A) of section 2 of the Income Tax Ordinance, 2001, deriving income chargeable to tax under the head “Salary” or the head “Income from Business”, will be entitled to a Tax Credit for a Tax Year in respect of any contribution or premium paid in the year by the person to the approved Pakistan Pension Fund under the Voluntary Pension System Rules, 2005.

The amount of a person’s Tax Credit allowed under Sub-section (1) for a Tax Year shall be computed according to the following formula, namely: –

$$(A/B) \times C$$

Where.–

**A** is the amount of tax assessed to the person for the tax year, before allowance of any tax credit under this Part;

**B** is the person’s taxable income for the tax year; and

**C** is the lesser of —

(i) the total contribution or premium referred to in sub-section (1) paid by the person in the year; or

(ii) twenty per cent of the [eligible] person’s taxable income for the relevant tax year; Provided that [an eligible person] joining the pension fund at the age of forty-one years or above, during the first ten years 3[starting from July1, 2006] shall be allowed additional contribution of 2% per annum for each year of age exceeding forty years. Provided further that the total contribution allowed to such person shall not exceed 50% of the total taxable income of the preceding year.



The transfer by the members of approved employment pension or annuity scheme or approved occupational saving scheme of their existing balance to their individual pension accounts maintained with one or more pension fund managers shall not qualify for tax credit.

## **14.2 TAX EXEMPTIONS**

Exemptions under clause (57) sub clause (3) (viii) & (ix) of Part-I of the Second Schedule of the Income Tax Ordinance, 2001:

- A Pension Fund approved by the Securities and Exchange Commission of Pakistan under the Voluntary Pension System Rules, 2005;]
- Any profit or gain or benefit derived by a pension fund manager from a pension Fund approved under the Voluntary Pension System Rules, 2005, on withdrawal of the seed capital invested in pension fund as specified in the Voluntary Pension System Rules, 2005.

## **14.3 WITH HOLDING TAX**

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

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

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

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

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

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

**A/B**

Where,

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

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

**1. Procedure for claiming tax credit**

- a) An employee may provide documentary evidence of Contributions made during each Tax Year ending on June 30 to his employer who may then, under Section 149 (1), make adjustments of Tax Credit admissible under Section 63 from the tax to be deducted under the head 'salary'..
- b) A self-employed individual may claim the Tax Credit at the time of filing of his Return of Total Income for each Tax Year ending on June 30. In the computation of his total taxable income and tax payable.

**2. Tax Credit Certificate to the Participant**

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

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

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

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

**14.4 ZAKAT**

Units held by resident Pakistani Participants shall be subject to Zakat at 2.5% of the Par Value of Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the withdrawal payment, if Units are withdrawn during the Zakat year

before payment of dividend.

### **Disclaimer**

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

## **15. REPORTS AND ACCOUNTS**

### **15.1 ACCOUNTING PERIOD**

- 15.1.1 Accounting Period means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 15.1.2 Accounting Date means the date 30th June in each year and any interim dates at which the financial statements of the Pakistan Pension Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date.

### **15.2 FUNDS' ACCOUNTS**

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

### **15.3 REPORTS**

The Pension Fund Manager shall:

- (a) Within Four months of closing of the Accounting Period, prepare and transmit the Annual Report together-with a copy of the Balance Sheet, Income and Expenditure Account together-with the Auditor's Report for the Accounting Period, in respect of each Sub-Fund, to the Commission and Participants, in accordance with the VPS Rules.
- (b) Within two months of the close of the first half of its Accounting Year of account, prepare and transmit to the Participants and the Commission a Profit and Loss account for and a Balance Sheet as at the end of that half year, whether audited or otherwise, in respect of each Sub-Fund, in accordance with the VPS Rules.
- (c) Within a month of the close of the first and the third quarter, prepare and transmit a Quarterly Report to the Participants, the Trustee and the Commission, along with a Profit and Loss Account and Balance Sheet as at the end of the pertinent Quarter, whether audited or otherwise, in accordance with the VPS Rules.

## **16. SERVICE TO PARTICIPANTS**

### **16.1 AVAILABILITY OF FORMS**

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

### **16.2 REGISTER OF PARTICIPANTS**

- 16.2.1 The Pension Fund Manager will perform duties as the Registrar of Pakistan Pension Fund until any further notice and intimation to the Trustee. A Register of Participants will be maintained by the Registrar at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi. The Registrar would be responsible for maintaining Participants' records and providing related services. The Registrar will perform the Registrar Functions and all other related activities. The Pension Fund Manager shall ensure that the Registrar shall comply with all relevant provisions of the Deed and the VPS Rules.
- 16.2.2 The Register will be maintained in electronic form and be password-protected. The Pension Fund Manager would grant access to all the Participants to receive their respective account information through the Client Services link on its website. The record-keeping system shall contain the computerized transaction log which shall record Participant Account changes, who made them and when they were made. The Registrar and the Pension Fund Manager shall make sufficient provisions for back-up of the Register and its storage at an off-site location.
- 16.2.3 The Pension Fund Manager will ensure that the Registrar shall, at all reasonable times, during business hours, give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same, with or without notice, and without any charge. The Trustee or its representatives shall only be entitled, after the written approval of the Commission, and under intimation to the Pension Fund Manager, to remove the Register or to make any entries therein or alternations thereto.
- 16.2.4 The Registrar will, within three working days of receiving a written request from any Participant, post (or send by courier or through electronic means) to such Participant, details of such Participant's account in the Register. Such service will be provided free of charge to any Participant requesting so once in any Financial Year. The Pension Fund Manager may prescribe reasonable charges for servicing of any additional requests.
- 16.2.5 The Register will contain the following information:
- (a) Registration number;
  - (b) Individual Pension Account number
  - (c) Full name, father's name, residency status, CNIC number (in respect of Pakistan nationals)/ NICOP number (in respect of overseas Pakistanis), National Tax Number and address of Participant; If the Participant is registered through an employer, the Individual Pension Account Number will also be linked to an Employer Account

Number that will contain the following:

- Employer's name;
- Registered address;
- National Tax Number;
- Number of employees contributing in VPS; and
- Telephone number and e-mail address.

(d) Date of Birth and Sex of the Participant;

(e) Complete record of the amount and date of each contribution paid by the Participant;

(f) Complete record of the amount and date of each contribution paid by the Employer;

(g) Date and amount of incoming and outgoing transfers;

(h) The number of Sub-Fund Units allocated and standing in the name of the Participant in the Individual Pension Account or Approved Income Payment Plan balances;

(i) The date on which the name of every Participant was entered in respect of the Sub-Fund Units standing in his name;

(j) Tax/Zakat status of the Participants;

(k) Nominee(s);

(l) Record of specimen signatures of the Participant and Nominee(s);

(m) Information on retirement of the Participant and the payments made or to be made;

(n) Information on death and transfer of the account to heirs; and

(o) Such other information as may be specified by the Commission or that the Pension Fund Manager may require

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

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

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

16.2.9 Upon being satisfied that the contribution to the Pension Fund has been received in full from the successful applicant, the Registrar shall issue, within one week (seven days) of such contribution, an Acknowledgement/Statement of Account that will constitute

evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances registered in the name of the Participant and shall contain such other information as prescribed by the Commission, from time to time.

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

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

### **16.3 STATEMENT OF ACCOUNT**

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

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

## **17. FINANCIAL INFORMATION**

### **17.1 AUDITORS CERTIFICATE ON INVESTMENT OF SEED INVESTORS' INVESTMENT IN THE UNITS OF SUB-FUNDS OF THE PAKISTAN PENSION FUND**

The Board of Directors  
THE PENSION  
FUND MANAGER,

Dear Sirs,

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

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

## **18. WARNINGS**

**INVESTMENT RISKS AND TAX IMPLICATION:** All investments in Pakistan Pension Fund are subject to market risks. The value of such investments may depreciate

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

## **19. COMPLAINTS**

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

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

**Head of Investor Services Department**  
**MCB Arif Habib Savings and Investments Limited**  
**2<sup>nd</sup> Floor Adamjee house,**  
**LI Chundrigar Road,**  
**Karachi, Pakistan.**  
**Tel: (92-21) 111-468-378**  
**Fax: (92-21) 247 0351**

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

### **19.1 Procedure for lodging a complaint with the Insurance Ombudsman**

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

- (a) A complaint shall be made in writing, addressed to the Insurance Ombudsman. The complaint shall set out the full particulars of the transaction complained of and the name and address of the Participant (complainant).
- (b) Prior to making a complaint, the Participant (complainant) shall intimate in writing to the Pension Fund Manager his intention of filing a complaint and if the Pension Fund Manager either fails to respond, or makes a reply which is unsatisfactory to the complaint, within a period of one month, the Participant (complainant) may file a complaint, at any time thereafter, within a further period of three months:

Provided that the Insurance Ombudsman may, if satisfied that there were reasonable grounds for the delay in filing the complaint, condone the delay and entertain the complaint.

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

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

- (d) Subject to section 128, the Insurance Ombudsman shall not have any power to issue an order in the nature of a stay order or to entertain any complaints if the matter is pending before a Court, Tribunal or other legal forum.
- (e) The Insurance Ombudsman may reject a complaint summarily or he may accept the same or pass any other order he deems fit.  
Provided that in each case he shall pass a reasoned order for his decision.
- (f) The Federal Government may further prescribe VPS Rules for the conduct of proceedings in relation to complaints brought before the Insurance Ombudsman.

## **19.2 Contact Details of Office of Federal Insurance Ombudsman**

The Present Insurance Ombudsman is:

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

## **20. TRANSACTIONS WITH CONNECTED PERSONS**

- 20.1.1 No Pension Fund Manager on behalf of the pension fund shall purchase from or sell any security to any connected person or employee of the Pension Fund Manager except with the approval of its Board of Directors in writing and consent of trustee. .
- 20.1.2 Neither the Trustee nor the Custodian (if the Trustee has appointed another person as the Custodian) or any of their Connected Persons will sell or purchase any Investment with the Pension Fund, save in the capacity of intermediary or in the normal course of business.
- 20.1.3 In case cash forming part of the pension fund's assets is deposited with the trustee or the custodian, which is a banking company, return shall be paid on the deposit by such trustee or custodian at a rate that is not lower than the rate offered by the said banking company to its other depositors on deposits of similar amount and maturity