

## Offering Document of Pakistan Stock Market Fund (PSM FUND)

### *Table of Contents*

CLAUSE NO.	SUBJECT MATTER	PAGE NO.
1.	INTRODUCTION	3
2.	DEFINITIONS	3
3.	REGULATORY APPROVAL AND CONSENT	3
	3.1 Approval of the Securities and Exchange Commission of Pakistan	
	3.2 Filing of the Offering Document	
4.	CONSTITUTION, OBJECTIVES, POLICIES AND RESTRICTIONS	4
	4.1 Constitution	
	4.2 Objectives	
	4.3 Trust Deed	
	4.4 Duration	
	4.5 Units	
	4.6 Open end Fund	
	4.7 Issues and Redemption of Units and Extraordinary Circumstances	
	4.8 First Offer	
	4.9 Transaction in Units	
	4.10 Investment Policy	
	4.11 Investment Restrictions and Exposure Limits	
	4.12 Exception to Investment Restrictions	
	4.13 Transactions with Connected Persons	
	4.14 Borrowing Policy	
	4.15 Risk Disclosure And Disclaimer	
	4.16 Offering Document	
	4.17 Information given in this Document, Responsibility of Management Company	
5.	ORGANIZATION AND MANAGEMENT	10
	5.1 Management Company	
	5.2 About the Shareholders	
	5.3 The Board of Directors of the Management Company	
	5.4 Particulars of the Directors	
	5.5 Company Secretary	
	5.6 Duties and Responsibilities of the Management Company	
	5.7 Trustee	
	5.8 Core Investors	
	5.9 Registrar	
	5.10 Custodian	
	5.11 Distributors and Investment Facilitators	
	5.12 Auditors	
	5.13 Legal Advisors	
	5.14 Bankers	
	5.15 Bank Accounts	
6.	PRINCIPAL FEATURES	17
	6.2 Characteristics of Units	
	6.3 Distribution Policy	
7.	PURCHASES AND REDEMPTION OF UNITS	20
8.	OFFER AND REDEMPTION PRICES	21
9.	EXPENSES OF PSM FUND	22
	9.2 The Remuneration of the Management Company and the Trustee	
	9.3 The payment to Legal Advisors	
	9.4 Expenses of the Management Company and the Trustee	
10.	TAXATION	22

CLAUSE NO.	SUBJECT MATTER	PAGE NO.
	10.1 Taxation on the income of the Fund	
	10.2 Taxation on Unit Holders and liability to Zakat	
	10.3 Disclaimer	
11.	<b>FEES AND CHARGES</b>	23
	11.1 Management Fee	
	11.2 Trustee Fee	
	11.3 Sales and Processing Charges (Front-end Load)	
	11.4 Redemption Processing Charge (Back-end Load)	
12.	<b>PROCEDURE FOR PURCHASE OF UNITS</b>	24
	12.1 Who Can Apply	
	12.2 Application Procedure	
	12.3 Payment	
	12.4 Joint Application	
	12.5 Allotment (Issue of Units)	
13.	<b>PROCEDURE FOR REDEMPTION OF UNITS</b>	26
	13.1 Application Procedure	
	13.2 Payment of Redemption Proceeds	
	13.3 Joint Holders	
	13.4 Partial Redemption	
	13.5 Verification of Redemption Application Form	
	13.6 Redemption Requests in Excess of 10% of Units in Issue	
14.	<b>TRANSFER OF UNITS</b>	27
	14.1 Application Procedure	
	14.3 Partial Transfer	
	14.4 Verification of Transfer Application Form	
	14.5 Closure of Register	
15.	<b>SERVICE TO UNIT HOLDERS</b>	27
	15.1 Availability of Forms	
	15.2 Register of Unit Holders	
	15.5 Information in the Register	
	15.6 Financial Reporting	
	15.7 Income Distribution	
16.	<b>FINANCIAL INFORMATION</b>	31
	16.1 Auditors Certificate on Core Investors' Investment in the Units of PSM	
	16.2 Auditors Certificate on Net Asset Value of Units in PSM	
	16.3 Formation Cost	
17.	<b>TERMINATION OF PSM FUND</b>	32
	17.1 By the Management Company	
	17.2 By the Securities and Exchange Commission of Pakistan	
	17.3 Winding up	
18.	<b>DEFINITIONS</b>	32
19.	<b>AUTHORIZED BRANCHES OF THE DISTRIBUTION COMPANIES</b>	37
20.	<b>FORMS</b>	37

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**Offering Document of  
Pakistan Stock Market Fund (PSM FUND)  
Managed by Arif Habib Investment Management Limited,  
An Asset Management Company  
Registered under the Asset Management Companies Rules, 1995  
Date of Publication of Offering Document 28<sup>th</sup> February 2002**

**1. INTRODUCTION**

The Pakistan Stock Market Fund (PSM FUND) has been established through a Trust Deed under the Trust Act 1882 entered into between Arif Habib Investment Management Limited (AHIML), as the Management Company and Central Depository Company of Pakistan Limited as the Trustee and is authorised under the Asset Management Company Rules, 1995.

**If you have any doubt about the contents of this offering document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser.**

**Investors must recognise that all investments involve varying levels of risk. The portfolio of PSM FUND consists of market-based investments and is subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in PSM FUND nor the level of dividends declared by the Fund are or can be assured. Investors are requested to read the Risk Disclosure statement contained in Section 4.15 hereinbelow.**

**2. DEFINITIONS**

Unless the context requires otherwise all words, terms or expressions used in this Offering Document shall have the meaning assigned to them in Section 18 hereof.

**3. REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (SECP) has authorised the offer of Units of PSM FUND under Rule 10 of the Asset Management Companies Rules, 1995 (Rules). The SECP has approved this Offering Document, under Rule 12 of the Rules.

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

The provisions of the Trust Deed govern this Offering Document. It sets forth information about PSM FUND that a prospective investor should know before investing in The Fund. Prospective investors should consult one or more from amongst their legal adviser, stockbroker, bank manager, or other financial adviser.

**3.2. Filing of the Offering Document**

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the Documents (1) to (8) below with the SECP. Certified copies of these documents can be inspected at the registered office of the Management Company or the registered office and place of business of the Trustee or at any of the Authorised Branches of the Distribution Companies.

- (1) Trust Deed (Deed) of PSM FUND dated 23<sup>rd</sup> October 2001, between AHIML, as the establisher of PSM FUND and Management Company and Central Depository Company of Pakistan Limited, as the Trustee;
- (2) Registrar Agreement dated 11<sup>th</sup> September 2001 between AHIML and Gangjees Registrar Services;

(3) The following Distribution Agreements:

Name of Distributor	Agreement Date
Arif Habib Securities Limited	26 <sup>th</sup> February 2002
Bank Al-Habib Limited	10 <sup>th</sup> November 2001
Standard Chartered Bank	26 <sup>th</sup> October 2001
Taurus Securities Limited	5 <sup>th</sup> November 2001
Union Bank Limited	28 <sup>th</sup> November 2001

- (4) Letters dated 27<sup>th</sup> February 2002 from Messrs. A. F. Ferguson & Co., Chartered Accountants, Auditors of PSM FUND, consenting to the issue of statements and reports appearing in Part 16 of this Offering Document;
- (5) The SECP's Certificate of Registration No SC/MF-ED/130/2001, dated 17<sup>th</sup> April 2001, registering AHIML as an Asset Management Company together with SECP's letter No SC/MF-ED/798/2001 dated 7<sup>th</sup> December 2001 confirming that the conditions of registration have been satisfied;
- (6) The SECP's letter No SC/MF-DD(R)/338/2001, dated 13<sup>th</sup> July 2001, approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of PSM FUND;
- (7) The SECP's letter No. SC/MF-ED/124/2002, dated 28<sup>th</sup> February 2002, authorizing PSM FUND;
- (8) The SECP's letter No SC/MF-ED/124/2002, dated 28<sup>th</sup> February 2002, approving this Offering Document.

#### 4. CONSTITUTION, OBJECTIVES, POLICIES AND RESTRICTIONS

##### 4.1. Constitution

PSM FUND has been constituted by a Deed entered into at Karachi on 23<sup>rd</sup> October 2001 between:

- (i) **Arif Habib Investment Management Limited (AHIML)**, a company incorporated under the Companies Ordinance 1984, with its registered office at 7<sup>th</sup> Floor, Al-Sehat Centre, Rafiqi Shaheed Road, Karachi-75350 as the establisher of PSM FUND and Management Company; and
- (ii) **Central Depository Company of Pakistan Limited (CDC)**, a company incorporated under the Companies Ordinance 1984 and registered with the Securities & Exchange Commission as a Central Depository Company, with its registered office at 8<sup>th</sup> Floor Karachi Stock Exchange Building, Stock Exchange Road, Karachi and place of business at 8<sup>th</sup> Floor Karachi Stock Exchange Building, Stock Exchange Road, Karachi, as the Trustee.

##### 4.2. Objectives

The prime objective of the Fund is to provide investors a facility to invest through one simple transaction into a range of Pakistan's high quality liquid shares primarily of listed companies whilst keeping a special interest in shares of companies that offer value in terms of potentially good dividend yields or growth opportunity.

The Fund seeks to achieve the following benefits for the investors:

- Long-term growth in the value of the investment that should not only beat the underlying inflation rate in Pakistan but also out-perform most other types of investments.
- To primarily invest in high quality liquid shares of companies listed on exchanges in Pakistan but to also allocate some of the funds to shares of companies that offer value in terms of a high dividend yield or growth potential
- Achieve diversification. Apart from the diversification that the Fund Manager considers prudent, the Fund shall not invest more than ten percent of the Net Assets in any one stock.
- Add value relative to the market: Based on the proposed composition of the Fund, it will be relatively underweight in the high capitalisation stocks that individually form a weight of more than ten percent of the KSE-100 Index. This should result in better performance relative to the Index in a bear market. On the other hand, the funds invested in the shares with high dividend yield and growth potential are likely to add value to the Fund relative to the Index in the long run.
- Provide the investors with liquidity and the facility to join or leave the Fund at their convenience.

#### 4.3. Trust Deed

The Deed is subject to and governed by the Securities and Exchange Ordinance 1969, Asset Management Companies Rules, 1995 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed shall be binding on each Unit Holder. The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed to modify, alter or add to the provisions of the Deed on any of the following grounds:

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

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

#### 4.4. Duration

The duration of PSM FUND is perpetual. However the SECP or the Management Company may, on the occurrence of certain events, wind it up as stated in Section 17 of this Offering Document under the heading "Termination of PSM FUND".

#### 4.5. Units

PSM FUND is divided into Units having a First Offer price of Rs.50 each. This price is applicable to such Units that are issued before any of the assets of PSM FUND are invested other than deposits, whether or not earning interest/mark-up. Thereafter the Units shall be issued on the basis of their Net Asset Value (NAV), which shall form the base for determining the Offer and Repurchase Prices. All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in PSM FUND proportionate to the Units held by such Unit Holder. However, for the convenience of investors, the Management Company may issue Units with different options as to the administrative arrangements (while maintaining the integrity of each Unit's pari passu rights). Consequently, the Units issued with differing administrative arrangements may have differing quantum of the Front-end Load added to the NAV for determining the Offering Price thereof and differing levels of Back-end load deducted for determining the Repurchase Price.

##### 4.5.1 CD UNITS

Type CD Units are meant for those making sizeable investment and remain invested for medium to long term and have the following characteristics:

**Minimum Investment:** The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum

amount of investment to open an account is Rs. 10,000,000 and the minimum amount for adding to an existing account is Rs.1,000,000 per transaction.

Front End Load: 2.5% including Transaction Costs of 0.25%

Back End Load: None

Distribution Method: All normal distribution to Type CD Units will be as cash dividend only, even if distribution for other types of Units is in the form of Bonus Units

**Reinvestment of Dividend**

Dividends shall be automatically reinvested in additional Units. However, a Unit Holder may instruct the Management Company in writing by completing the prescribed Form not to re- invest the future dividends to which he will be entitled. In

such an event future dividends shall be paid by way of transfer to his designated bank account.

The Offer Price for the Units to be issued will be the NAV on the close of the period for which the dividend is being distributed, as certified by the Auditors, after appropriation of the income of that year

**Payment of Dividend**

All payments for dividend shall be made by the Registrar by transfer of funds to the Unit Holder's (or the first named joint holder's or the charge-holder's) designated bank account. The dividend shall be transferred to the Unit Holder's designated banker within 30 days after the declaration of the dividend.

**Dispatch of Dividend Advice**

Dividend advice shall be dispatched to the Unit Holder's or the charge-holder's registered address within 30 days after the declaration of dividend.

- 4.5.2 The Management Company may offer additional types of Units through Supplementary Offering Documents or the Management Company may, at its discretion suspend issue of certain types of Units.

Investors can convert their investment between the types of Units under PSM. Such conversion will not attract any Transaction Cost.

The Management Company reserves the right to alter the minimum amounts stated hereinabove at its discretion. In the event the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to either change the account/units to another type or to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

#### **4.6. Open end Fund**

PSM FUND is an open-end fund. It shall offer and redeem Units on a continuing basis subject to terms herein. There is no lower or upper limit set on the Units to be issued to a single Unit Holder or on the total number of units to be issued to the public. However, the Management Company shall impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. Units are also transferable. Units will be issued in registered, un-certificated form and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates representing the Units will be issued subject to terms herein at a nominal charge only if requested by the Unit Holder.

#### **4.7. Issues and Redemption of Units and Extraordinary Circumstances**

The Management Company may, at any stage, suspend the issue (sale) of Units and for such periods it may so decide.

The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchanges on which any of the Securities invested in by PSM FUND are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of PSM FUND or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption. Such a measure shall be taken to protect the interest of the Unitholders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Section 6.2 hereinbelow.

Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorised under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in at least one daily news paper each circulating at Karachi, Lahore and Islamabad.

#### **4.8 First Offer**

The First Offer is for Units at Rs.50 per Unit inclusive of Front-end Load during the initial offering period commencing 4<sup>th</sup> March 2002 and upto 11<sup>th</sup> March 2002. This price is applicable to such Units that are issued before any of the assets of PSM FUND are invested other than deposits, whether or not earning interest/mark-up.

#### **4.9 Transaction in Units**

Subsequent to the First Offer, Units can be purchased at the Offer (Selling) Price and redeemed at the Redemption (Repurchase) Price. The Management Company will fix the Offer and Redemption Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the stock exchange/ financial markets business day. In the event there are closed days, for any reason, following that business day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days. The NAV based price per Unit shall be fixed after adjusting for the Sales Load (Front-end Load) or the Redemption Load (Back-end Load) as the case may be and any Transactions Costs that may be applicable. Save under circumstances elaborated in Section 4.15.4 and Section 6.2 hereinbelow, such prices shall be applicable to issue and redemption requests, complete in all respects, received during the business hours on the following business day. The management Company may issue Units without Sales Load or with a reduced Sales Load to Unitholders opting to receive Units in



lieu of dividends or to Unitholders converting from another scheme managed by the Management Company. The Management Company may also issue and redeem Units at a reduced or nil load under certain administrative arrangements.

#### **4.10 Investment Policy**

##### **4.10.1 Basic Policy**

The Fund shall primarily invest in high quality liquid shares listed on stocks exchanges. For determining the liquidity, the activity ranking shall be based on the value of transactions recorded at the Karachi Stock Exchange during the preceding twelve months on a continuing basis. However, the primary criteria shall be the quality of the shares being invested in. Under normal circumstances a substantial portion of the funds shall be allocated to high quality liquid shares. However, these shall be subject to individual company limits prescribed by the Asset Management Companies Rules (AMC Rules). Some portion of the Fund shall be allocated to shares of listed companies (or companies that are in the process of listing) that offer good value in terms of potential dividend yield or growth in the stock price but may not be traded in volume.

##### **4.10.2 Management Company may alter investment mix**

The Management Company may from time to time alter the investment mix if it is of the view that a particular sector or company so warrants. The Management Company may reduce the exposure to the actively traded stocks or equities in general to any extent the Management Company considers prudent. The cash resources not invested in equities at any point of time will be invested by the Management Company in bank deposits, short-term money market instruments, short remaining-life TFCs, other short-maturity debt instruments and short-date Repurchase Agreements (REPOs) including Carry Over Transactions (COT) or similar financings, wherever best value and return for the fund can be found.

##### **4.10.3 Investment in securities listed or traded outside Pakistan**

Subject to applicable laws, the Management Company may, with such regulatory permissions that may be required, alter the investment policy to include in the portfolio attractive, Pakistan origin investments issued, traded or listed outside Pakistan.

##### **4.10.4 Investment in derivatives and lending of securities**

Subject to any regulatory permission that may be required and subject to the restrictions stated in Section 4.11 (c) 3 hereinbelow, the Manager may seek to enhance the return on the Fund or to protect its value through lending securities or through derivatives.

##### **4.10.5 Fundamental changes in policy**

Any fundamental change in the investment policy will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unitholders to the satisfaction of the Trustee.

#### **4.11 Investment Restrictions and Exposure Limits**

The Fund shall follow the investment restrictions and exposure limits imposed by the AMC Rules. In the event of any changes in the investment restrictions in the AMC Rules, restrictions applicable to PSM FUND shall automatically be applied. The present exposure limits and restrictions are given hereunder:

- a) PSM FUND shall invest at least fifty percent of its funds in listed securities (including securities in the process of being listed, marketable securities issued by the Federal Government, reverse repurchase transactions and transactions aimed at earning a spread between buying and selling securities for two different settlement dates where such listed or government securities are the underlying security). However, this limit shall not apply to such portion of the Fund that is held in deposit with banks of good standing (having an investment grade rating, or in absence of a rating, with the approval of the SECP) pending investment

- b) Investments in securities other than federal government securities shall be restricted to not more than ten percent of the Fund per issuer. Investments in reverse repurchase transactions in debt securities shall be with banks or financial institutions for which the Management Company shall from time to time set limits. Carry Over Transactions (COT) or other similar financing shall be restricted to such underlying securities and those with members of recognised stock exchanges where the Management Company is of the view that the underlying securities offer adequate liquidity and that the that Carry Over Transactions (COT) or other similar financing are administered by the management of the exchange with appropriate safeguards and the Management Company is of the view that the relevant member (brokerage house) is of appropriate standing.
- c) PSM FUND shall not at any time:
- 1) Purchase or sell:
    - o Bearer securities;
    - o Securities on margin;
    - o Securities which result in assumption of unlimited liability (actual or contingent);
    - o Commodities or commodity contracts;
    - o Real estate or interest in real estate save and except that the Management Company may invest in securities secured by real estate or interest therein or equity securities issued by companies that invest in real estate or interest therein;
    - o Invest in anything other than Authorised Investments as defined herein;
  - 2) Participate in a joint account with others in any transaction;
  - 3) Make short sales of any security or maintain a short position. However, subject to the Rules and any other applicable law, the Management Company may, on behalf of the Fund, write call options on any of the securities held in the portfolio provided there is a satisfactory market based exit mechanism from options so written. The Management Company may also, on behalf of the Fund, if and when the law so allows, buy put options equivalent to any securities held in the portfolio. Under no circumstances shall the Management Company buy or sell such options on behalf of the Fund that results in an exposure beyond the number of underlying securities held in the portfolio of the Fund. The Management Company may, however, buy call options or put options, if the law so permits, on one or more item (financial or otherwise) that in its opinion would act as a hedge/defensive proxy for the overall market risk. However, the cost of maintaining a defensive hedge shall not exceed one percent per annum (preceding twelve months including the cost of such transaction) of the Fund at the time such transactions are entered into.
  - 4) In accordance with diversification policy prescribed under the Rules, an investment Scheme is required not to invest more than twenty-five per cent of its Net Asset Value in securities of any one sector as per classification of stock exchanges. However, the Management Company intends requesting the SECP to give a special dispensation from the application of this Rule owing to the investment policy of the Scheme. In the event the SECP gives the special dispensation, it will be possible for the assets of the Scheme to be weighted heavily or entirely in any one sector of the industry. In such unlikely event, the risk shall be concentrated in such sector.

#### 4.12 Exception to Investment Restrictions

In the event the weightages of shares or sectors exceed the limits laid down in this offering document or the AMC Rules as a result of the relative movement in the market prices of the investments or through any disinvestment, the Management Company shall make its best endeavour to bring the exposure within the prescribed limits within six months of the event. But in any case the Management Company shall not invest further in such shares or sectors whilst the deviation exists. However, this restriction on further investment shall not apply to any offer of shares through rights issues.

#### 4.13 Transactions with Connected Persons

- a) The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.
- b) PSM FUND shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, save in the case of such party acting as a intermediary.
- c) For the purpose of sub-paragraphs (a) and (b) above the term director, officer and employee shall include their relatives including the spouse, parents, children, brothers and sisters and other family members.

#### 4.14 Borrowing Policy

##### 4.14.1 Limit

The Management Company may cause the Fund (Trustee) to borrow amounts not exceeding twenty five percent of the Net Asset Value of the Fund (or such limits prescribed by the AMC Rules), at such terms as are considered appropriate by the Management Company. However, neither the Management Company nor the Trustee shall be personally liable for repayment on any loan or for providing any securities over their assets. Borrowing shall be carried out only to meet redemption requests.

##### 4.14.2 Exception

The Trustee/ Management Company shall not be obliged to reduce the borrowing if, as result of depreciation in the market value of investments or redemption of Units, the Net Asset Value is reduced subsequent to borrowing and consequently the limit set in paragraph 4.14.1 above is exceeded. However, the Management Company will endeavour to bring down the borrowing to within the prescribed limit within six months of the event.

##### 4.14.3 Pledge

The Trustee may, with the approval of the Management Company mortgage, charge or pledge in any manner part of the Fund Property, as is required to secure the borrowings as described above on the best terms available. However, neither the Management Company nor the Trustee shall be personally liable for repayment on any loan or for providing any securities over their assets.

#### 4.15 Risk Disclosure And Disclaimer

- 4.15.1 The Fund is primarily a stock market fund, which invests in shares of listed companies. Investments in shares of companies carry a risk that is considered higher than that in debt securities. The risk emanates from various factors that include, but are not limited to:
- Change in business cycles affecting the business of the company in which the investment is made
  - Change in business circumstances of the company, its business sector, industry and/or the economy in general
  - Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made
  - Break down of law and order, war, natural disasters etc.
  - Senior rights of creditors over the shareholders in the event of winding up
  - Volatility in share prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the shares and the liquidity in the market. The volatility in share prices results in volatility in the NAV based price of the Unit.
  - The possibility of defaults by participants or failure of the stock exchanges, the depositories, the settlements or the clearing system.
  - Any governmental or court orders restraining payment of capital or income.

4.15.2 Investment in this Fund is suitable for investors who have the ability to take the risks associated with stock market investments. Capital invested in the stock market could in extreme circumstances lose its entire value. However, studies show that diversification of the investment into a number of shares and industrial sectors and having a reasonably longer-term investment horizon, to reduce the risk associated with investing in the stock market. The historical performance of this Fund, the stock market or that of any one security included in the Fund's portfolio does not necessarily indicate future performance.

**4.15.3 Prices of Units and income from them may go down as well as up.**

4.15.4 Under exceptional (extra-ordinary) circumstances the Management Company may declare suspension of redemptions, invoke a queue system or announce winding up – in such events the investor is likely to have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged.

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

**4.16 Offering Document**

This Offering Document sets out the arrangements covering the basic PSM FUND Unit. Supplemental Offering Documents may be issued to incorporate the terms of different plans offered under differing administrative arrangements. Such supplemental Offering Documents shall form a part of this Offering Document to the extent these relate to the administrative plans. The provisions of the Trust Deed govern this Offering Document and any supplemental Offering Document. It sets forth information about PSM FUND that a prospective investor should know before investing in any Unit of the PSM FUND under any of the administrative arrangements. **Prospective investors should consult one or more from amongst their legal adviser, stockbroker, bank manager, or other financial adviser.**

**4.17 Information given in this Document, Responsibility of Management Company**

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

**5 ORGANIZATION AND MANAGEMENT**

**5.1 Management Company**

5.1.1 **Organization:** AHIML was incorporated on 30<sup>th</sup> August 2000 and registered as an Asset Management Company with the SECP on 17<sup>th</sup> April 2001. The paid up capital of AHIML is Rs 40 million, held by:

Name	Number of Shares	Amount (Rupees)
Arif Habib Securities Limited (AHSL)	1,600,000	16,000,000
Mr. Arif Habib	1,599,994	15,999,940
World Era Limited	800,000	8,000,000
Nasim Beg	1	10
Amin Umer	1	10
Asadullah Khawaja	1	10
Muhammad Yousuf	1	10
Muhammad Rafiq Jangda	1	10
Abdus Samad	1	10
Total	4,000,000	40,000,000

5.1.2 Amongst the AHIML shareholders, Arif Habib Securities Limited (AHSL) and Mr. Arif Habib are also the Core Investors in PSM FUND.

## 5.2 About the Shareholders

5.2.1 Arif Habib Securities Limited (AHSL) is the principal shareholder with 40% equity ownership. AHSL an Investment Advisory Company is a member of all the three stock exchanges of Pakistan. AHSL is a listed company.

5.2.2 Mr. Arif Habib is a former Chairman/ President of the Karachi Stock Exchange and was elected so on five occasions. Mr. Habib has been actively involved in reforming of the capital markets in Pakistan. Mr. Habib acquired his bachelor's degree in commerce in 1971 and has been in the stock brokerage business since then.

5.2.3 World Era Limited (WEL), as technical advisor has taken up 20% of the equity. WEL is a mutual fund consultancy affiliate of Star Series Advisors the international business arm and subsidiary of Convergent Capital Management (CCM) of USA.

5.2.4 The other shareholders are signatories to the Memorandum and Articles of Association of the Company.

## 5.3 The Board of Directors of the Management Company

Name	Position	Other Directorships	Occupation	Address
Mr. Arif Habib	Chairman	Arif Habib Securities Limited Sui Northern Gas Pipeline Limited Century Leasing Limited	Investment Management, Securities Trading and Brokerage	86/2, 10 <sup>th</sup> Street Khayaban-e-Sehar, Defence Housing Authority, Karachi
Mr. John Kirkham	Vice Chairman	Chief Executive, World Era Ltd (HK)	Investment Management	
Mr. Nasim Beg	Chief Executive	Haroon Oils Limited First International Investment Bank Limited	Investment Management	F 61/6, Block 4, Clifton, Karachi
Mr. Asadullah Khawaja	Director	Shell Pakistan Limited Packages Limited Glaxo Welcome Pakistan Limited Soneri Bank Limited	Investment Banking and Fund Management	81/2, Phase VI, Khayaban-e-Bahria, Defence Housing Authority, Karachi
Mr. Amin Umer	Director		Securities Trading and Brokerage	118/11, Phase V, Khayaban-e-Badar, Defence Housing Authority, Karachi
Mr. Muhammad Yousuf	Director	Arif Habib Securities Limited	Securities Trading and Brokerage	M.R. 3/42, Juma Building, Suleman Street, Bomby Bazar, Karachi
Mr. Abdus Samad	Director	Arif Habib Securities Limited	Investment Analyst	86/2, 10 <sup>th</sup> Street, Khayaban-e-Sehar, Defence Housing Authority, Karachi

#### **5.4 Particulars of the Directors**

##### **5.4.1 Mr. Arif Habib, Chairman**

Mr. Arif Habib is a former Chairman/ President of the Karachi Stock Exchange and was elected so on five occasions. Mr. Habib has been actively involved in reforming of the capital markets in Pakistan. Mr. Habib has a bachelor's degree in commerce and has been in the stock brokerage business since 1971.

##### **5.4.2 Mr. John Kirkham, Vice Chairman**

Mr. John Kirkham is a fund management professional with proven ability to build investment and fund management business. Mr. Kirkham has built a number of companies from inception. He has been in the financial services industry for almost 30 years of which the last 21 years have been in the asset management sector, both in the developed, as well as the emerging markets. Mr. Kirkham is the Chief Executive of World Era Limited, a mutual fund consultancy affiliate of Star Series Advisors, the international business arm and subsidiary of Convergent Capital Management (CCM) of USA.

##### **5.4.3 Mr. Nasim Beg, Chief Executive**

Mr. Nasim Beg qualified as a Chartered Accountant in 1970 and has over the years worked in the financial sector as well as industry. His experience in the financial sector consists of both the Pakistan domestic market as well as the international markets. Till March 2000 he was the Deputy Chief Executive at NIT, which he joined during its troubled period in 1997 and played a key role in its modernisation and turnaround.

##### **5.4.4 Mr. Asadullah Khawaja, Director**

Mr. Asadullah Khawaja is a former Managing Director of ICP. With 34 years at ICP one of the most experienced persons in Pakistan's mutual fund business. He has represented ICP on the Boards of several listed companies including as Chairman of Pakistan Industrial Credit & Investment Company (PICIC). Mr. Asadullah Khawaja, a graduate in Economics has attended several investment and finance courses at some of the best institutions and universities internationally.

##### **5.4.5 Mr. Amin Umer, Director**

Mr. Amin Umer is one of the few Pakistanis with extensive experience in the capital markets in Pakistan as well as in the UK and the US. Mr. Amin Umer worked as a research assistant at the Institute of Economics, University of Oxford after his graduation from Karachi in 1968. In 1969 he started his career as a broker at the Karachi Stock exchange and was actively involved in the introduction of automation at the Exchange both as a Director for several years and as Vice President of the Exchange in 1992. During the 1980's he was based abroad and has successfully managed securities business in the UK and the US.

##### **5.4.6 Mr. Mohammad Yousuf, Director**

Mr. Muhammad Yousuf heads the securities market division at Arif Habib Securities Limited. He has 30 years experience in the securities market.

##### **5.4.7 Mr. Abdus Samad, Director**

Mr. Abdus Samad is an investment analyst and graduated as an MBA in January 2001.

#### **5.5 Company Secretary**

The Company Secretary is Syed Ajaz Ahmed, ICMA, LLB, B.Com. He has 30 years work experience, including 13 years in financial services industry and has also held the company secretary position in his past employments.

#### **5.6 Duties and Responsibilities of the Management Company**

The responsibilities of the Management Company are to promote the sale of Units in PSM FUND, invest and manage the assets of PSM FUND according to the provisions of the Deed and the Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any

Connected Persons or its officers. The Management Company shall maintain proper accounts and records of PSM FUND to enable a complete view of assets and liabilities, income and expenditure and amounts received in respect of Units and paid out on redemptions of Units and by way of distribution. The Management Company shall prepare and transmit to Unit Holders and SECP the annual report together with balance sheet and income and expenditure account and auditors report. The Management Company shall also prepare and transmit to Unit Holders and SECP the balance sheet and income and expenditure account in respect of first half of the year. In the unlikely event of its occurrence, the Management Company shall account to Trustee for any loss in value of the assets of PSM FUND caused by its negligence, reckless or wilful act or omission. The Management Company shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as a manager as if they were its own acts or omissions. The Management Company shall not be under any liability except such liability as may be expressly assumed under the Rules and the Deed nor shall the Management Company (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything except its own negligence or wilful breach of duty.

### 5.7 Trustee

The Central Depository Company of Pakistan Limited.

**The Company:** Central Depository Company of Pakistan Limited (CDC) was incorporated in 1993. It was formed inter alia, for facilitating efficient, risk free and cost effective settlement of securities transactions in accordance with the international standards to cope up with the ever-rising volume of trading in shares and securities at the Stock Exchanges in Pakistan. Given CDC's significance, the legislature enacted a Special Law, known as Central Depositories Act, 1997 and the Government has also approved the rules and regulations relating to the operational aspects of the Central Depository System. The Asset Management Company Rules, 1995 allow a Central Depository Company to act as the Trustee of Unit Trusts set up under these Rules.

**Shareholders:** The sponsors and shareholders of CDC, include the Karachi Stock Exchange, the Lahore Stock Exchange, the Islamabad Stock Exchange, International Finance Corporation (IFC), Citibank Overseas Investment Corporation, National Investment Trust Limited (NIT), Investment Corporation of Pakistan (ICP), Pakistan Industrial Credit & Investment Corporation Limited (PICIC), Muslim Commercial Bank Limited and Habib Bank Limited.

**Professional And Independent Management:** CDC is run purely on professional management basis and most of the directors on Board of CDC represent their respective investee institutions and nominee directors, without any personal stake in the Company. The Chief Executive is a highly qualified professional without any affiliation in any investee institution.

**Electronic Book Entry System:** CDC's electronic book entry system to record and transfer securities, the Central Depository System (CDS), has been developed by an IBM led consortium.

**Trustee Division:** CDC has set up a separate Trustee Division with a senior professional responsible for its day-to-day functions. The trustee division shall have the benefit of CDC's exiting structure, as well as that under development for handling the National Clearing and Settlements system

**CDC's Mission & Vision:** The mission of CDC is to offer a wide range of services that will support the capital markets so as to contribute to the country's ability to support and develop the Pakistani Capital Market as the hub of financial activities in the region. CDC's goals are to eliminate paper based settlement, to diversify its services, and to become a leading institution of the region. In addition to its existing activities, CDC plans providing the following services:

- Delivery vs. Payment
- National Clearing & Settlement System (project awarded by SECP)
- Handling of Govt. securities

#### **Basic Role of the Trustee**

The Trustee will take into custody and/or under its control all the property of PSM FUND and hold it in trust for the Unit Holders and the cash and registerable assets shall be deposited or registered in the name of, or to the order of the Trustee. The Trustee will carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property, unless they are in conflict with the Deed and the Offering Documents or applicable laws. The Trustee shall also ensure that all issues and cancellations of Units of PSM FUND and the method adopted by the Management Company in valuing Units for the purposes of determining the Offer and Redemption Prices are carried

out in accordance with the provisions of the Deed. The Trustee shall issue a report to the Unit Holders to be included in the annual report, as to whether in its opinion, the Management Company has in all material respect managed the Fund Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof. The Trustee shall institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Fund Property or any part thereof if so requested by the Management Company in writing. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Fund Property, for all reasonable costs and expenses incurred in taking the aforesaid action/s. The Trustee shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions and shall account for any loss in value of the Fund Property where such loss has been caused by negligence or any reckless or wilful act and/or omission of the Trustee or any of its directors, officers, nominees or agents. The Trustee shall not be under any liability on account of anything done or suffered by PSM FUND in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provision of the Deed or the Rules.

### **5.8 Core Investors**

Core Investors of the Fund are:

	<b>Rupees</b>
1. Akbarally Cassim & Sons (Feroz Cassim)	10,000,000
2. Aqeel Karim Dhehdi Securities (Pvt.) Limited	10,000,000
3. Mr. Arif Habib	20,500,000
4. Arif Habib Securities Limited	150,000,000
5. B. R. R. International Modaraba	1,000,000
6. Bank Al Falah Limited	5,000,000
7. Dewan Salman Fibre Limited (Dewan Zia)	5,000,000
8. Habib Bank Limited	25,000,000
9. Javed Omer Vohra & Company Limited	10,000,000
10. Metropolitan Bank Limited	5,000,000
11. Orix Investment Bank Pakistan Limited	1,000,000
12. Mr. Saleem Chamdia	2,500,000
13. Mr. Tariq Rafi	5,000,000
	250,000,000
	250,000,000

who have subscribed a sum of Rs. 250,000,000 towards the purchase of 5,000,000 Core Units of Rs. 50 each. These Core Units are not redeemable for a period of two years, i.e., upto 27<sup>th</sup> February 2004. However, these Units are transferable with the condition that the Units may not be redeemable before 27<sup>th</sup> February 2004. The Registrar has marked the Units as such. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.

### **5.9 Registrar**

- 5.9.1 By a separate agreement, the Management Company has appointed Gangjees Registrar Services (sole proprietorship to be converted in to a private limited company subject to all filings, registration and approvals under Companies Ordinance 1984) as its agent to perform duties as the Registrar of PSM FUND. Gangjees Registrar Services will be responsible for maintaining the Unit Holder's Register, preparing and issuing accounts statements, Unit Certificates and dividend warrants, and providing related services to the Unit Holders.
- 5.9.2 Gangjees Registrar Services has the necessary human resource, computer hardware and software, which are designed to provide an efficient service to the Unit Holders.



### **5.10 Custodian**

5.10.1 By a separate arrangement, the Trustee has also been appointed as the Custodian of such securities that are or become a part of the CDC system. CDC already has in operation a dematerialised, electronic custodian system with necessary support in respect of staff, computer hardware and software and is capable of expanding to meet future requirements. The salient features of the Custodian Agreements are:

5.10.1.1 Segregating all property of PSM FUND from Custodian's own property and that of its other clients.

5.10.1.2 Assuring the smooth inflow/ outflow of dematerialised securities and such other instruments as required.

5.10.1.3 Ensuring that the benefits due to investments are recovered.

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

### **5.11 Distributors and Investment Facilitators**

5.11.1 Parties detailed in annexure to Section 19 have each been appointed as Distributors to perform the Distribution Functions at their Authorised Branches. The addresses of these branches are given in Section 19 of this Offering Document. The Management Company may with the approval of the Trustee, from time to time, appoint additional Distributors or terminate the arrangement with any Distributor. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

5.11.2 The Distributors will be responsible for receiving applications for issuance of Units and redemption/ transfer applications. They will be interfacing with and providing service to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate Certificates for immediate transmission to the Management Company, the Trustee or Registrar as appropriate.

5.11.3 The branches have been equipped with the necessary support staff, where the volume of potential business so justifies computer hardware and software to provide service to the investors and have established an efficient communication link with the Trustee, Management Company and the Registrar.

5.11.4 The Distributors may appoint sub-distributors to perform some aspects of the distribution function but the distributor shall be responsible for all acts and omissions of the sub-distributor appointed by it.

5.11.5 The Management Company may, at its own responsibility, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. However, such Facilitators are not deemed qualified, simply by virtue of their appointment as Facilitators, to provide investment advice nor are they authorised to handle funds on behalf of the Trustee, the Management Company, the Fund's bankers or the Registrar. Distributors shall be deemed to be Facilitators. However a Distributor may decline to act as a Facilitator. The Management Company shall remunerate the Facilitators out of the Front-end Load included in the Offering (Selling) Price.

5.11.6 The Management Company may allocate some of the Distribution Functions to the Registrar either on an exclusive basis or in addition to the service being provided by the Distributors.

**5.12 Auditors**

5.12.1 The auditors of PSM FUND are:

A. F. Ferguson & Co.,  
Chartered Accountants  
State Life Building Number 1  
State Life Square  
I.I. Chundrigar Road  
Karachi, Pakistan

5.12.2 They will hold the office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust to 30<sup>th</sup> June 2002 and will be eligible for re-appointment by the Management Company with the concurrence of the Trustee. However, an auditor may be re-appointed for upto three consecutive terms. Thereafter, that auditor may only be appointed after a break in appointment.

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

5.12.4 The Auditors shall carry out a continuous compliance audit with such scope and frequency as is agreed between the Trustee and the Management Company. Copies of the Auditor's reports shall be sent directly to the Trustee.

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

5.12.6 The Auditors shall prepare a written report to the Unitholders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.

5.12.7 The contents of the Auditors report shall be as required in the Rules.

**5.13 Legal Advisors**

The legal advisors of PSM FUND are:

Kabraji & Talibuddin  
64-A/1, Gulistan-e-Faisal  
Bath Island  
Karachi

**5.14 Bankers**

The bankers to PSM FUND are Standard Chartered Bank and Bank Al-Habib Limited and any other bank appointed by the Management Company. The Trustee operates the accounts.

**5.15 Bank Accounts**

- a) The Trustee shall open separate Bank Accounts for each of the Unit Trusts for which it is appointed as the Trustee by the Management Company, at its main bank or other suitable bank branches at Karachi in consultation with the Management Company.

- b) The Trustee shall also open an account titled “**CDC -Trustees AHIM Funds**” at its main bank. This account shall be a temporary holding account where collections shall be held prior to their being allocated to the specific Unit Trusts.
- c) The Trustee shall open additional bank accounts titled “**CDC -Trustees AHIM Funds**” at such branches of banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as is required by the Management Company from time to time. Such accounts shall be used as collection accounts for investment in the Unit Trusts and the Administrative Plans thereof. There shall be standing instructions for all such collection accounts to promptly transfer the funds collected therein to the main account with the Trustee titled “**CDC -Trustees AHIM Funds**”.
- d) The Management Company may require the Trustee to open separate collection accounts for each Unit Trust to facilitate the receipt, tracking and reconciliation of income or other receipts relating to the investments.
- e) The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds that the Unit Holders wish to reinvest at a later stage.
- f) The Management Company may also require the Trustee to open separate Bank Accounts for each dividend distribution out of the respective Unit Trusts.

Notwithstanding any thing in this offering documents the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the respective Unit Trusts.

## 6 PRINCIPAL FEATURES

6.1 Please read the entire document for complete understanding of the features.

### 6.2 Characteristics of Units

- 6.2.1 The Units of the Fund rank pari passu with each other. However for the convenience of investors, the Management Company may issue Units with different options as to the administrative arrangements and consequently with differing quantum of the Front-end Load thereon. Units issued under the different administrative arrangements shall in addition to being governed by this Offering Document, be governed by the relevant Supplementary Offering Document.
- 6.2.2 Units shall be accounted for in fractions up to four decimal places, with the fifth decimal being rounded up if it has a value of five or higher.
- 6.2.3 Statements shall be sent to the Unitholders at their designated addresses after the close of every year and each time any activity takes place in the account indicating Units held at the statement date and the movement since the previous statement. The Unitholders may obtain more frequent statements by paying a nominal fee representing the costs involved.
- 6.2.4 Unitholders may obtain certificates representing the units they hold by paying a nominal fee that might be imposed by the Management Company representing the costs involved. However in such cases, requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificates. In the event of loss or defacing of certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Registrar. Certificates shall not be issued under certain plans governed by Supplemental Offering Documents.
- 6.2.5 Registration of Lien – The Registrar may register a lien on any Units in favour of any third party with the specific authority of the Management Company. However, the lien shall be valid only if evidenced by a lien letter issued in the form attached hereto as an annex (Section 20, Form 10), which shall bear a special series sequential number and shall be signed by the Registrar and countersigned by two officers of the Management Company specifically authorised by its Board of

Directors for signing letters of lien. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien. (Please see Section 15.5.8)

6.2.6 **Minimum amount of investment** – the Management Company may from time to time amend the minimum amount of initial investment that is required to open an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs.5,000 and the minimum amount for adding to an existing account is Rs.1,000 per transaction. However, since as an administrative arrangement, the Management Company may be offering various plans, the minimum amounts for the plans shall be specified in the respective Supplementary Offering Documents. The Management Company reserves the right to alter the minimum amounts stated hereinabove. In the event the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

6.2.7 **Issue of Units** - An application for purchase of Units may be lodged with any authorised Distributor/ Distributor Company (ies) (Distributor). The application shall be in the form prescribed by the Management Company. Application forms are available with Distributors or Investment Facilitators (Facilitators) or may be obtained from the Management Company through mail or its web site. Units shall be issued based on the Offer (Sale) Price that is fixed on the basis of the NAV determined (as described in clause 8.3) on the business day of receipt of the duly completed application along with the funds in favour of the Trustee (CDC- Trustees AHIM Funds). Funds may be paid in the form of a demand draft or pay-order issued by a scheduled bank in Pakistan, or through deposit of funds in a designated bank account of the Trustee. The Management Company may also notify from time to time, arrangements for accepting cheques or other forms of payment within such limits and restrictions considered fit by it. The aforesaid payment in the form of demand draft, pay-order, cheque or deposit slip evidencing payment into a designated bank account must be handed over to a Distributor and acknowledgement on the investor's copy of the Application Form obtained. Cash can only be deposited in a bank account titled "CDC - Trustees AHIM Funds" maintained with designated banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting AHIML's liability under Rule 8(c) of the Asset management Companies Rules, 1995. The Procedure for Purchase of Units is given in Section 12 of this document.

6.2.8 **Redemption of Units** – A Unitholder may redeem Units by lodging a Redemption Request Form in the prescribed form with any authorised Distribution Agent (Distributor). In the event certificates have been issued to represent the Units, the relevant certificates must also be lodged with the Request and acknowledgement on the investor's copy of the Redemption Request Form must be taken. Redemption Request Forms may be obtained from authorised Distributors or Facilitators or from the Management Company through mail or its Web Site. The Units shall be redeemed based on the Repurchase Price that is fixed on the basis of the NAV determined (as described in clause 8.4) on the business day of receipt of the duly completed Request Form (along with certificates where applicable). The payment of the redemption value shall be made by virtue of a transfer to the Unitholder's designated banker within six working days of the receipt of the Redemption Request conforming to the requirements herein. However, the terms contained in Section 6.2.11 shall supersede the terms of this clause in the circumstances indicated in Section 6.2.11. The Management Company may under special circumstances (or administrative arrangements) agree to pay the redemption amount directly to the Unitholder or his authorised representative. However, no payments shall be made to any intermediary. The procedure for redemption of Units is given in Section 13 of this document.

A Unitholder may also redeem Units of the Fund to such extent as the Management Company may arrange from time to time through Automated Teller Machines (ATMs) supported by one or more banks. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available subject to the Unitholder signing a special form and agreement prescribed by the Management Company

6.2.9 **Transfer, Transmission and Conversion of Units** – The Registrar shall, subject to law, accept requests for transfer of Units from an existing investor to another. The transfer shall be carried out after the Registrar has satisfied himself of all requisite formalities including payment of any taxes

if applicable and has recovered the fee prescribed for the service. Transmission of Units to

successors in the case of inheritance or distribution of the estate of a deceased Unitholder shall be processed by the Registrar after satisfying himself as to all legal requirements. The legal costs and taxes if any shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Registrar. The procedure for transfer or transmission of Units is given in Section 14 of this document. A Unitholder may convert the Units held by him in a Unit Trust Scheme/Administrative Plan managed by the Management Company into units of another Unit Trust Scheme/Administrative Plan managed by the

Management Company subject to the terms of the respective Offering Documents or the terms stated in the Supplementary Offering Document/s relating to the respective Administrative Plans/s. The request for conversion may be made by filling out a Form titled "Request Form For The Conversion Of Plans/Funds" (Form AHI-9) and lodging it with a Distributor. The Registrar shall carry out the conversion after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received.

#### 6.2.10 **Exiting Unitholder**

Once an exiting Unitholder has claimed and collected all his dues, he shall have no further claims against the Fund.

#### 6.2.11 **Suspension of dealing, queue system and winding up**

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

6.2.11.1 **Suspension of fresh issue of Units** - The Management Company may at any time suspend issue of fresh Units. Such suspension may however not affect existing subscribers to any plans that may be offered by the Management Company under different administrative arrangements, the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced.

6.2.11.2 **Suspension of redemption of Units** – In the event of extra-ordinary circumstances, the Management Company may suspend or defer redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company, Registrar, Trustee or the Distributors unable to function.

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

#### **6.2.11.4 Winding up in view of major redemptions**

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable 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 Unitholders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unitholders shall be paid after selling the assets and determining the Final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

- 6.3 Distribution Policy** – The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund including the net impact of the revenue collected/ paid out in the NAV calculation through sale and redemption, less all expenses, incurred or accrued attributable to the Fund and the adjustment of any realized capital gains or losses. It is the policy of the Fund to distribute the entire amount available for distribution as bonus Units. However, in the event the tax impact is not significantly adverse, the capital gains realised shall normally be retained for reinvestment.
- 6.3.1** Unitholders may opt to receive the amount equivalent to their share of the annual distribution in cash. In such an event, the Management Company shall at the end of the financial year (or the relevant period in the event of an interim distribution) cause to redeem such number of Units of the Unitholder that approximately equate the value of the Bonus Units for the period. The redemption price shall be determined on the basis of the NAV at the distribution date after appropriation of the distribution but without any charge of the back-load normally deducted from the redemption price. The payment of the cash equivalent shall be made, net of any taxes that the Management Company or the Trustee is obliged to recover, by way of a transfer of the amount to the Unitholder's designated bank account.
- 6.3.2** The Management Company may alter the distribution policy in order to achieve tax efficiency in the best interest of the Unitholders.

### **7 PURCHASES AND REDEMPTION OF UNITS**

- 7.1** Sales and Processing Charges (Front-end Load) – The Unit Sale Price includes sales and processing charges of a maximum of five percent of the Offer Price as a load on the Net Asset Value of the Unit. However, the Units issued to an existing Accountholder through conversion from another scheme run by the Management Company shall carry a processing charge not exceeding one eighth of one percent of the issue price for conversion as a load on the NAV. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any load (sales or processing charge) on the NAV. The Management Company may announce different plans under different administrative arrangements with differing levels of load. The Management Company may, at its discretion, charge different levels of the load to different investors.
- 7.2** The Redemption Price may be determined after deducting a processing charge not exceeding one eighth of one percent of the Redemption Price as a back-end load on the NAV. However, in the event a Unitholder converts from this scheme to another scheme managed by the Management Company, the redemption so processed shall be free of the Back-end load. The Management Company may announce different plans under different administrative arrangements with differing levels of load.
- 7.3** Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request, complete in all respects, is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unitholder. Any taxes or duties applicable on the transfer or transmission shall be payable by the transferee.
- 7.4** Units can be purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorised Branches of the Distributors on any Subscription Day in accordance with the procedure set out in Sections 12 and 13 of this Offering Document.

7.5 During the period the Register is closed, as mentioned in Sections 6.2.11 and 14.5 of this Offering Document, the sale and redemption will be suspended.

## **8 OFFER AND REDEMPTION PRICES**

8.1 For the First Offer (Selling) Prices, please refer to Section 4.8 of this Document.

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

8.3 The Offer Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), Transaction Costs as defined in clause 18.53, any Front-end Load (Load) not exceeding 5% of the Offer Price (Please refer to Annexure B for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges and such sum to be adjusted upwards to the nearest Paisa. The Offer Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor during the business hours on that date. The Management Company may announce different plans under different administrative arrangements with differing levels of load. The Management Company may, at its discretion, charge different levels of the Load to different investors.

8.4 The Redemption Price shall be equal to the NAV as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), less Transaction Costs as defined in clause 18.53, a Back-end Load (Processing charge) not exceeding one eighth of one percent of the Redemption Price (Please refer to Annexure B for the current level of load) and such amount as the Management Company may consider an appropriate provision for Duties and Charges and such sum to be adjusted downwards to the nearest Paisa. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor during the business hours on that date. However, the back-end load shall not be deducted from the NAV for such Units that are being converted for investment in another scheme being run by the Management Company. The Management Company may announce different plans under different administrative arrangements with differing levels of load. . The Management Company may, at its discretion, charge different levels of the back-end load to different investors.

8.5 The Management Company shall, at such frequencies as are prescribed in the relevant Offering Documents, determine and announce the Net Asset Value based prices. Such prices shall be subject to a continuous post audit by the Funds' Auditors. The Auditors shall provide copies of their reports direct to the Trustee at such frequency as is agreed amongst the Trustee, the Management Company and the Auditors. Under certain circumstances as provided in the respective Offering Documents, the Management Company may suspend the announcement of the prices.

8.6 The Management Company shall publish the Offer and Redemption Prices in at least one or more leading English and/or Urdu daily newspapers having good circulation in Karachi, Lahore and Islamabad on the following day.

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

## **9 EXPENSES OF PSM FUND**

9.1 The following expenses will be borne by the PSM FUND:

9.1.1 Remuneration of the Management Company;



- 9.1.2 Remuneration of the Trustee;
- 9.1.3 Brokerage and transaction costs related to investing and disinvesting of the Fund Property.
- 9.1.4 Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unitholders
- 9.1.5 Bank charges and borrowing/financial costs;
- 9.1.6 Auditors' Fees and expenses and
- 9.1.7 Formation Cost estimated at and not exceeding Rs. 2,500,000 that will be amortized over a period not exceeding five years.

## **9.2 The Remuneration of the Management Company and the Trustee**

- 9.2.1 The Management Company and the Trustee shall be remunerated in the manner described in Section 11 herein below.

- 9.3 **The payment to Legal Advisors** (other than for legal costs incurred for setting up the Income Fund or for protecting or enhancing the interests of the Fund or its Unitholders) will be made by the Management Company and there will be no separate charge on PSM FUND.

## **9.4 Expenses of the Management Company and the Trustee**

The Management Company and Trustee shall bear all expenditures in respect of their secretarial and office space and professional management including all accounting and administrative services provided in accordance with the provisions of the Deed. Neither the Management Company nor the Trustee shall make any charge against the Unitholders nor against the Fund Property nor against the Distribution Account for their services nor for expenses, except such expenses or fees as are expressly authorised under the provisions of the Rules and the Deed to be payable out of Fund Property.

## **10. TAXATION** –The information herein below is accurate as of the date of the printing of this document. **The taxability and tax rates are subject to change from time to time, as may be announced by the Government:**

### **10.1.1 Taxation on the income of the Fund:**

#### **10.1.2 Tax status of the Fund**

- 10.1.2.1 Under the Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Fund will be regarded as a public company liable to tax rate applicable to a public company.
- 10.1.2.2 The income of the Fund will accordingly be taxed at the following rates:
- 10.1.2.3 Dividend income including bonus shares received from a Pakistani company or a Modaraba shall be taxed at the withholding tax rate of 5%. This is the final tax liability.
- 10.1.2.4 Capital gains on sale of shares listed on any Stock Exchange in Pakistan are exempted from tax till Assessment Year 2004-05.
- 10.1.2.5 Income from redeemable capital listed on any Stock Exchange in Pakistan is subject to withholding tax at the rate of 10%.
- 10.1.2.6 All other income, if not otherwise exempt shall be taxed at the rate of 35% of net income.
- 10.1.2.7 Notwithstanding the tax rates given above, the income of the Fund will be exempted from tax, if not less than 90% income of the year is distributed amongst the Unit Holders as dividend. It is the policy of the Fund to comply with this law so as to obtain tax exemption. However, in the event the tax impact is not significantly adverse, the capital gains realised shall normally be retained for reinvestment by the Fund.

### **10.2 Taxation on Unit Holders and liability to Zakat**

- 10.2.1 The information set forth below is included for general information purposes only. In view of the individual nature of tax consequences, each investor is advised to consult with his tax adviser with respect to the specific tax consequences to him of investing in the Fund.

- 10.2.1.1 Withholding Tax on Dividend including Units issued as bonus units: Unless exempt from such taxation by applicable law or double taxation treaties, the withholding tax on profit distribution by the Fund will be as under:
- 10.2.1.2 Individuals: 10% ;
- 10.2.1.3 Public companies including Insurance Companies: 5% ;
- 10.2.1.4 Foreign companies: 15% ;
- 10.2.1.5 Other companies: 20% .
- 10.2.1.6 In terms of the provisions of the Income Tax Ordinance, 1979, the withholding tax, to which different tax rates apply, shall be deemed to be full and final liability in respect of such profits.
- 10.2.2 Capital Gains: Capital Gains on disposition of Units in the Fund will be subject to capital gains tax at the applicable tax rate. The Units of the Fund are being listed on the Islamabad Stock Exchange; consequently, subject to such listing, the profit on disposal of the Units shall be exempt from capital gains tax upto Assessment Year 2004-05.
- 10.2.3 Zakat: Under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except for certain category of investors, Units held by resident Pakistani unitholders are subject to Zakat at 2.5% of the value of Units held on the Zakat Valuation Date. Except for those Unitholders exempted under the said Ordinance, Zakat will be collected and paid in to the government treasury by redeeming the appropriate number of Units out of the respective accounts on the Zakat Valuation Date. In the event the Units are held in certificate form or the management Company is of the view that circumstances so warrant, the Zakat shall be recovered when the certificates are redeemed or from the dividend payment relating to such certificates whichever is earlier.
- 10.3 **Disclaimer** – The tax and Zakat information given above is based on the Management Company’s tax adviser’s interpretation of the law, which to the best of the Management Company’s understanding is correct but Investors are expected to seek independent advice so to determine the taxability arising from their investment in the Units of the Fund.

## 11 FEES AND CHARGES

- 11.1 **Management Fee:** The Management Company shall be entitled to receive:
- 11.1.1 A remuneration of an amount not exceeding three percent per annum of the average daily Net Assets during the first five years of the Scheme and two percent per annum of the average daily Net Assets thereafter; and
- 11.1.2 An amount not exceeding one-half of the amount by which the dividend distributed by the scheme exceeds twenty percent or such other benchmark that may be prescribed by the Rules from time to time.
- 11.1.3 Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the AMC Rules.
- 11.1.4 The current level of Management Fee is indicated in Annexure B.
- 11.2 **Trustee Fee** – The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure A), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the date of payment in full of all Units subscribed by the Core Investors. 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. Any costs incurred by the Trustee such as legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit holders, are reimbursable at actuals.
- 11.3 **Sales and Processing Charges (Front-end Load)** – The Unit Sale Price includes sales and processing charges of a maximum of five percent of the Offering Price. (The current level of Load is indicated in Annexure B). However, the Units issued to an existing Accountholder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net

Asset Value applicable on that date plus a processing charge not exceeding one-half of one percent. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any sales or processing charge. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unitholder. The Management Company may also issue Units at a reduced or no Sales and Processing Charge under different administrative plans

- 11.4 **Redemption Processing Charge (Back-end Load)** - The Unit Redemption Price is calculated after deducting a processing charge not exceeding one-half of one percent from the Net Asset Value of the Unit. (The current level of Load is indicated in Annexure B). The Management Company may also redeem Units at a reduced or nil Processing Charge under different administrative plans.

## 12 PROCEDURE FOR PURCHASE OF UNITS

### 12.1 Who Can Apply

Any investor or any related group of investors qualified or authorised to purchase the Units may make applications for the issue of Units in PSM FUND. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 12.2 below including but not limited to:

- 12.1.1 Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- 12.1.2 Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/or bye-laws. In respect of trusts the trustees of such trust may make an application to buy the Units
- 12.1.3 Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units in PSM FUND shall warrant that he is duly authorised to purchase such Units.

### 12.2 Application Procedure

The procedure hereinbelow is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based options for the transactions.

- 12.2.1 Fully completed Application form for purchase of Units, accompanied by the payment for the investment, as specified in paragraph 12.3 below and copies of the documents mentioned in subparagraphs 12.2.3 and 12.2.4 should be delivered at any of the Authorised Branches of the Distribution Companies.
- 12.2.2 Applications shall be accepted only if the investor designates a bank account with one of the Fund's designated bankers. Such account of the investor shall be used for transferring any dividends and redemption proceeds. The investor may at any subsequent stage change the account to another account with any of the Fund's designated bankers.
- 12.2.3 In case of individual applicants a photocopy of the National Identity Card of the applicant or any other form of identification acceptable to the Management Company.
- 12.2.4 In case of a body corporate or a registered society or a trust, (1) copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations; (2) copy of the relevant resolution of the board of directors approving the investment (3) copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the investment and (4) copy of the National Identity Card of the officer to whom the authority has been delegated.

- 12.2.5 In case of existing Account Holders, if any of the documents have previously been deposited, fresh submission of documents will not be required provided that the deposited documents are acceptable to the Management Company. However, the account number must be provided to facilitate linking.
- 12.2.6 The applicant must obtain a copy of the application signed and stamped by an authorised officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Cash can only be deposited in a bank account titled "CDC - Trustees AHIM Funds" maintained with designated banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting AHIML's liability under Rule 8(c) of the Asset management Companies Rules, 1995
- 12.2.7 The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 12.2.8 If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the mean while the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unitholder shall not be entitled to any payment beyond the redemption value so determined.
- 12.2.9 In the event payment has been accepted by cheque, the Units shall be allocated on the day the duly completed Application alongwith the cheque is lodged with the Distributor. However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on cheques, which may vary for various class of investors, and in the event a cheque is returned unpaid, the Management Company may instruct the Registrar to redeem the Units so allocated at the then prevailing redemption price but not exceeding the redemption price fixed on the day the Units were allocated. In the event the Management Company instructs the Registrar to redeem the Units, the investor may be prosecuted for recovery of the shortfall in the issue and redemption price and /or other punitive action for presenting a cheque that is returned unpaid.

### **12.3 Payment**

Payment for Units can be made by banker's draft, pay-order or by cheque, if and under such conditions that the Management Company may allow payment by cheques (however, the Management Company may impose such limits it deems fit as to the bank branch on which the cheque is drawn and as to the monetary limits on cheques, which may vary for various class of investors), made payable to the "CDC- Trustees AHIM Funds" and crossed "Account Payee only" and must be drawn on a Bank in the same town as the Authorised Branch of the relevant Distribution Company to which the application form has been submitted is located. Payment for Units in cash will not be accepted, however, the Management Company may notify details of an account in the name of the Trustee in which funds may be deposited through a specifically designed paying-in form.

### **12.4 Joint Application**

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

- 12.4.2 The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligation.
- 12.4.3 In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form, shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations.
- 12.4.4 Where Units are registered in the name of Joint Holders and subsequently additional Units are purchased by the same Joint Holders but the application is made in different order, such additional Units will be registered under a different account.

### **12.5 Allotment (Issue of Units)**

If an application duly delivered at or posted to the authorised branch of any of the Distribution Company is accompanied by the payment as prescribed hereinabove, Units applied for will be allotted (issued) on the date of receipt if it is a Subscription Day, or if not a Subscription Day, then on the next following Subscription Day.

## **13 PROCEDURE FOR REDEMPTION OF UNITS**

### **13.1 Application Procedure**

The procedure hereinbelow is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based alternatives for the transactions.

- 13.1.1 Unitholders may lodge requests for redemption by completing the prescribed Redemption Form (Request) and endorsing the relevant Certificate, if issued, on the reverse of such Certificate and submitting the same to any Authorised Branch of the relevant Distribution Company on any Subscription Day.
- 13.1.2 The applicant must obtain a copy of the Request signed and stamped by an authorised officer of the Distributor acknowledging the receipt of the Request and the certificates if any.

### **13.2 Payment of Redemption Proceeds.**

The payment of the redemption value shall be made by virtue of a transfer to the Unitholder's (the first named joint holder if jointly held) designated banker within six working days of the receipt of the redemption request conforming to the requirements herein. However, the terms contained in Section 6.2.11 shall supersede the terms of this clause under the circumstances indicated in Section 6.2.11. The Trustee may under special circumstances or administrative arrangements agree to pay the redemption amount directly to the Unitholder or his authorised representative. However, no payments shall be made to any intermediary. The Management Company, at the request of Unit holder, may agree to change the mode of payment.

### **13.3 Joint Holders**

Unless the Joint Holders of Units have specified otherwise, all the Joint Holders shall sign request for redemption of such Units.

### **13.4 Partial Redemption**

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

### **13.5 Verification of Redemption Application Form**

At the request of the Unit Holder, the Registrar will verify (1) the holding stated on the Application for Redemption Form and (2) signature of the Holder.

### **13.6 Redemption Requests in Excess of 10% of Units in Issue.**

The normal redemption process shall not apply in so much as it is in conflict with the process prescribed in Section 6.2.11 in which case the process described therein takes over

## **14 TRANSFER OF UNITS**

### **14.1 Application Procedure**

The procedure hereinbelow is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based alternatives for the transactions.

**14.2** A Unit Holder can transfer Units held by him by:

14.2.1 Completing a prescribed Transfer Application Form to be signed by the transferor and transferee; and

14.2.2 Paying any applicable Duties and Charges; and

14.2.3 Submitting to any of the Authorised Branches of the relevant Distribution Company the Transfer Application Form and relevant Certificate, if issued. The Management Company may introduce Certificates that are self-contained in as much as they may incorporate an appropriate design for recording transfers.

14.2.4 Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Holder or the survivors of Joint Holder shall be registered as the Holder or Joint Holder as the case may be, upon:

14.2.5 Paying any applicable Duties and Charges; and

14.2.6 Submitting to any of the Authorised Branches of the relevant Distribution Company the duly completed prescribed Transfer Application Form and relevant Certificate, if issued, with such evidence, which may prove his entitlement to the Units.

14.2.7 Application for transfer can be submitted on any Business Day during banking hours.

### **14.3 Partial Transfer**

Partial transfer of Units covered by a single Certificate is permitted.

### **14.4 Verification of Transfer Application Form**

At the request of the Unit Holder, the Registrar will verify (1) the holding stated on the Transfer Application Form and (2) signature of the Holder.

### **14.5 Closure of Register**

The Management Company may close the Register by giving at least thirty days notice to Holders and for period not exceeding five days in a calendar year. During the period the Register is closed, transfer application will not be received.

## **15 SERVICE TO UNIT HOLDERS**

### **15.1 Availability of Forms**

All the forms mentioned and/or included in this Offering Document will be available at all the Authorised Branches of all Distribution Companies as well by post from the Management Company and from its web site. Investment Facilitators will also have limited stocks of the Forms.

### **15.2 Register of Unit Holders**

A Register of Unit Holders shall be maintained by Gangjees Registrar Service, in their capacity as the Registrar at 513, Clifton Centre, Clifton, Karachi.

15.3 Every Unit Holder will have a separate account identification number. Such account shall be used for recording Units held by the Unitholder in various schemes and their administrative plans run by the Management Company. Such account will reflect all the transactions in that account held by such

Unit Holder. However, certain plans may allocate a separate series of account numbers, which, may not be linked, to the other account number of the Unitholder.

**15.4** The Holder will be entitled to ask for copies thereof on any Business Day by applying to the Registrar in writing and providing such fee that the Management Company may notify.

**15.5 Information in the Register**

The Register will normally contain the following information:

**15.5.1 About Unit Holders**

15.5.1.1 Name of Unit Holder/ Joint Holders;

15.5.1.2 Address of Unit Holder/first named Joint Holder;

15.5.1.3 National Identity Card Number(s) of Unit Holder/ Joint Holders

15.5.1.4 Father's or Husband's name of Unit Holder/ Joint Holders;

15.5.1.5 Occupation of Unit Holder/ Joint Holders; and

15.5.1.6 Taxability code

15.5.1.7 Bank details (except for cases where the Management Company agrees to alternate arrangements)

**15.5.2 About Units**

15.5.2.1 Type (Name of the Scheme and its variation)

15.5.2.2 Distinctive numbers if allotted;

15.5.2.3 Certificate number, if applicable;

15.5.2.4 Dates of purchase/ Redemption/ transfer and the reference number, if any;

15.5.2.5 Number of Units held in various schemes; and

15.5.2.6 Record of verification of Transfer forms/ Redemption

**15.5.3 Instructions**

15.5.3.1 Instruction about reinvestment or payment of dividend or the encashment of bonus Units;

15.5.3.2 Instructions if redemption application is to be signed by first – named Joint Holders only;

15.5.3.3 Information and instruction about pledge of Units; and

15.5.3.4 Information and instruction about nominees in case of death of the Unit Holder.

15.5.4 **Request for Changes:** The Unit Holder should write to the Registrar if any change is desired in his particulars or instructions

**15.5.5 Account Statement**

The Registrar will send directly to each Unit Holder a non transferable account statement each time there is a transaction in the account, i.e., Units are (1) subscribed, (2) redeemed (3) transferred in favour of third person (4) transferred from third person (5) consolidated/ split and (6) additional Units are issued against bonus issue or re-investment of dividend. An account statement will be posted within 21 Business Days after each relevant transaction. However, the frequency of statements may vary under different administrative plans governed by the respective Supplementary Offering Documents.

**15.5.6 Certificates**

15.5.6.1 Unit Certificates will be issued only if requested by the Unit Holders, save in the case of Units issued under certain administrative arrangements that exclude issuance of certificates.

- 15.5.6.2 Unit Holders can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of Rs. 25 per Certificate or any other amount as determined by the Management Company from time to time.
- 15.5.6.3 The Certificate would be sent through postal or courier service at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Holder, if the relevant Unit or Units are jointly held.
- 15.5.6.4 Each Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

#### **15.5.7 Replacement of Certificates**

- 15.5.7.1 The Registrar or Management Company may replace certificates, which are defaced, mutilated, lost or destroyed on application to the relevant Distribution Company and on payment of all costs, and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- 15.5.7.2 The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one certificate upon surrender of existing Certificates.
- 15.5.7.3 Each new issue of Certificates will require payment of Rs.50 per Certificate.

#### **15.5.8 Pledge/Lien of Units**

- 15.5.8.1 Any Unit Holder/or all joint holders may request the Registrar to record a pledge/lien of all or any of his/their Units in favour of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favour of any third party with the specific authority of the Management Company. However, the lien shall be valid only if evidenced by a lien letter issued in the form attached hereto as Annexure C, which shall bear a special series sequential number and shall be signed by the Registrar and countersigned by two officers of the Management Company specifically authorised by its Board of Directors for signing letters of lien. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.
- 15.5.8.2 The lien letter shall record particulars of the bank account of the party obtaining the lien.
- 15.5.8.3 The lien once registered shall be removed by the authority of the party in whose favour the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge/ charge/lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Registrar take any responsibility in this matter.
- 15.5.8.4** Payments of dividends or the issue of bonus Units and redemption proceeds of the Units under lien/charge/pledge shall be made to the lien/ charge/ pledge holder for the account of the Unitholder.

#### **15.5.9 Nomination**

Subject to any Personal Laws that may applicable to a Unitholder, a single Unit Holder can nominate a successor to receive the Units upon his death by completing the prescribed nomination form and submitting the same to the Authorised Branch of the relevant Distribution Company

#### **15.6 Financial Reporting**

The following reports will be sent to the Unit Holders:

- 15.6.1 Audited financial statement, together with the auditors report, the report by the Management Company and the report by the Trustee within four months of the close of each Accounting Period. The Management Company shall be responsible for sending the Trustee's report along with the other reports, however, in the event the Trustee's report is not available for despatch within the prescribed time period, the Management Company shall inform the Unitholders of the fact in writing.



15.6.2 Un-audited financial statement, together with the report by the Management Company within two months of the close of the first half of each Accounting Period.

## **15.7 Income Distribution**

### **15.7.1 Accounting Period**

The Accounting Period will commence from the date of registration of PSM FUND for the first year to June 30, 2002 and from July 1 to June 30 for all the following years.

### **15.7.2 Declaration of Dividend**

The Management Company shall decide not later than forty-five days after the end of the Accounting Period whether to distribute profits if any, available for distribution in the form of dividends to the Unit Holders. The balance of the net income will be retained for re-investment in PSM FUND

### **15.7.3 Determination of Distributable Income**

The amount available for distribution in respect of any Accounting Period shall be the sum of all receipts of the nature of income and net realized appreciation, from which shall be deducted (1) the expenses, as stated in paragraph 9 of this Offering Document and (2) any taxes on PSM FUND. The income qualifying for distribution shall be adjusted as under:

15.7.3.1 By additions of a sum representing amounts included in the Price of Units for income accrued upto or deduction of losses accrued to the date of issue; and

15.7.3.2 By deduction of a sum representing all participation in income distributed or addition of losses recovered upon redemption of Units;

### **15.7.4 Reinvestment of Dividend**

15.7.4.1 Dividends shall be automatically reinvested in additional Units, however a Unit Holder may instruct the Management Company in writing by completing the prescribed form not to re-invest the future dividends to which he will be entitled. In such an event future dividends shall be paid by way of transfer to his designated bank account.

15.7.4.2 The Offer Price for the Units to be issued under paragraph 15.7.4.1 above will be the NAV on the close of the period for which the dividend is being distributed, as certified by the Auditors, after appropriation of the income of that year

### **15.7.5 Encashment of Bonus Units**

In the event a dividend is declared in the form of bonus Units, such Units shall be added to the holding of the Unitholders. A Unitholder may elect to receive the cash value of the bonus Units provided such Unitholder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing prior to the dividend declaration for any relevant period.

### **15.7.6 Payment of Dividend**

All payments for dividend shall be made by the Registrar by transfer of funds to the Unitholder's (or the first named joint holder's or the charge-holder's) designated bank account. The dividend shall be transferred to the Unitholder's designated banker within 30 days after the declaration of the dividend.

### **15.7.7 Dispatch of Dividend Advice**

Dividend advice shall be dispatched to the Unitholder's or the charge-holder's registered address within 30 days after the declaration of dividend.

## 16 FINANCIAL INFORMATION

### 16.1 Auditors Certificate on Core Investors' Investment in the Units of PSM FUND.

Arif Habib Investment Management Limited  
7<sup>th</sup> Floor Al-Sehat Centre-Regent Plaza Hotel  
Shahrah-e-Faisal/Rafiqi Shaheed Road  
Karachi 75350

February 27, 2002  
C 1713

Dear Sirs,

At your request we have verified from the books of accounts and records of the Pakistan Stock Market Fund managed by the company that a sum of Rs. 250 million (Rupees two hundred and fifty million) had been subscribed upto February 27, 2002 in respect of units of the Fund. This amount has been received in the Fund's bank account from the following core investors:

Core Investor	Amount (Rupees)
1. B. R. R. International Modaraba	1,000,000
2. Orix Investment Bank Pakistan Limited	1,000,000
3. Tariq Rafi	5,000,000
4. Saleem Chamdia	2,500,000
5. Metropolitan Bank Limited	5,000,000
6. Habib Bank Limited	25,000,000
7. Javed Omer Vohra	10,000,000
8. Aqeel Karim Dhehdi	10,000,000
9. Feroz Cassim	10,000,000
10. Dewan Zia	5,000,000
11. Arif Habib	20,500,000
12. Arif Habib Securities Limited	150,000,000
13. Bank Al Falah Limited	5,000,000
	<u>250,000,000</u>

Yours truly,

A. F. Ferguson & Co.  
Chartered Accountants

### 16.2 Auditors Certificate on Net Asset Value of Units in PSM FUND

Arif Habib Investment Management Limited  
2002  
7<sup>th</sup> Floor Al-Sehat Centre-Regent Plaza Hotel  
Shahrah-e-Faisal/Rafiqi Shaheed Road  
Karachi 75350

February 27,  
C 1726

Dear Sirs,

At your request we have verified from the books of accounts and records of the Pakistan Stock Market Fund managed by the company that the Net Assets of the Fund as at the close of business on February 27, 2002 was Rs. 250,000,000 (Rupees two hundred and fifty million). The Net Assets of each unit amounted to Rs. 50 which was arrived at by dividing the Net Assets of the Fund by the number of units in circulation as at that date.

We would like to draw your attention to paragraph 16.3 of the offering document which specifies that the management company has estimated the formation costs of the Fund expected to be incurred during the period leading to the First offer of Units. The Net Assets of the Fund as at the close of business on February 27, 2002 specified above has been determined before writing off these formation costs.

Yours truly,

A. F. Ferguson & Co.  
Chartered Accountants

### **16.3 Formation Cost**

Formation Cost shall be borne by the PSM FUND and amortized over a period of not more than five years. The cost is estimated at Rs. 2,500,000.

## **17 TERMINATION OF PSM FUND**

### **17.1 By the Management Company**

The Management Company may terminate PSM FUND, if the Net Assets at any time fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and shall disclose the grounds of its decision. The Management Company may announce winding up of the Fund without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund property to meet such redemption would jeopardise the interests of the remaining Unitholders and that it would be in the best interest of the Unitholders that the Fund be wound up.

### **17.2 By the Securities and Exchange Commission of Pakistan**

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

### **17.3 Winding up**

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

## **18 DEFINITIONS**

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

- 18.1 "Accounting Date" means the date 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.
- 18.2 "Accounting Period" means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 18.3 "Administrative Plans" means, investment plans offered by the Management Company, where such plans allow investors a focussed investment strategy in any one or a combination of Unit Trust Schemes managed by the Management Company and for which CDC is appointed as the Trustee;
- 18.4 "AMC" means Asset Management Company.
- 18.5 "Auditors" means, such audit firm that is appointed as the auditor of any of the Unit Trust Schemes managed by the Management Company for which CDC is appointed as the Trustee.

- 18.6 "Authorized Branch" means those branches of the Distributors whose address has been given in section 19 of this Offering Document.
- 18.7 "Authorized Investment" means Pakistan origin investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:
- 18.7.1 Securities, shares, stock, bonds, debentures, debenture stock, warrants, options, participation term certificates, modaraba certificates, musharika certificates, term finance certificates, convertible bonds and other asset backed or mortgage backed securities. Such investments shall include those for ready settlement as well as those for future settlement;
- 18.7.2 Treasury bills and other Government Securities;
- 18.7.3 Money market instruments, Certificates of Deposit and Bankers' Acceptances;
- 18.7.4 Deposits with Banks or financial institutions;
- 18.7.5 Units in any other unit trust schemes;
- 18.7.6 Any other equity or debt security in respect of which permission to deal on a Stock Exchange is effective;
- 18.7.7 Repurchase transactions (REPOs) and reverse REPOs including Carry Over Transactions (COT). Purchase or sale of a security for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement Carry Over Transaction (COT) is a form of financing transacted through the Stock Exchange. It consists of two simultaneous transactions, the first for purchase of an underlying security (shares) on the settlement date scheduled for the security and the second for selling back the security at a higher price for a subsequent settlement date; and
- 18.7.8 Investment in any equity or debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
- 18.8 "Back-end Load" means a Processing Charge, not exceeding one-eighth of one percent of the Redemption Price, deducted by the Management Company from the Net Asset Value in determining the Redemption Price.
- 18.9 "Bank" an institution providing banking services under the banking laws of Pakistan or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 18.10 "Bank Accounts" means those accounts the beneficial ownership of which rests in the Unitholder and for which the CDC has been appointed the Trustee.
- 18.11 "Business Day" means a day (such business hours thereof) when Banks are open for business in Pakistan.
- 18.12 "Beneficial Owner" includes one who although not the nominal or registered owner of any property, is, by virtue of the arrangements affecting such property, entitled to the benefit of such property for himself, either alone or with others in undivided shares, as the case may be.
- 18.13 "Carry Over Transactions (COT)" is a form of financing transacted through the Stock Exchange. It consists of two simultaneous transactions, the first for purchase of an underlying security (shares) on the next settlement date and the second for selling back the security at a higher price for a subsequent settlement date.
- 18.14 "Certificate" means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed.
- 18.15 "Connected Person" shall have the same meaning as in the AMC Rules.
- 18.16 "Constitutive Document" means the Trust Deed which is the principal Document governing the formation management or operation of the Fund.
- 18.17 "Core Investors" of the FUND shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of clause 10(2) (e) of the Rules. The Core Investors shall be issued with Core Units representing their subscription. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 18.18 "Core Units" shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction.

Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee..

- 18.19 “Custodian” means a bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund with the approval of the Management Company at competitive terms, as part of the normal line of its business.
- 18.20 “Discount Rate” means the rate at which the State Bank of Pakistan makes funds available to banks for short periods against the collateral of government bonds; and if no longer published then the substitute thereof.
- 18.21 “Distribution Account” means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank approved by the Management Company in which the amount required for distribution of income to the Holders shall be transferred.
- 18.22 “Distributor and Distribution Company or Distribution Companies” means a Company or Companies, Firm or a Bank appointed by the Management Company with the approval of the Trustee for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Function.
- 18.23 “Distribution Function” means the functions with regard to:
- 18.24 Receiving applications for issue of Units together with aggregate Offer Price for Units applied for by the applicants;
- 18.25 Issuing receipt in respect of 18.23.1 above;
- 18.25.1 Interfacing with and providing services to the Holders including receiving redemption/ transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
- 18.25.2 Accounting to the Trustee for (i) monies received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
- 18.26 “Duties and Charges” means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distribution Company or any Front-end or Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 18.27 “First Offer,” means the price of Rs 50 per Unit during the initial offering period determined by the Management Company, which shall not exceed a period of ten days.
- 18.28 “Formation Cost” means all preliminary and floatation expenses of the PSM FUND including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund and related administrative investment plans inviting investment therein and all expenses incurred during the period leading up to the First Offer.
- 18.29 “Front-end Load “ means the sales and processing charges, also described as Sales Load in clause 18.47, payable to the Management Company, which are included in the Offer Price of Units.
- 18.30 “Fund’s Auditors” means the Auditors.
- 18.31 “Fund Property” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices after deducting therefrom or providing thereagainst the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profit

and other benefits arising therefrom and all cash and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unitholders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.

- 18.32 “Holder” or “Unitholder” means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investor jointly so registered pursuant to the provisions of this Deed.
- 18.33 “Investment” means any Authorised Investment forming part of the Fund Property.
- 18.34 “Investment Facilitator” (Facilitator) means an individual, firm, corporate or other entity appointed by the Management Company, at its own responsibility, to identify, solicit and assist investors in investing in the Fund. The Management Company shall compensate the Facilitators out of the Sales Load collected by it in the Offer Price.
- 18.35 “Net Assets” means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified hereunder:
- 18.35.1 A security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of which it is valued, or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date, the security shall be valued at an amount not higher than the closing asked price nor lower than the closing bid price;
- 18.35.2 An investment purchased and awaiting payment against delivery shall be included for valuation purposes as security held, and the cash account of the company shall be adjusted to reflect the purchase price, including brokers’ commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;
- 18.35.3 An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
- 18.35.4 A security bought or sold under a repurchase or reverse repurchase transaction, which has to be settled at a future date, shall be valued by taking the net affect of the complete transaction into account. The value or loss accruing from such transaction shall be recognised taking into account the allocation of such value or loss over the period between the transaction date and the settlement date.
- 18.35.5 The value of any dividends, bonus-shares or rights which may have been declared on securities in the portfolio but not received by the company as of the close of business on the valuation date shall be included as assets of the company, if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;
- 18.35.6 A security not listed or quoted on a stock exchange shall be valued at investment price or its break-up value as per last audited accounts, whichever is lower. However, a debt security which is not quoted on a stock exchange shall be valued on a basis of secondary market quotations for such security if there is an active secondary market for such security or on a basis (acceptable to the Auditor of the Trust) which takes into account the remaining life of the security, the value of any warrants, conversion rights etc., the prevailing market lending rates for the tenor and class of the issuer of the security, the ranking in seniority of the debt represented by the security and any other factors that may affect the value of the security;
- 18.35.7 Interest/mark-up accrued on any interest/mark-up bearing security in the portfolio shall be included as an asset of the fund if such accrued interest/mark-up is not otherwise included in the valuation of the security;
- 18.35.8 Any value accrued (or loss incurred), realised or otherwise, on any commitment entered into on behalf of the Trust;
- 18.35.9 Any other income accrued up to the date on which computation was made shall also be included in the assets; and
- 18.35.10 All liabilities, expenses, taxes and other charges due or accrued up to the date of computation which are chargeable under this Trust Deed shall be deducted from the value of the assets;















