

The investors are advised in their own interest to carefully read the contents of the offering document, in particular investment policy, risk disclosure, disclaimer and warnings mentioned in clauses 4.2, 4.8, 4.9 & part 19 respectively, before making any investment decision

## CONSOLIDATED OFFERING DOCUMENT

# HBL MONEY MARKET FUND

An Open-End Money Market Fund

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

MANAGED BY

***HBL ASSET MANAGEMENT LIMITED***

## Table of Contents

<b>PART 1 – INTRODUCTION.....</b>	<b>4</b>
<b>PART 2 – REGULATORY APPROVAL AND CONSENT.....</b>	<b>5</b>
2.1 APPROVAL OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN .....	5
2.2 GOVERNING LAW .....	5
2.3 FILING OF THE OFFERING DOCUMENT .....	5
<b>PART 3 – CONSTITUTION OF THE SCHEME.....</b>	<b>6</b>
3.1 NAME & CATEGORY OF THE COLLECTIVE INVESTMENT SCHEME .....	6
3.2 CONSTITUTION .....	6
3.3 TRUST DEED .....	7
3.4 MODIFICATION OF THE TRUST DEED.....	7
3.5 OPEN ENDED FUND.....	7
3.6 DURATION .....	8
3.7 UNITS .....	8
3.8 CORE UNITS.....	8
3.9 INITIAL PUBLIC OFFER (IPO).....	8
3.10 TRANSACTIONS IN UNITS AFTER INITIAL PUBLIC OFFER.....	8
3.11 RESPONSIBILITY OF THE MANAGEMENT COMPANY FOR INFORMATION GIVEN IN THIS DOCUMENT.....	9
<b>PART 4 – INVESTMENT OBJECTIVES AND RESTRICTIONS.....</b>	<b>9</b>
4.1 INVESTMENT OBJECTIVES.....	9
4.2 INVESTMENT POLICY.....	9
4.3 BENCHMARK.....	11
4.4 INVESTMENTS OUTSIDE PAKISTAN.....	12
4.5 INVESTMENT RESTRICTIONS .....	12
4.6 BORROWING ARRANGEMENTS AND RESTRICTIONS .....	14
4.7 TRANSACTION WITH CONNECTED PERSONS .....	14
4.8 RISK DISCLOSURE.....	16
4.9 DISCLAIMER .....	16
<b>PART 5 – OPERATORS AND PRINCIPALS .....</b>	<b>17</b>
5.1 MANAGEMENT COMPANY – HBL ASSET MANAGEMENT LIMITED.....	17
5.2 BOARD OF DIRECTORS AND MANAGEMENT.....	18
5.3 DUTIES AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY.....	22
5.4 THE TRUSTEE .....	26
5.5 ROLE OF THE TRUSTEE.....	28
5.6 CORE INVESTORS.....	30
5.7 REGISTRAR .....	30
5.8 CUSTODIAN .....	31
5.9 AUDITORS .....	31
5.10 LEGAL ADVISORS .....	32
5.11 DISTRIBUTORS AND INVESTMENT FACILITATORS .....	32
5.12 BANK ACCOUNTS.....	32
<b>Part 6 – DETAILS OF THE PERFORMANCE OF THE FUNDS UNDER THE MANAGEMENT OF THE ASSET MANAGEMENT COMPANY .....</b>	<b>34</b>
6.1 FUNDS UNDER MANAGEMENT OF HBL ASSET MANAGEMENT LIMITED .....	34
<b>PART 7 – PERFORMANCE OF THE PUBLIC LISTED COMPANIES WHERE THE DIRECTORS ARE HOLDING SIMILAR OFFICE (FOR LAST 5 YEARS) .....</b>	<b>35</b>
<b>PART 8 – CHARACTERISTICS OF UNITS.....</b>	<b>36</b>
8.1 MINIMUM AMOUNT OF INVESTMENT .....	36
8.2 CLASSES/TYPES OF UNITS TO BE OFFERED AND THEIR FEATURES .....	36
8.3 FREQUENCY OF VALUATION, DEALING AND MODE OF THE PRICE ANNOUNCEMENT .....	38
8.4 PURCHASE AND REDEMPTION OF UNITS .....	40
8.5 PROCEDURE FOR PURCHASE OF UNITS.....	41
8.6 PROCEDURE FOR REDEMPTION OF UNITS .....	44
8.7 PROCEDURE FOR REQUESTING CHANGE IN UNIT HOLDER PARTICULARS .....	46
8.8 PROCEDURE FOR TRANSFER OF UNITS .....	47
8.9 PROCEDURE FOR PLEDGE / LIEN / CHARGE OF UNITS .....	47
8.10 SUSPENSION OF DEALING, QUEUE SYSTEM AND WINDING UP.....	48
8.11 ISSUANCE AND REDEMPTION OF UNITS IN EXTRAORDINARY CIRCUMSTANCES .....	50
8.12 PURCHASE AND REDEMPTION OF UNITS OUTSIDE PAKISTAN .....	51
<b>PART 9 – DISTRIBUTION POLICY.....</b>	<b>51</b>

9.1	DISTRIBUTION POLICY .....	51
9.2	DECLARATION OF DIVIDEND .....	52
9.3	DETERMINATION OF DISTRIBUTABLE INCOME .....	52
9.4	REINVESTMENT OF DIVIDEND .....	52
9.5	BONUS UNITS .....	53
9.6	CASH DIVIDEND .....	54
9.7	PAYMENT OF DIVIDEND .....	54
9.8	DISPATCH OF DIVIDEND WARRANTS/ADVICE:.....	54
<b>PART 10 – FEES, CHARGES AND EXPENSES .....</b>		<b>54</b>
10.1	FEES AND CHARGES PAYABLE BY INVESTOR .....	54
10.2	FEES AND CHARGES PAYABLE BY FUND .....	55
<b>PART 11 – TAXATION.....</b>		<b>57</b>
11.1	TAXATION ON INCOME OF THE FUND & ON UNIT HOLDERS .....	57
<b>PART 12 – REPORTS AND ACCOUNTS .....</b>		<b>59</b>
12.1	ANNUAL ACCOUNTING PERIOD & DATE .....	59
12.2	FINANCIAL REPORTING .....	59
<b>PART 13 – SPECIAL CONSIDERATIONS .....</b>		<b>61</b>
<b>PART 14 – SERVICES TO UNIT HOLDERS .....</b>		<b>62</b>
14.1	AVAILABILITY OF FORMS, TRUST DEED AND OFFERING DOCUMENT .....	62
14.2	ACCOUNTS WITH REGISTRAR APPLICABILITY .....	62
14.3	REGISTER OF UNIT HOLDERS .....	62
14.5	CLOSURE OF REGISTER .....	64
14.6	ACCOUNT STATEMENT.....	64
14.7	CERTIFICATES.....	64
14.8	REPLACEMENT OF CERTIFICATES .....	65
<b>PART 15– GENERAL INFORMATION.....</b>		<b>66</b>
15.1	INSPECTION OF CONSTITUTIVE DOCUMENTS .....	66
15.2	DATE OF PUBLICATION OF OFFERING DOCUMENT .....	66
<b>PART 16 – TERMINATION OF HBL MONEY MARKET FUND.....</b>		<b>66</b>
16.1	BY THE MANAGEMENT.....	66
16.2	BY THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN .....	66
16.3	WINDING UP .....	67
<b>PART 17 – DISTRIBUTION OF PROCEEDS ON TERMINATION.....</b>		<b>67</b>
<b>PART 18 – FINANCIAL INFORMATION.....</b>		<b>68</b>
18.1	AUDITORS CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL .....	68
18.2	AUDITORS CERTIFICATE ON NET ASSET VALUE OF UNITS IN HBL MONEY MARKET FUND .....	69
<b>PART 19 – WARNINGS .....</b>		<b>70</b>
19.1	OFFERING DOCUMENT.....	70
19.2	FLUCTUATION IN PRICE AND INCOME .....	70
19.3	DISCLAIMER .....	70
<b>PART 20 – ARBITRATION BETWEEN MANAGEMENT COMPANY AND TRUSTEE .....</b>		<b>70</b>
<b>PART 21 – STATEMENT OF RESPONSIBILITY BY THE MANAGEMENT COMPANY.....</b>		<b>72</b>
<b>PART 22 - SIGNATORIES TO THE OFFERING DOCUMENT.....</b>		<b>72</b>
<b>PART 23 – DEFINITIONS .....</b>		<b>74</b>
	ANNEXURE ‘A’ .....	81
	ANNEXURE ‘B’ .....	82
	ANNEXURE ‘C’ .....	83

**OFFERING DOCUMENT OF  
HBL MONEY MARKET FUND (HBL-MMF)  
(An Open ended Money Market Fund)**

**Managed By:  
HBL ASSET MANAGEMENT LIMITED (HBL-AML)**

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

**Date of Publication of this Offering Document: 5<sup>th</sup> July, 2010**

**Initial Public Offer: 12<sup>th</sup> to 14<sup>th</sup> July, 2010**

**PART 1 – INTRODUCTION**

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The HBL Money Market Fund (the Fund/the Scheme/the Trust/the Unit Trust/HBL-MMF) has been established as an open-end scheme through a Trust Deed (the Deed) dated March 18, 2010, entered into and between HBL Asset Management Limited (HBL-AML), the Management Company, having registered Office at 8B, 8<sup>th</sup> Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi and Central Depository Company of Pakistan Limited (CDC), the Trustee, having registered Office at CDC House, 99-B, Block „B“, S.M.C.H.S, Main Shakra-e-Faisal, Karachi and is registered as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (“Regulations”). The Trust Deed has been registered under the Trusts Act, 1882.

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**If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal advisors, stock brokers, bank managers, or other financial advisors.**

**Investors must recognize that all investments carry varying levels of risk. The portfolio of HBL Money Market Fund consists of investments, which are subject to market fluctuations and risks inherent in all such investments.**

**The value of units of HBL Money Market Fund may appreciate as well as depreciate, and consequently the level of dividend declared by HBL Money Market Fund may get affected to that extent. Neither the value of the Units of the Fund nor the dividend declared by the Fund is, or can be, assured/guaranteed.**

**Investors are requested to read the, Investment Policy, Risk Disclosure, and Disclaimer Statements and Warnings contained in Clauses 4.2, 4.8, 4.9 & Part 19 respectively of this Offering Document.**

## **PART 2 – REGULATORY APPROVAL AND CONSENT**

### **2.1 APPROVAL OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

The Securities and Exchange Commission of Pakistan (SECP) has registered HBL Money Market Fund as a Notified Entity under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (Regulations) vide letter No.SCD/NBFC-II/DD/HBL-MMF/293/2010 dated April 09, 2010. The SECP has approved this Offering Document under Regulation 54 of the Regulations vide its letter No. NBFC-II/JE/HBL/MMF/474 dated June 03, 2010.

It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of HBL Money Market 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 Money Market Fund that a prospective investor should know before investing in units of HBL Money Market Fund.

### **2.2 GOVERNING LAW**

The Trust Deed and this Offering Document of HBL Money Market Fund shall be subject to and be governed by the Laws of Pakistan including the Ordinance, the Rules, the Regulations and all other applicable rules and regulations, as amended or replaced from time to time, and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules and Regulations are incorporated in the Trust Deed of HBL Money Market Fund as a part and parcel thereof and in the event of any conflict between the Trust Deed of HBL Money Market Fund and the provisions required to be contained in a trust deed by the Rules, Regulations, Circulars or Directives issued by the SECP, the latter shall supersede and prevail over the provisions contained in the Trust Deed of HBL Money Market Fund. In the event of any conflict between this Offering Document and the Trust Deed of the Fund, the latter shall supersede and prevail over the provisions contained in the Offering Document. The Management Company, Trustee and the Fund shall be subject to the full compliance of the Regulations, the Trust Deed and this Offering Document.

The Fund shall also be subject to the regulations framed by the State Bank of Pakistan and the SECP with regard to the foreign investments made by the Fund or in the Fund.

### **2.3 FILING OF THE OFFERING DOCUMENT**

The Management Company has filed a copy of this Offering Document signed by the Chief Executive Officer along with the Trust Deed with the SECP. Certified copies of these documents along with documents below can be inspected at the registered office of the Management Company or the place of business of the Trustee, at their addresses provided in the Clause 15.1 of this Offering Document.

1. The License to Carry out Asset Management Services License No. NBFC-II/29/HBLAML/AMS/17/2009 dated July 13, 2009;
2. The Commission's letter SCD/NBFC-II/DD/HBL-MMF/293/2010 dated April 09, 2010, registering HBL Money Market Fund as a Notified Entity and approving the Management Company to be the management company of the Fund;
3. Trust Deed of HBL Money Market Fund dated March 18, 2010 between HBL Asset Management Limited, as the establisher and the Management Company and Central Depository Company of Pakistan Limited, as the Trustee;
4. The Commission's letter No. NBFC-II/AD/HBL/MMF/209/2010 dated March 12, 2010 approving the appointment of Central Depository Company of Pakistan Limited as the trustee of HBL Money Market Fund;
5. The Commission's letter No. NBFC-II/JE/HBL/MMF/474 dated June 03, 2010, approving this Offering Document;
6. Letter from A.F Ferguson & Co, Chartered Accountants, Statutory Auditors of HBL Money Market Fund, dated March 19, 2010 via letter C 0656 consenting to act as auditors;
7. Letter of consent from the Legal Adviser dated January 22, 2010 for nomination as Legal Adviser of the HBL Money Market Fund.

## **PART 3 – CONSTITUTION OF THE SCHEME**

### **3.1 NAME & CATEGORY OF THE COLLECTIVE INVESTMENT SCHEME**

“HBL Money Market Fund”, is an open-end Money Market Scheme.

### **3.2 CONSTITUTION**

**HBL Money Market Fund** is constituted by a Trust Deed entered into at Karachi on March 18, 2010 between:

**HBL ASSET MANAGEMENT LIMITED (HBL AML)**, a company incorporated under the Companies Ordinance, 1984 with its registered office at 8B, 8<sup>th</sup> Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi, Pakistan (hereinafter called the “Management Company” which expression where the context so permits shall include its successors in interest and assigns) of the one part; and

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (“CDC”)**, a company Incorporated under the Companies Ordinance, 1984 and registered with the Securities and Exchange Commission of Pakistan (SECP) as a central depository company, with its Registered Office at CDC House 99-B, Block B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi (hereinafter called the “Trustee”, which expression where the context so permits, shall include its successors in interest and assigns) of the Other Part.

### **3.3 TRUST DEED**

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Companies Ordinance 1984 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder.

In the event of any conflict between this Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations, the latter shall supersede and prevail over the provisions contained in the Deed.

### **3.4 MODIFICATION OF THE TRUST DEED**

The Trustee and the Management Company, acting together, subject to approval of the Commission, shall be entitled by Supplemental Trust Deed to modify, alter or add to the provisions of the Trust Deed, in such manner and to such extent as they may consider expedient on any of the following grounds:

- (1) To the extent required to ensure compliance with any applicable laws, any fiscal or statutory requirement and regulations or any amendment of such laws and regulations;
- (2) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- (3) To enable the Units to be listed on a stock exchange or;
- (4) Otherwise to the benefit of the Unit Holders.

Provided that the Trustee and the Management Company shall certify , in writing, that in their opinion, such alteration or addition shall not prejudice the interest of the Unit Holders; or any of them or operate to release the Trustee or the Management Company from any responsibility to the Unit Holders.

Where the Deed has been altered or supplemented, the Management Company shall notify the Unit Holders.

However, if the Commission (SECP) modifies the Rules or Regulations, these shall deemed to have been included in the Constitutive Documents without requiring any modification as such.

### **3.5 OPEN ENDED FUND**

HBL Money Market Fund (HBL-MMF) is an open ended Money Market Scheme. It shall offer and redeem Units on a continuous basis subject to terms and conditions contained herein and in the Trust Deed, the Rules and the Regulations. There is no upper limit set on the Units to be issued to a single Person or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of the Scheme.

### **3.6 DURATION**

The duration of HBL Money Market Fund is perpetual. However, it can be wound up by the SECP or by the Management Company as stated in Part 16 of this Offering Document under the heading "Termination of the HBL Money Market Fund".

### **3.7 UNITS**

- 3.7.1 The Fund is divided into Units having Par Value of Rs.100/- (Rupees One Hundred only) each. This price is applicable to such Units that are issued to the core investor(s). Thereafter, the Units shall be issued and redeemed on the basis of the Net Asset Value (NAV) of the Fund, which shall form the base for determining the Offer and Repurchase Prices.
- 3.7.2 Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time.
- 3.7.3 The details of the various classes and types of Units to be issued by the Management Company and their features are provided under Clause 8.2 below.

### **3.8 CORE UNITS**

The Core Investor(s) has(have) subscribed to Core Units representing the seed capital of the Scheme aggregating to one hundred million Rupees (PKR 100 million), out of which at least fifty million Rupees (PKR 50 million) shall remain invested in the Scheme for at least two years from the date of issue of such Units. The detail of Core Investors is provided under Clause 5.6 of this document.

### **3.9 INITIAL PUBLIC OFFER (IPO)**

- 3.9.1 Initial public offer of the Units shall be made for a period not exceeding ten (10) days, extendable subject to approval of SECP. The IPO shall include initial public offer for three (3) Business Days, which will commence from the start of the banking hours on July 12, 2010 and shall close at the end of the Cut-Off time which shall be 3:00 pm on July 14, 2010. During the IPO the Units shall not be redeemed.

### **3.10 TRANSACTIONS IN UNITS AFTER INITIAL PUBLIC OFFER**

Subsequent to the IPO, the Units can be purchased at the Offer Price and redeemed at the Redemption Price. The Management Company will announce the Offer (Purchase) and Redemption (Repurchase) Prices on every Subscription Day on the basis of the Net Asset Value (NAV) of the Units after the close of the Subscription day latest by 18:30 hrs. on that



subscription day. In the event there are closed days, for any reason, following a Subscription Day, the NAV determined for the next Subscription Day shall be adjusted for the accrual of income or losses if any for such closed day(s). The NAV based price per unit shall be calculated after adjusting for the Front-end Load or the Back-end Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in Clause 8.11 of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Subscription Day.

### **3.11 RESPONSIBILITY OF THE MANAGEMENT COMPANY FOR INFORMATION GIVEN IN THIS DOCUMENT**

HBL Asset Management Limited accepts the responsibility for the information contained in this Offering Document as being accurate.

## **PART 4 – INVESTMENT OBJECTIVES AND RESTRICTIONS**

### **4.1 INVESTMENT OBJECTIVES**

The investment objective of HBL Money Market Fund is to seek high liquidity and competitive return for investors by investing in low risk securities of shorter duration and maturity.

### **4.2 INVESTMENT POLICY**

#### **4.2.1 Authorized Investments:**

HBL Money Market Fund in line with its investment objective would invest in following asset classes

- a. Securities issued by Government of Pakistan
- b. Reverse Repo in Government Securities
- c. Placement with Banks having investment grade rating AA and above; and
- d. Any other investment authorized by the Commission from time to time

The investment in above asset classes shall be subject to maximum exposure limits and other restrictions as prescribed in the Regulations or any directives issued by SECP from time to time and are specified in clause 4.2.2 below:

All Fund Property, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution Account or to be kept for meeting the redemption requirements, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject to the exposure limits and other restrictions) be directed by the Management Company.

Any investment may at any time be disinvested at the discretion of the Management Company to provide funds required for the purpose of any provision of the Constitutive Document or in order

to retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid.

The HBL Money Market Fund shall invest its assets only in Authorized Investments within the below specified allocated percentages of Net Asset Value of the fund. The fund shall not invest in Term Finance Certificates, Continuous Funding System (CFS), and Spread Transactions.

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

<b>Sr. No.</b>	<b>Instruments / Securities</b>	<b>Maximum Exposure (% of Net Assets)</b>	<b>Minimum Entity Ratings</b>	<b>Minimum Instrument Ratings</b>
<b>1</b>	Treasury Bills and other Government Securities	100%	-	<b>N/A</b>
<b>2</b>	Reverse Repo against Government Securities or other authorized Investments	50%	-	<b>AA and Above for other than Government securities</b>
<b>3</b>	Deposits with / Lending (under LOP) to scheduled banks	100%	AA	<b>N/A</b>
<b>4</b>	Securities issued by Government owned, controlled or managed entities provided that such securities are backed by an irrevocable and unconditional Government guarantee	20%	N/ A	<b>AA</b>
<b>5</b>	Deposits with / Lending (under LOP) to DFIs	10%	AA	<b>N/A</b>
<b>6</b>	Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka	10%	AAA	<b>N/A</b>
<b>7</b>	Foreign Money Market Investments	30% subject to a cap of US\$15 million (subject to prior approval of SECP and / or SBP)	AA or above	<b>AA or above rated by International Rating Agency</b>

	<ul style="list-style-type: none"> <li>• All the instruments will be invested within the Duration Parameter defined in “investment Strategy” below (i.e. time to maturity of any asset shall not exceed 6 months and weighted average time to maturity of the net assets shall not exceed 90 days).</li> <li>• If the instrument is guaranteed by the Government of Pakistan, the instrument rating will be deemed as AAA and the entity rating will be ignored.</li> </ul>
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### 4.2.3 Investment Strategy

The Fund will invest the entire assets in Investments i.e., Authorized short term money market instruments with a maximum time to maturity of six months in a manner that weighted average time to maturity of the net assets shall not exceed ninety days. This is intended to reduce risk while maintaining liquidity. Liquidity will also be managed by opportunistically investing in the call money market when call money yields are attractive relative to other money market yields.

The Fund’s investment strategy will be based on fundamental credit analysis of counter parties. Specifically, the Investment strategy will focus on the following key broad parameters:

- a) **Sponsor of the counterparty:** Investments will be made keeping in mind the market reputation and past track record of the counterparty and its main sponsors.
- b) **Strength of financials and ability to repay:** The strength and stability of counterparty earnings will be taken into consideration and special focus will be made on its cash flows and the resultant ability to repay the amount.
- c) **Rate of return offered: Attempt will be made to invest in those instruments that offer competitive returns vis-à-vis other similar investments in the market.**
- d) **Industry fundamentals and future outlook:** Industry outlook and its future potential will also be looked into at the time of investing. The Fund will seek to invest in those money market instruments that offer attractive market returns and are issued by sponsors with good credit rating, strong financials and ability to repay.

### 4.2.4 Changes in Investment Policy:

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

## 4.3 BENCHMARK

- 4.3.1 The Benchmark for “HBL Money Market Fund” will be 70% three (3) months PKRV rates + 30% three (3) months average deposit rate of three (3) AA rated scheduled Banks as selected by MUFAP.<sup>1</sup>
- 4.3.2 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.
- 4.3.3 The maximum weighted average time to maturity of the Scheme will be 90 days; hence the selected benchmark shall act as a good mechanism for performance measurement

#### **4.4 INVESTMENTS OUTSIDE PAKISTAN**

- 4.4.1 The Investments outside Pakistan shall be subject to prior approval from the Commission and SBP. These investments will enable the Fund to diversify the risk as well as avail opportunities for higher returns in markets that are undervalued. Such Investments may be made up to 30% of net assets of the Fund and are subject to a cap of US\$ 15 million unless some other ceiling is imposed by the SBP and/or SECP. All foreign investments shall be made with the prior approval of the SECP and the SBP.
- 4.4.2 In case the limit to international investment is exceeded due to excessive redemptions, the Management Company shall regularize the excess within three months of breach of the limit.
- 4.4.3 While investing internationally, Deposited Property will not be placed in any investment that has the effect of unlimited liability to the Fund.
- 4.4.4 In making investments outside Pakistan, the currency of the investment shall be convertible currencies like the US Dollar, Pound Sterling, Euro and Japanese Yen or any other currency. This condition however will be relaxed in those cases where the Fund Manager feels that there exists cost effective conversion mechanism to convert foreign currency in Pakistani currency or any other convertible currency. Provided however the Base currency of the Fund shall always be considered as Pak Rupee. The Pak Rupee rates used for this purpose will be the same as notified by the State Bank of Pakistan (SBP).
- 4.4.5 Arrangements for international custody of securities where required will be made with reputable institutions and procedures will be agreed upon with the Trustee. The Management Company will make best efforts to minimize costs affiliated with international transactions so that the savings can be passed on to the unit holders.

#### **4.5 INVESTMENT RESTRICTIONS**

- 4.5.1 HBL MMF will be subject to such exposure limits as are provided in the Regulations/circulars/directives (subject to any exemptions that may be given to the Fund by the SECP).
- 4.5.2 In the event the exposure of the Scheme exceeds the limits specified in this Offering Document and the Rules and Regulations or directives and circulars issued by SECP, because of corporate actions including taking up rights or bonus issue or due to market

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<sup>1</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 21<sup>st</sup> September, 2016

price increase or decrease in net assets or decline in net assets due to major redemption, the excess exposure shall be regularized within three months of the breach of limits unless the said period of three months is extended by the Commission on an application by the Management Company.

4.5.3 If and so long as the exposure of the scheme exceeds the limits specified in this Offering Document and the Rules and Regulations or directives and circulars issued by SECP, the Management Company on behalf of the Scheme shall not increase further exposure against such limit and regularize it within allowed time period.

4.5.4 The Management Company shall not on behalf of the Fund:

- affect a short sale in a security whether listed or unlisted,
- purchase any security in a forward contract;
- purchase any security on margin;
- apply any part of its assets to real estate, commodities or commodity contracts (other than the securities issued by commodity companies and real estate companies);
- invest in securities of the Management Company;
- invest in bearer securities;
- issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- apply for de-listing from Stock Exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
- lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person; provided that reverse repo transactions involving Government Securities shall not be attracted by this Clause.
- Sell Units for consideration other than cash unless permitted by the Commission.
- Without obtaining prior approval of the Commission merge the Scheme with another Collective Investment Scheme or take over any other Collective Investment Scheme.
- Securities which result in assumption of unlimited liability (actual or contingent);
- Take exposure in any other Collective Investment Scheme, except overseas investments
- No direct / indirect exposure to equities, i.e. no exposure in equities, CFS, spread transactions, etc.

- Any investment other than Authorized Investments defined in this Offering Document; and

#### **4.6 BORROWING ARRANGEMENTS AND RESTRICTIONS**

- 4.6.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained the Management Company may arrange borrowing with the approval of the Trustee, from Banks or Financial Institutions for the account of the Scheme, provided that such arrangement shall not be resorted to, except for meeting the redemption request and the charges payable to such Bank or Financial Institution are not higher than the prevailing market rates. Provided further that the borrowing for the account of the Trust shall be arranged as per the manner and limitations prescribed under the Regulations from time to time and if subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.
- 4.6.2 Such borrowing shall not exceed fifteen per cent or such other limit as specified by the Commission of the total net asset value of the Open Ended Scheme at the time of borrowing and shall be repayable within a period of ninety days;
- 4.6.3 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 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 such loans or advances.
- 4.6.4 For the purposes of securing any such borrowing the Trustee may, on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Regulations.
- 4.6.5 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.
- 4.6.6 The Management Company and the Trustee shall ensure that no investments are rolled over in case the borrowing limits have already been exhausted and redemptions are pending for more than six Business Days.

#### **4.7 TRANSACTION WITH CONNECTED PERSONS**

- 4.7.1 The Management Company, on behalf of a Collective Investment Scheme shall not without the approval of its Board of Directors in writing and consent of Trustee, purchase from, or sell to, any securities to connected person or employee of the Management Company:

This Clause shall not apply to the issue, sale or redemption of units or shares or certificates issued by the Collective Investment Scheme.

- 4.7.2 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent (5%) of the total amount of securities issued by that company, or, the directors and officers of the Management Company own more than ten per cent (10%) of those securities collectively.
- 4.7.3 All transactions with connected persons carried out by the Management Company on behalf of the Collective Investment Scheme shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the Scheme's annual reports.

## 4.8 RISK DISCLOSURE

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of HBL Money Market Fund is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that include, but are not limited to:

- (1) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (2) **Reinvestment Rate Risk** – HBL MMF will maintain a short duration and maturity of its portfolio. In a declining interest rate economic environment, there is a risk that maturing securities will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding months.
- (3) **Price Risk** – The Fund bears minimal price risk because of its short duration. Fixed income Securities, which include treasury bills, pay fixed rate of return. The value of the fund, due to its holdings in such securities will rise and fall as interest rates change. For example, when interest rates rise, the value of an existing fixed income security may fall.
- (4) **Credit Risk** – The risk that a security’s issuer or the counter party in the case of reverse repurchase or other arrangement may not meet its obligation in full and/or on time to pay interest and repay capital or other financial obligations. Credit risk is comprised of default risk and downgrade risk. The Management Company shall help mitigate this risk by continuously reviewing the market conditions and shall also consider individual credit risks, but it may be understood that market value of fixed-income instruments will fluctuate with change in interest rate levels. Credit risk in HBL MMF will also be further mitigated as the minimum rating threshold is “AA”.
- (5) **Performance Risk** - Performance risk is the uncertainty relating to the performance of the fund with respect to its ability to earn consistent income stream as outlined in its investment objective. The NAV of the fund might go down.
- (6) **Foreign Investment Risk** - The Fund may also invest outside Pakistan and such investments outside Pakistan may be exposed to certain additional risk including political, economic and exchange rate risks that may reduce the value of the investments. However, studies show that diversifying internationally would tend to reduce the overall volatility of a portfolio and thus may reduce risks for investors.
- (7) **Voluminous Purchase / Redemption of the Scheme Units Risk**- Any significant transaction made by an investor could significantly impact the Scheme’s cash flow. If the investor(s) buys a large number of Units of the Scheme, the Scheme may temporarily have a high cash balance. Conversely, if the Unit Holder(s) redeems a large number of Units, the Scheme may be required to fund the redemption by selling securities at an inopportune price. This unexpected sale may have a negative impact on the performance of the Investment.

## 4.9 DISCLAIMER



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

Investors must be aware that all investments involve risk. It should be clearly understood that the portfolio of HBL-MMF is subject to the risks mentioned above. The value of the investments and the income from them can fall as well as rise and is not guaranteed. Past performance is not necessarily an indicator of future performance.

## **PART 5 – OPERATORS AND PRINCIPALS**

### **5.1 MANAGEMENT COMPANY – HBL ASSET MANAGEMENT LIMITED**

#### **5.1.1 Profile of Management Company:**

HBL Asset Management Limited (the Company) is a wholly owned subsidiary of Habib Bank Limited and was incorporated on February 17, 2006 as a public limited company under the Companies Ordinance 1984. The Company is licensed to provide Investment Advisory and Asset Management Services by Securities and Exchange Commission of Pakistan as per Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

HBL Asset Management is currently managing 3 Mutual Funds. The Assets under Management (AUM) of the Company are over Rs. 4.34 billion as of March 31, 2010. HBL Asset Management Limited has been awarded a Management Quality Rating of AM3+ from JCR-VIS.

#### **5.1.2 Shareholding Structure**

<b>Name</b>	<b>Paid Up Capital Number of Shares</b>	<b>Amount in Rupees</b>
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
Total	1,000,000	100,000,000

#### **Profile of Sponsor of Management Company**

**Habib Bank Limited** is a leader in Pakistan’s service industry. An extensive network of 1494 domestic branches - the largest in Pakistan – and presence in 25 countries around the globe has enabled HBL to provide comprehensive services that meet customer needs. This has ensured thriving client relationships that form the background of the Bank’s operations. Today Habib Bank Limited plays a central role in Pakistan’s financial and economic development.

## 5.2 BOARD OF DIRECTORS AND MANAGEMENT

### 5.2.1 Board of Directors

The board of directors of HBL Asset Management Limited comprises of:

<i>Name</i>	<i>Position</i>	<i>Other Directorships</i>
R. Zakir Mahmood	<b>Chairman</b>	<ul style="list-style-type: none"> <li>i. Habib Bank Limited</li> <li>ii. Habib Allied International Bank Plc., U.K.</li> <li>iii. Habib Finance International Ltd, Hong Kong</li> <li>iv. Platinum Habib Bank Plc., Nigeria</li> <li>v. Khushhali Bank Limited</li> <li>vi. First Women Bank Ltd</li> <li>vii. Habib Bank Financial Services (Pvt.)Ltd</li> <li>viii. New Jubilee Insurance Company Limited</li> </ul>
Shahid Ghaffar	<b>Chief Executive Officer</b>	<b>None</b>
Sohail Malik	<b>Director</b>	<ul style="list-style-type: none"> <li>i. Habib Bank Financial Services (Pvt)Ltd</li> </ul>
Abid Sattar	<b>Director</b>	<ul style="list-style-type: none"> <li>i. Countryside Natural Products (Pvt) Limited</li> </ul>
Towfiq Chinoy	<b>Director</b>	<ul style="list-style-type: none"> <li>i. New Jubilee Insurance Company Limited</li> <li>ii. Pakistan Cables Ltd.</li> <li>iii. International Industries Ltd.</li> <li>iv. BOC Pakistan Ltd.</li> <li>v. New Jubilee Life Insurance Limited</li> <li>vi. IGI Investment Bank Ltd.</li> <li>vii. Continental Furnishing Company Pvt. Ltd.</li> <li>viii. Packages Limited</li> <li>ix. International Steels Limited</li> </ul>
Sadia Khan	<b>Director</b>	<ul style="list-style-type: none"> <li>i. First Micro Finance Bank Ltd.</li> <li>ii. Kashf Foundation</li> <li>iii. Delta Shipping (Pvt) Limited</li> <li>iv. NBP Leasing Limited</li> </ul>

### **Mr. 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.

### **Mr. Shahid Ghaffar – Chief Executive**

Mr. Shahid Ghaffar holds an MBA Degree from Gomal University, D.I.Khan, Khyber Pakhtunkhwa (formerly 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 re-construction 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.

### **Mr. 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.

### **Mr. 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.

### **Mr. Towfiq 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.

### **Ms. 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. Ms. 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.

## **5.2.2 Particulars of Management**

### **Mr. Shahid Ghaffar – Chief Executive Officer**

Please refer to profile given in sub-clause 5.2.1 above.

### **Mr. Rehan N. Shaikh – Chief Operating Officer**

Prior to joining HBL Asset Management Ltd at its inception, Mr. Rehan Shaikh worked at State Street Corporation in USA. With \$17.9 trillion in assets under custody and \$1.7 trillion under management, State Street is world leader in financial services. While there, Mr. Shaikh managed several groups which performed 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 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.

### **Mr. Shah Faisal – Head of Marketing and Investor Services**

Mr. Shah Faisal holds an MBA degree from University of East Manila, Philippines. Mr. Faisal holds a diverse and extensive experience of over 18 years working in the financial industry in Pakistan and has been involved in marketing of various financial products. His specialized area of activity and clientele has been in the local corporates as well as the SME sector in Pakistan. Mr. Faisal's career started with ABN AMRO Bank in 1991 where he joined in the Credit Division. Moving on from ABN AMRO, Mr. Faisal joined Ghemni Leasing in 1992 and moved on to advance his career further with First Dawood Investment Bank Limited in 1995 as Assistant Vice President. Mr. Faisal progressed to become Senior Vice President and Group Head of Marketing in First Dawood Investment Bank Limited; monitoring the portfolio of group companies, business development, mergers and acquisitions and fostering mutually beneficial relationships with corporates and high net worth clients. Mr. Faisal was also closely involved with the launch and subsequent expansion of Dawood Money Market Fund and First Dawood Mutual Fund and has served as director at Dawood Capital Management Ltd. Prior to joining HBL Asset Management, Mr. Faisal was Chief Executive of Financial World Modaraba Ltd., an investment advisory and financial facilitation company to Small-Medium Enterprises.

### **Mr. 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 16 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.

### **Mr. Noman Ahmed Soomro – Chief Financial Officer**

Mr. Soomro is a Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). Prior to joining HBL Asset Management, he was working at A.F.Ferguson & Co Chartered Accountants; a member firm of Pricewaterhouse Coopers. During his five years at A.F.Ferguson & Co 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.

### **Mr. Noman Qurban– Manager Compliance & Risk Management**

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.

#### **Mr. Umar Farooq – Manager Research**

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.

#### **Ms. Uzma Khan – Manager Research**

Ms. Uzma Khan has seven years of experience in equity and fixed income research. She joined HBL Asset Management in August 2009. Before her association with HBL Asset Management, she worked for Mutual Fund Association of Pakistan (MUFAP) as an analyst. Ms. Khan represented MUFAP in the pricing committee and was responsible for managing the valuations of Fixed Income Securities based on pricing model as approved by SECP. Ms. Khan also remained associated with Atlas Asset Management for four years. She joined Atlas Asset Management Limited in August 2004 as an investment analyst and in 2006 she was elevated as Head of Research. During her tenure at Atlas Asset Management she covered almost all the major sectors of Karachi Stock Exchange. Ms. Uzma Khan is a CFA Charter Holder and holds MBA degree in Finance.

### **5.3 DUTIES AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY**

- 5.3.1 The Management Company shall establish, manage, operate and administer the Fund in accordance with the Rules, the Regulations, the Trust Deed and this Offering Document.
- 5.3.2 The Management Company has the primary responsibility for all record keeping, regular determination of announcement of prices and for producing financial reports from time to time. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.
- 5.3.3 The responsibilities of the Management Company are to invest and manage the assets of the Fund in the interest of the Unit Holders, according to the provisions of the Deed, this Offering Document, the Rules and the Regulations in good faith, to the best of its ability, and without gaining any undue advantage for itself or any of its related parties including Connected Persons and group companies or its officers.

- 5.3.4 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 SECP 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 Management Company and the Chief Executive shall ensure that Committee functions effectively.
- 5.3.5 The Management Company shall comply with the provisions of the Rules, the Regulations, the Deed and Offering Documents for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any authorized officer of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of the Deed to be the act of the Management Company.
- 5.3.6 The Management Company shall be liable to the Trustee for any loss in value of the Deposited Property where such loss has been caused by its negligence or reckless or willful act and/or omission or by its officers or agents.
- 5.3.7 Any purchase or sale of Investments made under any of the provisions of the Deed shall be made by the Trustee according to the instructions of the Management Company, unless such instructions are in conflict with the provisions of the Deed or the Rules or the Regulations. The Management Company shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- 5.3.8 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issues of Units and paid out by the Scheme on redemption of Units and by way of distributions and pay out at the termination of the Scheme;
- 5.3.9 The Management Company shall prepare and transmit the annual report of the Scheme in such form and manner as set out in Regulations as amended or substituted from time to time.
- 5.3.10 The Management Company shall prepare and transmit quarterly reports of the Scheme (physically or subject to SECP approval through electronic means or make them available on its website i.e. [www.hblasset.com](http://www.hblasset.com)) in such form and manner as set out in Regulations as amended or substituted from time to time.
- 5.3.11 The Management Company shall maintain a record of Unit Holders of the Scheme and inform the Trustee and the Commission of the address where the Register is kept. However, the Management Company may appoint a Registrar, as its agent, to maintain the register and may, from time to time, (with the intimation to the Trustee and the Commission) remove or replace the Registrar.
- 5.3.12 The Management Company shall make available or ensure that there is made available

to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Trust.

- 5.3.13 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.
- 5.3.14 The Management Company shall not be under any liability, except such liability as may be expressly assumed by the Deed or liability imposed under the Rules and the Regulations, nor shall the Management Company (save as herein otherwise provided) be liable neither for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty hereunder. The Management Company shall also not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed, the Management Company shall not be under any liability thereof or thereby and it shall not incur any liability by reason of or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 5.3.15 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.
- 5.3.16 The Management Company shall appoint investment facilitations/Sales agents from time to time to sell various Mutual Funds products under its management.
- 5.3.17 The Management Company shall designate and has disclosed the location of its official points for acceptance of applications for issuance, redemption, conversion, etc. of units in **Annexure „C“** of this Offering Document and on its website. The Management Company shall receive the said applications only at such designated points.
- 5.3.18 The Management Company shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc. of units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.
- 5.3.19 The Management Company shall announce the Net Asset Value (NAV) of the Scheme as per Regulations or direction of SECP.
- 5.3.20 The Management Company shall clearly specify Cut-Off Timings (for acceptance of application forms of issuance, redemption, conversion etc. of units of the Scheme) in



**Annexure „B“** of this Offering Document, on its web site and at designated points. Such Cut-Off Timing shall uniformly apply on all Unit Holders. The current Cut-Off Timing/Business Hours are mentioned in **Annexure „B“** of this Offering Document.

- 5.3.21 The Management Company may nominate one or more of its officers to act as attorney(s) for interacting with the Trustee.
- 5.3.22 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.
- 5.3.23 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.
- 5.3.24 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.
- 5.3.25 The Management Company shall oblige to process payment instrument immediately on receipt of application
- 5.3.26 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.
- 5.3.27 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 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.
- 5.3.28 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.
- 5.3.29 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:

5.3.29.1 cash settled transaction based on the formal issuance and redemption requests

5.3.30 The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker.

## 5.4 THE TRUSTEE

### 5.4.1 Name and Registered Address:

The Trustee to the Fund is:

**Central Depository Company of Pakistan Limited**

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

5.4.2 **CDC’s Vision Statement:** To be a leading national institution providing quality services to capital and financial markets stimulating economic growth.

5.4.3 **CDC’s Mission Statement:** CDC is committed to provide secured and dependable services to the capital and financial markets in an efficient and cost-effective manner comparable to best international practices. The Company’s aim is to be the centre of excellence by continuously employing the state-of-the-art technology available and best talent in the country while maintaining good corporate governance in its working. It is committed to provide its employees an environment of professional and personal growth.

5.4.4 **Brief Profile:** Central Depository Company of Pakistan Limited (CDC) 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 manage and operate the Central Depository System (CDS), which is an electronic book entry system to record and transfer securities. It was formed for facilitating efficient, risk free and cost effective settlement of securities in accordance with the international standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan.

From the year 2002, CDC expanded its business activity to provide trustee/ custodial services to mutual funds industry. Currently, CDC is acting as the trustee for open-end, closed-end mutual funds and Voluntary Pension Funds under management of all the leading asset management companies, investment advisers and voluntary pension fund managers. All trustee related operations of CDC are completely automated and supported by strong and efficient computerized systems and dedicated staff. The Trustee Division has the benefit of CDC’s existing structure, as well as that for handling the National Clearing and Settlements System.

In a short span of time after introducing its trusteeship business, CDC has emerged as the largest trustee / custodial service provider in Pakistan.

5.4.5 **Management:** CDC is run purely on professional management basis and most of the Directors on the Board of CDC represent their respective investor institutions, without

any personal stake in the company. The chief executive is a highly qualified professional, without any affiliation in any investor institution. Operations of the company are carried out by a team of high caliber professionals from a wide spectrum of relevant disciplines possessing graduate and postgraduate qualifications from distinguished local and international institutions.

## 5.5 ROLE OF THE TRUSTEE

- 5.5.1 Take under its control all the property of the Scheme and hold it in trust for the Unit Holders in accordance with the Rules, Regulations and the Constitutive Documents and the cash and registerable assets shall be registered in the name of, or to the order of the Trustee.
- 5.5.2 The Trustee shall comply with the provisions of the Deed, the Rules and the Regulations, for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company. Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by willful act and/or omission of the Trustee or any of its officers, nominees or agents in relation to any custody of assets or investments forming part of the Fund Property.
- 5.5.3 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Management Company, provided these are not in conflict with the provisions of the Deed or the Rules and the Regulations or this Offering Document. Whenever, pursuant to any provision of the Deed any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:
- 5.5.3.1 a document signed or purporting to be signed on behalf of the Management Company, by any person whose signature the Trustee, is for the time being, authorized in writing by the Management Company to accept.
- 5.5.3.2 Any instruction received online through the software solution adopted by the Management Company or the Trustee for managing and keeping records of the Fund to the satisfaction of the Trustee or the Management Company, as the case may be.
- 5.5.4 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- 5.5.5 The Trustee shall ensure that the purchase, issue, repurchase, redemption, transfer and cancellation of Units effected by the Scheme are carried out in accordance with the provisions of the Constitutive Documents and the Regulations;
- 5.5.6 The Trustee shall ensure that the methodology and procedures adopted by the Management Company in calculating the value of Units are adequate and the pricing and valuation for sale, issue, repurchase, redemption and cancellation are carried out in accordance with the provisions of the Constitutive Documents and the Regulations;
- 5.5.7 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disinvestment and disposition of the Deposited Property,

unless such instructions are in conflict with the provisions set out in the Constitutive Documents, the Rules, and the Regulations.

- 5.5.8 The Trustee shall ensure that the investment and borrowing limitations set out in the Constitutive Documents and the Regulations and the conditions under which the Scheme was registered are complied with;
- 5.5.9 The Trustee shall report to the Unit Holders in accordance with the Regulations and the Trust Deed and such report(s) to be included in the annual and quarterly report of financial statements of the Fund.
- 5.5.10 The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money. The Management Company will provide the Trustee with the detail of issuance of Units on regular basis.
- 5.5.11 The Trustee shall, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the custodian function, as detailed in Clause 5.8.1, at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company. Trustee may also perform Custodian Functions as per its normal services as a central depository company.
- 5.5.12 The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require, from time to time, in respect of the Fund Property and all other matters relating to the Trust.
- 5.5.13 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules and the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible. The Trustee shall be entitled to receive copies of financial statements on quarterly, half yearly and annual basis.
- 5.5.14 The Trustee, if advised by Management Company, may if it considers necessary for the protection of Deposited Property or safeguarding the interest of Unit Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized persons. All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses, provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of fiduciary duties in connection with its duties as the Trustee under the Deed or the Regulations. For the avoidance of doubt it is clarified that, notwithstanding anything contained in the Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities, whatsoever, suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise, howsoever, and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Fund.

- 5.5.15 The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers at the time of this offering of the Scheme or for any subsequent change and shall ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration with any Broker.
- 5.5.16 The Trustee shall not be under any liability, except such liability as may be expressly assumed by it under the Regulations and the Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company nor for anything except its own gross negligence or willful breach of duty hereunder. If, for any reason, it becomes impossible or impracticable to carry out the provisions of the Deed, the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 5.5.17 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 and comply with the directions of the Commission given in the interest of the Unit Holders.
- 5.5.18 Trustee shall ensure that the conditions under which the Fund has been registered are complied with.
- 5.5.19 Trustee shall not invest in the Units of the Fund.

## 5.6 CORE INVESTORS

The details of the Core Investor(s) of the HBL Money Market Fund are stated below:

<b>Name</b>	<b>No of Units</b>	<b>Rupees</b>
<b>Restricted</b>		
Habib Bank Limited	500,000	50,000,000
<b>Unrestricted</b>		
Habib Bank Limited	500,000	50,000,000
<b>Total</b>	<b>1,000,000</b>	<b>100,000,000</b>

The above core investors have subscribed a sum of Rs.100 million towards the purchase of 1,000,000 Core Units of Rs.100 each. As per Regulation 44 (3) (e) (ii), the Core Investor has agreed to hold its investment to the extent of Rs. 50 million for a minimum period of two years, from the date of investment. However, these Units are transferable with the same terms and conditions during the unexpired period.

## 5.7 REGISTRAR

The Management Company will perform duties as the Registrar/ Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for performing the Registrar Functions including 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.

## 5.8 CUSTODIAN

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

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

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

## 5.9 AUDITORS

5.9.1 The Auditors of the Fund are:

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
State Life Building 1-C  
I.I. Chundrigar Road  
Karachi

5.9.2 They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for up to five consecutive terms or such other terms as stipulated by the Regulations and/or the Ordinance, as amended from time to time. Thereafter, that auditor may only be appointed after a lapse of at least one year...

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

5.9.4 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 Regulations.

5.9.5 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, income and expenditure account, cash flow statement and statement of movement in Unit Holders' funds and on every other document forming part of the balance sheet and income and expenditure account,

including notes, statements or schedules appended thereto.

5.9.6 The contents of the Auditors report shall be as required by the Regulations

## **5.10 LEGAL ADVISORS**

**Mandviwalla & Zafar**  
Mandviwalla Chambers, C15,  
Block 2, Clifton,  
Karachi  
Pakistan

## **5.11 DISTRIBUTORS AND INVESTMENT FACILITATORS**

- 5.11.1 Parties detailed in **Annexure „C“** of this Offering Document have each been appointed as Distributors to perform the Distribution Functions. These may be increased or decreased by the Management Company from time to time. The Management Company may from time to time under intimation to the Trustee, appoint additional Distributors or terminate the arrangement with any Distributor.
- 5.11.2 The Distributors will be responsible for receiving applications for Purchase of Units and Redemption/ Transfer applications. They will be interfacing with and providing service to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate certificates, requests for income tax exemption/zakat exemption, etc. for immediate transmission to the Management Company or Registrar as appropriate for further action.
- 5.11.3 The Management Company may, at its sole responsibility and cost, from time to time, appoint Investment Facilitators /Sales Agents. The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators/Sales Agents out of the front-end Load included in the Offer Price (Purchase Price) of the Units of the Fund or from its own resources.

## **5.12 BANK ACCOUNTS**

- 5.12.1 The Management Company would perform all banking activities through the Trustee of the Scheme as per requirements of this Trust Deed, the Rules and the Regulations. The minimum rating of the banks where bank accounts will be maintained shall be AA (double AA) as defined in rules, regulations and circulars issued by SECP from time to time.
- 5.12.2 The Management Company shall not open or close or arrange to open or close account(s) with any Bank without approval of its board. However where the Management Company has obtained approval for opening/arranging to open an account(s) with any particular bank, it may open accounts with any branch of that bank and shall obtain approval of its board in the subsequent meeting.
- 5.12.3 The Trustee, at the request of the Management Company, shall open Bank Accounts titled **“CDC – Trustee HBL Money Market Fund”** for the Trust at designated Bank(s) in Pakistan and outside Pakistan as per the Rules, the Regulations and directives issued by Commission and after obtaining all necessary approvals from the relevant regulatory



authorities.

- 5.12.4 The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account for dividend distribution out of the Fund.
- 5.12.5 Notwithstanding anything in the Deed the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the Fund.
- 5.12.6 All income or profit etc. earned in the Distribution Account(s), if any, including those accruing on unclaimed dividends, shall form part of the Trust 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.
- 5.12.7 The amounts received from the Core Investors (seed capital) and Pre-IPO investors shall be deposited in Bank Account(s) titled "**CDC - Trustee HBL Money Market Fund**" account and transferred to the main Bank Account of the Scheme upon the close of the IPO. The Management Company may issue additional Units to the Core Investors and Pre-IPO Investors at the Initial Price for an amount equivalent to the income etc. earned on their investments up to the close of the IPO.
- 5.12.8 The Trustee shall, if requested by the Management Company, subject to relevant regulatory approvals, open Bank Accounts titled "**CDC – Trustee HBL Money Market 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 State Bank of Pakistan and the exchange control regulations, as well as any directives of the State Bank of Pakistan and/or the SECP.
- 5.12.9 Investment of Core Investment and Pre-IPO

The amounts received from the Core Investors and other Pre-IPO Investors would be deposited in separate Bank Account(s) titled "CDC - Trustee HBL Money Market Fund". The Management Company may deposit/ invest this amount in Bank Account of a Bank having minimum AA rating.

## Part 6 – DETAILS OF THE PERFORMANCE OF THE FUNDS UNDER THE MANAGEMENT OF THE ASSET MANAGEMENT COMPANY

### 6.1 FUNDS UNDER MANAGEMENT OF HBL ASSET MANAGEMENT LIMITED

#### HBL Income Fund (HBL-IF)

Date of Launch: March 15, 2007

Listing: Lahore Stock Exchange

(LSE) Par Value: Rs. 100

Net Assets (Dec 31, 2009)	1.64 billion	
NAV (Dec 31, 2009)	98.33	
Stability Rating	A (f) JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Dec 31, 2009	14.46%	2.39%
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%
Average annual return as on Dec 31, 2009 (since launch)	9.34%	9.57% (avg. of above 3)

#### HBL Stock Fund (HBL-SF)

Date of Launch: August 29, 2007

Listing: Lahore Stock Exchange

(LSE) Par Value: Rs.100

Net Assets (Dec 31, 2009)	1.713 billion	
NAV (Dec 31, 2009)	93.32	
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 Dec 31, 2009	22.50%	None
Year Ending June 30, 2009	-22.68%	None
Year Ending June 30, 2008	-1.76%	7.02%
Average annual return as on Dec 31, 2009 (since launch)	-0.65%	7.02%

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

Date of Launch: December 14, 2007

Listing: Lahore Stock Exchange (LSE)

Par Value: Rs.100

Net Assets (Dec 31, 2009)	360.48 million	
NAV (Dec 31, 2009)	95.31	
Rating	1 year performance ranking: MFR 3 Star JCR-VIS 2 years performance ranking: MFR 5 Star JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Dec 31, 2009	17.75%	None
Year Ending June 30, 2009	-16.79%	None

Year Ending June 30, 2008	-5.08%	7.45%
Average annual return as on Dec 31, 2009 (since launch)	-1.37	7.45%

**PART 7 – PERFORMANCE OF THE PUBLIC LISTED COMPANIES WHERE THE DIRECTORS ARE HOLDING SIMILAR OFFICE (FOR LAST 5 YEARS)**

<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>
Profit after Tax	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-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>	<b>Jun-05</b>
Profit after Tax	64	65	194	173	113
Total Assets	3,008	3,346	2,979	2,718	1,838
Total Equity	718	651	603	456	304
Cash Dividend per share (%)	22.5%	-	37.5%	25%	65%
Stock Dividend per share (%)	-	10%	33.33%	75%	33.33%
<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 (%)	-	-	-	-	-
<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-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>	<b>Jun-05</b>
Profit after Tax	(375)	(6)	(39)	31	75

Total Assets	6,549	9,831	6,649	5,293	4,368
Total Equity	1,869	2,244	1,068	645	666
Cash Dividend per share (%)	-	-	-	-	14%
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-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>	<b>Jun-05</b>
Profit after Tax	375	705	613	534	373
Total Assets	11,179	10,626	8,600	5,247	4,940
Total Equity	2,660	2,398	1,827	1,471	1,169
Cash Dividend per share (%)	22.5%	25%	37.5%	50%	37.5%
Stock Dividend per share (%)	-	30%	33%	33%	110%

## **PART 8 – CHARACTERISTICS OF UNITS**

### **8.1 MINIMUM AMOUNT OF INVESTMENT**

The minimum initial amount of investment that is required for opening an account with the registrar in the Fund is Rs. 5,000/- and the minimum amount of any subsequent investment will be Rs. 1,000/-. The Management Company may from time to time amend the minimum amount of initial investment, after giving fourteen (14) days prior notice to the Unit Holders. In the event, the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Registrar to either changes the units to another type to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

### **8.2 CLASSES/TYPES OF UNITS TO BE OFFERED AND THEIR FEATURES**

**8.2.1** The Management Company shall initially issue the following Classes of Units:

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

Class R (Restricted/ Core Units) issued to the core investors with no front end and back end load. These units cannot be redeemed for a period of two (2) years from the date of closure of Initial Public Offer. However such units are transferable, subject to applicability of non redemption condition for remaining of two years" period.

**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 (IPO) with no Front End Load and Back End load.

3. Class B Units

Class B Units shall be offered and issued after the expiry of the Initial Public Offer (IPO).

4. Class C Units

Class “C” units, shall be offered and issued after the Initial Public Offer (IPO). In case of any distribution, Class C Unit Holders shall be entitled to receive cash dividend only. 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.

8.2.2 In case of Class “B” and Class “C” units, the front end load, back end load or both may be charged by the Management Company, at its own discretion, as specified in Annexure “B” of this Offering Document.

8.2.3 Except for Class “C” units all other Classes of Unit Holder(s) will be entitled to receive bonus units, in case of any distribution by the Fund. Class C Unit Holders may authorize the Management Company to re-invest the cash distributions from the Fund into additional Units of the Fund provided such Unit Holder has opted for such an arrangement at the time of applying for the Units or requested the Registrar in writing prior to declaration of the distribution of any relevant period.

8.2.4 Except for the Restricted Core Units, all the Units can be redeemed after the Initial Public Offer.

8.2.5 Subsequent to Initial Public Offer (IPO), 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.

8.2.6 The Management Company may apply Front end load, Back end load or both for different class of Units. The current level of Front end load and Back end load is specified in **Annexure “B”** to this Offering Document.

**8.2.7 Types of Units for each class**

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

**a) Growth Units**

The Unit value grows in line with the growth in the NAV, and the Unit Holders, shall have the option to receive distribution income in the form of cash or bonus units depending upon the class of units, as and when announced by the Management Company for each class of units.

**b) Income Units:**

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

The unit holders can switch between different types of units at their own discretion.

### **8.2.8 Features of Units**

- a) The Units of the Fund rank pari passu with each other and represent an undivided share in the Fund.
- b) Units shall be accounted for in fractions up to four decimal places, with the fifth decimal being rounded up if it has a value of five or higher.
- c) Statements shall be sent to the Unit Holders at their designated addresses after the close of every year. The Unit Holders may obtain more frequent statements by paying a nominal fee representing the costs involved.
- d) Unit Holders may obtain certificates representing the Units they hold by paying a fee of Rs. 25 per certificate. This fee may be revised from time to time by the Management Company. However in such cases, requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificates. In the event of loss or defacing of certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Registrar. Certificates shall not be issued under certain plans governed by Supplemental Offering Documents.
- e) Notwithstanding anything stated above, there will be no Front-end or Back-end Load on Units subscribed by the Core Investors.
- f) Core Units shall be issued in compliance with the Regulations and out of which Rs 50,000,000 (Rupee Fifty Million Only) shall not be redeemable for a period of two years from the date of issue. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units.

## **8.3 FREQUENCY OF VALUATION, DEALING AND MODE OF THE PRICE ANNOUNCEMENT**

- 8.3.1** The method for determining the value of the assets and liabilities and the net asset value would be as mentioned in the Regulations and Trust Deed.

For the Classes of Units and the Initial Public Offer please refer to Clause 8.2.1 and Clause 3.9 respectively, of this Document.

- 8.3.2** Subsequent to the Initial Public Offer, the Management Company shall announce the NAV of the Fund along with the Purchase (Offer) and Redemption (Repurchase) Prices on all subscription days as per the directions of SECP from time to time, on its own website (i.e. www.hblasset.com) as well as submit the same to MUFAP for hosting on its

website.

**8.3.3** For the current level of front-end and back-end load, please refer Annexure „B“ to this Offering Document.

**8.3.4 Offer Price:** During the Initial Public Offer, the Units shall be offered at the Initial Price. Subsequent to the Initial Public Offer, the Offer Price shall be calculated and announced by the Management Company on Subscription Days only and in accordance with the Rules and Regulations. The Offer (Purchase) Price shall be equal to the sum of:

- a) The Net Asset Value as of the close of the Subscription Day latest by 18.30 hours on that subscription day.
- b) Any Front-end Load;
- c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges in accordance with the Regulations; and
- d) Such amount as the management may consider an appropriate provision for transaction cost

Such sum shall be rounded off to the nearest four decimal place or such decimal places as decided by the management company from time to time with the consent of the Trustee and properly disclosed to the Unit Holders.

**8.3.5** The Application form for purchase of units can be lodged with any Authorized Branch of the Distributor or directly lodged with Management Company. No other person is authorized to accept the form. Any Application Form received after cut-off time will be transferred to the next Subscription Day. Provided that if a next Business Day is not a Subscription Day the Application Form would be transferred to the next Subscription Day.

**8.3.6** Unit purchase applications, complete in all respects as per Clause 8.5.2, shall be priced at the Offer Price so determined at the close of the Subscription Day on which payment is realized and completely and correctly filled Purchase Form is/are received by the Distributor(s) and/or by the Management Company during business hours and within Cut-Off time.

The Management Company may announce different plans under different administrative arrangements with HBL MMF as an underlying fund with differing levels of Front-end Load. Consequently, the Offer Price may differ for Units issued under differing administrative arrangements and for different investors subject to the price for each respective class of units of Fund.

**8.3.7 Redemption Price:** During the Initial Public Offer, the Units shall not be redeemed. After the Initial Public Offer, the Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of the Subscription Day on which forms complete in all respects are received by the management company less:

- a) Any Back-end Load;
- b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges in accordance with the Regulations
- c) Such amount as Management Company may consider an appropriate provision for Transaction Cost.

Such sum shall be rounded off to the nearest four decimal places or such decimal places as decided by the management company from time to time with the consent of the Trustee and properly disclosed to the Unit Holders

- 8.3.8** The Redemption Form can be lodged with any Authorized Branch of the Distributor or directly lodged with the Management Company. No other person is authorized to accept the form. The applicant must obtain a copy of the form signed and stamped by an authorized officer of the Distributor/Management Company acknowledging the receipt of the form and the Certificates, if any. Any Redemption Forms received after cut-off time will be transferred to the next Subscription Day. Provided that if a next Business Day is not a Subscription Day the Redemption form would be transferred to next Subscription day.
- 8.3.9** The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor/Management Company before the Cut-Off Time on the same day that the Redemption Price is calculated.
- 8.3.10** The Management Company may announce different plans under different administrative arrangements with HBL MMF as an underlying with differing levels of Back-end Load. Consequently, the Redemption Price may differ for Units issued under differing administrative arrangements and different investors.
- 8.3.11** In the event that the amount received/deducted for payment of Duties and Charges pursuant to sub-clause 8.3.4(c) or 8.3.7 (b) is insufficient to pay, in full, such Duties and Charges, the Management Company shall be liable for the payment, in full, of the amount of such Duties and Charges in excess of the provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment)
- In the event that provision for payment of Duties and Charges pursuant to sub-clause 8.3.4(c) or 8.3.7 (b) exceeds the relevant amount of Duties and Charges, the Registrar under instruction to the Management Company, shall issue additional Units or fractions thereof to the Unit Holders based on the price applicable to the Units issued against the relevant application in case of Offer of Units and in case of Redemption of Units, such excess shall become part of the Fund Property.
- 8.3.12** The Offer/Purchase Price and Redemption/Repurchase Price so determined by the Management Company shall be made available to the public at the office and branches of the Management Company and, at the discretion of the Management Company, may also be published in at least two daily newspapers, one in English and one in Urdu, widely circulating in Pakistan and make it available at its website.
- 8.3.13** The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

## **8.4 PURCHASE AND REDEMPTION OF UNITS**

- 8.4.1** Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices before Cut-Off Time on any Subscription Day in



accordance with the procedure set out in Clauses 8.5 and 8.6 of this Offering Document.

- 8.4.2** Units shall be allotted based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, of the Subscription Day on which correctly filled Investment Form is submitted to the Distributor and/or to the Management Company during the business hours within the Cut-Off time.
- 8.4.3** During the period the register is closed, the sale and redemption of Units will be suspended.
- 8.4.4** The Management Company may decline the issue of Units to any applicant(s) if it is of the opinion that it will not be possible to invest the substantial inflow of funds or to meet any regulatory requirements.
- 8.4.5** The Management Company shall formally forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within 24 hours of the receipt of such requests.
- 8.4.6** The current Cut-Off Time for dealing in Units is as specified in Annexure “B” of this Offering Document.

## **8.5 PROCEDURE FOR PURCHASE OF UNITS**

### **8.5.1 Who Can Apply?**

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. The onus for being so qualified lies with the investor and not the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in sub-clause 8.5.2 below including but not limited to:

- a) Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/or bye-laws.
- c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the Purchase of Units in the Fund shall warrant that he is duly authorized to purchase such Units.
- d) Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- e) Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- f) Insurance companies under the Insurance Ordinance, 2000.
- g) Non-Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

## 8.5.2 Account Opening Application Procedure

The procedure given below is designed for paper-based transactions. The Management Company at a later date may introduce electronic/Internet based options for the transactions with the prior approval of SECP.

8.5.2.1 Fully completed Application Form for purchase of Units, accompanied with the full amount for the investment and copies of the documents mentioned in the sub-clauses below should be delivered at any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company directly before the Cut-Off Time/Business Hours on each Subscription Day as announced by the Management Company from time to time. **Currently only the Authorized Branches of the Distribution Companies as mentioned in Annexure “C”** of this Offering Document are authorized to collect application and payment for the issue of Units as laid down in Clause 9.5.4 of this Offering Document.

8.5.2.2 In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company along with any other required document as specified in the Application Form needs to be furnished.

8.5.2.3 In case of corporate bodies, registered societies, institutions, companies or trusts etc., the following documents/details (with attested copies – where applicable) should be submitted:

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

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

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

8.5.2.6 If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Management Company, Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company, Registrar or the Distributor as the case may be 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 amount will be refunded without any markup.

- 8.5.2.7 However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Management Company, Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days. If the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- 8.5.2.8 In the event payment has been accepted by crossed-cheque or pay order, or in such form as prescribed by the Management Company from time to time after notification of 15 days to the Unit holders, the Registrar will not process the application of subscription till the payment has been realized and cleared by the Fund's Bank.
- 8.5.2.9 The applicant must obtain a receipt duly signed and stamped by an authorized official confirming the receipt of the Application from the Authorized Branch of the relevant Distribution Office, where application for purchase of units was submitted.
- 8.5.2.10 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.
- 8.5.2.11 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 form 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 for duly completed and correctly filled Purchase Form.

### **8.5.3 Joint Application**

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

#### **8.5.4 Purchase of Units**

8.5.4.1 An Application Form for purchase of Units may be lodged only with any authorized Distributor or presented to the Management Company directly. The application shall be in the form prescribed by the Management Company. Application Form are available with Distributors or Investment Facilitators (Facilitators) or may be obtained from the Management Company or its web site ([www.hblasset.com](http://www.hblasset.com)). Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 8.3.4. of this Offering Document.

8.5.4.2 Payment for the Fund Units can be made in the form of:

- Demand draft, Cheque (account payee only) or Pay order in favor of **CDC-Trustee HBL Money Market Fund**
- Online transfer to Bank Account(s) of **CDC-Trustee HBL Money Market Fund**

8.5.4.3 The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it.

8.5.4.4 The aforesaid payments must be handed over to a Distributor who will acknowledge the receipt on the Application Form. Such payments will only be deposited in the Bank Account of the Fund titled “**CDC – Trustee HBL Money Market Fund**” maintained with the designated banks and their branches.

### **8.6 PROCEDURE FOR REDEMPTION OF UNITS**

#### **8.6.1 Who Can Apply?**

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

#### **8.6.2 Redemption Application Procedure**

The procedure given below is designed for paper-based transactions. The Management Company at a later date may introduce electronic/Internet based options with the prior approval of SECP:

8.6.2.1 Request for redemption can be made by completing the prescribed Redemption Form and endorsing the relevant Certificate, if issued, and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company directly before Cut-Off Time on any Subscription Day. In case the Certificate is not issued, the applicant has only to complete the prescribed redemption form. The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder from the Unit Holders’ Register.

8.6.2.2 The Unit Holder will receive a note confirming the receipt of the application for

redemption duly signed and stamped by an authorized official from the relevant Distribution Office.

- 8.6.2.3 The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Redemption Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy within seven (7) days.

If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Management Company, Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen days. However, 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.

- 8.6.2.4 Redemption of Fund Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this please refer to Clause 8.10.3 and Clause 8.10.6 below.

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

### **8.6.3 Joint Unit Holder(s)**

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

### **8.6.4 Payment of Redemption Proceeds**

- 8.6.4.1 Units will be redeemed on the basis of the Redemption Price announced as of the close of the Subscription Day on which a fully completed Redemption Form acceptable to the Management Company is submitted during the business hours within the cut-off time as announced by the Management Company from time to time.

- 8.6.4.2 In case the investor has requested encashment of bonus Units then such bonus Units will be redeemed at the ex-dividend Net Asset Value of the effective date of distribution.

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

- 8.6.4.4 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

8.6.4.5 No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.

#### **8.6.5 Circumstances under which the Dealing Methodology can change**

8.6.5.1 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.

8.6.5.2 A temporary change shall only be made:

- (i) in circumstances as mentioned in clause 8.11 below, having regard to the interests of unit holders and;
- (ii) with the approval of the trustee.

### **8.7 PROCEDURE FOR REQUESTING CHANGE IN UNIT HOLDER PARTICULARS**

#### **8.7.1 Who Can Request Change?**

In the event of change in particulars (not involving change in ownership of Units), the Unit Holders may intimate the Registrars or the Management Company of the change of the particulars. Such change in particulars can be simply made through written instructions from the investor.

#### **8.7.2 Application Procedure for Change in Particulars**

8.7.1.1 The information submitted at the time of purchase of Units can be changed through a written instruction/application.

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

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

8.7.1.3 The Unit Holder can also issue the following instructions:

- i. Change in Bank Account details
- ii. Account Operating instructions

8.7.1.4 Such instruction, duly signed by the Unit Holders, has to be submitted by both Individuals and/or Institutional Investor(s) to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within Business Hours on a Subscription Day.

8.7.1.5 The Distribution Company and /or Management Company will be entitled to verify the particulars given in the application. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy within 15 days.

8.7.1.6 The Unit Holder will be liable for any taxes, charges or duties that may be levied on any

of the above changes that the Unit Holder may request via the application. These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.

### **8.7.3 Joint Unit Holder(s)**

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

## **8.8 PROCEDURE FOR TRANSFER OF UNITS**

### **8.8.1 Transfer 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 under intimation the SECP and upon satisfaction of the Trustee.

- i) A Holder can transfer Units held by him by transferring, pledging or otherwise encumbering the Units held by him by an instrument in such form as the Management Company may prescribe from time to time. The Transfer Application Form to be signed by the transferor and transferee can then be submitted to any of the Authorized Branches of the Distributor along with the relevant Certificate, if issued.
- ii) Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Holder or the survivors of joint Holder shall be registered as the Holder or joint Holder as the case may be subject to providing such evidence as to his title as the Trustee shall consider sufficient either be registered as Holder of such Unit upon giving the Trustee/Distributor such notice in writing of his desire or transfer such Unit to some other person.
- iii) Application for transfer can be submitted on any Business Day during Business Hours. The transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register.
- iv) Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee, may dispense with the production of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement and may further require issuance of public notice and /or abstention of indemnity.

### **8.8.2 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 apply for splitting of the unit certificate representing the partial amount and then the new certificate shall be applied for transfer.

## **8.9 PROCEDURE FOR PLEDGE / LIEN / CHARGE OF UNITS**

### **8.9.1 Who Can Apply?**

All existing Unit Holders or those who have purchased Fund Units as per Clause 8.5 above are eligible to apply for pledge / lien / charge of Units if they so desire.

- 8.9.2 Any Unit Holder and / or Joint Unit Holder(s) may request the Registrar to record a pledge / lien of all or any of his / her 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. Any charges, duties, levies etc. applicable on such pledge/lien will be borne by the Pledger.
- 8.9.3 The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Registrar shall take any responsibility in this matter.
- 8.9.4 Payments of cash dividends or the issue of bonus Units for units under pledge shall be made to the pledge holder for account of the unit holder.
- 8.9.5 All risks and rewards, including the right to redeem such units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

## **8.10 SUSPENSION OF DEALING, QUEUE SYSTEM AND WINDING UP**

**8.10.1 Deferral/Suspension of issue of Units:** The Management Company may at any time suspend or defer the issue of fresh Units if in its opinion the total number or any one request for fresh issue of Units is so large that investing the funds would take some time and be contrary to the interests of the present Unit Holders. In this case the Management Company may at its discretion accept certain request for fresh issue of Units and may defer part or all of certain request for fresh issue of Units and issue only a limited number of fresh Units. The Units that are issued on a deferred basis, sometime after the request for fresh issue of Units has been received, will be issued at the Offer Price prevailing on the date of such issue. The Management Company shall immediately notify the Commission and the Trustee if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the Fund's prices are normally published.

**8.10.2 Refusal to accept fresh issue/account opening request:**

The Management Company or the Distribution Company may at any time refuse to accept a request for account opening/fresh issue of Units in any of the following cases:

- (a) In case the application for account opening/fresh issue request is contrary to the "Know-Your-Customer" rules or any other money laundering rules that the Fund may be subject to or that the Management Company may frame for self-regulation.



- (b) In case the request for account opening/fresh issue of Units is contrary to the rules of the foreign jurisdiction that the Fund or the investor may be subject to or if accepting the request may subject the Fund or the Management Company to additional regulation under the foreign jurisdiction.
- (c) If, in the opinion of the Management Company, moneys received for purchase of Units of the Fund are associated with moneys derived from illegal activities.
- (d) In case of suspension of redemption of Units, the Management Company shall also suspend issuance of fresh Units of the Scheme until the redemption of Units is resumed.

**8.10.3 Suspension or deferral of redemption of Units:** The redemption of Units may be suspended or deferred during extraordinary circumstances, including war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the banking system, computer breakdown or strikes or other events that render the Management Company or the Distributors unable to function, or the existence of a state of affairs which, in the opinion of the Management Company, constitutes an emergency, as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Unit Holders or a break down in the means of communication normally employed in determining the price of any Investment or when remittance of money cannot be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and, under extreme circumstances; the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 9.10.7 Below.

**8.10.4** The Management Company shall formally forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within 24 hours of the receipt of such requests.

**8.10.5** Such suspension or Queue System shall end on the day following the first Business Day on which the conditions giving rise to the suspension or Queue System shall, in the opinion of the Management Company, have ceased to exist and no other condition, under which suspension or queue system is authorized under the Deed, exists. In case of suspension and invoking of a Queue System and end of suspension and Queue System, the Management Company shall immediately notify the Commission and the Trustee and publish the same in at least two daily newspapers in which the Fund's prices are normally published.

**8.10.6** The Management shall ensure that in case of suspension of redemption of Units of the Scheme due to extra ordinary circumstances, the issuance of fresh Units shall also be kept suspended until and unless redemption of Units is resumed.

**8.10.7 Queue System:** In the event redemption requests on any 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 (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as may be permissible under the Regulations, as it deems fit, in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Subscription Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next 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 (10%) of the Units then in issue.

**8.10.8 Winding up in view of Major Redemptions:** In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the selloff of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund, as per Regulations, under intimation to the Commission and the Trustee. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

## **8.11 ISSUANCE AND REDEMPTION OF UNITS IN EXTRAORDINARY CIRCUMSTANCES**

The Management Company may, at any stage, suspend dealing in Units and for such periods as it may so decide provided that in case the redemption of units is suspended, the issuance of units shall simultaneously be suspended. However, in case of suspension of issuance of units, the redemption of units need not be suspended. The issue and redemption of Units may be suspended during extraordinary circumstances including closure of the money market and scheduled banks on which any of the securities invested in by the Fund are listed, the existence of a state of affairs which in the opinion of the Management Company constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Unit Holders, a break down in the means of communication normally employed in determining the price of any investment or when remittance of money cannot be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption. 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 are given in Clause 8.10.7 herein above.

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

Queue System and end of suspension and Queue System, the Management Company shall immediately notify the SECP and the Trustee and publish the same in the newspaper in which the Fund's prices are normally published.

## **8.12 PURCHASE AND REDEMPTION OF UNITS OUTSIDE PAKISTAN**

**8.12.1** Subject to exchange control and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Offer) of Units to persons not residing 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 Purchase (Offer) Price as hereinbefore 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.

**8.12.2** 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.

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

**8.12.4** The Pak Rupee rates used will be the same as notified by the State Bank of Pakistan (SBP).

## **PART 9 – DISTRIBUTION POLICY**

### **9.1 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 the amount available for distribution or any other payout ratio 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.

## **9.2 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.

## **9.3 DETERMINATION OF DISTRIBUTABLE INCOME**

**9.3.1** The amount available for distribution in respect of any Accounting Period shall be the sum of all income and net realized appreciation, from which shall be deducted:

- a) the expenses as stated in clause 10.2 of this Offering Document.
- b) any taxes of the Fund.

**9.3.2** The income qualifying for distribution in respect of the relevant period shall be adjusted as under;

- a) 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;
- b) adjustment if considered necessary by the Management Company to reflect the diminution in value of Trust Property in consultation with the Trustee.
- c) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the investment /dividend, interest, profit or mark-up;

**9.3.3** The Management Company may also distribute an amount, through cash dividend, bonus, partially cash/bonus or in any other form acceptable to the Commission, for an interim period that is not a full Accounting Period.

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

## **9.4 REINVESTMENT OF DIVIDEND**

Certain Unit Holders may authorize the Management Company to re-invest any cash distributions from the Fund into additional Units of the Fund. The Management

Company, in such cases will not instruct the Trustee to pay cash distribution but will issue such Units and pay for such Units out of the relevant cash distribution net of any deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments. Issue of the Account Statement by the Registrar showing an increase in Units shall be a good discharge of the obligation to pay dividends. In such cases, the additional Units will be issued at Net Asset Value at the distribution date after appropriation of the dividend less any Duties and Charges and will not attract any front-end or transaction charges. Deductions in respect of any Zakat, income or other taxes, charges or assessments shall be paid as cash to the relevant Government agencies and the Unit Holder will be issued a certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.

## **9.5 BONUS UNITS**

After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company shall, under intimation to the Trustee, issue additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units 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.

## **9.6 CASH DIVIDEND**

After determining the amount available for the distribution Management Company shall, in case of cash distribution, instruct the Trustee to issue payment instrument to the Unit Holders or transfer to the Distribution Account such amount of cash as required to effect the cash distribution of income to the Unit Holders net of re-investment of dividend as provided by Clause 9.4 above. The amount standing to the credit of the Distribution Account shall not be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute to Unit Holders except any profit on the Distribution Account which shall form part of the Fund Property as herein provided. Management Company may decide not to open a separate Distribution Account for each dividend distribution.

After the fixing of the rate of cash distribution per Unit, cash distribution payments may be made by transfer to the Unit Holders' designated bank accounts, or in the case of joint Unit Holders, to designated bank account of the joint Unit Holder first named on the Register/record. The receipt of funds by such designated bankers shall be a good discharge thereof.

## **9.7 PAYMENT OF DIVIDEND**

All payments for dividend shall be made through payment instrument or by transfer of funds to the Unit Holder's designated bank account or through any other mode of payment and such payment shall be subject to the Regulations and any other applicable laws.

Before making any payment in respect of distribution, the Trustee may, upon instruction of the Management Company, make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments, whatsoever, and issue to the Unit Holder the certificate in respect of such deduction in the prescribed form, in a form approved by the concerned authorities.

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

## **9.8 DISPATCH OF DIVIDEND WARRANTS/ADVICE:**

Dividend warrants/advices/payment instruments and/or account statements shall be dispatched to the Unit Holders or the charge-holders at their registered addresses.

## **PART 10 – FEES, CHARGES AND EXPENSES**

### **10.1 FEES AND CHARGES PAYABLE BY INVESTOR**

#### **a) Sales and Processing Charges (Front-End Load)**

The Unit Purchase Price may include Front-end Load of a maximum of five percent (5%) of the Offer (Purchase) Price. 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. The Management Company may also issue Units at a reduced or no front end load under different administrative plans.

Transfer of Units from one Holder to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee and shall be part of the Fund Property. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

**b) Allocation of Front-End Load**

The remuneration of Distributors and Investment Facilitators for the sale of Units with front end load shall be paid exclusively from any Front-end Load received by the Trustee and no charges shall be made against the Fund Property or the Distribution Account in this respect. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay to the Trustee the amount necessary to pay in full such remuneration.

**c) Allocation of Back-End Load**

The amount of Back end Load, if any, shall form part of Fund Property.

**10.2 FEES AND CHARGES PAYABLE BY FUND**

The following expenses will be borne by the Fund:

**10.2.1 Remuneration of the Management Company**

The Management Company shall be entitled to receive:

- (a) The Management Company is allowed to charge a remuneration of an amount not exceeding three percent per annum of the average annual Net Assets during the first five years of the Scheme and two percent per annum of the average annual Net Assets thereafter.
- (b) The remuneration shall begin to accrue from the close of the Initial Public Offer. 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 Accounting Period concerned.
- (c) Any increase in the remuneration of the Management Company shall require the approval of the Commission. However, any decrease in remuneration of the Management Company shall not require such approval.
- (d) Current level Management Fee is disclosed in **Annexure „A“**.

**10.2.2 Remuneration of the Trustee**

- (a) The Trustee shall be entitled to a monthly remuneration out of the Fund Property

determined in accordance with **Annexure “A”**. The remuneration shall begin to accrue from the close of Initial Public Offer.

- (b) Such remuneration shall be paid to the Trustee in arrears within thirty (30) Business Days after the end of each calendar month.
- (c) Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission. However, any decrease in remuneration of the Trustee shall not require such approval.

### **10.2.3 Expenses of the Management Company & Trustee**

The Management Company and Trustee shall bear all expenditures in respect of their respective secretarial and office space and professional management services provided in accordance with the provisions of the Deed and this Offering Document. Neither the Management Company nor the Trustee shall be responsible for the payment of all expenses incurred by the Management Company or the Trustee from time to time in connection with their responsibilities as Management Company and Trustee of the Fund. The Management Company or the Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and this Offering Document or the Trust Deed to be payable out of Fund Property.

### **10.2.4 Formation Cost**

All expenses incurred in connection with the incorporation, establishment and registration of the Scheme (formation cost) including, but not limited to, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Constitutive Document (s) and Offering Document (s), and all other expenses incurred during the Initial Public Offer, shall be borne by the Management Company and shall be reimbursable by the Fund, subject to the audit of expenses. The Formation cost shall be amortized over a period of not less than five years or any other time period as specified by the SECP. Formation Costs shall not exceed [1%] of Pre-initial public offering capital or Rs.5 million whichever is lower and shall be reported with their break-up under separate heads by the Management Company to the SECP and the Trustee.

### **10.2.5 All other Fees and Charges**

The following charges shall also be payable out of the Fund Property:

- (a) Remuneration of the Management Company;
- (b) remuneration of Trustee or Custodian;
- (c) listing fee payable to the stock exchange, including renewals;
- (d) charges and levies of Stock Exchanges, national clearing and settlement company and central depository company;
- (e) rating fee of the Scheme payable to approved rating agency;
- (f) Auditors’ fees and out of pocket expenses as billed by them;
- (g) fees payable to the SECP;
- (h) Formation Cost



- (i) brokerage and transaction costs related to investing and disinvesting of the assets of the Scheme;
- (j) expenses incurred by Trustee in affecting registration of all registerable assets in the name of the trustee;
- (k) legal and related costs incurred in protecting or enhancing the interests of the Unit Holders of the Scheme;
- (l) bank charges, borrowing and financial costs;
- (m) hedging costs including forward cover, forward purchase or option purchase costs;
- (n) printing costs and related expenses for issuing the Scheme's quarterly, half-yearly and annual reports, etcetera;
- (o) taxes, fees, duties, and other charges applicable to the Scheme on its income or its properties, including taxes, fees, duties, and other charges levied by a foreign jurisdiction on investments outside Pakistan;
- (p) any other expense or charge as may be allowed by the SECP.
- (q) Expenses associated with one time advertisement cost for launching of Schemes as per regulations.

**10.2.6** Any cost associated with sales, marketing and advertisement of the Scheme shall not be charged to the Scheme.

## **PART 11 – TAXATION**

### **11.1 TAXATION ON INCOME OF THE FUND & ON UNIT HOLDERS**

The following is a brief description of the Income Tax Law (Income Tax Ordinance, 2001) currently in force and applicable in respect of HBL-MMF.

#### **1. Liability for Income Tax**

Under the Income Tax law in Pakistan, HBL-MMF is regarded as a public company for tax purposes. The income of HBL-MMF is taxable at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the rate of 10% for public companies on gross income basis.
- (b) Capital gains arising on sale of securities listed on any stock exchange in Pakistan – tax exempt up to June 30, 2010.
- (c) Return from all other sources/ instruments are taxable at the rate of 35%, applicable to a public company.

#### **2. Liability for Income Tax, if 90% of Income is paid as Dividend**

Notwithstanding the tax rates and withholding tax as stated above, the income of HBL-MMF will be exempted from tax, if not less than 90% of the income for the year, is distributed amongst the Unit Holders as dividend (cash, stock or both). The 90% of the income shall be calculated after excluding unrealized capital gains and as reduced by such expenses as are chargeable to a Collective Investment Scheme under the Regulations.

For achieving tax efficiency, HBL-MMF shall distribute at least 90% of the income as dividend, calculated after excluding capital gains whether realized or unrealized.

### **3. 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-MMF will not be subject to any withholding tax.

### **4. Zakat**

The Scheme is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings Bank Account, or similar account with a Bank standing on the first day of Ramadan-ul-Mubarak shall be subjected to deduction to two and half per cent (2.5%) Zakat.

### **5. Taxation of Unit Holders and Liability to Zakat**

#### **(a) Disclaimer:**

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

#### **(b) Withholding Tax:**

Unless exempted from such taxation or at reduced rate under any law or avoidance of double taxation agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax @ ten percent (10%) according to the present rates, which may change in future: In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

#### **(c) Capital Gains:**

Capital Gains on disposition of Units of the Fund will be subject to capital gains tax at the applicable rate. The Units of the Fund shall be listed on a Stock Exchange. Consequently, subject to such listing, the profit on disposal of the Units shall be exempt from tax up to June 30, 2010 or for such other period as may be notified by tax authorities from time to time.

#### **(d) Tax Credit:**

Subject to obtaining the listing on any stock exchange in Pakistan, a Person other than Company as defined in the Income Tax Ordinance, 2001, shall be entitled to a tax credit under section 62 (1) and (2) of the Income Tax Ordinance 2001 on purchase of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested, (b) ten percent of the taxable 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 the Income Tax Ordinance, 2001. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year shall be increased by the amount of the credit allowed.

#### **(e) Zakat:**

Units held by resident Pakistani Unit Holders shall be subject to Zakat at 2.5% of the Par Value

or Redemption Price of Units, whichever is lower at the time of determining Zakat under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption payment, if Units are redeemed during the Zakat year before payment of dividend.

#### **6. Disclaimer:**

**The tax and Zakat information given above is based on the Management Company's interpretation of the law, which to the best of the Management Company's understanding is correct but investors are expected to seek independent advice so as to determine the taxability arising from their investment in the Units of the Fund. Furthermore, tax and Zakat laws, including rates of taxation and of withholding tax are subject to amendments from time to time. Any such amendments in future shall be deemed to have been incorporated herein.**

All information contained in Part 12 is based on current taxation status. The exemptions and rates of taxation are subject to change from time to time, as may be announced by the Government.

## **PART 12 – REPORTS AND ACCOUNTS**

### **12.1 ANNUAL ACCOUNTING PERIOD & DATE**

- a) The Annual Accounting Period shall commence on first day of July or of a calendar year and shall end on thirtieth day of June or of the succeeding calendar year or for such dates/months as allowed by the relevant authorities.
- b) Accounting Period means a period ending on, and including, an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.
- c) Accounting Date means the date 30th June or such dates as allowed by relevant authorities in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.

### **12.2 FINANCIAL REPORTING**

12.2.1 The following reports will be sent to the Unit Holders as per Regulations:

- (a) The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issue of Units and paid out by the Scheme on redemption of the Units and by way of distributions. The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without prior written permission of SECP and the Trustee. The Management Company shall maintain the books of accounts and other records of the Scheme

for a period of not less than ten years.

- (b) The Management Company shall prepare and transmit within four months of the closing of the accounting period of the Open Ended Scheme, the annual report (physically or subject to SECP approval through electronic means or on the web) in such form and manner as set out in Regulations as amended or substituted from time to time.

- (c) The Management Company shall prepare and transmit within one month of the close of first and third quarters and within two months of the close of second quarter of the year of account of the Open Ended Scheme, the quarterly reports (physically or subject to SECP approval through electronic means or on the web) in such form and manner as set out in Regulations as amended or substituted from time to time.
- (d) The Management Company shall maintain a Register of Unit Holder(s) of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- (e) The Trustee shall report to the Unit Holders in accordance with the Regulations and the Trust Deed including such report(s) to be included in the annual and quarterly reports of financial statements of the Fund.

#### 12.2.2 **Change in Periodicity of Reporting:**

The regularity of reporting will change if so required by the Commission or under the Rules and/or the Regulations.

### **PART 13 – SPECIAL CONSIDERATIONS**

- 13.1 The Management Company has not authorized any person to give information or make any representations, either oral or written, not stated in this Offering Document in connection with issue of Units under the Scheme. Prospective Investors are advised not to rely upon any information or representation not incorporated in this Offering Document as the same have not been authorized by the Management Company. Any investment made by any person on the basis of statements or representations which are not contained in this Offering Document or which are inconsistent with the information contained herein shall be solely at the risk of the Investor.
- 13.2 The Management Company is committed to complying with all applicable anti-money laundering law and regulation in all of its operations. The Management Company recognizes the value and importance of creating a business environment that strongly discourages money launderers from using the Management Company.
- 13.3 The Management Company may seek information or obtain and retain documentation used to establish identity. It may re-verify identity and obtain any missing or additional information for this purpose.
- 13.4 The Management Company shall have absolute discretion to reject any application or prevent further transaction by an Investor, if after due diligence, the person making the payment on behalf of the Investor does not fulfill the requirements of the “Know Your Customer” or the Management Company believes that the transaction is suspicious in nature as regards money laundering. In this behalf, the Management Company reserves the right to reject any application and affect a mandatory Redemption of Units allotted at any time prior to the expiry of thirty Business Days from the date of the application. If the contribution is made by a third party (e.g. a Power of Attorney Investor, a relative etc.) The Investor may be required to give such details of such transaction so as to satisfy the Management Company of the source and / or consideration underlying the transaction.

## **PART 14 – SERVICES TO UNIT HOLDERS**

### **14.1 AVAILABILITY OF FORMS, TRUST DEED AND OFFERING DOCUMENT**

All the forms mentioned and/or included in this Offering Document along with the Trust Deed and Offering Document will be available at all the Authorized Branches of all Distribution Companies as well as from the Management Company and from its web site [www.hblasset.com](http://www.hblasset.com).

### **14.2 ACCOUNTS WITH REGISTRAR APPLICABILITY**

Once a Unit Holder has purchased a Unit from an Authorized Branch of the Distributor, all his records/forms will be kept and maintained with the Registrar.

### **14.3 REGISTER OF UNIT HOLDERS**

- 14.3.1 **Register:** A Register of Unit Holders shall be maintained by Registrar Department of the Management Company presently having its office at 8B, 8th Floor, Executive Tower, Dolmen City, Block 4 Clifton, Karachi Pakistan. Every Unit Holder will have a separate account folio. Such account will reflect all the transactions in that account held by such Unit Holder. The Holder will be entitled to inspect his record in the Register and request copies thereof on any Business 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 Registrar. The Register shall be conclusive evidence as to the Units held by each Holder.
- 14.3.2 **Transfer Agent:** If, in future, the Management Company appoints any Transfer Agent, the roles and responsibilities will be assigned under a Transfer Agency Agreement and the Register of Unit Holders will then be maintained by the Transfer Agent. The Management Company shall then ensure that the Transfer Agent shall at all reasonable times during Business Hours give the Trustee and its representatives reasonable access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the register or to make any entries therein or alterations thereto.
- 14.3.3 **Inspection of Register:** Except when the Register is closed in accordance with the provisions of the Trust Deed, the Register shall during business hours for a period or at least three hours in each Business Day be open (subject to any restriction in the Offering Document or Supplementary Offering Document) in legible form to the inspection of any Holder of his/ her record without charge.

## 14.4 INFORMATION IN THE REGISTER

The Register will contain the following information:

### About Unit Holders

- a) For individuals :
  - Full name(s),
  - Father's/husband's name
  - Addresses of Unit Holder(s)
  - Computerized National Identity Card Number(s) and/or Passport Number (if applicable).
  - Occupation of Unit Holders/joint Holders;
  - Tax/Zakat status of Holder;
  - Record of signature of Holder; and
  - Bank details
  - Particulars of Nominee(s);
  - Such other information as the Management Company may require
  
- b) For Institutions:
  - Full name (s)
  - Address (s)
  - National Tax Number (if applicable)
  - Record of signatures of Holder; and
  - Bank details
  - Such other information as the Management Company may require

### About Units

- a) The number and type of the Units held and the distinctive numbers of Certificate(s), if any;
- b) The date on which the name of every Unit Holder was entered in respect of the Units standing in his/her name;
- c) The date on which any Transfer or Redemption is registered;
- d) Information about lien, Pledge or charge on Units;
- e) Tax and Zakat status of the Unit Holder(s);
- f) Record of the signature of the Unit Holder(s);
- g) Nominees of the Unit Holder(s) and
- h) Such other information as the Management Company may require.

### Instructions

- a) Instruction about reinvestment or payment of dividend in Units or encashment of units;
- b) Instructions for redemption application;
- c) Information and instruction about pledge/charge/lien of Units;
- d) Information and instruction about nominees in case of death of the Unit Holder, and;
- e) Bank details for Redemption / Dividend mandate.

## **14.5 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 the time period for closure of register for dividend declaration shall not exceed six (6) working days at a time and shall not be closed for more than forty five (45) in any calendar year.

## **14.6 ACCOUNT STATEMENT**

The Management Company will send directly to each Unit Holder a non-transferable account statement either electronically or otherwise each time there is a transaction in a registration number, i.e., Units are (1) Issued/subscribed, (2) redeemed, (3) transferred in favor of a third person, (4) pledged (5) transferred from a third person in favor of the Unit Holder, (6) consolidated/split and (7) additional Units are issued against re-investment of dividend or bonus units (8) conversion of units (9) date of maturity (10) or any such information is required under the Rules or Regulations or determined by the Management Company. An account statement will be posted within 15 Business Days after each relevant transaction.

The Registrar shall, within two working days of receiving a written request from any Unit Holder, post (or send by courier or through electronic means) to such Unit Holder details of such Unit Holder's account in the Register. Such service shall be provided free of charge to any Unit Holder requesting so once in any financial year. The Management Company may prescribe reasonable charges for servicing of any additional request.

## **14.7 CERTIFICATES**

- a) Certificates shall be issued only if so requested by the Holder after issuance of electronic Units or at any later stage and upon payment of a fee of Rupees twenty five per certificate only. The proceeds of such fee shall accrue to the Management Company
- b) In case of Core Investors physical certificates shall be issued with clear marking as Core Investors and with clear identification that the units worth Rs 50 million are not redeemable for at least two years. However, Management Company may decide to allow Core Investors to hold units in electronic form.
- c) Certificates can be issued for whole or fractional Units that have been fully paid for, in such denomination as may be required by the Holder provided the minimum denomination shall not be for less than one Unit.
- d) Certificates where requested shall be issued as herein provided not later than twenty one (21) 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.
- e) In case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such Joint Holders. and deliver of such certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- f) 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 Folio Number shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- g) Certificates may be engraved or lithographed or printed as the Management Company may



determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Registrar which shall always be autographic. No Certificate shall be of any force or effect until signed as hereinabove mentioned. Certificates so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Registrar or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Registrar or an authorized signatory.

- h) Where the Units are in the form of book entry securities registered with the Central Depository Register of the Central Depository Company of Pakistan Limited, the issue of certification or receipt in lieu of physical Certificate or any other record shall be in accordance with the procedures laid down by the Central Depository Company of Pakistan Limited Regulations.

## **14.8 REPLACEMENT OF CERTIFICATES**

14.8.1 Subject to the provisions of the Trust Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Holder shall be entitled to exchange upon surrender of any or all of his existing Certificates for one or more Certificates of such denominations as the Holder may require representing the same aggregate number of Units.

14.8.2 In case any Certificate is stolen, mutilated, defaced or destroyed, the Registrar with the approval of the Management Company may issue to the person entitled a new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

- I. returned the mutilated or defaced Certificate or furnished to the Trustee/Registrar evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate;
- II. paid all expenses incurred in connection with the investigation of the facts and
- III. furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Registrar shall incur any liability for any action that they may take in good faith under the provisions of this sub- clause. Provided further that the Trustee and/or the Management Company may also require production of an FIR and an affidavit of loss as well as issuance of public notices in newspapers and/or provision of such indemnification as the Management Company and the Trustee may deem appropriate, at the cost of the pertinent Unit Holder, before issuing any new certificates.

14.8.3 Before the issuing of any Certificate under the provisions of this sub-clause, the Registrar may require a fee of Rupees twenty five as Certificate fee from the applicant, subject to revisions of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificates.

## **PART 15– GENERAL INFORMATION**

### **15.1 INSPECTION OF CONSTITUTIVE DOCUMENTS**

The copies of Constitutive Documents, that is Trust Deed and Offering Documents, can be inspected free of charges at the following addresses:

**(i) HBL Asset Management Limited**

Ground Floor, Federation House, Sharae Firdousi, Clifton,  
Karachi-75600.

Telephone # (92-21) 5379505-08

Fax # (92-21) 5379280

**(ii) Central Depository Company of Pakistan Limited**

CDC House, 99 – B, Block „B“

S.M.C.H.S, Main Shakra-e-Faisal

Karachi

(iii) These can also be viewed at the web site of the Management Company at the following address [www.hblasasset.com](http://www.hblasasset.com)

### **15.2 DATE OF PUBLICATION OF OFFERING DOCUMENT**

The Offering Document has been published on July 5, 2010. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate.

## **PART 16 – TERMINATION OF HBL MONEY MARKET FUND**

### **16.1 BY THE MANAGEMENT**

16.1.1 The Management Company shall give at least three months' notice to Unit Holders under prior intimation to the Commission and Trustee, and shall disclose the grounds of its decision to terminate the Fund. The Management Company may announce winding up of the Fund without any advance notice to the Unit Holders, but under intimation to the Trustee and the Commission in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund Property to meet such redemptions would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Fund be wound up. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

16.1.2 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.

### **16.2 BY THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

16.2.1 The Deed may be terminated in accordance with the conditions specified in the Regulations if there is any breach of the provisions of the Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Trust.

16.2.2 The Commission may cancel the registration of the Scheme before the Core investment and direct the Management Company and/or the Trustee to wind-up the Scheme. In such case, the terms so specified by the Commission shall be adhered to by both the parties individually and collectively.

16.2.3 Upon representation to the Commission, by three fourth in value of the total Unit Holders of the Scheme, or if in the opinion of the Commission further continuation of the registration of the Scheme will be detrimental to the interest of the Unit Holders or the market generally, the Commission may cancel the registration of the Scheme.

Provided that the registration of the Scheme shall not be cancelled without providing an opportunity of being heard to the Management Company and the Trustee.

### **16.3 WINDING UP**

In case of the termination of the Fund, the Management Company shall be required to wind-up the Fund and refund the net proceeds to the Unit Holders in proportion to the number of units held by them and within such time as may be specified by the SECP.

## **PART 17 – DISTRIBUTION OF PROCEEDS ON TERMINATION**

17.1 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 Fund Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid and the bank charges, if any.

17.2 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 Fund Property after making payment as mentioned in clause 18.1 of the Trust Deed 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.

17.3 In case the Trust is terminated by the Commission on the grounds given in the Regulations, the Commission may appoint a liquidator in consultation with the Trustee.

17.4 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 canceling 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.

## PART 18 – FINANCIAL INFORMATION

### 18.1 AUDITORS CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL

**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) 32426682-6 / 32426711-5  
Facsimile: (021) 32415007 / 32427938

The Board of Directors  
HBL Asset Management Limited  
8B - 8th Floor  
Executive Tower Dolmen City  
Block 4, Clifton  
Karachi

May 31, 2010

C 0831

Dear Sirs

#### AUDITORS' CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL – HBL MONEY MARKET 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 100,000,000 (Rupees One Hundred Million only) has been received up to May 28, 2010 in the Fund's bank account maintained with Bank Al-Falah Limited (Cloth Market 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 Money Market Fund's 'Offering Document'.

Yours truly



## 18.2 AUDITORS CERTIFICATE ON NET ASSET VALUE OF UNITS IN HBL MONEY MARKET FUND

**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) 32426682-6 / 32426711-5  
Facsimile: (021) 32415007 / 32427938

The Board of Directors  
HBL Asset Management Limited  
8B - 8th Floor  
Executive Tower Dolmen City  
Block 4, Clifton  
Karachi

May 31, 2010

C 0832

Dear Sirs

### NET ASSET VALUE (UNAUDITED) OF EACH UNIT OF HBL MONEY MARKET FUND (THE FUND)

As requested by you we confirm that on the basis of the unaudited books and records of the Fund and the details provided to us by the management company of the Fund, the Net Assets of the Fund as on May 28, 2010 are as follows:

Particulars	(Rupees)
Total assets of the Fund	175,049,820
Less: total liabilities of the Fund	49,820
Net assets value of the Fund	175,000,000
Number of units proposed to be issued as of May 28, 2010	1,750,000
Net Asset Value per unit as at May 28, 2010	(Rupees) 100

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

Yours truly



## **PART 19 – WARNINGS**

### **19.1 OFFERING DOCUMENT**

The provisions of the Trust Deed, the Rules and the Regulations 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.

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

### **19.2 FLUCTUATION IN PRICE AND INCOME**

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

### **19.3 DISCLAIMER**

The investors must recognize that all investments involve varying level of risk. Neither the value of the units in the Fund nor the dividend to be declared by the Fund can be assured. Investment in the Fund is suitable for investors who have the ability to understand and take the risks associated with financial and other market investments whether listed or otherwise. The historical performance of this Fund, financial and other markets or instruments or investments whether listed or otherwise included in the Fund's portfolio, does not necessarily indicate future performance.

Investors are advised to read risk disclosure as mentioned in this Offering Document in Clause 4.8 above for more information concerning risk.

## **PART 20 – ARBITRATION BETWEEN MANAGEMENT COMPANY AND TRUSTEE**

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



**PART 21 – STATEMENT OF RESPONSIBILITY BY THE MANAGEMENT COMPANY**

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

**PART 22 - SIGNATORIES TO THE OFFERING DOCUMENT**

<b>Name</b>	<b>Position on the Board of the Management Company</b>	<b>Signature</b>
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**Dated:**  
**Place:** Karachi Pakistan  
**Witness:**



**Address:**

## PART 23 – DEFINITIONS

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

- 23.1 “Accounting Date”** means the date, 30th June, in each year and any interim date at which the financial statements of the Fund are drawn up. Provided, however, the Management Company may, with the consent of the Trustee and after intimation to the Commission and the Commissioner of Income Tax, change such date to any other date.
- 23.2 “Accounting Period”** means a period ending on and including an Accounting Date (i.e., the 30<sup>th</sup> June in each year and any interim date at which the financial statements of the Fund are drawn up) and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period
- 23.3 “Annual Fee”** means any fee payable to SECP under the Regulations.
- 23.4 “Account Statement”** means statement of transactions in Units in the folio of the Holder.
- 23.5 “Administrative Plans”** means, investment plans offered by the Management Company with prior approval of the Commission, where such plans allow investors a focused investment strategy in any one or a combination of the Unit Trust Schemes managed by the Management Company and for which a common Trustee is appointed.
- 23.6 “Annexure”** means the annexure to this Offering Document.
- 23.7 Auditor”** means such audit firms that are appointed as the auditors of the Scheme by the Management Company, with the consent of Trustee, in accordance with the provisions of the Trust Deed and the Rules and Regulations.
- 23.8 “Authorized Branch”** means those branches of the Distributors and branches of Habib Bank Limited authorized by the Management Company whose addresses have been given in the Annexure C to the Offering Document and updated from time to time on the website of HBL Asset Management Limited under intimation to the Trustee to perform Distribution Function.
- 23.9 “Authorized Investments”** means the Investment transacted, issued traded or listed inside or outside Pakistan and allowed under the Rules/ Regulations and SECP directive as amended or substituted from time to time and includes any of the following:
1. Government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), treasury bills, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), certificate of investments (COI), TDRs, commercial papers, reverse repo;
  2. Subject to the approval of SECP or other regulatory approvals, the Scheme may seek to invest in foreign securities issued, listed or otherwise and traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time.

- 23.10 “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.
- 23.11 “Bank”** means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force or an institution providing banking services under the banking laws of Pakistan or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 23.12 “Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 23.13 “Bonus Units”** means the Units issued, on distribution of the distributable income, in the form of stock dividend.
- 23.14 “Broker”** means any person licensed by the Commission and engaged in the business of effecting transactions in securities for the account of others.
- 23.15 “Business Day”** means any day of the week, but does not include any day which, as per gazette of Government of Pakistan, is public holiday or on which day State Bank of Pakistan is closed for Business in Pakistan.
- 23.16 “Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed.
- “Commission” or “SECP”** means the Securities Exchange Commission of Pakistan (SECP) set up under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor body.
- 23.17 “Companies Ordinance”** or “Ordinance” means the Companies Ordinance, 1984, as amended from time to time.
- 23.18 “Connected Person”** shall have the same meaning as in the Rules/Regulations
- 23.19 “Constitutive Documents”** means the Trust Deed, Offering Document (s) and other principal documents governing the formation, management or operation of the Trust and all related material agreements.
- 23.20 “Core Investors”** of the Fund shall be such investors, who shall be required to subscribe to and to hold number of Units aggregating to an amount of One hundred million Rupees (PKR 100 million), out of which at least fifty million Rupees (PKR 50 million) shall remain invested in the Scheme for at least two years from the date of issue of such Units.
- 23.21 “Core Units”** shall mean such Units of the Fund that are issued to Core Investors with the condition that „restricted“ core units are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition and shall rank pari-passu as to their rights to the Net Assets with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be effected only on the receipt, by the Registrar, of a written acceptance of this condition by the transferee.

**23.22 “Custodian”** a Bank, a depository or an investment finance company which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; and shall also include the Trustee itself if it provides custodial services for the Fund.

**23.23 “Cut-Off Time”** means the latest time of acceptance of receiving applications of issuance, redemption, conversion, transfer and Pledge of Units.

**23.24 “Dealing Day/Subscription Day”** means every Business Day, provided that the Management Company may, with the prior written consent of the Trustee, and upon giving not less than 7 (seven) days’ notice in the newspapers either English or Urdu circulating in Pakistan, declare any particular Business Day not to be a Dealing Day;

**23.25 “Deed”** means this Trust Deed which is the principal Document governing the formation, management and operation of the Fund.

**23.26 “Distribution Account”** means Bank Account(s) opened by Trustee at the request of the Management Company with a schedule commercial Bank having a minimum credit rating as required by the SECP, in which the amount required for distribution of income to Unit Holders shall be transferred. The amount standing to the credit of the Distribution Account shall not be treated as part of the Fund Property however any profit on the Distribution Account shall form part of the Fund Property.

**23.27 “Distributor”, “Distribution Company”, “Distribution Companies”** mean an individual, company(ies), firm(s), or bank(s) appointed by the Management Company, under intimation to the Trustee, for performing any or all of the Distribution Functions and shall include the Management Company, itself, if it performs the Distribution Functions.

**23.28 “Distribution Functions”** mean the functions with regard to:

- a) Receiving applications for the issue of Units and the payment instruments for the aggregate Offer Price for Units applied for by such applications;
- b) Issuing receipts in respect of (a) above;
- c) Interfacing with and providing services to the Holders including receiving redemption, transfer applications, notices and applications for change of address or issue of duplicate certificates for immediate transmission to the Management Company or the Registrar, as appropriate, and
- d) Accounting to the Management Company for (i) payment instrument received from applicants for the issuance of Units; (ii) payments instruments delivered to the Unit Holders on redemption of Units; (iii) expenses incurred in relation to the Distribution Function.

**23.29 “Duties and Charges”** means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or, in respect of the issue, sale, transfer,

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

**23.30 “Financial Institution” means**

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

**23.31“Formation Cost”** means all preliminary and floatation expenses incurred in connection with the establishment and registration of the Fund including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund and expenses incurred during the Initial Public Offer.

**23.32“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.

**23.33“Fund Property”** means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer Price or any Transaction Costs and Back-end Load recovered in the Redemption Prices, after deducting there from or providing there against, the value of Redemption, Front-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising there from and all cash and other assets, movable or immovable, and property of every description, for the time being, held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account except profit on such accounts.

**23.34“Holder” or “Unit Holder”** means the investor, for the time being, entered in the Register as owner of a Unit or part thereof, including investors jointly registered pursuant to the provisions of this Deed.

**23.35“Initial Period” or “Initial Public Offer”** means the period during which Units are offered for the first time. This period shall not exceed a period of ten days

(provided that this period may be extended with the prior approval of the Commission).

**23.36“Initial Price”** means the price per Unit during the Initial Public Offer determined by the Management Company.

**23.37“Investment”** means any Authorized Investment forming part of the Fund Property.

**23.38“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.

**23.39“Minimum Investment Amount”** shall initially be Rupees Five Thousand (Rs 5,000/-) or as may be determined by the Management Company from time to time as mentioned in the Offering Document.

**23.40 “Management Company”** means HBL Asset Management Limited.

**23.41 “Net Assets”** means the excess of assets over liabilities of the Fund.

**23.42“Net Asset Value” or “NAV”** means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.

**23.43“Offer Price”** means the sum to be paid to the Trustee for issuance of one unit, such price to be determined pursuant to Clause 8.3.4 of this Offering Document.

**23.44“Offering Document”** means the prospectus, or other documents (approved by the Commission) that contain the investment and distribution policy and all other information in respect of the Fund and the plans offered under various administrative arrangements covered by the respective Supplementary Offering Documents, as required by the Regulations and is circulated to invite offers by the public to invest in the Fund.

**23.45“Online”** means transactions through electronic Data Interchange whether real-time transactions or otherwise which may be through the internet, intranet networks and the like.

**23.46“Par Value”** means the price of Rs. 100 per Unit or such denomination as prescribed by the management company from time to time.

**23.47 “Person”** means an individual, a Hindu undivided family, a firm, an association or body of individuals whether incorporated or not, a company and every other juridical person.

**23.48 “Pre-IPO Investors”** of the Fund shall be such investors, other than Core Investors, whose subscription shall be received before Initial Public Offer of Units of the Fund.

**23.49“HBL Money Market Fund”, “HBL-MMF” “Fund”, "Trust" or “Scheme”, or**

**“Open-end Scheme”** means the HBL Money Market Fund constituted under the Trust Deed executed between the Trustee and the Management Company for continuous offers for sale of Units of the Fund.

**23.50“Redemption Price”** means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit.

**23.51“Redemption Form”** means the redemption form as defined in the Offering Document.

**23.52“Register** means the Register of the Holders kept pursuant to the Regulations and the Trust Deed.

**23.53“Registrar”, “Transfer Agent”** means an organization that the Management Company shall appoint for performing the Registrar Functions.

**23.54 “Registrar Functions”** means the functions with regard to:

- a) Maintaining the Register;
- b) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of lien/pledge or for recording of changes in data with regard to the Unit Holders
- c) Dispatching income distribution warrants and bank transfer intimations;
- d) Issuing statement of accounts to the Unit Holders; and
- e) Issuing, re-issuing and canceling Certificates.

**23.55“Regulations”** mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended or substituted from time to time.

**23.56 “Reporting Currency/ Base Currency”** means the currency used in pricing of units and presenting the financial statements of the Fund which shall be the Pakistani Rupee.

**23.57 “Rules”** mean Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, as amended or substituted from time to time.

**23.58“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange or Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.

**23.59“Supplementary Offering Document”** means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing amendments in the Offering Document.

**23.60“Supplementary Trust Deed”** means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing amendments in the Trust Deed.

**23.61“Transaction Costs”** means the costs incurred or estimated by the Management Company to cover the costs (such as, but not limited to, brokerage, Trustee charges, taxes or levies on transaction, etc.) related to the investing or disinvesting activities of the Fund’s portfolio, necessitated by creation or

cancellation of Units. Such cost may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.

**23.62 “Unit”** means one undivided share in the Fund and, where the context so indicates, a fraction thereof.

**23.63 “Zakat”** has the same meaning as in the Zakat and Ushr Ordinance, 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. 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 printing, engraving, lithography, or other means of visible reproduction.



## **ANNEXURE ‘A’**

### **REMUNERATION OF THE TRUSTEE**

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

<b>NET ASSETS</b>	<b>TARIFF</b>
Up to Rs.1.00 billion	Rs. 0.7 million or 0.15% p.a. of net assets, whichever is higher.
On an amount exceeding Rs.1.00 billion	Rs. 1.5 million plus 0.075% p.a. of net assets, on amount exceeding Rs.1,000 million.

### **CURRENT LEVEL OF MANAGEMENT FEE**

1Current level of management fee is 1.00% per annum

However, as per Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company is entitled to charge a management fee not exceeding 3% per annum during the first five years of existence and 2% thereafter.

*Any change in the fee 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, as and how the Commission may direct.*

## **ANNEXURE 'B'**

### **CURRENT LEVEL OF FRONT-END AND BACK END LOADS**

#### **Effective from the Close of Initial Public Offer**

Current Front-end Load: **0% (nil)**

Current Back end Load: **0% (nil)**

The Management Company, at its discretion, may charge 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, as and how the Commission may direct.*

### **CURRENT CUT-OFF TIME**

#### **During Subscription Days of the Fund**

Monday to Friday: 9:00 AM to 4:00PM<sup>2</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>2</sup> Amended through 2<sup>nd</sup> Supplement in the Offering Document dated 8<sup>th</sup> May, 2017

## ANNEXURE 'C'

### DISTRIBUTOR DETAILS

#### MANAGEMENT COMPANY

##### Head Office

HBL Asset Management Limited  
8b-8th Floor, Executive Tower,  
Dolmen City, Block 4, Clifton, Karachi  
Phone:021-35290171-86  
Fax: 021-35290189

#### HABIB BANK LIMITED BRANCH NETWORK

The under noted authorized branches of Habib Bank Limited (HBL) will be facilitating the issuance and redemption of HBL-MMF units.

##### HBL Branches

##### Sindh

##### Karachi

<b>Bahadurabad Branch,</b> Mariam Complex, Bahadurabad, Karachi. Phone: 021-34940585-6 Fax: 021-34940584	<b>Foreign Exchange Branch,</b> M.A. Jinnah Road, Habib Square, Karachi. Phone: 021-9213996-97 Fax: 021-9213436
<b>Tariq Road Commercial Center Branch,</b> 172-u, Block-2, Karachi. Phone: 021-4534748, 021-4534681 Fax: 021-4522627	<b>Corporate Branch,</b> 2nd Floor, HBL Plaza, I.I. Chundrigar Road, Karachi. Phone: 021-2418000 Fax: 021-2413839
<b>Kehkashan Branch,</b> F-101/5, Block-7, Kehkashan Clifton, Karachi. Phone: 021-5875935-40 Fax: 021-5875914	<b>Shahra-e-Jahangir Branch,</b> Block L, North Nazimabad, Karachi. Phone: 021-6648034-6629671 Fax: 021-6642090
<b>Clifton Broadway Branch,</b> Broadway House, Karachi. Phone: 021-5301074-76 Fax: 021-5873310	<b>Nursery Branch,</b> Main Shahra-e-Faisal, Jamshed Town, Karachi. Phone: 021-4381304, 021-4524661 Fax: 021-4538482
<b>Khayaban-e-Saadi Branch,</b> Block-2, Clifton, Karachi. Phone: 021-5810045-46	<b>Shahra-e-Pakistan Branch,</b> F.B Area Karachi. Phone: 021-6331445, 021-6317073

Fax: 021-5810047

Fax: 021-6317086

**Iqbal Library Branch**

Gigar Muradabadi Road, Near Islamia College, Karachi.

Phone: 021-4922310,  
021-4913311

Fax: 021-4914411

**Garden Branch**

Nishtar Road, Karachi.

Phone: 021-32227682,  
Fax: 021-32227669

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**Jacobabad**

**Quid-e Azam Road,**

Jacobabad.

Phone: 0722-653977,0722-650933

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**Punjab**

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**Lahore**

**Allama Iqbal Town Branch**

Dubai Chowk, Lahore.

Phone: 042-7840560, 042-7841464

Fax: 042-7446584

**Model Town Branch, Lahore.**

Phone: 042-5915574-75,

042-5844842

Fax: 042-5915573

**The Mall Road Branch,**

5, Bank square, Nila Gumbad, Lahore.

042-7232422-27-35-51-37-46

Fax: 042-7232537-479

**Cantonment Branch**

322-H. Sarwar Road, Cantt Lahore. Phone:

042-6622620-6

Fax: 042-6622625

**Gulberg Main Market Branch,**

Lahore.

Phone: 042-5757575, 042-5755602,

Fax: 042-5760636

**Lahore Development Authority Branch 7-**

Egertan Road, Data Gunj Bukhsh Town,  
Lahore.

Phone:

042-6375299/6375974-76-78

Fax: 042-6302032

**New Garden Branch**

8-Abu Bakar Block

Lahore

Phone: 042-35912481-85

Fax: 042-35912486

**Corporate Branch**

Habib Bank Corporate Centre, 102,103 Upper Mall,  
Lahore.

Phone: 042-6281655,

042-6281820, 042-6281665

Fax: 042-6281661

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**Gujranwala**

**Satellite Town Branch**

Main Market, Satellite Town, Gujranwala. Phone:

055-9200590-1

Fax: 055-9200590

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**Faisalabad**

**HBL Corporate Centre**

1152 Circular Road, Faisalabad.

Phone: 041-9200038

Fax: 041-9201041

**West Canal Road, Faisalabad.**

Phone: 041-8532077

Fax: 041-8531985

**Madina Town Branch,**

Madina Town, Faisalabad. Phone:

041-9220122,

041-9220124

Fax: 041-9220123

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**Rawalpindi**

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**Kashmir Road Branch**

Kashmir Road Saddar, Cantt, Rawalpindi.

Phone: 051-5700107, 051-5582905

Fax: 051-5567928

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**Islamabad**

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**Jinnah Avenue Branch, Islamabad**

Phone: 051-2201761, 051-2201228

Fax: 051-2822290

**Corporate Branch**

Ground Floor, HBL Tower, Blue Area, Islamabad

Phone: 051-2820683

Fax: 051-2822206

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**Khyber Pakhtunkhwa**

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**Peshawar**

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**Arbab Road Branch**

Peshawar Cantt. Peshawar. Phone:

091-5272167, 091-9211161

Fax: 091-5278869

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**Balochistan**

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**Quetta**

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**Complex Branch**

Shahrah-e-Gulistan, Quetta.

Phone: 081-22836575, 081-2829379

Fax: 081-2825791

The current list of Distributors 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.hblasst.com](http://www.hblasst.com)), Trustee of the Fund and SECP.