

Investors are advised in their own interest to carefully read the contents of the Offering Document, in particular Risk Disclosure and Warnings mentioned in Clauses 2.7, 2.9 and 9 respectively, before making any investment decision.

# CONSOLIDATED OFFERING

## DOCUMENT

# HBL INCOME FUND

An Open-End Fund

Updated Up to June 30<sup>th</sup>, 2017

MANAGED BY

HBL ASSET MANAGEMENT LIMITED

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**OFFERING DOCUMENT OF HBL INCOME FUND (HBL-IF)**

**Date of Publication of Offering Document 7<sup>th</sup> March 2007**

**(Managed by HBL Asset Management Limited registered under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules))**

Initial Offering Period: March 15, 2007 to March 17, 2007 (both days inclusive)

**INTRODUCTION**

HBL-Income Fund (HBL-IF) (the Fund) has been established in Pakistan vide Trust Deed, dated 6<sup>th</sup> September 2006, registered under the Trusts Act, 1882 (11 of 1882) entered into between HBL Asset Management Limited, as the Management Company and Central Depository Company (CDC), as the Trustee, and is authorized under Rule 67 of the NBFC Rules, 2003.

**If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal adviser, stock broker, bank manager, or other financial adviser. Investors must recognize that all investments involve varying levels of risk. The portfolio of HBL-IF consists of market-based investments and is subject to market fluctuations and risks inherent in all such investments. The value of Units in HBL-IF may appreciate as well as depreciate, and consequently the level of dividend declared by HBL-IF may get affected to that extent. Investors are requested to read the Risk Disclosure and Disclaimer statement contained in Clauses 2.7, 2.9 and 9 of this Offering Document.**

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## **REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (Commission) has authorized the offer of units of HBL-IF (The Fund) under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The Rules). The Commission has approved this Offering Document, under Rule 70 of the NBFC Rules.

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

This Offering Document is governed by the provisions of the Trust Deed. It sets forth information about HBL-IF that a prospective investor should know before investing in Units of HBL-IF. Prospective investors of HBL-IF should consult one or more from amongst their stock broker, bank manager, legal adviser or other financial adviser. The investors are advised to carefully refer to Risk Disclosure and Disclaimer statement contained in clause 2.7, 2.9 and 9 of this Offering Document

### **Filing of the Offering Document**

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the documents (1) to (7) below with the Commission. Certified copies of these documents can be inspected at the registered office of the Management Company or the place of business of the Trustee, at addresses provided in Clause 1.1 of this Offering Document.

- (1) Duly registered Trust Deed (Deed) of HBL-IF dated 6<sup>th</sup> September 2006 between HBL Asset Management Limited (the management company), as the establisher and Central Depository Company of Pakistan Ltd. as the Trustee
- (2) Letters from AF Ferguson & Co Auditors of HBL-IF, consenting to the issue of statements and reports.
- (3) The Commission's letter no. SEC/NBFC/AD-Jam/494/2006 dated 25<sup>th</sup> July 2006 approving the appointment of CDC as the Trustee of HBL-IF;
- (4) The Commission's letter no. SEC/NBFC-II/AD-Jam/495/2006 dated 25<sup>th</sup> July 2006 authorizing HBL-IF;
- (5) License for undertaking Investment Advisory and Asset Management Services issued by Commission under its letter no. NBFC/MF-RS/HBL-AMC/191/2006 dated 4<sup>th</sup> April 2006 under NBFC rules;
- (6) The Commission's letter's No. SEC/NBFC-II/AD-JAM/HBLIF/180/2007 dated 2<sup>nd</sup> March 2007, approving this Offering Document.
- (7) SECP's Certificate of Incorporation 00000012123/20060207 dated 17<sup>th</sup> February 2006, registering HBL Asset Management Limited as an Asset Management Company.

## I – CONSTITUTION OF THE SCHEME

### 1.1 Constitution

HBL-IF is an open end fund constituted by a Trust Deed (the Deed) entered into at Karachi between:

- (1) HBL Asset Management Limited (HBL Asset), a company incorporated under the Companies Ordinance 1984, licensed by the Commission to undertake investment advisory and asset management services with its registered office at **8B, 8th Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi Pakistan**, as the establisher and the Management Company; and<sup>1</sup>
- (2) Central Depository Company of Pakistan Limited (CDC) a company incorporated under the Companies Ordinance 1984, with its registered office at CDC House **99-B, Block B, Main Shahrah-e-Faisal S.M.C.H.S Karachi, Pakistan** as the Trustee

1.1(A) “HBL Income Fund” is an open-end Income Scheme.<sup>2</sup>

### 1.2 Trust Deed

The Deed shall be subject to and be governed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies & Notified Entities Regulations, 2008, Securities and Exchange Ordinance 1969 as amended from time to time and all applicable laws and regulations. The terms and conditions of the Deed and any deed supplemental hereto shall be binding on each Holder.”<sup>3</sup>

### 1.3 Modification of Trust Deed

1. The Trustee and the Management Company, acting together and with the approval of The Commission, shall be entitled by supplemental deed(s) to modify ,alter or add to the provision of this Deed on any of the following grounds:
  - (a) to ensure compliance with any applicable laws and regulation;
  - (b) to enable the provision of the Deed to be more conveniently and efficiently implemented;
  - (c) to enable the units to be listed on the stock exchange: or
  - (d) to otherwise benefit the Unit holders.
  - (e) any other change without prejudice in the interest of Unit Holders.

Provided that in case of (b), (c) and (d) 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.
2. Where this Deed has been altered or supplemented the Management Company shall notify the Holders immediately.
3. The Management Company may from time to time frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto; provided such procedures are not inconsistent with the provisions of the Constitutive Documents and the Rules.

<sup>1</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>2</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>3</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

## **1.4 Duration**

The duration of HBL-IF is perpetual. However, it can be wound up by the Commission or by the Management Company with prior approval of the Commission on the occurrence of certain events as stated in clause 11 of this Offering Document under the heading, "Cancellation of Registration and Revocation of HBL Income Fund".<sup>4</sup>

## **1.5 Registered Office, Place, Date of Establishment**

The registered address of HBL Asset Management Company Limited (HBL Asset) is at 8B, 8th Floor, Executive Tower, Dolmen City, Block 4, Clifton Karachi. . The Trust was established on 6th September 2006. The official website of the Management Company is [www.hblfunds.com](http://www.hblfunds.com) and [www.hblasset.com](http://www.hblasset.com).<sup>5</sup>

# **2. INVESTMENT OBJECTIVES AND RESTRICTIONS**

## **2.1 Investment Objectives**

The objective of the Fund is to provide stable stream of income with a moderate level of risk by investing in fixed income securities /instruments.

## **2.2 Investment Policy**

In line with the investment objective of HBL Income Fund, the Fund may invest in following asset classes:-

- (a) Term Finance Certificates, , Certificate of Musharika issued by a Modaraba having a minimum investment grade credit rating, Such investments shall include those for ready as well as those for future settlements;
- (b) Treasury bills, Pakistan Investment Bond, Federal Investment Bonds and any other Government Securities;
- (c) Money Market Instruments, Commercial papers;
- (d) Deposits in Banks or with financial institutions; including deposits in local currency or in currencies other than the Pakistani Rupee, Certificates of Investments (COI), Certificate of Deposits (COD) issued by NBFC having a minimum investment grade credit rating.
- (e) Reverse Repurchase transactions (Reverse REPO"s) against eligible securities;
- (f) Continuous Funding System (CFS) or similar transaction by whatever name called;
- (g) Secured, Unsecured, listed or likely to be listed or unlisted debt securities issued by local governments, other government agencies, private or public sector entities and or financial institutions having a minimum investment grade rating.
- (h) Preference shares.

<sup>4</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>5</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- (i) Asset Backed and Mortgage backed Debt Securities.
- (j) Spread Transactions i.e. Transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. HBL-IF will buy in the ready settlement market and sell in the future settlement market. Both transactions would be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities.
- (k) Warrants, Options, derivatives subject to prior approval of the Commission.
- (l) Foreign fixed income securities issued; listed or otherwise and traded outside Pakistan on such terms, guide lines and directions as may be issued by the Commission and State Bank of Pakistan from time to time.
- (m) Any investment, which has been authorized by the Commission but does not include Restricted Investments.<sup>6</sup>

**2.2 A** The performance of the Scheme will be compared against the benchmark of “6- month KIBOR average”.

The performance of the Scheme will be compared to its benchmark after deducting all the expenses which are charged to the Scheme as per the Regulations.”<sup>7</sup>

### **2.3 Investment Restrictions and Exposure Limits**

The maximum and minimum weightings of the Fund at any time in the Authorized Investments shall be as follows:

No.	Description	Maximum Exposure	Minimum Exposure	Minimum Issuer/ Counter Party Rating	Minimum Instrument Rating
1	Secured, Unsecured, listed or likely to be listed or unlisted debt securities issued by local governments, other government agencies, private or public sector entities and or financial institutions	75%	-	N/A	Investment Grade
2	Treasury bills, Pakistan Investment Bond, Federal Investment Bonds and any other Government Securities;	100%	-	N/A	N/A
3	Cash and near cash instruments which include cash in bank accounts (excluding TDRs), treasury bills not exceeding 90 days maturity;”	100%	25%	Investment Grade	N/A

<sup>6</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>7</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



4	Non traded securities, including reverse repos, bank deposits, certificate of investments (COI) and certificate of Musharikas (COM) and anything over six (6) months maturity which is not a marketable security;	15%	-	Investment Grade	N/A
6	Commercial papers;	75%	-	Investment Grade	Investment Grade
7	Continuous Funding System (CFS) or similar transaction by whatever name called and Spread Transactions	40%	-	Investment Grade	Investment Grade
8	Foreign fixed income securities issued; listed or otherwise and traded outside Pakistan on such terms, guide lines and directions as may be issued by the Commission and State Bank of Pakistan from time to time.	30% (Subject to a cap of USD 15 mn.)	-	As specified by the Commission at the time of granting approval for foreign investment	

“The HBL-IF shall follow the investment restrictions and exposure limits imposed by the Rules and the Regulations. In the event of any changes in the investment restrictions in the Rules and the Regulations, restrictions applicable to HBL-IF shall automatically be applied. The present exposure limits and restrictions are stated below”<sup>8</sup>

- a) Investments in Continuous Funding System (CFS), and spread transactions shall not exceed 40% of the net assets;
- (ab) Rating of any security in the portfolio shall not be lower than investment grade.
  - (ac) Rating of any NBFC and Modaraba with which funds are placed should not be lower than investment grade;
  - (ad) Rating of any Bank and DFI with which funds are placed should not be lower than investment grade;
  - (ae) Weighted average time to maturity of the net assets shall not exceed four years and this condition shall not apply to securities issued by the federal government;
  - (af) There are no restriction regarding time to maturity of any single asset in the portfolio, and duration of single security in the portfolio<sup>9</sup>
- b) HBL-IF shall not:
- 1) Invest in Shares forming the part of a company’s equity;
  - 2) Purchase any security in a forward contract
  - 3) Invest in Bearer Securities;
  - 4) Invest in Securities on margin;
  - 5) Invest in Securities which result in assumption of unlimited liability (actual or contingent);

<sup>8</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>9</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- 6) Apply any part of its assets to Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein and commodities and commodity contracts;
- 7) Invest in securities of the Management Company;
- 8) Lend, assume, guarantee, endorse or otherwise become directly or Contingently Liable for or in connection with any obligation or indebtedness of any person. However Reverse repo transactions involving Government Securities or other debt securities stated as authorized investments in this Offering Document under an agreement and spread transaction through ready buy and future sale or CFS or replacement thereof which are protected by the clearing company and stock exchanges is not subject to this restriction.;
- 9) Take exposure in any other collective investment scheme, overseas investments.
- 10) Anything other than Authorized Investment as defined herein;
- 11) Participate in a joint account with others in any transaction;
- 12) Make short sale of any security whether listed on unlisted or maintain a short position.

In accordance with diversification policy prescribed under the Rules and the Regulations, the Scheme is required not to invest more than twenty five percent of its Net Assets in securities of any one sector as per classification of the stock exchanges. The Exposure of a HBL IF to any single entity other than government securities shall not exceed an amount equal to ten per cent of total net assets of the scheme, subject to maximum exposure to any debt issue of a company shall not exceed ten percent of that issue. Further exposure of a collective investment scheme to a single group as defined in the NBFC Regulations shall not exceed thirty five per cent of net assets of the Scheme.<sup>10</sup>

## **2.4 Exception to Investment Restrictions**

In the event the exposure in a particular entity or sector exceeds the limit as laid down in this offering Document Clause 2.3 or the Rules and the Regulations because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in net assets the Management Company shall not take further exposure in such company or sector and shall bring the investment within the permissible level within three months which is extendable by the Commission on application by the Management Company.<sup>11</sup>

## **2.5 Borrowing and Borrowing Restrictions**

**2.5.1** Subject to any statutory requirements and the terms and conditions herein contained the Trustee may, at any time at the written request of the Management Company, concur with the Management Company in making and varying arrangements with Banks or other financial institutions for borrowing by the Trustee for the account of the Trust for meeting redemption requests. Provided that the charges payable to such Bank or financial institution are not higher than the normal bank charges. Provided further that the maximum borrowing for the account of the Trust shall not exceed fifteen percent of the Net Assets of the Scheme or such other limit as may be provided in the Rules and the Regulations and shall be repayable within a period of ninety (90) days but if subsequent to such borrowing, the Net Assets have reduced as a result of depreciation in the market value of the Deposited Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.<sup>12</sup>

**2.5.2** For the purpose of securing any such borrowing the Trustee may with the approval of the

<sup>10</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>11</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>12</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

Management Company; mortgage, charge or pledge in any manner all or any part of the Deposited Property, provided that the aggregate amount to be secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules and the Regulations.<sup>13</sup>

**2.5.3** Neither the Trustee nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings on account of the Trust from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of any borrowings.

**2.5.4** The Trustee or the Management Company shall not incur any liability by reason of any loss to the Trust or any loss that a Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.

## **2.6 Transactions with Connected Persons**

**2.5.5** All cash forming part of the Deposited Property shall be deposited by the Trustee in a separate account, in the name of the Trustee with a scheduled Bank or financial institution approved by the Management Company, having at least minimum investment grade rating, as per criteria laid down by a credit rating agency approved by the Commission. The Bank or a financial institution shall allow profit thereon in accordance with the rules prescribed by the Bank or financial institution for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company.

**2.5.6** Money can be borrowed from the Trustee or any other institution provided that the charges are not higher than the usual bank charges.

**2.5.7** The Management Company on behalf of a HBL IF shall not without the approval of its Board of Directors in writing and consent of trustee, purchase from, or sell any securities to any connected person or employee of the Management Company. However this restriction shall not apply to the issue, sale or redemption of units issued by HBL IF.<sup>14</sup>

**2.5.8** The Trust shall not invest in any security of a company if any director or officer of the Management Company owns more than five percent of the total nominal amount of the securities issued by such company, or collectively the directors and officers of the Management Company own more than ten percent of the securities issued by the said company.<sup>15</sup>

**2.5.9** All connected party transactions carried out by the Management Company on behalf of HBL IF shall be in accordance with the provisions of the deed and this offering document and shall be disclosed in the annual report of the Scheme.<sup>16</sup>

**2.5.10** For the purpose of sub-Clauses 2.6.4 and 2.6.5 above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

<sup>13</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>14</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>15</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>16</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

## **2.7 Risk Disclosure**

**Investors must note that investments in mutual funds are subject to various risks. A targeted return/dividend range cannot be guaranteed. It should be clearly understood that the investment portfolio of HBL-IF is subject to market fluctuations and other risks inherent in all such investments. The risk emanates from various factors that include, but are not limited to:**

### **2.7.1 Credit Risk**

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

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

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

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

### **2.7.2 Interest Rate Risk**

Debt securities including money market instruments, government securities or corporate debt securities generally pay a fixed rate of coupon/mark-up. The value of the Fund due to its holding in debt securities will rise and fall as market interest rates change. When interest rates rise, the value of an existing fixed income debt security will fall because the coupon rate on that bond is less than prevailing return/mark-up rates and vice versa.

### **2.7.3 Counterparty Risk**

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

### **2.7.4 Risk Associated with Investing in Continuous Funding System**

In case of default by the counter party, the Fund may be subject to settlement risk in extreme circumstances. In such circumstances the Fund may be exposed to market fluctuation risks associated with that specific security.

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**2.7.5 Risk Associated with Unlisted Debts**

Generally the liquidity risk in case of unlisted debt security is higher compared to listed securities.

**2.7.6 Voluminous Purchase/Redemption of Fund Units Risk**

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

**2.7.7 Derivative Risk**

Derivatives may be used to limit or hedge potential losses associated with capital markets and return/mark-up/coupon rates. This process is called "hedging".

Derivatives may also be used for non-hedging purposes - to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

- a) The hedging strategy may not be effective.
- b) There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract.
- c) A large percentage of the assets of a Fund may be placed on deposit with one or more counter parties, which exposes the Fund to the credit risk of those counterparties.
- d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
- e) The counter-party to the derivative contract may not be able to meet its obligations.
- f) The Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a Fund from closing out a particular contract.
- g) If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract.
- h) The price of a derivative may not accurately reflect the value of the underlying security or index.

**2.7.8 Currency Risk**

The Fund may be affected favorably or unfavorably by changes in currencies and exchange control regulations. The income earned by HBL-IF may also be affected by fluctuations in foreign exchange rates.

**2.7.9 Other Risks Involved:**

- a) 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.
- b) Break down of law and order, war, terrorist activity, natural disasters etc.

- c) Senior rights of some creditors over other creditors in the event of winding up.
- d) Volatility in prices resulting from their dependence on market sentiment, speculative activities, supply and demand for the securities and liquidity in the market.
- e) Failure of financial market/stock exchanges, the settlement system, the clearing system or the depository.
- f) Any governmental or court order restraining payment of principal or income.
- g) Prices of Units and income from them may go up and down.

**2.7.10 There may be times when a portion of the investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned Category. This noncompliance may be due to various reasons including adverse market conditions, liquidity constraints or investment specific issues. Investors are advised to study the latest Fund Manager Report specially portfolio composition and financial statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the assigned Category. The latest monthly fund manager report as per the format prescribed by Mutual Fund Association of Pakistan (MUFAP) is available on the web site of the management company and can be obtained by calling / writing to the management company.<sup>17</sup>**

## **2.8 Break down of law and order, Extraordinary Circumstances**

Under extraordinary circumstances the Management Company, with the prior approval of its Board of Directors may announce a suspension or deferral of redemption in such cases invoke a Queue System or announce winding-up in such events the investor will probably have to wait for the payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

## **2.9 Disclaimer**

**The Units of HBL-IF are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, 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.**

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<sup>17</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

### 3 OPERATORS AND PRINCIPALS

#### 3.1 Management Company

##### 3.1.1 Organization:

HBL Asset Management Limited is a Non-Banking Finance company with a license to perform Investment Advisory and Asset Management Services as per NBFC Rules 2003. HBL Asset Management Limited is a wholly owned subsidiary of Habib Bank Limited the paid up capital of HBL Asset Management Limited is Rs. 100 million, held by:

Names	No. of units	Rupees
Habib Bank Limited	9,999,996	99,999,960
R. Zakir Mahmood	1	10
Shahid Ghaffar	1	10
Sohail Malik	1	10
Ayaz Ahmed	1	10

#### 3.2 Board of Directors of Management Company<sup>18</sup>

Name, Occupation and Address	Position	Other Directorships
R. Zakir Mahmood Banker C-70, KDA Scheme # 1, Karachi	<b>Chairman</b>	i. Habib Bank Limited ii. Habib Allied International Bank Plc. U.K. iii. Habib Finance International Ltd, Hong Kong iv. Platinum Habib Bank Plc., Nigeria v. Khushali Bank Limited vi. First Women Bank Ltd vii. Habib Bank Financial Services (Pvt.)Ltd viii. New Jubilee Insurance Company Limited
Shahid Ghaffar Investment Banker B-114, Block 13 D-2, Gulshan-e- Iqbal, Karachi	<b>Chief Executive Officer</b>	<b>None</b>
Sohail Malik Banker 74/1 Street 16, Ph-VI, DHA, Karachi	<b>Director</b>	i. Platinum Habib Bank Plc., Nigeria ii. Habib Bank Financial Services (Pvt.) Ltd
Abid Sattar	<b>Director</b>	<b>None</b>
Towfiq Habib Chinoy Business Executive 45B, 8th Circular Street, DHA Phase II, Karachi	<b>Director</b>	i. New Jubilee Insurance Company Limited ii. Pakistan Cables Ltd. iii. International Industries Ltd. iv. BOC Pakistan Ltd. v. New Jubilee Life Insurance Limited vi. IGI Investment Bank Ltd. vii. Continental Furnishing Company Pvt. Ltd viii. Packages Limited ix. International Steels Limited
Sadia Khan Business Executive 6B, 12th South Street Extension, DHA Phase II, Karachi	<b>Director</b>	i. First Micro Finance Bank Ltd. ii. Kashf Foundation iii. Delta Shipping (Pvt.) Limited iv. NBP Leasing Limited

<sup>18</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



### 3.2.1 Profile of Directors

#### **R. Zakir Mahmood, Chairman**

Mr. Zakir Mahmood holds MBA and Masters of Engineering Degrees from University of California, Los Angeles. He has extensive experience of over 28 years in international banking with two of the largest banks in the World. He has extensive banking experience in Pakistan, Middle East and European Markets. He is President and CEO of HBL since February 2000. Mr. Zakir played a major role in restructuring and shaping up HBL for privatization.

#### **Shahid Ghaffar, CEO**

Mr. Shahid Ghaffar holds an MBA Degree from Gomal University, D.I. Khan, NWFP, Pakistan. Mr. Ghaffar has extensive experience of fund management in Pakistan. He has served NIT, one of the biggest open-ended funds in the Country, for about 21 years working in different capacities in the Asset Management Division and at various stages was involved with the appraisal and monitoring of projects, the debt/fixed income portfolio, the equity portfolio and trading desk. In 1996 Mr. Ghaffar became responsible for the Asset Management Division and actively participated in the reconstruction of NIT during the crises period 1996-1998. Mr. Ghaffar served as the first non-member Managing Director of Karachi Stock Exchange (KSE) for over 2 years during the period 1998-2000 and was instrumental in introducing effective risk management systems at KSE.

He has also served as Executive Director / Commissioner (Aug.2000-Nov.2005) at the Securities and Exchange Commission of Pakistan and actively participated in the successful implementation of wide ranging reforms in the capital market.

#### **Sohail Malik, Director**

Mr. Sohail Malik holds a MBA degree with majors in Finance and Production Management from Indiana University, Bloomington, USA and B.Sc. in Electrical Engineering from West Pakistan University of Engineering and Technology, Lahore. Mr. Malik has over 30 years of working experience including over 22 years of extensive banking experience in various disciplines. He joined HBL as SEVP/Member Management Committee and Head of Credit Policy in April 1998 as part of the professional management team to prepare the bank for privatization. He developed and implemented a comprehensive credit policy manual in HBL and was also instrumental in setting up an effective risk management system in HBL. Mr. Malik was extensively involved in the restructuring of HBL's stuck up loan portfolio. He has contributed in the growth of HBL's improved new loans portfolio over the last 8 years through industry diversification, focus on quality borrowers and effective staff training. He is a Member of HBL's Equity Investment Committee and ALCO.

#### **Abid Sattar, Director**

Mr. Abid Sattar holds a MBA in Finance from Punjab University with Gold Medal for securing Top position and M.Phil. in Economics and Politics of Development from Cambridge University, UK. Mr. Sattar was also awarded Quaid-e-Azam Merit Scholarship – the most coveted academic scholarship by Government of Pakistan for studying abroad. Mr. Sattar has extensive experience of over 24 years in Corporate & Consumer and Retail Banking, both in Pakistan as well as abroad. Mr. Sattar holds the distinction of being one of the pioneers in the establishment of Consumer Business in Pakistan with renowned banks such as Citibank NA, ANZ Grindlays Bank and Standard Chartered Bank. Currently, he is SEVP/Member Management Committee and Group Executive Retail & Consumer Banking at Habib Bank Limited (HBL). Before joining HBL in April 2006, Mr. Sattar was working with Standard Chartered Bank as Regional Head of Consumer Banking-Northern Gulf & Levant.<sup>19</sup>

<sup>19</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



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**Towfiq Habib Chinoy, Director**

Having completed his Higher National Certificate in Mechanical Engineering from Luton and South Beds College (UK), Mr. Chinoy undertook his Engineering Apprenticeship at Vauxhall / Opel Motors (UK) and worked at the Bombay Garage Limited (1960-63). He joined International Industries Limited in 1964 where he presently holds the post of Managing Director.

Mr. Chinoy also serves as Chairman of the Board of Directors for New Jubilee Insurance and Pakistan Cables Limited and as Director at BOC Pakistan Limited, New Jubilee Life Insurance and First International Investment Bank and Pakistan Centre for Philanthropy. Mr. Chinoy is currently also serving as President at Sind Club, Vice President at the Management Association of Pakistan and Governor of the Indus Valley School of Arts and Architecture.

**Sadia Khan, Director**

Ms. Sadia Khan holds a MBA from Insead (France), a Masters in Economics from Yale University (USA) and an undergraduate degree in Economics from Cambridge University (UK). Ms. Khan has extensive experience in finance and management having worked with such highly reputed institutions as Lehman Brothers, United Nations and Asian Development Bank. From 2000-2003, Ms. Khan was the Executive Director Non-Banking Finance Companies at the Securities and Exchange Commission of Pakistan and most recently (03-05) Head of Strategic Management at the State Bank of Pakistan where she was responsible for designing the strategic planning framework for State Bank of Pakistan and the formulation of its long-term strategic plan.

Miss Khan was a member of several Task Force/Committees such as the Restructure of the Non-bank Finance Sector and Introduction of Fiscal Incentives for Mergers/Acquisitions in Pakistan's financial sector and attended various conferences and workshops throughout the world.

**3.2.2 Management Profile****Shahid Ghaffar, CEO**

Mr. Shahid Ghaffar holds an MBA Degree from Gomal University, D.I.Khan, NWFP, Pakistan. Mr. Ghaffar has extensive experience of fund management in Pakistan. He has served NIT, one of the biggest open-ended funds in the Country, for about 21 years working in different capacities in the Asset Management Division and at various stages was involved with the appraisal and monitoring of projects, the debt/fixed income portfolio, the equity portfolio and trading desk. In 1996 Mr. Ghaffar became responsible for the Asset Management Division and actively participated in the reconstruction of NIT during the crises period 1996-1998.

Mr. Ghaffar served as the first non-member Managing Director of Karachi Stock Exchange (KSE) for over 2 years during the period 1998-2000 and was instrumental in introducing effective risk management systems at KSE.

He has also served as Executive Director / Commissioner (Aug.2000-Nov.2005) at the Securities and Exchange Commission of Pakistan and actively participated in the successful implementation of wide ranging reforms in the capital market.

**Rehan N. Shaikh, COO**

Prior to joining HBL Asset Management Ltd at its inception, Mr. Rehan Shaikh worked at State Street Corporation in USA. With \$9.8 trillion in assets under custody and \$1.4 trillion under management, State Street is world leader in financial services. While there, Mr. Shaikh managed several groups which performed back office operations including fund accounting, custody, security pricing, audit, financial reporting and risk management. He also managed several technology projects designed to increase productivity while gaining efficiencies in business groups.

During his 10 years at State Street Mr. Shaikh managed accounts for several institutional clients, including Federated Investors, MFS Investment Management and Wachovia Bank. Mr. Shaikh lead several mergers and back office conversions and also helped establish an operational department servicing State Street's largest client, migrating 250 funds and \$111 billion in assets to State Street.

Mr. Shaikh managed back office operations for several types of mutual funds, including Mini/ Mid/ Max Cap, Income, Balanced, Growth, Hedge, High Yield, Mortgage Backed, International and Emerging Markets, Money Market and REITS funds. While managing these funds, he developed a solid understanding of different security types, including but not limited to Equities, Mortgage Backed Instruments, Corporate Bonds, Government Treasury Bills, Municipal Bonds, International Debt and Equity, Futures, Forwards, Options, SWAPS, REITS, TIPS, TRAINS, REMICS and Restricted Securities.

### **Ms. Sadaf Adnan- Head of Corporate Sales**

Ms. Sadaf Adnan holds an MBA Degree from Quaid-e-Azam University, Islamabad. She has also done her Masters in Public Administration and Post Graduate Diploma in Computer Sciences. With over a decade of diversified experience holding key positions, Ms. Sadaf has served tremendously in the area of Institutional Sales and Marketing. She started off her career in 2000 with ANZ Grindlays Bank, Rawalpindi where she managed corporate portfolios of clients. Later she joined as the Director Operations in Lyzac Works, Lahore where she executed advertising campaigns for clientele. In a span of a year, she became the Chief Operating Officer of Eden Developers Pvt.Limited. After three years, in 2004, she became part of Dynasel Pakistan Pvt. Limited (Lahore) as Director Corporate Sales and looked after the sales of existing brands along with revamping of advertising related collateral for company's profitability. In 2007, she was inducted as Regional Sales Head Central and North in JS Global Capital Limited and JS Investments Pvt. Limited. Over there she successfully handled fund distribution units and also brought about a functional change through team building and development of business pipelines. She also brought a major turnover by raising additional capital in Mutual Funds as well as money market instruments for the Company. Prior to joining HBL Asset Management Limited, she served as the Regional Head Central and North at NAFA where she was responsible for sales activities, coaching, training and general direction to sales team members.<sup>20</sup>

### **Mohammad Amir Khan – Fund Manager**

Mr. Amir Khan holds an MBA degree from Adamson University, Manila; Philippines. Mr. Khan has a rich and diversified experience of over 12 years in treasury, investments and finance. Mr. Khan started his career with prestigious Hub Power Company Limited in 1993 as trainee officer and has been associated with the financial sector since 1996, when he joined Al Faysal Investment Bank Limited (Now Faysal Bank Limited) in the Treasury Department. He then joined Saudi Pak Leasing Company as the Chief Dealer Treasury. During his tenure at Saudi Pak Leasing he got exposure in money market, PIBs, Corporate Bonds, Reverse Repo, Clean Placements, COIs, COT transactions & Equity Investments. Prior to joining HBL Asset Management Limited he was serving as Senior Vice President and head of Fixed Income Sales at Invisor Securities (Pvt.) Limited, a corporate brokerage house licensed by Securities and Exchange Commission of Pakistan.

<sup>20</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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**Noman Ahmad Soomro – Chief Financial Officer**

Mr. Soomro is a qualified Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). Prior to joining HBL Asset Management, he was working at A.F.Ferguson Chartered Accountants; a member firm of Pricewaterhouse Coopers. During his five years at A.F.Ferguson with the Assurance and Business Advisory Services of the firm, he conducted audits of major financial institutions of Pakistan including local and foreign commercial banks, mutual funds, Modarbas, housing finance company and leasing companies. Mr. Soomro was also a key member of the team which conducted pre-acquisition Financial and Taxations Due Diligence Review of a commercial bank in Pakistan. Mr. Soomro has also conducted Internal Audit reviews of a large commercial bank and a foreign bank where the responsibilities included reporting on effectiveness and efficiency of internal audit department and independent reporting on internal control weaknesses.

**Umar Farooq - Manager Research & Product Development**

Mr. Umar Farooq holds an MBA Degree with major in Management Information Systems (MIS). He has a diversified work experience of 9 years. He started his career in year 2000 with Ernest & Young Sidat Hyder Morshed Associates, working in Information System (IS) audit department. While working there for three years, he conducted audits for various Banks and Financial institutions including NBP, MCB and NIFT. In 2004, he joined ACE Securities (Pvt.) Limited as an Analyst in the research department, where he developed his skills in Technical Analysis of Financial Markets. After three years of concentrated research along with exposure to equity sales, he joined Global Securities Pakistan Limited as a Technical Analyst and AVP Institutional Equity sales in 2006. During his tenure at Global Securities, Mr. Umar Farooq conducted extensive research and enhanced his skills in technical research. He was also responsible for institutional Equity sales. He joined HBL Asset Management in January 2008 as Manager Research and Product Development.<sup>21</sup>

**Noman Qurban – Head of Risk Management & Compliance**

Mr. Noman Qurban is a Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). Prior to joining HBL Asset Management, he was working with a large brokerage house, looking after the Financial Reporting and Budgeting & Planning functions of the Company. He completed his articleship with A.F.Ferguson & Co Chartered Accountants; a member firm of Pricewaterhouse Coopers. During his association with A F Ferguson & Co he worked in the Assurance and Business Advisory Services of the firm performing audits of several Companies in various sectors including, mutual funds, banks, DFIs, oil and gas, steel, textile companies of Pakistan. His responsibilities during audit included planning and supervision of the audit engagements, assessment of business and audit risks of clients, reporting on internal control weaknesses and assisting clients in preparation of financial statements.<sup>22</sup>

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<sup>21</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>22</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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

- (i) The responsibilities of the Management Company is to promote the sale of Units in HBL-IF, invest and manage the assets of HBL-IF in the interest of unit holders according to the NBFC Rules and NBFC Regulations and provisions of the Deed, in good faith, to the best of its ability and without gaining any undue advantage for itself or any of its related parties including connected persons and group companies or its Officers;<sup>23</sup>
- (ii) The Management Company shall maintain proper accounts and records of HBL-IF to enable a complete and accurate view of assets and liabilities, income and expenditure, all transactions, and amounts received in respect of issue of Units, amounts paid out by HBL-IF on redemption of Units and by way of distributions, and paid out at the termination of HBL IF as required under the Rules and the Regulations.<sup>24</sup>
- (iii) The Management Company shall prepare and transmit physically to Unit Holders, the Commission the Trustee and the Stock Exchange on which units of HBL IF are listed, the annual report together with balance sheet, income statement, cash flow statement, statement of movement in unit holder's fund or net assets or reserves and auditors' report of HBLIF as per the NBFC & NE Regulations. The Management Company shall also prepare and transmit physically (or through electronic means or on the web subject to the Commission's approval) to Unit Holders, the Commission the Trustee and the Stock Exchange on which units of HBL IF are listed, the balance sheet and income statement, cash flow statement, statement of movement in unit holder's fund or net assets or reserves of HBL-IF on quarterly basis, in accordance with the Regulations.<sup>25</sup>
- (iv) The Management Company shall make available to the Trustee such information and record relating to the Fund which may be necessary for the trustee to discharge obligations under the deed, and the NBFC & NE Regulations as amended from time to time. The Management Company shall account to Trustee for any loss in value of the assets of HBL-IF caused by its negligence, reckless or wilful act or omission.<sup>26</sup>
- (v) The Management Company shall be responsible for all acts and omissions of all persons to whom it may delegate any of its functions as manager, as if these were its own acts and omissions.<sup>27</sup>
- (vi) The Management Company shall instruct the Trustee on purchase, including placement of cash, and sale of investments.
- (vii) 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.
- (viii) The Management Company shall if it considers necessary request the Trustee in writing, for the protection of Deposited Property or safeguarding the interest of the

<sup>23</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>24</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>25</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>26</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>27</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

Unit Holders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders action in respect of the Deposited Property or any part thereof.

- (ix) The Management Company shall within one month of the close of the first and third quarter and within two months of the close of the second quarter of Accounting period of the Trust or such extended period permissible under the Rules and the Regulations, prepare and transmit (physically or through electronic means or on the web subject to the Commission's approval) to the Unit Holders, the Trustee, the Commission and the Stock Exchange (s), on which units of the scheme are listed, the balance sheet as at the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise.<sup>28</sup>
- (x) The Management Company shall appoint a qualified individual as fund manager who shall be responsible for the management of not more than three Schemes or such number of schemes as allowed by the Commission from time to time and constitute an investment committee in accordance with the provisions of the Regulations to invest and manage assets of the Fund. The investment committee shall be responsible to the Chief Executive of the Asset Management Company and the Chief Executive shall ensure that Committee functions effectively.<sup>29</sup>
- (xi) The Management Company shall with the consent of the Trustee appoint at the establishment of the Scheme and upon any vacancy, the Auditor, who shall be independent of the auditors of the Management Company and of the Trustee. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and Regulations.<sup>30</sup>
- (xii) (a) The Management Company shall, under intimation to the Trustee, from time to time appoint, remove or replace one or more Distribution Company (ies) for carrying out the Distribution Function(s) at one or more locations locally or internationally. Provided the Management Company and its affiliates may also perform Distribution Function(s) and act as a Distribution Company (ies). The Management Company shall ensure, where it delegates the Distribution Function, that the Distributors to whom it delegates, have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the commission and are abiding by the code of conduct prescribed by the association(s) and the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.  
 (b) The Management Company shall appoint investment facilitations/Sales agents from time to time to identify, solicit and assist investors in investing in the Scheme.<sup>31</sup>
- (xiii) The Management Company shall designate and disclose the location of its official points for acceptance of applications for issuance, redemption, conversion, etc. of units in the Offering Document of the Scheme and its website. Management Company shall receive the said application only at such designated points.<sup>32</sup>
- (xiv) The Management Company shall ensure that all the designated points for acceptance of

<sup>28</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>29</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>30</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>31</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>32</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



applications for issuance, redemption, conversion, etc. of units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.<sup>33</sup>

- (xv) The Management Company shall announce the Net Asset Value (NAV) of the Scheme as per Regulations or direction of SECP.<sup>34</sup>
- (xvi) The Management Company shall clearly specify Cut-off Timings (for acceptance of application forms of issuance, redemption, conversion etc. of units of the Scheme) on its web site and at designated points. Such Cut-off Timing shall uniformly apply on all Unit Holders. The prevailing Cut-off Time is mentioned in Annexure C.<sup>35</sup>
- (xvii) The Management Company may nominate one or more of its officers to act as attorney(s) for interacting with the Trustee.<sup>36</sup>
- (xviii) Subject to the prior approvals of the SECP and the SBP, the Management Company may in consultation with the Trustee appoint advisors and professionals in offshore countries for making investments in such countries and/or for issuing Units to the investors in the offshore countries and in particular, shall determine the legal and regulatory requirements to be fulfilled by the Fund, the Management Company and the Trustee in their respective capacities, in relation thereto. The fees of such advisors and professionals shall not be charged to the Scheme.<sup>37</sup>
- (xix) The Asset Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of trustee, the Fund would not be able to issue payment instrument for the redemption money to the unit holder within time period stipulated in the Regulations.<sup>38</sup>
- (xx) The Asset Management Company on behalf of the Fund shall not at any time net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.<sup>39</sup>
- (xxi) The Management Company shall oblige to process payment instrument immediately on receipt of application.<sup>40</sup>
- (xxii) The Management Company is obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the rating criteria of the rating agency, and such rating shall be updated at least once every financial year and also published in the annual and quarterly reports of the Scheme.<sup>41</sup>
- (xxiii) The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment / disinvestment transactions entered into by it on behalf of the Scheme. The Management Company shall ensure that the settlement instructions are given promptly after entering into the transactions so as to

<sup>33</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>34</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>35</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>36</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>37</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>38</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>39</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>40</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>41</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

facilitate the timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with the dictates of the transaction subject to the NBFC Regulations, the Offering Document and terms of this Deed.<sup>42</sup>

- (xxiv) The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to Investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.<sup>43</sup>
- (xxv) The Management Company shall ensure that no entry and exit from the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than the following manners, unless permitted otherwise by the Commission under the Regulations:
  - a. cash settled transaction based on the formal issuance and redemption requests
  - b. net off issuance and redemption transaction at same net asset value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any).<sup>44</sup>
- (xxvi) The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any Broker.<sup>45</sup>

### **3.3 Trustee – Central Depository Company**

Central Depository Company of Pakistan Limited (CDC), a company incorporated under the Companies Ordinance 1984, with its registered office at CDC House, 99-B, Block B, Main Shahrah-e-Faisal, S.M.C.H.S, Karachi was incorporated as a public limited company on January 21, 1993 in Pakistan and received certificate of commencement of business on August 10, 1994. The principal business activity of the company is to act as a depository for securities and to open securities account. From the year 2002, CDC expanded its business activity to provide trustee/ custodial services to mutual funds sector. CDC is acting as trustee for funds under management by several leading asset management companies/ investment advisers.

#### **3.3.1 Trustee: Duties and Responsibilities**

- i. The Trustee shall take into its custody and under its control all the property of HBL-IF and hold it in trust for the Unit Holders in accordance with the Rules, the Regulations and provisions of the Constitutive Documents and the cash and registerable assets shall be registered in the name of, or to the order of the Trustee.<sup>46</sup>
- ii. The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Deposited Property, unless they are in conflict with the Rules, the Regulations and provisions of the Constitutive Documents or all other applicable laws.<sup>47</sup>

<sup>42</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>43</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>44</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>45</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>46</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>47</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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- iii. The Trustee shall ensure that: (a) the sales, issue, repurchase, redemption, and cancellation of Units are carried out in accordance with the provisions of the Constitutive Documents the Rules and the Regulations; and (b) the methods adopted by the Management Company or any third party (on behalf of the Management Company) in calculating the value of the Units are adequate and pricing and valuation for sale, issue, repurchase, redemption and cancellation is carried out in accordance with the provisions of the Constitutive Documents, the Rules and the Regulations.<sup>48</sup>
  - iv. The Trustee shall issue a report to the Unit Holders to be included in the annual and second quarter report of the Scheme, that whether in its opinion, the Management Company has in all material respects managed the HBL IF in accordance with the provisions of the Rules, the Regulations and the Constitutive Documents and if the Management Company has not done so, the respects in which it has not done so and the steps the Trustee has taken in respect thereof.<sup>49</sup>
  - v. The Trustee shall, if requested by the Management Company or if it considers necessary for the protection of the Deposited Property or safeguarding the interest of Unit Holders, institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Deposited 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 Deposited Property, for all reasonable costs and expenses incurred in taking the aforesaid action(s).
  - vi. 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.
  - vii. The Trustee shall account for any loss in value of the Deposited 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.
  - viii. The Trustee shall not be under any liability on account of anything done or suffered by HBL-IF 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.<sup>50</sup>
  - ix. The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations and the Constitutive Documents and the conditions under which HBL-IF was authorized are complied with by the Management Company.<sup>51</sup>
  - x. The Trustee shall ensure that units of HBL-IF have been issued after realization of subscription money.<sup>52</sup>
  - xi. Trustee shall oblige to other obligations as specified in the Regulations.<sup>53</sup>
  - xii. The Trustee shall ensure that the Management Company, has specified a criteria in writing to provide for a diverse panel of brokers at the time of any change in the panel of brokers. The Trustee shall ensure that the Management Company has been diligent in appointing brokers to

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<sup>48</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>49</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>50</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>51</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>52</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>53</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



- avoid undue concentration of business with any broker.<sup>54</sup>
- xiii. The Trustee shall immediately inform the Commission if any action of the Management Company contravenes the Ordinance, the Rules, the Regulations, Constitutive Documents, guidelines, codes, circulars, directives or any other applicable laws.<sup>55</sup>
- xiv. The Trustee shall comply with the directions of the Commission given in the interest of the Holders.<sup>56</sup>
- xv. Trustee shall not invest in the Units of the Fund.<sup>57</sup>

### 3.4 Core Investors

Habib Bank Ltd. Is the Core Investor and has subscribed the amount stated below:

Name	No. of units	Rupees
Habib Bank Limited	2,500,000	250,000,000

Habib Bank Ltd; the core investor has subscribed a sum of Rs. 250 million towards the purchase of 2.5 million Core Units of Rs.100 each. The Core Investor has agreed to hold its investment for a minimum period of two years, as required under the Rules, from the date of payment in full of such Units. However, these Units are transferable with the same terms and conditions during the unexpired period.

#### 3.4.1 Pre-IPO Investors

Pre IPO investors have committed an amount of Rs. 2,263 million in the HBL Income Fund. Names of the major investors are provided below:

	<i>Institution</i>
1	Adamjee Insurance Limited
2	Aga Khan University Employees Provident Fund
3	AMZ Asset Management Limited
4	Arif Habib Investment Management Limited
5	Arif Habib Limited
6	Arif Habib Rupali Bank Limited
7	Arif Habib Securities Limited
8	Askari Commercial Bank
9	Allied Bank Limited
10	Bank AL Habib Limited
11	Central Depository Company
12	Crescent Commercial Bank Limited
13	D.G. Khan Cement Company Limited-Employees Provident Fund Trust
14	Escorts Investment Bank Limited
15	First National Equities Limited
16	Habib Bank Employees Provident Fund
17	Habib Meropolitan Bank
18	International General Insurance Company of Pakistan Limited

<sup>54</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>55</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>56</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>57</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

19	International Industries Limited
20	IGI Investment Bank Limited
21	Invest Capital Limited
22	Javed Omer Vohra & Company Ltd
23	JS ABAMCO
24	JS Global Capital Limited
25	MCB Bank Limited
26	National Bank of Pakistan
27	National Investment Trust
28	New Jubilee Life Insurance Company Ltd
29	New Jubilee Insurance Company Ltd
30	NIB Bank Limited
31	Nishat Mills Limited Employees Provident Fund Trust
32	Packages Limited Employees Provident Fund
33	Pakistan Kuwait Investment Company Pvt. Ltd
34	Pak Libya Holding Company Pvt Ltd
35	Pak Oman Investment Company Limited
36	PICIC Commercial Bank Limited
37	Sapphire Fibres Limited
38	Sapphire Textiles Limited
39	Saudi Pak Commercial Bank Limited
40	Saudi Pak Industrial and Agricultural Investment Company Limited
41	Soneri Bank Limited
42	SME Bank Limited
43	Trakker Direct Insurance Limited
44	The Bank of Punjab
45	The Bank of Khyber
46	The Universal Insurance Company Limited

The amounts received from Core Investors (Seed Capital) and Private Placement (pre- IPO) investors will be deposited in a Bank Account and transferred to the main Bank Account of the Fund upon the close of the Initial Period. Income, profit, interest etc. earned on the investments by Core Investors and private placement investors up to the start of the Initial Period shall be paid to the Core Investors and Private Placement (pre- IPO) investors and shall not form part of the Trust Property.

**3.4.2 Related Party Transactions**

**3.4.2(a)** International Industries Ltd. has invested in the Fund as a pre-IPO investor to the extent of Rs. 250 million (Rupees Two Hundred and Fifty million).

Mr. Towfiq Chinoy, an independent director of HBL Asset Management Limited is also Chief Executive of International Industries Ltd.

**3.4.2(b)** New Jubilee Life Insurance Company Limited, New Jubilee Insurance Company Limited and IGI Investment Bank Limited have invested as pre-IPO investors to the extent of Rs. 50 million, Rs. 100 million and Rs. 15 million respectively.

Mr. Towfiq Chinoy, an independent director of HBL Asset Management Limited is also director of above three companies.

**3.4.2(c)** Central Depository Company Ltd. (CDC) is acting as Trustee and Custodian to HBL-Income Fund. CDC has invested a sum of Rs. 25 million (Rupees Twenty Five million) as a pre-IPO investor in

the Fund.

### **3.5 Transfer Agent**

The Management Company will perform duties as the Transfer Agent of the Fund. Any change in Transfer Agent will be made with intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing Account Statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### **3.6 Custodian**

The Central Depository Company of Pakistan Limited (CDC) will be performing the functions of the custodian of the Deposited Property. The salient features of the custodial functions are as follows:

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

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

### **3.7 Distribution Companies**

HBL-IF will be distributed through various branches of Habib Bank Limited, various Distribution Companies and their branches authorized for this purpose by the Management Company, including the main office of the Management Company. A list of the various locations for acceptance of applications for issuance, redemptions, conversion etc. is given in Annexure A and on the website of the Management Company ([www.hblasset.com](http://www.hblasset.com)). The list of the designated locations mentioned in Annexure A is based on the current addresses of the designated Habib Bank Limited branches, Distribution Companies and their authorized branches can be changed due to relocation of offices or addition or deletion of Distribution Companies and their branches. Accordingly any addition and/or deletion in the various locations for acceptance of applications for issuance, redemptions, conversions etc. will be notified from time to time at the Management Company's website [www.hblasset.com](http://www.hblasset.com).<sup>58</sup>

### **3.8 Auditors**

The Auditors of HBL-IF are:

**A.F Ferguson & Co.**

**Chartered Accountants**

**(A member firm of Price Water- House Coopers)**

State Life Building #1-C State Life Square

I.I. Chundrigar Road, P.O. Box 4716 Karachi-74000, Pakistan

- 3.8.1** The Auditors will hold the office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to Accounting Period and will be eligible for re-appointment by the Management Company, with the concurrence of the Trustee. However, an auditor may be reappointed for up-to five consecutive terms. Thereafter, that auditor may be appointed after a break in appointment.<sup>59</sup>

<sup>58</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>59</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- 3.8.2** The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent, Distribution Companies 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 the Audit.
- 3.8.3** The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules and NBFC Regulations.<sup>60</sup>
- 3.8.4** The Auditors shall prepare a written report to the Unit Holders on the account and books of account of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and the income and expenditure account, including notes, statement or schedule appended thereto.
- 3.8.5** The contents of the Auditor's report shall be as required under schedule V of the NBFC Regulations.<sup>61</sup>

### **3.9 Legal Advisors**

The legal advisors of HBL-IF are;  
**Mandviwalla & Zafar,**  
**Advocates and Legal Consultants**  
Mandviwalla Chambers  
C-15, Block 2, Clifton, Karachi Pakistan

### **3.10 Bankers**

The bankers to the Fund are Habib Bank Limited, Bank Al-Habib and any other Bank appointed by the Management Company. The Trustee will operate the bank account of the Fund.

### **3.11 Bank accounts**

- 3.11.1** The Management Company shall not open or close or arrange to open or close any account with a bank for HBL IF without the approval of its board of directors. The trustee at the request of the Management Company shall open bank account(s) titled "CDC-Trustee HBL-Income Fund" for the Unit Trust at designated bank(s) for collection, investment, redemption or any other use of Deposited Property.<sup>62</sup>
- 3.11.2** The trustee shall open additional Bank Account (s) titled "CDC-Trustee HBL- Income Fund" at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the management Company from time to time. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.  
Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the fund collected therein to the

<sup>60</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>61</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>62</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

main bank account and /or transfer the funds to the relevant bank accounts of the Unit Holders for redemption purposes.

- 3.11.3** The Management Company may require the Trustee to open separate bank accounts for the Unit Trust to facilitate investments on account of the Trust and the receipts, tracking and reconciliation of income or other receipts relating to the investments. This account may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
- 3.11.4** The Management Company may also require the Trustee to open separate bank accounts for each dividend distribution out of the Unit Trust. Notwithstanding anything in the deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- 3.11.5** All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- 3.11.6** All interest, income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Deposited Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 3.11.7** The Trustee shall, if requested by the Management Company, subject to relevant regulatory approvals open Bank Accounts titled "CDC Trustee - HBL Income Fund" in offshore countries where the Investments are made on account of the Fund, such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and brokerage accounts with such Banks, custodians, sub custodians, and brokers, as may be required to be appointed for offshore Investments of the Fund. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and brokerage services accounts in offshore countries shall always be subject to the approval of the SBP and the exchange control regulations as well as any directives of the SBP and/or the SECP.<sup>63</sup>

**3.12 Details of the Performance of the Funds under the Management of the HBL Asset Management Company <sup>64</sup>**

**HBL Income Fund (HBL-IF)**

Date of Launch: March 15, 2007  
 Listing: Lahore Stock Exchange (LSE)  
 Par Value: Rs. 100

Net Assets (Sep 30, 2010)	1.575 billion	
NAV (Sep 30, 2010)	100.05	
Stability Rating	A (f) JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Sep 30, 2010	13.05%	2.31% (annualized 9.16%)
Year Ending June 30, 2010	13.28%	9.58%
Year Ending June 30, 2009	4.03%	10.23%
Year Ending June 30, 2008	9.28%	9.19%
Year Ending June 30, 2007	9.58%	9.30%

<sup>63</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>64</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

Average annual return as on Sep 30, 2010 (since launch)	9.84%	9.49% (based on annualized return)
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**HBL Stock Fund (HBL-SF)**

Date of Launch: August 29, 2007  
 Listing: Lahore Stock Exchange (LSE)  
 Par Value: Rs.100

Net Assets (Sep 30, 2010)	1.631 billion	
NAV (Sep 30, 2010)	83.35	
Rating	1 year performance ranking: MFR 3 Star JCR-VIS 2 years performance ranking: MFR 4 Star JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Sep 30, 2010	2.84%	None
Year Ending June 30, 2010	19.52%	13.13%
Year Ending June 30, 2009	-22.68%	None
Year Ending June 30, 2008	-1.76%	7.02%
Average annual return as on Sep 30, 2009 (since launch)	-0.52%	10.08%

**HBL Multi Asset Fund (HBL-MAF)**

Date of Launch: December 14, 2007  
 Listing: Lahore Stock Exchange (LSE)  
 Par Value: Rs. 100

Net Assets (Sep 30, 2010)	345.57 million	
NAV (Sep 30, 2010)	81.78	
Rating	1 year performance ranking: MFR 4 Star JCR-VIS 2 years performance ranking: MFR 5 Star JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Performance:</b>
Period July 1 to Sep 30, 2010	1.67%	Period July 1 to Sep 30, 2010
Year Ending June 30, 2010	19.17%	Year Ending June 30, 2010
Year Ending June 30, 2009	-16.79%	Year Ending June 30, 2009
Year Ending June 30, 2008	-5.08%	Year Ending June 30, 2008
Average annual return as on Sep 30, 2009 (since launch)	-0.26%	Average annual return as on Sep 30, 2009 (since launch)

**HBL Money Market Fund (HBL-MMF)**

Date of Launch: July 12, 2010  
 Listing: Lahore Stock Exchange (LSE)  
 Par Value: Rs. 100

Net Assets (Sep 30, 2010)	780 million	
NAV (Sep 30, 2010)	102.2806	
Rating	AA+ (f) JCRVIS & Co.	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Performance:</b>
Period July 1 to Sep 30, 2010	10.68%	Period July 1 to Sep 30, 2010
Average annual return as on Sep 30, 2009 (since launch)	10.68%	Average annual return as on Sep 30, 2009 (since launch)

**3.13 Performance of the Public Listed Companies where the directors are holding similar office (For Last 5 Years) <sup>65</sup>**

<b>Habib Bank Limited</b>					
<b>(in millions)</b>	<b>Dec-09</b>	<b>Dec-08</b>	<b>Dec-07</b>	<b>Dec-06</b>	<b>Dec-05</b>
Profit after Tax	13,401	10,512	8,041	12,700	9,647
Total Assets	863,779	749,807	691,992	594,062	528,894
Total Equity	84,370	66,309	63,237	53,443	41,178
Cash Dividend per share (%)	60%	55%	40%	-	-
Stock Dividend per share (%)	10%	20%	10%	-	-
<b>New Jubilee Insurance Company</b>					
<b>(in millions)</b>	<b>Dec-09</b>	<b>Dec-08</b>	<b>Dec-07</b>	<b>Dec-06</b>	<b>Dec-05</b>
<b>Profit after Tax</b>	656	(267)	588	842	556
Total Assets	6,420	5,425	5,933	4,377	2,785
Total Equity	2,621	2,061	2,412	2,034	1,193
Cash Dividend per share (%)	30%	15%	30%	20%	15%
Stock Dividend per share (%)	20%	-	20%	25%	20%
<b>Pakistan Cables</b>					
<b>(in millions)</b>	<b>Jun-10</b>	<b>Jun-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>
Profit after Tax	46	64	65	194	173
Total Assets	3641	3,008	3,346	2,979	2,718
Total Equity	681	718	651	603	456
Cash Dividend per share (%)	15%	22.5%	-	37.5%	25%
Stock Dividend per share (%)	-	-	10%	33.33%	75%
<b>BOC Pakistan</b>					
<b>(in millions)</b>	<b>Dec-09</b>	<b>Dec-08</b>	<b>Dec-07</b>	<b>Dec-06</b>	<b>Dec-05</b>
Profit after Tax	252	402	459	450	370
Total Assets	2,316	2,312	2,279	1,968	1,965
Total Equity	1,453	1,507	1,426	1,212	1,063
Cash Dividend per share (%)	90%	130%	130%	150%	120%
Stock Dividend per share (%)	-	-	-	-	-

<sup>65</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



<b>New Jubilee Life Insurance Company</b>					
<b>(in millions)</b>	<b>Dec-09</b>	<b>Dec-08</b>	<b>Dec-07</b>	<b>Dec-06</b>	<b>Dec-05</b>
Profit after Tax	130	(55)	125	83	42
Total Assets	8,324	5,643	5,852	4,042	2,727
Total Equity	547	417	481	357	301
Cash Dividend per share (%)	10%	-	5%	5%	-
Stock Dividend per share (%)	-	-	-	-	-
<b>IGI Investment Bank limited</b>					
<b>(in millions)</b>	<b>Jun-10</b>	<b>Jun-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>
Profit after Tax	(199)	(375)	(6)	(39)	31
Total Assets	8261	6,549	9,831	6,649	5,293
Total Equity	1670	1,869	2,244	1,068	645
Cash Dividend per share (%)		-	-	-	-
Stock Dividend per share (%)		-	-	-	10%
<b>Packages</b>					
<b>(in millions)</b>	<b>Dec-09</b>	<b>Dec-08</b>	<b>Dec-07</b>	<b>Dec-06</b>	<b>Dec-05</b>
Profit after Tax	4,064	(196)	4,326	6,101	1,015
Total Assets	35,608	35,035	33,438	22,673	11,620
Total Equity	23	16	18,171	13,673	7,736
Cash Dividend per share (%)	32.5%	-	-	60%	60%
Stock Dividend per share (%)	-	-	15%	15%	-
<b>International Industries</b>					
<b>(in millions)</b>	<b>Jun-10</b>	<b>Jun-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>
Profit after Tax	1,026	375	705	613	534
Total Assets	18,758	11,179	10,626	8,600	5,247
Total Equity	3,324	2,660	2,398	1,827	1,471
Cash Dividend per share (%)	25%	22.5%	25%	37.5%	50%
Stock Dividend per share (%)	-	-	30%	33%	33%

## **4 CHARACTERISTICS OF UNITS TO BE OFFERED**

### **4.1 Minimum Investment**

The Fund is divided into Units having an initial offer price (par value) of Rs. 100 (Rupees One Hundred) each. This price is applicable to core investors, pre-IPO investors and during the initial public offering (IPO). Thereafter the Units will be issued at the offer price pursuant to Clause 4.5.1 of this offering document. Units can be bought with an initial investment of Rs. 1,000 and any addition to existing Units could be made by Rs. 500 and above. The Management Company shall have the discretion to change the minimum investment limit. Under intimation to the unit holders and Trustee. <sup>66</sup>

### **4.2 Classes of Units and their Features**

#### 1. Class R (Restricted / Core Units)

Class R (Restricted/ Core Units) issued to the core investors with no Front end Load and Back end Load. These units cannot be redeemed for a period of two (2) years from the date of closure of Initial offering Period. However such units are transferable. In case of any distribution, Class R Unit Holders shall be entitled to receive bonus units only.

#### 2. Class A Units (Private Placement / Initial Public Offer)

Class A units are being offered and issued during the Private Placement and Initial Public Offer Period (IPO) with no Front end Load. The Back end Load shall be charged as mentioned in Annexure B. In case of any distribution, Class A Unit Holders shall be entitled to receive bonus units only as decided by Management Company.

#### 3. Class B Units

Class B Units shall be offered and issued after the expiry of the Initial Public Offering (IPO). The Front End Load and Back end Load will be charged as mentioned in Annexure B. In case of any distribution, Class B Unit Holders shall be entitled to receive bonus units only.

#### 4. Class C Units

Class “C” units, shall be offered and issued after the Initial Public Offering (IPO) with Front-end Load and Back-end Load as specified in Annexure B. In case of any distribution, Class C Unit Holders shall be entitled to receive cash dividend only. An investor shall at the time of opening an account, select the class(s) of units in which the investor wishes to invest i.e. Class B or Class C. The investor may convert the units from one class of units to another class i.e. from Class “A” to Class “C” or from Class “C” to Class “B” or from Class “B” to Class “C” without any extra charges. However, if Class “R” units (Restricted Core Units) issued to the core investors are converted to Class „C” units, such units cannot be redeemed for a period of two (2) years from the date of closure of initial public offer. However such Class “C” units would be transferable during restricted period subject to applicability of non-redemption condition for remaining of two years” period.

The Management Company may, with the consent of the Trustee and after obtaining prior approval of the Commission, introduce and offer other classes of Units. <sup>67</sup>

<sup>66</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>67</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

#### 4.2a) Types of Units

4.2.1 A An investor shall, at the time of opening an account, select the types(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Units and/or Income Units. Unit Holders can switch from one type of Units to another at any time by filling out the required application form available at all distribution points.

(a) Growth Units: The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive additional units at prevailing price, after adjusting for taxes against Cash Dividend (if any) at the time of distribution. The Management Company may also decide to distribute income in the form of bonus units which shall be growth units of the Fund.

(b) Income Units: The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive distribution income in the form of cash, if any distribution announced by the Fund. The Management Company may also decide to distribute income in the form of bonus units which shall be income units of the Fund.

Under this category, the Unit Holder can opt for either one of the following additional Administrative Plans. All Units issued under the Administrative Plan shall rank pari passu with units of the Fund:

- **Fixed Periodic Payment:** Investors of the Fund may opt for this Administrative Plan to attain a regular periodic payment to support their liquidity requirements. The Fixed Periodic Payment Unit Holders shall, at the time of purchase or beginning of a Regular Interval (i.e. monthly, quarterly, semi-annually, or annually), specify a fixed cash amount required by them at Regular Intervals and authorize the Management Company to redeem (at the prevailing NAV) such number of units from their holding that in rupee terms is equivalent to the specified fixed amount required at the end of every Regular Interval. Such amount shall include investment appreciation, as well as principal amount.

**Warning: In Fixed Periodic Payment Plan, the principal amount may be reduced in case sufficient returns are not earned by the Fund to cover the amount required by the Unit Holder. Therefore, the resulting payment may lead to erosion of principal.**

Minimum amount of investment for **Fixed Periodic Payment** Administrative Plan would be **Rs. 100,000**. The Management Company may alter the minimum amount at its discretion by giving a prior notice of at least 30 days. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

If investment amount falls below Rs. 100,000 at any time during the life of investment, features of Administrative Plan will seize for the investor and Units allocated to him will be considered Income Units of the Fund.

- **Actual Growth on Investment:** The Unit Holders shall receive income in cash (through redemption of units) to the extent of investment appreciation at the end of every Regular Interval (i.e. monthly, quarterly, semi-annually or annually). However, the principal amount shall remain intact at year end until and unless the unit holder redeems the principal amount.

**Note:** Investment Appreciation means the increase in investment value during a given interval over the principal amount of investments.

Principal amount is the amount of investments as increased / reduced by investments / redemptions

net off any Load and taxes thereon (if any).

If the profit earned is less than Rs. 500 at the end of the regular interval given in writing at the beginning of each interval or at the time of purchase of units, no profit will be disbursed to the investor.

**Warning: Administrative Plan options will be subject to relevant tax regulations, which may impact the principal in an adverse manner.**

- 4.2.2A The periodic payment shall be made by redeeming the required number of Units. The amount so redeemed shall be made through payment instruments or transferred to the designated bank account within six (6) working days of the redemption.
- 4.2.3A The payment shall be processed by the Management Company at the end of each month. Provided that if the last day of the month of a certain regular interval is not a Dealing Day the redemption arrangement of Income Units would be transferred to the next Dealing Day.
- 4.2.4A In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under the above options.
- 4.2.5A Unit Holders may switch over to any of the other options or withdraw funds from the option at any stage by submitting the prescribed form to the Distributor/ Management Company.
- 4.2.6A The Administrative Plans may be discontinued by the Management Company at any time after seeking approval of the Commission by giving a prior notice of 30 days to the Unit Holders. All units in issue shall be treated as Growth Units of the Fund from there on.
- 4.2.7A The Management Company may introduce more Administrative Plans for the Fund in the future with a prior notice of minimum 7 days to Unit Holders after seeking prior approval of the Commission.<sup>68</sup>

### **4.3 Features of Units**

- 1 All Units and fractions thereof represent an undivided share in the Fund and shall rank pari-passu according to the number of Units held by each Unit Holder, including the rights of the Unit Holders in the Net Assets, earnings and the receipt of dividends and distributions.
- 2 Units shall be accounted for in fractions up to four decimal places or as may be decided by the Management Company from time to time with prior approval of Trustee and properly disclosed to the Unit holders.<sup>69</sup>
- 3 Statements may be sent to the Unit Holders after the close of the Accounting Period and each time any activity takes place in the account indicating Units held on the statement date. The Unit Holders may obtain more frequent statements at designated address by paying a fee not exceeding Rs. 25 per statement representing the costs involved.
- 4 Unit Holders may obtain Certificates representing the Units they hold by paying a fee not exceeding Rs. 25 per certificate. However cases of transmission of Units shall be processed only on production of the Certificates. In the event of loss or defacing of Certificates, the process shall be

<sup>68</sup> Inserted through 3<sup>rd</sup> Supplement in the Offering Document dated 25<sup>th</sup> January, 2016

<sup>69</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

carried out subject to appropriate safeguards to the satisfaction of the Registrar and the associated cost if any will be borne by the Unit Holder.

#### **4.4 Frequency of Valuation and Dealings**

- a) Units can be purchased at the Offer Price and redeemed at the Redemption Price at any of the designated points as provided in Annexure A and as amended from time to time by the Management Company on its website ([www.hblasset.com](http://www.hblasset.com)) on any Dealing Day before Cut off Time as specified in Annexure C and as notified by the Management Company from time to time to on its website.<sup>70</sup>
- b) During the period the Register is closed, as mentioned in clauses 4.9 of this Offering Document, the sale and redemption of Units will be suspended.
- c) The Management Company may decline to issue units to any applicant, if it is of the opinion that it will not be possible to invest inflow of fund or to meet any regulatory requirement.
- d) For the Classes of Units and Offer Prices during the Initial Period, please refer to clause 4.1 and clause 4.2 of this Offering Document.
- e) After the Initial Period, the Management Company shall announce the Offer and Redemption Prices on every Dealing Day, calculated on the basis of NAV and adjusted for such Front end Load or Back end Load, transaction costs, charges and duties as are described here in.<sup>71</sup>
- f) 4.4f) [<sup>72</sup>]
- g) 4.4g) [<sup>73</sup>]
- h) The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Rules, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document, the Management Company may suspend the announcement of the prices.
- i) The Management Company shall publish the Offer and Redemption Prices on its website.<sup>74</sup>
- j) The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.
- k) A permanent change in the method of dealing shall be made after expiry of one month“ notice to unit holders and with the approval of Trustee.<sup>75</sup>
  - 1) A temporary change in method of dealing can be made by the Management Company with the approval of the Trustee only in following exceptional circumstances after having regard to the interest of unit holders:

<sup>70</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>71</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>72</sup> Deleted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>73</sup> Deleted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>74</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>75</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- the event of war (declared or otherwise) natural disasters, a major breakdown in law and order, terrorist threats and/or activities, closure of the capital markets and /or the banking system or other events that render the Management Company, Transfer Agents, Trustees or the Distributors unable to function
- In the event the money market/stock market on which any of the securities invested in by the Fund are listed are closed;
- the existence of a state of affairs which in the opinion of the Management Company constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Unit Holders;
- a break down in the means of communication normally employed in determining the price of any investment;
- when remittance of money cannot be carried out in reasonable time;
- 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.<sup>76</sup>

## **4.5 Issue of Units**

### **4.5.1 Determination of Offer Price**

- 1 After the Initial Period the NAV shall be calculated by dividing the Net Assets by the number of Units outstanding and the Offer Price shall be calculated and announced by the Management Company on every Dealing Day latest by 1830 hrs.<sup>77</sup>
- 2 The Offer Price shall be equal to the sum of:
  - a) The Net Asset Value as of the close of the Dealing Day on which completely and correctly filled prescribed application form is received along with realized payment before the Cut off Time as specified in Annexure C and as announced by the Management Company from time to time on its website and at the designated points;
  - b) Any Front-end Load; and
  - c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges;

Such sum shall be adjusted to the nearest four decimal places or such decimal places as may be prescribed by the management company from time to time with the consent of the trustee and such change shall be properly disclosed to the Unit holders or investors.<sup>78</sup>

### **4.5.2 Who Can Apply?**

Applications for the issue of Units in HBL-IF may be made by any investor or any related group of investors qualified or authorized to purchase the Units pursuant to the procedures described in Clause 4.5 of this Offering Document, including but not limited to:

1. Citizens of Pakistan resident in Pakistan: in respect of minors below 18 years of age, applications should be made by their guardians.

<sup>76</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>77</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>78</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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.
3. Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan, 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 regulation/laws. Any person making an application for the issue of Units in HBL-IF shall warrant that he is duly authorized to purchase such Units.
4. Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended by S.R.O.
5. Provident, Pension and Gratuity Funds constituted by organizations other than companies under section 20(h) of the Trusts Act 1882, (11 of 1882).
6. Insurance companies under the Insurance Ordinance, 2000.
7. Non Profit organizations under section 213(i) of the Income Tax Rules 2002.

The onus for being qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar, nor the Distributors, nor the Facilitator/Sales Agents accept any responsibility in the regard.

#### **4.5.3 Account Opening Application Procedure**

- 1) Fully completed application form for purchase of Units, accompanied by the full amount for the investment and copies of the documents listed below should be delivered at any designated point for receiving such application (as specified in Annexure A and as amended from time to time by the Management Company on its website) or may be submitted to the Management Company directly. Only designated branches of Habib Bank Limited and authorized distributors and their branches (as listed in Annexure A and as amended from time to time by the Management Company on its website) are authorized to collect application and payment for issue of units.<sup>79</sup>
- 2) In case of individual applicants a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company along with any other required document as specified in the application form.
- 3) In case of a body corporate or a registered society or a trust,
  - i. Investors Name
  - ii. List of authorized signatories along with copy of the National Identity Card and specimen signatures
  - iii. Copy of the memorandum and articles of association/charter/bye-laws or rules and regulations;
  - iv. Copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officer to invest the funds and/or to realize the investment; and

<sup>79</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



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- v. Other relevant documents as may be required by the Management Company.
- 4) In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company or Transfer Agent, fresh submission of documents will not be required provided that the deposited documents are acceptable to the Management Company. However, the previous account number/registration number/folio number must be provided to facilitate linking.
  - 5) The Distribution Office 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 has not rectified the discrepancy.
  - 6) If the application is incomplete or incorrect in any way the Distribution Office/Management Company/Transfer Agent will advise the applicant in writing to remove the discrepancy within a period of fifteen days, failing which the application will be rejected and 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 Management Company, Transfer Agent or Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Transfer Agent, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
  - 7) In the event payment has been accepted by crossed-cheque or pay order or in such form as prescribed by the Management Company, the Transfer Agent will not process the application of subscription till the payment has been realized and cleared by the Fund's Bank.
  - 8) The applicant must obtain a receipt duly signed and stamped by an authorized official confirming the receipt of the application form at the designated point where application for purchase of units was submitted.<sup>80</sup>
  - 9) Once the investor account has been opened, the investor will be allotted a specific registration/folio number which can be used for all future transactions to facilitate reference and linking.
  - 10) Investors will be allotted Units based on the Offer Price of the Fund as announced by the Management Company on the day the payment is realized for a duly completed application form within the hours on a Dealing Day as prescribed by the Management Company from time to time. The Investor will be provided an Account Statement within fifteen (15) Business Days after the Units have been issued.<sup>81</sup>
  - 11) In the event a cheque or any other instrument is returned unpaid, the Management Company will assume the application for subscription to be regarded as void and the Units if allotted will be cancelled and the investor informed accordingly. The investor will be asked to submit fresh payment for the said Units which will then be allotted based on the Offer Price of the Fund as announced by the Management Company on the day the payment is realized.

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<sup>80</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>81</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



#### **4.5.4 Joint Application**

- (a) Joint application can be made by up to four related group of applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their Computerized National Identity Card or any other identification documents acceptable to the Management Company.
- (b) The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption requests, or dividend or fractional payments. Such person's receipt or payment into the designated bank account shall be considered as a valid discharge by the Trustee/Management Company of its obligations.
- (c) In the event of death of the first Holder, the person in the order of survivor(s) as stated in the application form shall be the only person recognized by the Trustee/Management Company/Transfer Agent to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend or fractional payments. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Management Company or Trustee of its obligations.

Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

#### **4.5.5 Purchase (Issue) of Units**

An application for purchase of Units may be lodged with at the designated points for accepting such applications (as specified in Annexure A and as amended from time to time by the Management Company on its website) or presented to the Management Company. The application shall be in the form prescribed by the Management Company. Application Forms are available at the designated points or Investment Facilitators or may be obtained from the Management Company or can be downloaded from its website i.e. [www.hblasst.com](http://www.hblasst.com). Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 4.5 of this Offering Document.

Payment for the Units can be made in the form of;

- Demand draft or Pay Order in favor of "CDC-Trustee HBL Income Fund".
- Online Transfer of money to "CDC - Trustee HBL-Income Fund"
- Cheque (Account Payee Only in favor of "CDC-Trustee HBL Income Fund")
- Any other mode of payment acceptable to the Management Company as introduced from time to time to "CDC Trustee HBL-Income Fund".<sup>82</sup>

<sup>82</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

## **4.6 Redemption of Units**

### **4.6.1 Determination of Redemption Price**

- 1 During the initial Period the Units shall not be redeemed.
- 2 After the Initial Period the Redemption Price shall be equal to the Net Asset Value as of the close of the Dealing Day on which completely and correctly filled prescribed application form is received before the Cut off Time as specified in Annexure C and as announced by the Management Company from time to time on its website and at the designated points, less:
  - (a) Any Back-end Load;
  - (b) ~~Any taxes imposed by the Government; and~~
  - (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges;
  - (d) Transaction Costs

Such sum shall be adjusted to the nearest four decimal places or such decimal places as may be prescribed by the management company from time to time with the consent of the trustee and such change shall be properly disclosed to the Unit holders or investors. Any taxes imposed by the Government may however be deducted from the respective redemption proceeds.<sup>83</sup>

### **4.6.2 Who can Apply**

All Unit Holders, other than the holders of Class “A” (Restricted/Core Units) Units are eligible to redeem the said Units. Holders of Class “A” Units (Restricted/Core Units) will be eligible for redemption after the expiry of the period of 2 years from the date of the closure of the Initial Period; however such units are eligible for transfer subject to the condition that the new transferee of such unit(s) agrees to the same for the balance period, if any.

### **4.6.3 Application Procedure**

- a) Requests for redemption can be made by completing the prescribed application form and endorsing the relevant Certificate, if issued, and submitting the same at any designated point for receiving such application (as specified in Annexure A and as amended from time to time by the Management Company on its website) or to the Management Company, before the Cut off Time (as specified in Annexure C and as announced by the Management Company on its website) on any Dealing Day. The request for redemption would only be honored after verifying the signature and other particulars of the Unit Holder from the Register.<sup>84</sup>
- b) The Unit Holder will receive a note confirming the receipt of the application for redemption duly signed and stamped by an authorized official at the designated points for receiving such application.<sup>85</sup>
- c) The Distribution Company and /or the Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application

<sup>83</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>84</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>85</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

may be rejected if the applicant does not rectify the discrepancy.

- d) If subsequent to the receipt of the application at the designated point, but prior to the Redemption of the Units, the application is found by the Transfer Agent or the Distributor or the Management Company to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; meanwhile the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.<sup>86</sup>
- e) Units will be redeemed on the basis of the Redemption Price announced as of the close of the Dealing Day on which a fully completed Redemption Form acceptable to the Management Company is submitted within the Cut off Time as specified in Annexure C and as announced by the Management Company from time to time on its website.<sup>87</sup>

#### **4.6.4 Payment of Redemption Proceeds**

- a) Unless otherwise instructed, payment of the redemption proceeds will be made by a crossed cheque, in favor of the Unit Holder's registered name, or in favor of the first-named joint Holder in the event of joint Holders, and will be sent to registered address of the Unit Holder or first-named joint Holder's address, or if so authorized by all the joint holders, at the address of the Joint Holder who has signed the redemption form as provided, within six working days after the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of the redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first named joint Holder in the event of joint Holders. No money shall be paid to any intermediary except the Unit Holder /joint Holder or his /their authorized representatives.<sup>88</sup>
- b) In case the Investor has requested encashment of Bonus Units then such Bonus Units will be redeemed at the ex-dividend Net Asset Value (NAV) as determined by the Management Company from time to time.
- c) Redemption of Units may be suspended or put in queue due to exceptional circumstances as referred to in Clause 4.9.
- d) Partial Redemption of Units covered by a single Certificate is not permitted. However, Unit Holders may apply for splitting of the Certificate before applying for redemption.
- e) In the event the Units are redeemed by any major Unit Holder in such period of time that the Management Company believes, may adversely affect the interest of other Unit Holder(s), it may charge contingent load up to two (2) percent on such redemption.
- f) In the event of Units that are pledged, are redeemed for any reason whatsoever, the proceeds shall be paid to the order of the lien holder's designated bank account or posted to the registered address mentioned in the pledge/lien application form submitted
- g) No money shall be paid to any intermediary except the Holder/ joint Holder or his/ their

<sup>86</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>87</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>88</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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authorized representatives.

#### **4.6.5 Joint Holders**

Unless the Joint Holders of Units have specified otherwise, requests for redemption of such units shall be signed by all the Joint Holders.

### **4.7 Transfer/Transmission/Conversion Of Units**

#### **4.7.1 Application Procedure**

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

**4.7.1.1** A Unit Holder can transfer Units held by him by completing a prescribed Transfer Application Form, to be signed by the transferor and transferee; and paying any applicable Duties and Charges; and submitting the Transfer Application Form and relevant certificate(s), if issued at any of the designated points for receiving such applications.<sup>89</sup>

**4.7.1.2** Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Unit Holder or the survivors of Joint Holder shall be registered as the Holder or Joint Holders as the case may be, upon paying any applicable Duties and Charges; and submitting the duly completed prescribed Transfer Application Form and relevant Certificate, if issued at any of the designated points for receiving such applications., with such evidence, which may prove his entitlement to the Units.<sup>90</sup>

**4.7.1.3** The Transfer Agent shall, subject to law, accept requests for transfer of Units from an existing investor to another. The transfer shall be carried out after the Transfer Agent has satisfied himself of all requisite formalities including payment of any taxes if applicable and has recovered the fee prescribed for the service.

**4.7.1.4** Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the transfer Agent after satisfying himself as to all legal requirements. The legal costs and taxes if any shall be borne and paid by transferees. However, the processing fee shall not be payable by successors or beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent. The procedure for transmission of Units is given in Clause 4.7 of this document.

**4.7.1.5** A Unit Holder may convert the Units held by him in a Unit Trust managed by the Management Company into the Units of another Unit Trust scheme managed by the Management Company subject to the terms of the respective Offering Documents. The Transfer Agent shall carry out the conversion after being satisfied that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, have been received or deducted.

**4.7.1.6** Application for transfer can be submitted on any Dealing Day before Cut off Time as specified in Annexure C and as announced by the management company from time to time on its website.<sup>91</sup>

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<sup>89</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>90</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>91</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

#### **4.7.2 Partial Transfer**

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

#### **4.7.3 Verification of Transfer Application Form**

At the request of the Unit Holder, the Transfer Agent will verify

- (1) The holding stated on the Transfer Application Form and
- (2) Signature of the Holder.

#### **4.8 Pledge of Units**

##### **4.8.1 Request for Pledge/Lien of Units**

Any Single Unit Holder or all Joint Unit Holders may request the Registrar to record a pledge/lien of all or any of his/their Units in favor 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 favor of any third party with the specific authority of the Management Company.

##### **4.8.2 Removal of Pledge/Lien of Units**

The pledge/lien once registered shall be removed only through authorization of the party in whose favor the pledge/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 nor the Registrar takes any responsibility in this matter.

##### **4.8.3 Dividend / Bonus / Redemption of Units Pledged**

Payments of dividends on pledged Units shall be made to the order of the Unit Holder. However any Units issued on reinvestment or bonus Units that the pledged Units are entitled to automatically be marked under the lien of the lien holder and in the event the pledged Units are redeemed for any reason what so ever, the proceeds shall be paid to the order of the lien holder. However in case Units are recorded in Central Depository register as book-entry securities, the provisions of the Central Depository Act, 1997 and the Central Depository of Pakistan Regulations shall be applicable.

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

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

#### **4.9.1 Suspension of fresh Issue of Units**

The Management Company may at any time under intimation to the Trustee, suspend the issue of fresh Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue of Units is announced. Such suspension may however not affect existing Unit Holders, the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall immediately notify the Commission if issue of fresh Units is suspended and shall publish the same in at least two widely circulated newspapers in Pakistan, one in English and the other in Urdu.

#### **4.9.2 Suspension of Redemption of Units**

In the event of extraordinary circumstances as mentioned in Clause 4.9 and Clause 4.10 of this Offering Document, the Management Company may suspend or defer redemption of Units with the prior approval of its Board of Directors. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise) natural disasters, a major breakdown in law and order, breakdown of the communications system, terrorist threats and/or activities, closure of the capital markets and /or the banking system or other events that render the Management Company, Transfer Agents, Trustees or the Distributors unable to function or any other conditions mentioned in the NBFC Regulations. The management Company shall immediately inform the commission if the redemption is suspended and the fact that redemption is suspended shall be published immediately in the newspaper in which the scheme's prices are usually published.

In all cases where redemption of units is suspended, the issuance of fresh units shall also be kept suspended until and unless redemption of units is resumed.<sup>92</sup>

#### **4.9.3 Queue System**

In the event redemption requests on any Dealing Day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/or arrange borrowing as it deems fit in the best interest of the Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action. The redemption requests in excess of ten percent (10%) of the Units in issue will be carried over to the next Dealing Day. However, if the carried over requests and the fresh requests received on the next Subscription Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.<sup>93</sup>

#### **4.9.4 Winding up in view of major redemption**

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Trust Property being run down to an unmanageable level or is of the view that the sell-off of assets is likely to result in a significant loss in the value for the Holders who are not redeeming, it may apply to the Commission for cancellation of registration of the Trust in accordance with clause 11 of this Offering Document. In such an event, the queue system, if

<sup>92</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>93</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



already invoked, shall cease to apply and the Fund will be wound up on receipt of order from the Commission for the revocation of the Trust; and all Holders shall be paid after selling the assets and determining the final Redemption Price. The interim distributions of the proceeds may be made if the Management Company finds it feasible. The announcement in this regard shall be communicated to the Commission and the Trustee and shall further be notified to the Holders by publishing a notice in two widely circulated newspapers in Pakistan.<sup>94</sup>

#### **4.10 Redemption of Units in Extraordinary Circumstances**

The redemption of units may be suspended during extraordinary circumstances including any period then the Stock Exchange(s) on which any of the investment for the time being is listed or dealt in is closed or when dealings in such investment are restricted or suspended, the existence of any state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Trust or of the Holders, or any breakdown in the means of communication normally employed in determining the price of any investment, or the current price thereof on any stock exchange or when for any reason the price of any such investment cannot be promptly and accurately ascertained or any period when remittance of money which will or may be involved in the realization of such investment or in the payment for such investment cannot in the opinion of the Management Company be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value. The Management Company may announce a suspension or deferral of redemption in such cases. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent (10%) 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 in clause 4.9)

Such suspension or queue system shall end on the day following the first Dealing Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking a queue system and end of suspension and queue system the Management Company shall immediately notify the Commission and Trustee and publish the same in at least two daily newspapers, one in English and one in Urdu, widely circulating in Pakistan.<sup>95</sup>

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

- 4.11.1** Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the Offer (Purchase) of Units to persons not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the Offer (Purchase) Price as herein before provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.

<sup>94</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>95</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



**4.11.2** In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility.

**4.11.3** The currency of transaction of the Trust is the Pakistani Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising there from.

## **4.12 Service to Unit Holders**

### **4.12.1 Availability of Forms**

All the forms mentioned and/or included in this Offering Document will be available at the office of the Management Company, all designated points for dealing in units (as specified in Annexure A and as amended from time to time on its website by the Management Company) or on its web site at [www.hblasst.com](http://www.hblasst.com).<sup>96</sup>

### **4.12.2 Register of Unit Holders**

- a) A Register of Unit Holders shall be maintained by Transfer Agent Department of the Management Company presently having its office at 8B, 8th Floor, Executive Tower, Dolmen City, Clifton Karachi.<sup>97</sup>
- b) Every Unit Holder will have a separate account folio. Such account will reflect all the transactions in that account held by such Unit Holder.
- c) The Holder will be entitled to inspect his record in the Register and request copies thereof on any Dealing Day from 10.00 A.M. to 1.00 P.M., except during the days when the Register is closed in accordance with the provision of the Deed, with the prior arrangement with the Management Company or the Transfer Agent.<sup>98</sup>
- d) The Register shall be conclusive evidence as to the Units held by each Holder.

### **4.12.3 Information in the Register**

The Register will contain the following information:

#### **A) About Unit Holders**

- 1) Name of Unit Holder/Joint Holders;

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<sup>96</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>97</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>98</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- 2) Address of Unit Holder/first named joint Holder;
- 3) National Identification Number(s) of Unit Holder/ Joint Unit Holders and or identification number of passport if applicable
- 4) Father's/Husband's name of Unit Holder in case of individuals;
- 5) Occupation of Unit Holders/joint Holders;
- 6) Tax/Zakat status of Holder;
- 7) Record of signature of Holder; and
- 8) Bank details
- 9) Particulars of Nominee(s);
- 10) Such other information as the Management Company may require

**B) About Units**

- 1) Type and Class;
- 2) Certificate number, if applicable;
- 3) Date of purchase/redemption/transfer and the reference number, if any;
- 4) Number of Units held;
- 5) Information about lien / pledge / charge on Units.

**C) Instructions**

- 1) Instruction about reinvestment or payment of dividend in Units or encashment of units;
- 2) Instructions for redemption application;
- 3) Information and instruction about pledge/charge/lien of Units;
- 4) Information and instruction about nominees in case of death of the Unit Holder, and;
- 5) Bank details for Redemption / Dividend mandate.

**D) Request for Changes**

The Unit Holders may notify in writing any change of name or address or any other particular to at any designated points for dealing in units, or to the Transfer Agent. The designated points will forward such application to Transfer Agent, who on being satisfied there with and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate, if required, to such Holder.<sup>99</sup>

**4.12.4 Account Statement**

Upon written confirmation from the Trustee that the Offer Price for each Unit has been received in full from the applicant, the Transfer Agent may issue an Account Statement that will constitute evidence of the number of Units registered in the name of the Holder.

The Transfer Agent will send directly to each Unit Holder a non-transferable Account Statement each time there is a transaction in the folio.

<sup>99</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

#### **4.12.5 Closure of Register**

The Register may be closed under intimation to the Trustee for such period as the Management Company may from time to time determine and after giving at least seven days' notice to Unit Holders, provided that it is not closed for more than six (6) working days at a time and whole forty- five days in a year.<sup>100</sup>

#### **4.12.6 Certificates**

- a) Unit Certificates will be issued only if requested by the Unit Holders together with a fee at the rate of Rs. 25/ (Rupees twenty five) per certificate or any other amount as determined by the Management Company from time to time.
- b) Certificates where requested shall be issued as herein provided not later than fifteen Business Days after the date of such request. The Certificate may be sent to the Holder or his duly authorized nominee at his own risk by registered post or by delivery or may be collected by the Unit Holder from the Distribution Company.
- c) In the case of Units held jointly the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Holders and delivery of such Certificate to the Holder named first therein shall constitute sufficient delivery to all joint Holders. All payments required under this Deed (i.e. redemption and dividend) will be made to first named joint Holder.
- d) Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- e) Certificates shall only be issued for Units that have been fully paid, in such denomination as may be required by the Holder.
- f) Certificates will not be issued for fractional Units.

#### **4.12.7 Replacement of Certificates**

- a) Subject to the provisions of the Trust Deed and in particular to the limitations of the denomination of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as the Holder may require representing the same aggregate number of Units.
- b) In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Transfer Agent with the approval of the Management Company may issue to the person entitled new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

<sup>100</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- i. returned the mutilated or defaced Certificate or furnished to the Distribution Company/Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate,
  - ii. paid all expenses incurred in connection with the investigation of the facts and any notice to be issued in newspaper inviting any claim (if any) against the lost Certificate to be notified to the Management Company, Trustee or Transfer Agent; and
  - iii. Furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Office/Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.
  - iv. In case of joint Holder, obtain the written consent of the joint Holder for issuance of such new certificates.
- c) Before the issuing of any Certificate under the provisions of this sub- clause the Distribution Company/Transfer Agent may require from the applicant for the Certificate the payment to it of a fee of Rs. 25/ (twenty five Rupees) for each Certificate, subject to revisions of fee from time to time by the Management Company together with a sum sufficient (if any) in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

#### **4.13 Procedure for Requesting Change in Unit Holders Particulars:**

##### **4.13.1 Who can request change?**

All existing Unit Holders or those who have purchased Units as per Clause 4.5 are eligible to change their Unit Holder details if they so desire. The Unit holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the unit holder may request.

##### **4.13.2 Joint Holders**

Unless the Joint Holders of Units have specified otherwise, any change in details of such units shall be signed by all the Joint Holders.

##### **4.13.3 Nomination**

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

## **5 DISTRIBUTION POLICY**

### **5.1 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 and paid out in the NAV calculation through Offer (Purchase) and Redemption (Repurchase) of Units, less all expenses incurred or accrued attributable to the Fund. The Fund shall distribute 90% of its accounting income received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to scheme under clause 6.2 of this Offering Document or under NBFC Regulations, as bonus Units, cash dividends, or a combination of cash/bonus Units or in any other form acceptable to the Commission in order to avail tax exemption or any other benefits in the interest of the Unit Holder. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.<sup>101</sup>

### **5.2 Declaration of Dividend**

The Management Company shall decide not later than forty five (45) 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 and shall advise the trustee accordingly. Such profits may be distributed in bonus Units, cash, additional Units, or a combination thereof as the Management Company may determine.

### **5.3 Determination of Distributable Income**

5.3.1 The amount available for distribution in respect of any accounting period shall be accounting income received or derived by the scheme from sources other than unrealized capital gains as reduced by :

- a) the expenses as stated in clause 6.2 of this Offering Document.
- b) any taxes of the Fund.<sup>102</sup>

5.3.2 The income qualifying for distribution shall be adjusted as under:

- a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the investments cum dividend, interest, profit or mark-up;
- b) addition of a sum representing amounts included in the price of Units for income accrued up to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units during the relevant period.
- c) adjustment if considered necessary by the Management Company to reflect diminution in value of Trust Property in consultation with the Trustee.

5.3.3 The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for

<sup>101</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>102</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

distribution but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Trust Property once transferred to the Distribution Account.

- 5.3.4 For the purpose of this Clause the expression “accounting income” means income calculated under the International Accounting Standards and verified by the auditors.<sup>103</sup>

#### **5.4 Reinvestment of Dividend**

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

- 5.4.1 A Unit Holder may in writing at the time of purchase of Units or at a later date Instruct the Management Company to reinvest the future dividends to which he will be entitled into Units.
- 5.4.2 The Offer (Purchase) Price for the Units to be issued under Clause 4.5.1 above will be the NAV at the Distribution Date after the adjustment of the announced dividend.

#### **5.5 Bonus Units**

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

#### **5.6 Payment of Dividend**

All payments for dividend shall be made by transfer of funds to the Unit Holder(s) designated bank account or through any other mode(s) of payment and such payment shall be subject to NBFC Regulations.<sup>104</sup>

#### **5.7 Dispatch of Dividend Warrants/ Advice**

Dividend warrants/advice and or Account Statement as the case may be shall be dispatched to the

<sup>103</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>104</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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Unit Holder's or the charge-holder's registered address as per the NBFC Regulations.<sup>105</sup>

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<sup>105</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



## **6 FEES AND CHARGES**

### **6.1 Fees and Charges Payable by an Investor**

#### **6.1.1 Sales and Processing Charges**

A Front end Load and/or Back end Load not exceeding five percent (5%) of the Net Asset Value may be included in the Offer Price or deducted from the Net Asset Value in order to determine the Redemption Price. (The current Front End Load and Back End Load is indicated in Annexure B). The issue price applicable to bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any Front-End Load. Transfer of Units from one owner to another may be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value, at the discretion of the Management Company at the date the request is lodged within the hours on the Dealing Day to the Authorized Distributor, or Transfer Agent or Management Company, which shall be recovered from the transferee. The investors shall be liable to pay all stamp and other duties, taxes, government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, transfer, cancellation or replacement of a certificate or otherwise which may have become payable in respect of or prior to or upon the occasion of transacting or dealing.<sup>106</sup>

#### **6.1.2 Remuneration of Distribution Company / Investment Facilitator / Sales Agents**

- a) The Distribution Company or any Investment Facilitator/Sales Agents employed by the Management Company will be entitled to a remuneration payable by the Management Company (out of its own resources) on terms and conditions to be agreed between the Management Company and the Distribution Company/Advisor/Facilitator/Sales Agent.
- b) The remuneration of the Distribution Company shall be paid by the Trustee and/ or Management Company and shall not be charged to the Trust Property. The remuneration due to the Distribution Company shall be paid on terms and conditions as mutually agreed.
- c) Distributor/Investment Facilitators or Sales Agents located outside Pakistan may if so authorized by Trustee and the Management Company be entitled to a remuneration (by the Management Company from its own resources) on terms and conditions mutually agreed between the Management Company and the Distributor located outside Pakistan, subject to the law for the time being in force.

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

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

<sup>106</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

## **6.2 Fees and Charges Payable by HBL Income Fund**

The following expenses will be borne by the Fund:

### **6.2.1 Remuneration of the Management Company**

The Management Company shall be entitled to receive:

A remuneration of an amount not exceeding three percent (3.0%) per annum of the average annual Net Assets for the first five years of the scheme and thereafter of an amount equal to two percent (2.0%) per annum of the average annual Net Assets.

The remuneration shall begin to accrue from the close of the Initial Offer period. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.<sup>107</sup>

### **6.2.2 Remuneration of the Trustee**

The Trustee shall be entitled to a monthly remuneration out of the Deposited Property based on an annual tariff of charges, which shall be applied to the average daily Net Asset Value during such calendar month. The remuneration shall begin to accrue from the close of the Initial Period. 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. 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 actual, out of the Fund's properties. All expenses incurred by Trustee affecting the registration of all registerable property in Trustee's name for the benefit of the Fund, are reimbursable at actual, out of the Fund's properties.

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

**6.2.4** Bank charges and borrowing / financial costs.

**6.2.5** Auditors' Fees and expenses; and

**6.2.6** Formation Costs shall be charged to the Fund, which are estimated at and shall not exceed 1% of core investment (Seed Capital) or Rupees. 5.00 million Whichever is lower that will be amortized over a period not less than five years.<sup>108</sup>

**6.2.7** Listing Fee payable to the Stock Exchange(s) on which Units may be listed.

**6.2.8** Annual fee payable to the Commission under Rule 79 of the Rules.

**6.2.9** Taxes, if any, applicable to the Trust and its income and/or its properties.<sup>109</sup>

**6.2.10** Marketing expenses specifically related to the Fund.

**6.2.11** Charges and levies of stock exchange(s), Commission charges, National Clearing and Settlement Company, CDC, FED, Laga, Fund Dividend/Redemption of units transfer charges as payable to bank at time of transfer of funds to Unit Holder and other levies and charges.<sup>110</sup>

<sup>107</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>108</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>109</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>110</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- 6.2.12** Such expenses shall be reimbursed to the Management Company at actual, if these are paid by Management Company on behalf of the Fund, within 30 days.

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

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

## **7 TAXATION**

### **7.1 Taxation**

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

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

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. HBL-Income Fund will be regarded as a public company liable to a tax rate applicable to a public company.

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

1. Dividend income at 10%;
2. Capital Gains on sale of securities will be subject to capital gains tax at the applicable tax depending upon period since investment; and
3. Return from all other sources / instruments are taxable at the rate applicable to a public company which currently stands at 35%.

### **7.3 Liability for Income Tax If 90% of Income is Distributed**

Notwithstanding the tax rate given above, the income from HBL-Income Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as dividend.

HBL-Income Fund will distribute not less than 90% of its income received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Fund.

### **7.4 Withholding Tax**

Under the provisions of Clause 47 (B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/ certificates of investment with banks/ financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with banks of HBL-Income Fund will not be subject to any withholding tax.

## **7.5 Capital Value Tax**

Under Finance Act, 1989 (V of 1989) as amended by Finance Act, 2004 (II of 2004), read with Circular No. 06 of 2004 dated July 01, 2004 a Capital Value Tax (CVT) at the rate of 0.01% of the purchase value of Modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan was levied on purchase of the same. Subsequently the rate of CVT was increased from 0.01% to 0.02% through Finance Bill, 2006. This tax will be collected by the stock exchange concerned.

## **7.6 Zakat**

HBL-IMMF is Sahib-e-Nisab under Zakat and Ushr Ordinance, 1980. The balance in the credit of Savings Bank Account or similar account with a Bank standing on 1st day of Ramazan-ul-Mubarak will be subject to deduction of 2.5% Zakat.

### **TAXATION OF UNIT HOLDER AND LIABILITY OF ZAKAT**

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

## **7.7 Withholding Tax on Dividends**

Unless exempt from such taxation by applicable law or international agreement, the withholding tax on profit distribution by HBL-Income Fund will be as under:

- Public Companies & insurance companies 10%
- Others 10%

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall deem to be full and final liability in respect of such distribution for individuals.

## **7.8 Capital Gains**

Capital Gains on disposition of Units in the HBL-Income Fund will be subject to capital gains tax at the applicable tax depending upon period since investment.

## **7.9 Tax Credit**

Unit holders shall be entitled to a tax credit under section 62(1) and (2) of the Income Tax Ordinance 2001. The amount on which tax credit will be allowed shall be lower of (a) amount invested; (b) ten percent of the total income of the Unit Holder and (c) Rupees Three Hundred Thousand and will be calculated by applying the rate of tax of the Unit Holder for the tax year before allowance of any tax credit under Part X of Income Tax Ordinance 2001.. If the Units so acquired are disposed within twelve months, the amount of tax payable for the tax year shall be increased by the amount of credit allowed.<sup>111</sup>

<sup>111</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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## **8 REPORTS AND ACCOUNTS**

### **8.1 Financial Year of Fund/Trust**

The Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date immediately after the close of First Offer, (in any other case) from the first day subsequent to the end of the preceding Accounting Period. The Accounting Date shall be the thirtieth day of June in each year.

### **8.2 Reports to the Unit Holders**

**8.1.1** The following reports will be sent to the Unit Holders physically (or through electronic means or made available on the web):

- a) Annual report, together with a copy of balance sheet, income and expenditure account and the Auditors report of the Fund to the Trustee and the Unit Holders within four months of the closing of the Accounting Date.
- b) Within one month of the closing of first and third quarter and within two months of the closing of first half year (6 months) of each Accounting Date, balance sheet as at the end of that period, profit and loss account, cash flow statement and statement of changes in equity for the period, whether audited or otherwise.
- c) Trustee shall issue a report to the Unit Holders to be included in the annual and second quarter report of the Fund to be sent to the Unit Holders, whether in the Trustee's opinion, the Management Company has in all material respects managed the Fund in accordance with the provisions of the Deed and the NBFC Rules & NBFC Regulations and if the Management Company has not done so, the respect in which it has not done so and the steps, which the Trustee has taken in respect thereof.  
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**8.1.2** The regularity of reporting will change if so required by the Commission or under the NBFC Rules and the Ordinance.

### **8.3 Financial Information**

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112 Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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

A member firm of

**PRICEWATERHOUSECOOPERS** 

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

The Board of Directors  
HBL Asset Management Limited  
Suite No. 403-4, FORUM  
G-20, Khayaban-e-Jami  
Clifton  
Karachi

February 21, 2007

C 0636

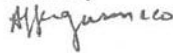
Dear Sirs

**AUDITORS' CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL – HBL INCOME FUND (THE FUND)**

As requested by you we have verified from the books and records of the Fund managed by HBL Asset Management Limited that a sum of Rs 250,000,000 (Rupees Two Hundred Fifty Million only) has been received up to February 19, 2007 in the Fund's bank account maintained with Habib Bank Limited (Corporate Center Branch) towards subscription of seed capital of the Fund. The amount has been received from Habib Bank Limited.

This certificate is being issued only for submission as part of HBL Income Fund 'Offering Document'.

Yours truly



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

A member firm of

**PRICEWATERHOUSECOOPERS** 

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

The Board of Directors  
 HBL Asset Management Limited  
 Suite No. 403-4, FORUM  
 G-20, Khayaban-e-Jami  
 Clifton  
 Karachi

February 21, 2007

C 0637

Dear Sirs

**NET ASSET VALUE (UNAUDITED) OF EACH UNIT OF HBL INCOME FUND (THE FUND)**

As requested by you we confirm that on the basis of the details provided to us, the Net Assets of the Fund as on February 19, 2007 amount to Rs. 250,000,000. The Net Asset Value of each unit proposed to be issued amounts to Rs. 100 and has been computed as follows:

	(Rupees)
Net assets of the Fund	250,000,000
Number of units (core units) proposed to be issued	2,500,000
Net Asset Value per unit	Rs. 100

This certificate is being issued only for submission as part of HBL Income Fund 'Offering Document'.

Yours truly

*A.Ferguson & Co*



### **8.3.3 Formation Cost**

All preliminary and floatation expenses of the Trust including expenses incurred in connection with the authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation, legal costs, printing, circulation and publication of the Offering Document, Marketing of the Fund and inviting investments there in and all expenses incurred during the Initial Period, shall be borne by HBL-IF and amortized over a period of not more than five years. The cost will not exceed one percent (1%) of the Core Investors Investment into the Fund.

## **9 WARNING**

### **9.1 Offering Document**

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

### **9.2 Fluctuation in Price and Income**

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

### **9.3 Disclaimer**

**The investor must recognize that all investments involve varying level of risk. Neither the value of Units in the Fund nor the dividend to be declared by the Fund can be assured. The historical performance of this Fund, the financial market or that any one security or transaction included in the Fund's portfolio does not necessarily indicate future performance. Investors are advised to read risk disclosure as mentioned in this document in Clause 2.7 for more information concerning risk.**

## **10 GENERAL INFORMATION**

### **10.1 Inspection of Constitutive Documents**

The copies of constitutive documents i.e. Trust Deed and Offering Documents can be inspected free of charge or purchased from the addresses given below.

HBL Asset Management, 8B, 8th floor  
 Executive Tower, Dolmen City, Clifton, Karachi. <sup>113</sup>

### **10.2 Date of Publication of Offering Document**

The Offering Document has been published on 15<sup>th</sup> March, 2007. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.

<sup>113</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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## **11 TERMINATION OF HBL INCOME FUND**

- 11.1 The Management Company, with prior written approval of the Commission, shall give at least three months' notice to unit holders and Trustee if it intends to have the registration of the HBL-Income Fund cancelled.
- 11.2 The registration of the Scheme may also be cancelled by the Commission on the Grounds given in the Rules & Regulations.

### **DISTRIBUTION ON REVOCATION OF TRUST**

- 11.3 Upon the Trust being revoked, the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Trust Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid and the bank charges, if any.
- 11.4. The Trustee, on the instruction of the Management Company, shall from time to time, distribute to the Unit Holders pro rata to the number of Units held by them, respectively, all net cash proceeds derived from the realization of the Trust Property after making payment as mentioned in clause 11.3 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case of any surplus, the same shall be distributed proportionately among the Unit Holders, provided neither the Trustee nor the Management Company shall be liable for any shortfall.
- 11.5 In case the Trust is terminated by the Commission on the grounds given in the Regulations, the Commission may appoint a liquidator in consultation with the Trustee.
- 11.6 In case of cancellation of registration, the Management Company shall revoke the Scheme and refund the proceeds to the Unit Holders in such manner and within such time as may be specified by the Commission.
- 11.7 Notwithstanding anything contained in any other provision, where in the opinion of the Commission or the Management Company any delay in the revocation of the Scheme is detrimental to the interest of the Unit Holders, or the market generally, the Commission may direct the immediate revocation of the Scheme without first cancelling the registration or providing an opportunity of being heard to the Management Company in such manner and within such time as may be specified by the Commission.”<sup>114</sup>

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<sup>114</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

## **Annexure A**

### **Distribution Companies:**

- 1) HBL Asset Management Limited (Head Office) 403-404 The Forum,  
G-20 Khayaban-e-Jami, Clifton, Karachi.
- 2) Habib Bank Ltd  
The following branches of Habib Bank Ltd are Authorized Distributors for HBL- Income Fund:

### **Sindh**

#### **Karachi**

##### Kehkashan Branch

DC-7, Block 7,  
Schon Circle,  
Clifton, Karachi  
Phone: 021 9250802/9250768  
Fax: 9250803

##### Foreign Exchange Branch

Foreign Exchange Centre,  
M.A. Jinnah Road,  
Habib Square, Karachi  
Phone: 021 9213997/9213939  
Fax: 9213436

##### Clifton Branch

Shahrah Iran (Opp. Glass Tower)  
Clifton, Karachi  
Phone: 021 9250800/9250804  
Fax: 5873310

##### Nursery Branch

Main Shakra-e-Faisal,  
Jamshed Town, Karachi  
Phone: 021 4521127/4381304  
Fax: 4538482

##### Shahrah-e-Jahangir Branch

Block L North Nazimabad,  
Karachi  
Phone: 021 6648034/6629671  
Fax: 6642090

##### Corporate Branch

2<sup>nd</sup> Floor, HBL Plaza,  
I.I. Chundrigar Road, Karachi  
Phone: 021 2418000  
Fax: 2441492

### **Punjab**

#### **Lahore**

##### Lahore Development Authority Branch

7 Egertan Road,  
Data Gunj Bukhsh Town, Lahore  
Phone: 042 6365015/9200275  
Fax: 6302032

##### Shakra-e-Quaid-e-Azam Branch

The Mall, 5 Bank Square,  
Data Gunj Bukhsh Town, Lahore  
Phone: 042 9212212/9212226  
Fax: 9212233

##### Corporate Branch

Habib Bank Corporate Centre, 102-103 Upper Mall, Lahore Phone: 042 9201022

## **Gujranwala**

Satellite Town Branch Main Market,  
Satellite Town, Gujranwala Phone: 055 9200590/9200591  
Fax: 9200590

## **Faisalabad**

Madina Town Branch  
Madina Town,  
Faisalabad  
Phone: 041 9220122/9220124  
Fax: 9220123

Canal Road Branch  
West Canal Road,  
Faisalabad  
Phone: 041 8532077  
Fax: 8531985

Corporate Branch  
HBL Corporate Centre, 1152 Circular Road, Faisalabad  
Phone: 041 9200038  
Fax: 9201041

## **Rawalpindi**

Kashmir Road Branch Kashmir Road,  
Saddar, Cantt, Rawalpindi Phone: 051 5700107/5582905  
Fax: 5567928

## **Islamabad**

Jinnah Avenue Branch  
Jinnah Avenue,  
Islamabad  
Phone: 051 2201761/2201228  
Fax: 2822290

Corporate Branch  
Ground Floor, HBL Tower,  
Blue Area, Islamabad  
Phone: 051 2820683  
Fax: 2822206

## **NWFP**

## **Peshawar**

Arbab Road Branch Peshawar Cantt.  
Peshawar  
Phone: 091 272167/9211161  
Fax: 278869

## **Balochistan**

## **Quetta**

Complex Branch Shahrah-e-Gulistan, Quetta  
Phone: 081 2836575/2829379  
Fax: 2825791

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## **Annexure B**<sup>115</sup>

### **Load Structure & Management Fee**

Front End Load: 0%--5%

Back End Load: 0%

The current level of sales load has been set at 0%.

The Management Company, at its discretion, may charge, across any particular Class of Units, Front-end Load and/or Back end Load of a maximum of five percent (5%) of the NAV.

*Any change in the load structure, provided it is within the maximum limit, shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, and as how the Commission may direct.*

### **Management Fee:**

The current level of management remuneration is 1.5% per annum on average daily Net Assets.

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<sup>115</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

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**Annexure C** <sup>116</sup>

**CURRENT CUT-OFF TIME**

**During Subscription Days of the Fund**

Monday to Friday: 9:00 AM to 4:00PM<sup>117</sup>

Cut-Off Time may vary from time to time as may be determined by the Management Company and communicated to the Unit Holders (through Management Company's website: [www.hblasset.com](http://www.hblasset.com)), Trustee of the Fund and SECP.

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<sup>116</sup> Inserted through 2nd Supplementary in the Offering Document dated 28th February, 2011

<sup>117</sup> Amended through 4th Supplementary in the Offering Document dated 8th May, 2017

# FORMS



## **DEFINITIONS**

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

- 1.1** “**Accounting Date**” means the thirtieth day of June in each year provided that the Management Company with the written consent of the Trustee, change such date to any other date and such change shall be intimated to the Commission.
- 1.2** “**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 Trust Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 1.3** “**Account Statement**” means statement of transactions in Units in the folio of the Holder.
- 1.4** “**Audit Date**” means the date on which the Auditor issues its report in respect of the Scheme’s balance sheet and income and expenditure account for the corresponding Accounting Period.
- 1.5** “**Auditor**” means the Auditors of the Trust appointed by the Management Company as per the Rules.
- 1.6** 1.6 <sup>[118]</sup>.
- 1.7** “**Authorized Investment**” means **Pakistan origin investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:-**

Term Finance Certificates, , Certificate of Musharika issued by a Modaraba having a minimum investment grade credit rating, Treasury bills, Pakistan Investment Bond, Federal Investment Bonds and any other Government Securities;

Money Market Instruments, Commercial papers;

Deposits in Banks or with financial institutions; including deposits in local currency or in currencies other than the Pakistani Rupee, Certificates of Investments (COI), Certificate of Deposits (COD) issued by NBFC having a minimum investment grade credit rating.

Reverse Repurchase transactions (Reverse REPO’s) against eligible securities;

Continuous Funding System (CFS) or similar transaction by whatever name called;

Secured, Unsecured, listed or likely to be listed or unlisted debt securities issued by local governments, other government agencies, private or public sector entities and or financial institutions having a minimum investment grade rating.

Preference shares.

Asset Backed and Mortgage backed Debt Securities.

<sup>118</sup> Deleted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

Spread Transactions i.e. Transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. HBL-IF will buy in the ready settlement market and sell in the future settlement market. Both transactions would be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities.

Warrants, Options, derivatives subject to prior approval of the Commission.

Foreign fixed income securities issued; listed or otherwise and traded outside Pakistan on such terms, guide lines and directions as may be issued by the Commission and State Bank of Pakistan from time to time.

Any investment, which has been authorized by the Commission but does not include Restricted Investments.”<sup>119</sup>

- 1.8** “**Back-end Load**” means the processing charge not exceeding 5% of the Net Asset Value, deducted by the Management Company from the Net Asset Value in determining the Redemption Price. The Back end load shall form part of the Fund Property.<sup>120</sup>
- 1.9** “**Bank**” means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force and shall include a bank incorporated outside Pakistan and carrying on Banking Business in Pakistan as a scheduled bank.
- 1.10** “**Bank Accounts**” means those accounts the beneficial ownership of which rests in the Holder and for which Trustee has been appointed as the trustee.
- 1.11** “**Broker**” means any person engaged in the business of effecting transactions in securities for the account of others.
- 1.12** “**Business Day**” means a day on which Banks and Stock Exchange are open for business in Pakistan.<sup>121</sup>
- 1.13** “**Continuous Funding System (CFS)**” means a form of financing through the Stock Exchange consisting of two simultaneous transactions, the first for purchase of an underlying security (shares) on the following scheduled settlement date for the security and the second for selling back the security for a subsequent settlement date.
- 1.14** “**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 this Deed.
- 1.15** “**Companies Ordinance**” means the Companies Ordinance, 1984, as amended from time to time.
- 1.16** “**Commission**” means the Securities and Exchange Commission of Pakistan, established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.
- 1.17** “**Connected Person**” shall have the same meaning as in the Rules.

<sup>119</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>120</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>121</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- 1.18** “**Constitutive Document**” means the Trust Deed that is the principal document governing the formation, management or operation of the Trust, the Offering Document and all material agreements in relation to the Trust.
- 1.19** “**Contingent Load /Deferred Sales Load**” means processing charges deductible from the Net Asset Value of the Unit to determine the Redemption Price in case of redemption of Units within a certain period of time or at a decreasing rate for every period the Units are held and shall be charged to unit holders in instances where no front-end load is charged. Such charges shall not exceed five percent (5%) of the Net Asset Value and shall be determined by the Management Company from time to time and disclosed in the Offering Document. Any such charges shall be payable to the Management Company and/or its Distributors, as the case may be.<sup>122</sup>
- 1.20** “**Core Investors**” means the initial investors, who shall be required to subscribe to the number of Units of the aggregate par value as prescribed in Rule 67(2)(f) of the Rules and to hold the same for a minimum period of two years from the date of payment in full of such Units.
- 1.21** “**Core Units**” means such Units of the Trust that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. However, such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee and the Management Company will, prior to such transfer, intimate the Commission.
- 1.22** “**Custodian**” means (a) Bank(s) that may be appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and/or (b) the Trustee, with the approval of the Management Company, to hold and protect the Trust Property or any part thereof as custodian and shall also include the Trustee itself, if it provides Custodial services for the Trust.
- 1.22a)** “**Cut-Off Time**” means the latest time of acceptance of receiving applications of issuance, redemption, conversion, transfer and Pledge of Units.<sup>123</sup>
- 1.22b)** “**Dealing Day**” means every Business Day on which the Management Company accepts applications for issuance, redemption, conversion etc. of units of the Trust provided that the Management Company with prior written consent of Trustee and upon giving not less than seven days’ notice in at least two newspapers widely circulated in Pakistan, declare any particular Business Day not to be a Dealing Day, however there shall not be less than four (4) dealing days per week.<sup>124</sup>
- 1.23** “**Deposited Property**” or “**Trust Property**” means the aggregate proceeds of the sale of all Units during the Initial Period at par and subsequently at the Offer Price after deducting there from or providing there against any applicable front-end load and duties and charges and transaction costs and any other expenses chargeable to the Fund and adding thereto any applicable back-end load recovered in the Redemption Price; and includes the investment and all income, profit and other benefits arising there from and all cash, bank balances and other assets 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 Holders pursuant to this Deed and any back-end load payable but does not include any

<sup>122</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>123</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>124</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

amount available for distribution in the Distribution Account.<sup>125</sup>

**1.24 “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.

**1.25 “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 the distribution of income to the Holders shall be transferred.

**1.26 “Distributor/ Distribution Company”** means a person, company, firm or a Bank appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Function and shall also include the Management Company itself, if it performs the Distribution Function. The Management Company shall compensate the Distributors out of the Front End load collected by it in the offer price and/or Management Fee.<sup>126</sup>

**1.27 “Distribution Function” means with regard to:**

- (a) Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- (b) Issuing of receipts in respect of (a) above;
- (c) Issuing Units to the applicants in accordance with the terms of the scheme.
- (d) Interfacing with and providing services to the Holders including receiving redemption applications, transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission, in accordance with the instructions given by the Management Company or the Trustee, to the Management Company or the Trustee, to the Management Company or the Transfer Agent as appropriate; and
- (e) Accounting to the Trustee for all (1) moneys received from the applicants for issuance of Units; (2) payments made to the Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.

**1.28 “Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and charges in connection with the issue or sale, transfer, redemption or purchase of Units or the sale or purchase of Investments or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distribution Company or any commission (including and Front End/Back End Load) charges or costs which may have been taken into account in ascertaining the Net Asset Value.<sup>127</sup>

**1.29 “Formation Cost”** means all preliminary and floatation expenses of the Trust including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive

<sup>125</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>126</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>127</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

- Document, issue, circulation and publication of the Offering Document and all expenses incurred during the Initial Period.
- 1.30** “**Front-end Load**” means the processing charge not exceeding 5% of Net Asset Value added by the Management Company in the Net Asset Value in determining the Offer Price.<sup>128</sup>
- 1.31** “**Government Securities**” means securities and other instruments issued and to be issued by any Federal or Provincial Government or Municipal Bodies of the Islamic Republic of Pakistan and/or State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds and any securities/ instruments replacing or substituting the foregoing from time to time.
- 1.32** “**Holder**” or “**Unit Holder**” means the investors for the time being entered in the Register as owner of a Unit, including investors jointly so registered pursuant to the provisions of this Deed.
- 1.33** “**Initial Period**” or “**Initial Offering Period**” means a period determined by the Management Company not exceeding ninety days during which Units will be offered at the Initial Price in terms of the Offering Document.
- 1.34** “**Initial Price**” means the price per Unit during the Initial Offering Period determined by the Management Company.
- 1.35** “**Investment**” means any Authorized Investment forming part of the Trust Property.
- 1.36** “**Investment Facilitator/ Sales Agents**” means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Management Company shall compensate the Investment Facilitators/ Sales Agents out of the Front End Load collected by it in the Offer Price and/or Management Fee.<sup>129</sup>
- 1.36a)** **Money Market Instruments** means short-term debt and monetary instruments. Money Market instruments are forms of debt that mature in less than one year and are very liquid. Money Market Instruments include treasury bills and notes, bankers/snt Facilitators/ Sales Agents out of those with contractual maturity of one year or less, note issuance facilities, revolving underwriting facilities and promissory notes, short term debt securities, commercial and financial paper, Debt securities that have been sold under repurchase agreement, securities that have been lent under a securities lending agreement and any other securities as authorized by State Bank of Pakistan and Commission.<sup>130</sup>
- 1.37** “**Net Assets**” shall have the same meaning as in the Rules.
- 1.38** “**Net Asset Value**” or “**NAV**” means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 1.39** “**No Sales Load**” means no Sales Load payable on sale or redemption of Units.
- 1.40** “**Offer Price**” means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to clause 7.1 of the Deed.
- 1.41** “**Offering Document**” means the prospectus, advertisement or other document (approved by the Commission), which contains the investment and distribution policy and all other information in

<sup>128</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>129</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>130</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

respect of the Scheme, as, required by the Rules and is calculated to invite offers by the public for purchase of Units in the Unit Trust.

- 1.42** “**Online**” means transactions through electronic Data Interchange whether real-time transactions or otherwise which may be through the internet, intranet networks and the like.
- 1.43** “**Ordinance**” means the Securities and Exchange Ordinance, 1969, as amended from time to time.
- 1.44** “**Par Value**” means the face value of a Unit that shall be Rupees Ten (Rs. 10) or such other amount as may be determined by the Management Company in consultation with the Trustee from time to time and such other amount shall be intimated to the Commission.
- 1.45** “**Permitted Amendments**” is defined in clause 14.1 of the Deed.
- 1.46** “**Personal Law**” means the law of inheritance and succession as applicable to the individual Unit Holder.
- 1.47** “**Redemption Price**” means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to clause 7 of the Deed.
- 1.48** “**Register**” means the Register of the Holders kept pursuant to the Rules and this Deed.
- 1.49** “**Registrar Functions**” means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Receiving application for redemption and transfer/ transmission of Units directly from Holder or legal representatives or through Distributor;
  - (c) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledge or for recording of changes in information/ particulars/ data with regard to the Holders;
  - (d) Issuing Account Statements to Holders;
  - (e) Issuing Certificates including Certificates in lieu of undistributed income to Holders;
  - (f) Dispatching income distribution warrants and allocating Units to Holders on re- investment of dividends as per clause 11.2.4 of the Deed;
  - (g) Cancelling old Certificates on redemption or replacement;
  - (h) Maintaining record of lien/ pledge/ charge; and
  - (i) Keeping record of change of addresses/ other particulars of the Holders.
- 1.50** “**Reporting Currency/ Base Currency**” means the currency used in presenting the financial statements which will be the Pakistani Rupee.
- 1.51** “**Restricted Investments**” means the following:
- a) Equity shares;
  - b) Securities in a forward contract;



- c) Bearer Securities;
- d) Securities on margin;
- e) Securities which result in assumption of unlimited liability (actual or contingent);
- f) Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein;
- g) Commodities and commodity contracts;
- h) Securities of the Management Company;
- i) Lend, assume, guarantee, endorse or otherwise become directly or Contingently Liable for or in connection with any obligation or indebtedness of any person. However Reverse repo transactions involving Government Securities or other debt securities stated as authorized investments in this Offering Document under an agreement and spread transaction through ready buy and future sale or CFS or replacement thereof which are protected by the clearing company and stock exchanges is not subject to this restriction.;
- j) Exposure in any other Fund, except for overseas investments.

Any investment, which is not an Authorized Investment as defined in Definition 1.8 of this deed, provided such investment has been approved by the Commission as Authorized Investment.<sup>131</sup>

**1.51a) “Regulations”** mean the Non-Banking Finance Companies & Notified Entities Regulations, 2008, as amended from time to time by the Commission.<sup>132</sup>

**1.52 “Rules”** mean the Non-Banking Finance Company (Establishment and Regulation) Rules 2003, as amended from time to time.

**1.53 1.53**<sup>[133]</sup>

**1.54 “Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under Section 5 of the Ordinance.

**1.55 1.55**<sup>[134]</sup>

**1.56 “Supplementary Offering Document”** means a document issued by the Management Company, in consultation with the Trustee, after seeking approval of the Commission, describing the special features of an administrative plan offering investment in the Income Fund or a combination of the Income Fund and other schemes managed by the Management Company, or any amendments made to the Offering Document.

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

**1.58 “Transfer Agent”** means a company including a Bank that the Management Company may appoint for performing the Registrar Function or the Management Company may itself perform the

<sup>131</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>132</sup> Inserted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>133</sup> Deleted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011

<sup>134</sup> Deleted through 2<sup>nd</sup> Supplement in the Offering Document dated 24<sup>th</sup> February, 2011



registrar function.

- 1.59** “Trust”, “Unit Trust”, “Fund” or “Scheme” means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.
- 1.60** “Trust Deed” or “Deed” means this Trust Deed executed between the Management Company and the Trustee.
- 1.61** “Unit” means one undivided share in the Trust and where the context so indicates a fraction thereof.

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