

Risk Disclosure: The Investors are advised in their own interest to carefully read the contents of the Offering Document in particular the risk factors mentioned in Clause 3.9, disclaimer in Clause 3.10 and Warnings in Part XIV before making any investment decision.

# CONSOLIDATED OFFERING DOCUMENT

## HBL ISLAMIC STOCK FUND

Shariah Compliant Equity Scheme

Updated Up to January 31<sup>st</sup>, 2018

MANAGED BY

HBL ASSET MANAGEMENT LIMITED

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**OFFERING DOCUMENT**

**OF**

**HBL ISLAMIC STOCK FUND (“HBL-ISF”)**

**MANAGED BY**

**HBL ASSET MANAGEMENT LIMITED**

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

**Date of Publication of Offering Document May 02, 2011**

**Initial Offering Period: May 09, 2011 to May 10, 2011 during banking hours**

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HBL Islamic Stock Fund (the Fund/the Scheme/the Trust/HBL-ISF) has been established through a Trust Deed entered into between HBL Asset Management Limited (“Management Company”), the Asset Management Company and Central Depository Company of Pakistan Limited (“CDC”), the Trustee and is registered as a Notified Entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the Regulations)

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**PART I: REGULATORY APPROVAL AND CONSENT**

**1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

The Securities and Exchange Commission of Pakistan (“SECP” or “Commission”) has, vide its letter No. NBFC-II/HBLAMC/889/2010 dated December 10, 2010, registered an open-ended scheme, under the name, “HBL Islamic Stock Fund”, under Regulation 44 of the Regulations. The Commission has approved this Offering Document, vide letter No. NBFC-II/HBLAMC/92/2011 dated February 24, 2011.

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

**1.2 OFFERING DOCUMENT**

This Offering Document sets out the arrangements covering the basic structure of the HBL Islamic Stock Fund (the “Fund”, the “Scheme” or “HBL-ISF”). It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund. The provisions of the Trust Deed, the Rules and the Regulations and the Shariah guidelines as specified hereafter govern this Offering Document.

**If you have any doubt about the contents of this offering document, you should consult one or more from amongst your investment advisers, legal advisers, bank managers, stockbrokers, or financial advisers.**

**Investors must recognize that all Investments involve risk. It should be clearly understood that the Fund's portfolio will be subject to market fluctuations and risks inherent in all such Investments. The value of Units of the Fund may appreciate as well as depreciate and the level of dividends declared by the Fund cannot be assured. The investors are advised in their own interest to carefully read the contents of the offering document in particular the risks mentioned in Clause 3.9 and warnings in Part XIV before making any investment decision.**

**All Investments of the Fund shall be in adherence to the Islamic Shariah. It is possible that adherence to the Islamic Shariah will cause the Fund to perform differently from funds with similar objectives, but that are not subject to the requirements of Islamic Shariah.**

### **1.3 DEFINITIONS**

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

### **1.4 FILING OF THE OFFERING DOCUMENT**

The Management Company has filed a copy of this Offering Document with the Securities and Exchange Commission of Pakistan (SECP), signed by the Chief Executive of the Management Company, along with copies of the Documents mentioned below:

- Trust Deed, dated November 23, 2010 executed between HBL Asset Management Limited as the Management Company and the CDC as the Trustee.
- SECP's Letter No. NBFC-II/15/HBL/AMS/09/2010 dated April 22, 2010 licensing HBL Asset Management Limited as an Asset Management Company.
- SECP letter No. NBFC-II/HBLAMC/889/2010 dated December 10, 2010 registering HBL-ISF;
- SECP letter No. NBFC-II/JE/HBL/ISF/788/2010 dated October 14, 2010, approving the appointment of CDC as the Trustee of HBL-ISF;
- Letter from A.F. Ferguson & Co Chartered Accountants, Auditors of HBL IMMF, consenting to the issue of statements and reports;
- The SECP's letter No. NBFC-II/HBLAMC/92/2011 dated February 24, 2011 approving this Offering Document.

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## **PART II: CONSTITUTION OF THE SCHEME**

HBL Islamic Stock Fund is constituted by a Trust Deed entered into at Karachi on November 23, 2010 between:

(1) **HBL Asset Management Limited** an unlisted public limited company incorporated under the Companies Ordinance, 1984 having its Registered Office at 8B, 8<sup>th</sup> Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi, of the One Part; and

(2) **Central Depository Company of Pakistan Limited** (“CDC” or “Trustee”), an unlisted public limited company, incorporated under the Companies Ordinance, 1984, and registered to act as central depository company under Rule 4(3) of the Central Depository Companies (Establishment & Regulations) Rules, 1996, having its Registered Office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, of the Other Part.

### **2.1 TRUST DEED**

The Trust Deed is subject to and governed by the laws of Pakistan, including the Ordinance, the Rules and the Regulations and all other applicable laws and regulations and shall be deemed for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules and the Regulations as a part and parcel hereof, and in the event of any conflict between the Deed and the provisions required to be contained in a trust deed by the Rules and the Regulations, the latter shall supersede and prevail over the provisions contained in the Deed. However if Rules/Regulations are amended or any directives are issued or any relaxation and exemptions are allowed there under, such amendments/directives/relaxations shall be deemed to have been included in the Trust Deed without requiring any amendments/modification as such. In the event of any conflict between the Offering Document and the Trust Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency.

The terms and conditions of the Trust Deed and any deed supplemental thereto shall be binding upon each Unit Holder.

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

- a) To the extent required to ensure compliance with any applicable laws and regulations;
- b) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- c) To enable the Units to be listed on the Stock Exchange;
- d) To otherwise benefit the Unit Holders; or
- e) To comply with the provisions of the Shariah

Provided that in the case of (b), (c), and (d) above, such alteration or addition shall not prejudice the interests of the Unit Holders; and in any event, it shall not release the Trustee or the Management Company of their responsibilities.

## **2.2 OPEN-END FUND**

HBL Islamic Stock Fund shall be an open-end Shariah Compliant (Islamic) Equity Scheme. It shall offer Units on a continuous basis during and after the Initial Offering Period. There is no upper or lower limit set on the number of Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. Units may be redeemed for cash pursuant to the Redemption Procedures. Units are also transferable. Units will be issued in registered form and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates, being the definitive certificate acknowledging the number of Units registered in the name of the Holder, shall be issued at the request of the Unit Holder subject to terms herein at a nominal charge. An electronic account statement may also be provided to the Unit Holders by the Management Company in the future.

## **2.3 UNITS**

- 2.3.1 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.
- 2.3.2 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.
- 2.3.3 The details of the various classes and types of Units to be issued by the Management Company and their features are provided under Clause 5.2 below.

## **2.4 ADMINISTRATIVE ARRANGEMENTS**

- 2.4.1 The Management Company may introduce different investment plans under different administrative arrangements with HBL ISF or combination of funds with HBL-ISF as underlying fund(s) in the future with the approval of the Commission, consent of the Trustee. Any Administrative Arrangement offered over HBL-ISF shall be governed by the Rules, Regulations, Deed and this Offering Document or any supplemental Deed or supplemental Offering Document as and when offered/made available by the Management Company.
- 2.4.2 Investors of HBL-ISF may opt for an administrative arrangement over HBL-ISF at any time to attain a regular periodic income to support their liquidity requirements.
- 2.4.3 All Units issued under the administrative arrangement shall rank pari passu with units of HBL-ISF.

## **2.5 INITIAL PUBLIC OFFERING**

The Initial Public Offering shall start from commencement of banking hours on May 09, 2011 up to close of banking hours on May 10, 2011. Units with a value of Rs. 100 million (Rupees One Hundred million only) have been subscribed by the Core Investors. Please see Clause 4.9 for details of Core Investors. During the Initial Period, Units shall be offered at the Initial Price. No Units will be redeemable during the Initial Period of Offer.

## **2.6 TRANSACTIONS IN UNITS AFTER THE INITIAL PUBLIC OFFER**

After the Initial Public Offer, the public sale of Units at the Initial Offer Price shall be discontinued; the Units can then be purchased at their Offer Price and redeemed at the Redemption Price, which shall be calculated on the basis of the Net Asset Value (NAV). The Offer and Redemption Prices shall be calculated and the Units will be available for purchase and redemption on each Dealing Day/Subscription Day.

The Management Company may at some future time register the Units with a Depository organization, such as the Central Depository Company of Pakistan Limited. Any issue, redemption, transfer or transmittal of de-materialized Units registered with the Depository will take place according to the rules and regulations of the Depository organization and the constitutive documents of the Fund.

The Issue and Redemption of Units may be suspended or deferred by the Management Company under certain circumstances as detailed in Part VI (Dealing, Suspension, and Deferral of Dealing)



**PART III: INVESTMENT OBJECTIVE, INVESTMENT POLICY AND INVESTMENT RESTRICTIONS**

**3.1 INVESTMENT OBJECTIVE**

The objective of HBL Islamic Stock Fund is to achieve long term capital growth by investing mainly in Shariah Compliant equity securities.

**3.2 INVESTMENT POLICY**

3.2.1 HBL Islamic Stock Fund, in line with its Investment Objectives may be invested in the following asset classes:

- (a) Current and saving deposits with Shariah Compliant Banks and licensed Islamic Banking windows of conventional Banks, excluding TDR;
- (b) Shares/Stocks of listed companies permitted by the Shariah Advisor;
- (c) Shariah Compliant Short term Government Securities not exceeding 90 days maturity;
- (d) Investment in any Shariah Compliant equity security not listed on the Stock Exchange, where application for listing has been accepted by the stock exchange;
- (e) Shariah Compliant investments outside Pakistan, including international listed securities and foreign currency bank deposits (excluding TDR), subject to such conditions as imposed by SECP and with prior approval of SECP and SBP;
- (f) Any other securities or instruments that may be permitted by the Commission and the Shariah Advisor (s);

3.2.2 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 provisions of Constitutive Documents, and the Regulations) be directed by the Management Company.

3.2.3 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.

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

No.	Description	Maximum Exposure	Minimum Exposure	Minimum Issuer/Counterpa	Minimum Instrument Rating

				<b>rtly Rating</b>	
1	Current and saving deposits with Shariah Compliant Banks and licensed Islamic Banking windows of conventional Banks, excluding TDR	30%	-	A - (A minus)	N/A
2	Shares/Stocks of listed companies permitted by the Shariah Advisor (Note: 1)	100%	70%	N/A	N/A
3	Shariah Compliant Short term Government Securities not exceeding 90 days maturity	30%	-	N/A	N/A
4	Investment in any Shariah Compliant equity security not listed on the Stock Exchange, where application for listing has been accepted by the stock exchange	15%	-	N/A	N/A
5	Shariah Compliant investments outside Pakistan, including international listed securities and foreign currency bank deposits (excluding TDR), subject to such conditions as imposed by SECP and with prior approval of SECP and SBP	30% (subject to a cap of USD 15 mn)	-	N/A	N/A
6	Any other securities or instruments that may be permitted by the Commission and the Shariah Advisor (s)	30%	-	N/A	N/A
Note 1: Exposure in listed equity securities shall be calculated on the basis of quarterly average investment calculated on daily basis.					

### 3.3 DISPOSAL OF HARAM INCOME

3.3.1 Where some haram income accrues to the Fund, it will be donated to a charity in order to purify the Fund’s income. This will be done in accordance with the guidelines issued by the Shariah Advisor from time to time.

### 3.4 BENCHMARK

The Performance Benchmark for HBL Islamic Stock Fund shall be KMI-30 Index or any other suitable benchmark as approved by the Commission.

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### **3.5 OFFSHORE INVESTMENTS**

3.5.1 In case investments are made on behalf of the Fund in any offshore countries, the same shall be subject to the limits as may be prescribed by the State Bank of Pakistan and/or the SECP and after approval from the relevant regulatory authority.

### **3.6 INVESTMENT RESTRICTIONS**

3.6.1 The Management Company in managing the Fund shall abide by all the provisions of the Deed, the Offering Document, Regulations and any other applicable law(s).

3.6.2 The Fund Property shall be subject to such Exposure limits as are provided in the Deed, this Offering Document, the Regulations, circulars and any directive issued by the Commission from time to time (subject to any exemptions that may be specifically given to the Fund by the Commission).

3.6.3 No single broker shall account for thirty percent or more of the Fund's brokerage or commission paid in any one Financial Year.

3.6.4 No direct/indirect Exposure to Continuous Funding System;

3.6.5 Rating of any bank and DFI with which funds are placed shall not be lower than A- (A minus)

3.6.6 The Management Company on behalf of the Scheme shall not:

- a) Affect a short sale in a security whether listed or unlisted;
- b) Purchase any security in a forward contract;
- c) Invest in Bearer securities;
- d) Purchase any security on margin;
- e) Apply any part of its asset to real estate, commodities or commodity contracts (other than the securities issued by commodity companies and real estate companies);
- f) Take Exposure in any other Collective Investment Scheme except for overseas investments
- g) Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- h) 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 provided risk management parameters are disclosed in the Offering Document of the Scheme;
- i) invest in securities of the Management Company;
- j) apply for de-listing from Stock Exchange, unless it has obtained prior approval of the Commission in writing to the Scheme of de-listing;
- k) Sell Units for consideration other than cash unless permitted by the Commission.
- l) Without obtaining prior approval of the Commission merge the Scheme with another Collective Investment Scheme or take over any other Collective Investment Scheme.
- m) securities which result in assumption of unlimited liability (actual or contingent);
- n) any Investment other than Authorized Investments as defined herein

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- 3.6.7. Take Exposure to any single entity, in excess of an amount equal to 10% of the Net Asset Value of the Fund or the index weight of the security subject to a limit of 15 %, whichever is higher.
- 3.6.8. Invest more than 35 of the Net Asset Value of the Fund in securities of any one sector or index weight of the sector subject to a limit of 40% whichever is higher
- 3.6.9. In the event the Exposure in a security of the Scheme exceeds the limits specified in the Deed, the Offering Document and the Rules and Regulations, because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in Net Assets, 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. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists.

### **3.7 TRANSACTION WITH CONNECTED PERSONS**

- 3.7.1 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, or, the directors and officers of the Management Company own more than ten per cent (10%) of those securities collectively.
- 3.7.2 The Management Company on behalf of the Scheme shall not without the prior approval of its Board of Directors and the consent of Trustee in writing, purchase from, or sell to, any securities to Connected Person or employee of the Management Company.
- 3.7.3 The Management Company on behalf of the Scheme shall not take Exposure of more than 10% of Net Assets of the Scheme in listed group companies of the Management Company and such Exposure shall only be made through the secondary market.
- 3.7.4 All transaction with Connected Person carried out by the Management Company on behalf of the Scheme shall be in accordance with the provision of the Constitutive Documents, and shall be disclosed in the Scheme's annual reports.
- 3.7.5 Cash forming part of the property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits.
- 3.7.6 Money may be borrowed from the Financial Institutions provided that the charges are not higher than the normal bank charges.

### **3.8 FINANCING ARRANGEMENTS**

- 3.8.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange Islamic financing for account of the Scheme, with the approval of the Trustee, from licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks, Islamic Financial Institutions, non-banking finance companies or collective investment schemes. The Islamic financing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such Islamic financing shall not exceed fifteen per cent of the Net Asset of the Scheme at the time of Islamic Financing or such other limit as

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specified by the Commission and if subsequent to such Islamic financing, 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 Islamic financing.

- 3.8.2 The charges payable to any Bank or institution against borrowings on account of the Fund as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.
- 3.8.3 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.
- 3.8.4 For the purposes of securing any such borrowing the Trustee may upon written 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 limits provided under the Regulations.
- 3.8.5 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.
- 3.8.6 In case of redemptions requests are pending for more than the period as stipulated in the Regulations, the Management Company shall not make any investment or rollover of any investment without consent of the Trustee.

### **3.9 RISKS**

Investment process requires disciplined risk management. HBL Asset Management Limited would incorporate adequate safeguards for controlling risks in the portfolio construction process of HBL-ISF. The risk control process involves reducing risks through optimal portfolio diversification. HBL Asset Management Limited believes that this diversification would help achieve the desired level of consistency in returns.

HBL Asset Management Limited's investment team aims to identify securities following proper credit evaluation of the securities proposed to be invested in. It will be guided by the ratings of Rating Agencies such as Pakistan Credit Rating Agency or JCR-VIS Credit Rating Company Limited or any other rating agencies that may be registered with SECP from time to time or any other reputed international credit rating agencies. In case a debt instrument is not rated, necessary clearance of the Investment Committee will be obtained for such an investment.

**Performance Risk-** Performance risk is the uncertainty relating to the performance of the fund with respect to its ability to earn a return over and above Initial Investment as outlined in its investment objective. The NAV of the fund might go down. HBL Asset Management Limited presently has four mutual funds under its management. All four funds have performed reasonably well when compared to their relevant benchmarks (performance of these funds is outlined in Part IV of this Offering Document). The performance of these funds is an evidence of the fund management and risk management abilities of Management Company.

**Equity Risk** - Companies issue equities, or stocks to help finance their operations and future growth. The company's performance outlook, market activity and the larger economic picture influence the price of a stock. When the economy is expanding, the outlook for many companies will be good and the value of their stocks should rise. The opposite is also true. Usually, the greater the potential reward, the greater would be the risk. For small companies, startups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance.

**Events Risk**-There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.

**Interest Rate Risk**-A rise or decline in interest rates during the investment term may result in a change in return provided to the investors.

**Reinvestment Rate Risk** -In a declining interest rate economic environment, there is a risk that maturing fixed income securities will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding months

**Price Risk** - The Fund bears price risk because of its investments in Equities and short term Securities, which may include fixed rate securities. 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.

**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.

**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.

**Government Regulation Risk** - Government policies and the law regulate different sectors of the economy to varying extent. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows. Additionally, governmental or court orders may restrain payment of capital, principal or income.

There may be times when a portion of the investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned Category. This non compliance may be due to various reasons including adverse market conditions, liquidity constraints or investment specific issues. Investors are advised to study the latest Fund Manager Report specially portfolio composition and financial statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the

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assigned Category. The latest monthly fund manager report as per the format prescribed by Mutual Fund Association of Pakistan (MUFAP) is available on the web site of the management company and can be obtained by calling / writing to the management company.

### **3.10 DISCLAIMER**

**The Units of HBL-ISF are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by the SECP, any Government Agency, Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institution. The portfolio of HBL-ISF is subject to market risks and risks inherent in all such investments.**

**HBL-ISF's target return/ dividend range cannot be guaranteed. HBL-ISF's Unit price is neither guaranteed nor administered/ managed. It is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets and interest rates.**

## PART IV- ORGANIZATION AND MANAGEMENT

### 4.1 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. \_\_\_ billion as of October 31, 2010. HBL Asset Management Limited has been awarded a Management Quality Rating of AM3+ from JCR-VIS.

### 4.2 SHAREHOLDING STRUCTURE

Name	Paid Up Capital Number of Shares	Amount in Rupees
Habib Bank Limited	9,999,996	99,999,960
R. Zakir Mahmood	1	10
Shahid Ghaffar	1	10
Sohail Malik	1	10
Ayaz Ahmed	1	10
Total	1,000,000	100,000,000

### 4.3 PROFILE OF SPONSOR OF MANAGEMENT COMPANY- HABIB BANK LIMITED

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.

### 4.4 BOARD OF DIRECTORS AND MANAGEMENT

#### 4.4.1 BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>	<i>Other Directorships</i>
Mr. R. Zakir Mahmood	<i>Chairman</i>	i. Habib Bank Limited ii. Habib Allied International Bank Plc, U.K.



<i>Name</i>	<i>Position</i>	<i>Other Directorships</i>
		iii. Habib Finance International Ltd, Hong Kong iv. Platinum Habib Bank Plc, Nigeria v. Khushhali Bank Limited vi. First Women Bank Ltd vii. Habib Bank Financial Services (Pvt.)Ltd viii. New Jubilee Insurance Company Limited
Mr. Shahid Ghaffar	<i>Chief Executive Officer/Director</i>	i. Mutual fund Association of Pakistan
Mr. Sohail Malik	<i>Director</i>	i. Habib Bank Financial Services (Pvt)Ltd
Mr. Abid Sattar	<i>Director</i>	i. Countryside Natural Products (Pvt) Limited
Mr. Towfiq Chinoy	<i>Director</i>	i. New Jubilee Insurance Company Limited ii. Pakistan Cables Ltd. iii. International Industries Ltd. iv. BOC Pakistan Ltd. v. New Jubilee Life Insurance Limited vi. IGI Investment Bank Ltd. vii. Continental Furnishing Company Pvt. Ltd. viii. Packages Limited ix. International Steels Limited
Ms. Sadia Khan	<i>Director</i>	i. First Micro Finance Bank Ltd. ii. Kashf Foundation iii. Delta Shipping (Pvt) Limited iv. NBP Leasing Limited

## **PARTICULARS OF DIRECTORS**

### **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 Officer**

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.

#### **4.4.2 PARTICULARS OF MANAGEMENT**

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

Please refer to profile given in sub-clause 4.4.1 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. 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.

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

Ms. Sadaf Adnan holds an MBA Degree from Quaid-e-Azam University, Islamabad. She has also done her Masters in Public Administration and Post Graduate Diploma in Computer Sciences. With over a decade of diversified experience holding key positions, Ms. Sadaf has served tremendously in the area of Institutional Sales and Marketing. She started off her career in 2000 with ANZ Grindlays Bank, Rawalpindi where she managed

corporate portfolios of clients. Later she joined as the Director Operations in Lyzac Works, Lahore where she executed advertising campaigns for clientele. In a span of a year, she became the Chief Operating Officer of Eden Developers Pvt.Limited. After three years, in 2004, she became part of Dynasel Pakistan Pvt. Limited (Lahore) as Director Corporate Sales and looked after the sales of existing brands along with revamping of advertising related collateral for company's profitability. In 2007, she was inducted as Regional Sales Head Central and North in JS Global Capital Limited and JS Investments Pvt. Limited. Over there she successfully handled fund distribution units and also brought about a functional change through team building and development of business pipelines. She also brought a major turnover by raising additional capital in Mutual Funds as well as money market instruments for the Company. Prior to joining HBL Asset Management Limited, she served as the Regional Head Central and North at NAFA where she was responsible for sales activities, coaching, training and general direction to sales team members.

**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.

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### **Mr. Noman Qurban– Head of 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.

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

### **4.5.1 Establishment and Administration of the Scheme**

The Management Company shall establish, manage, operate and administer the Trust in terms of the provisions contained and stipulated in this Deed, the Offering Document, the Rules and Regulations (as amended or replaced from time to time) and the conditions, if any, which may be imposed by the Commission from time to time;

### **4.5.2 Compliance with Rules, Regulations and this Deed**

The Management Company shall comply with the provisions of the Rules, Regulations and Constitutive Document(s) 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 official 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 this Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Fund Property where such loss has been caused by its negligence, reckless or willful act and/or omission or by its officers, officials or agents.

### **4.5.3 Management of Fund Property**

The Management Company shall manage the Fund Property in the interest of the Unit Holders in good faith, to the best of its ability and without gaining any undue advantage for itself or any of its

Connected Persons and group companies or its officers, and subject to the restrictions and limitations as provided in this Deed and the Rules and Regulations. Any purchase or sale of investments made under any of the provisions of this Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of this Deed or the Rules and Regulations. The Management Company shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to elements or circumstances beyond its reasonable control.

#### **4.5.4 Appointment of Fund Manager & Constitution of Investment Committee**

The Management Company shall appoint a qualified individual as fund manager who shall be responsible for the management of not more than three Schemes or such number of schemes as allowed by the Commission from time to time and constitute an Investment Committee in accordance with the provisions of the Regulations to invest and manage assets of the Fund. The Investment Committee shall be responsible to the Chief Executive of the Management Company and the Chief Executive shall ensure that Committee functions effectively.

#### **4.5.5 Appointment of Distributors**

The Management Company under intimation to the Trustee shall from time to time appoint, remove or replace one or more Distributor(s) at its own expense for carrying out the Distribution Functions at one or more locations locally or internationally. Provided that the Management Company and its affiliates may also itself act as a Distributor for carrying on Distribution Functions.

The Management Company shall ensure, where it delegates the Distribution Function, that;

- (i) the Distributors to whom it delegates, have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the SECP and are abiding by the code of conduct prescribed by the association(s) and;
- (ii) The written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

#### **4.5.6 Appointment of Investment Facilitators**

The Management Company may, from time to time appoint Investment Facilitators to assist it in promoting sales of Units.

The Management Company shall be obliged to process payment instrument immediately on receipt of application.

#### **4.5.7 Appointment of Registrar/Transfer Agent**

The Management Company may from time to time and at its own expense and responsibility under intimation to the Trustee, appoint, remove or replace the Registrar/Transfer Agent who shall be responsible for performing Registrar Functions. Provided that the Management Company may also itself act as a Registrar/Transfer Agent for carrying on Distribution Functions.

#### **4.5.8 Record Keeping**

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices of Units 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.

#### **4.5.9 Accounts**

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, and all other 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;

The Management Company shall maintain a Register of Unit Holders of the Scheme and inform the Commission of the address where the Register is kept.

The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

#### **4.5.10 Submission of Accounts**

- a. The Management Company shall within one month of the closing of the first and third quarter and within two months of the closing of the second quarter of each Accounting Period, prepare as per Rules and Regulations and transmit (physically or through electronic means or on the web subject to SECP approval, the Management Company shall make the printed copy of the said accounts available to any unit holder, free of cost, as and when requested) to the Unit Holder(s), the Trustee and the SECP and Stock Exchange(s) (on which the Units of the Scheme are listed), whether audited or otherwise:
  - i. balance sheet as at the end of that quarter;
  - ii. income statement;
  - iii. cash flow statement;
  - iv. statement of movement in Unit Holders' fund or Net Assets or reserves; and
  - v. statement showing the securities owned at the beginning of the relevant period, securities purchased or sold during such period, and the securities held at the end of such period together with the value (at carrying and at market) and the percentage in relation to Net Assets of the Scheme and the issued capital of the person whose securities are owned for that quarter.
  
- b. The Management Company shall, within four months of closing of the Annual Accounting Period of the Scheme, transmit to the Unit Holders, the Trustee, the SECP and Stock Exchange(s) (on which the Units of the Scheme are listed) the annual report as per the requirements set out in Schedule V of the Regulations, including:
  - i. copy of the balance sheet and income statement;
  - ii. cash flow statement;
  - iii. statement of movement in Unit Holders' fund or Net Assets or reserves; and
  - iv. the Auditor's report of the Scheme
  - v. the Trustee's Report

#### **4.5.11 Appointment of Auditors**

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The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, an Auditor who shall be a chartered accountant from the list of Auditors approved by the Commission from time to time, and independent of the Auditors of the Management Company and the Trustee and such Auditors shall not be appointed for more than five consecutive years and the contents of Auditor's report shall be in accordance with the provisions of the Rules & Regulations.

#### **4.5.12 Submission of information to Trustee**

The Management Company shall be obliged to provide such information and record to the Trustee as may be necessary to the Trustee to discharge its obligations under the Rules & Regulations.

#### **4.5.13 Liabilities of the Management Company**

The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the Rules, Regulations and/or this Deed nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee or for anything except its own negligence or willful breach of duty and the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions. 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 this Deed, the Management Company shall not be under any liability therefor 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.

#### **4.5.14 Instructions to Trustee**

The Management Company shall, from time to time, advise the Trustee of the instructions relating to any transaction entered into by it on behalf of the Trust. The Management Company shall ensure that the settlement instructions are given promptly after entering into the transactions so as to facilitate the timely settlement.

#### **4.5.15 Performance of Duties as per Rules and Regulations**

The Management Company shall perform any other duties as may be required by the Commission in accordance with the Rules and Regulations.

#### **4.5.16 Protection of Unit Holders' interest**

The Management Company shall if it considers necessary request the Trustee, for protection of Fund Property or safeguarding the interest of the Unit Holders, to 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.

#### **4.5.17 Delisting of Units**



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The Management Company shall not apply for the delisting of the Units from a Stock Exchange (if applicable) unless it has obtained prior approval of the Commission in writing to such delisting.

#### **4.5.18 Rating of the Scheme**

The Management Company will be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the 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.

#### **4.5.19 Official points for acceptance of applications**

- a. The Management Company shall designate and disclose the location of its official points for acceptance of applications for issuance, redemption, conversion, etc of units in the Offering Document of the Scheme and its website. Management Company shall receive the said application only at such designated points.
- b. 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.
- c. The Management Company shall announce the Net Asset Value (NAV) of the Scheme as per Regulations or direction of SECP.
- d. 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 the Offering Document, on its web site and at designated points. Such cut-off timing shall uniformly apply on all Unit Holders.

#### **4.5.20 Roll over of Investments**

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.

#### **4.5.21 Net-off of Investments**

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.

#### **4.5.22 Appointment of Brokers**

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

### **4.6 DUTIES AND RESPONSIBILITIES OF THE TRUSTEE**

#### **THE TRUSTEE**

**Name and Registered Address:**

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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

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

**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.

**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.

**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.

#### **4.6.1 Investment of Fund Property at direction of Management Company**

The Trustee shall invest the Fund Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Document(s), the Regulations and the conditions (if any) which may be imposed by the Commission from time to time;

#### **4.6.2 Custody of Assets**

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The Trustee has the responsibility for being the nominal owner and for the custody of the assets of the Fund on behalf of the beneficial owners (the Unit Holders), within the framework of the Regulations, the Trust Deed and Offering Document issued for the Fund.

#### **4.6.3 Obligations under Regulations and Constitutive Document**

The Trustee shall perform all the obligations imposed on it under the Regulations, this Deed and the Offering Document and discharge all its duties in accordance with the Rules, Regulations, this Trust Deed and the Offering Document.

#### **4.6.4 Nomination of Attorney**

The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company and the same would be intimated to the Management Company.

#### **4.6.5 Appointment of Sub-Custodian**

The Trustee, under intimation to the Management Company, may appoint, remove and replace from time to time one or more Bank(s) and/or other depository company(ies), to act as the Custodian(s) with authority to appoint sub-custodian(s) for holding and protecting the Fund Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s) and/or in sub-custodial services agreement(s) to be executed between the Custodian(s) and the sub-custodian(s) with the approval of the Trustee. Provided however, the Trustee may also itself provide custodial services for the Trust, under intimation to the Management Company, at competitive terms as part of its normal line of business.

#### **4.6.6 Compliance with this Deed**

The Trustee shall comply with the provisions of this Deed, Rules and 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 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 acts or omissions of the Trustee or any of its attorney (ies), or agents.

#### **4.6.7 Protection of Unit Holders' interest**

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 suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the provisions of this Deed or the Regulations. Whenever pursuant to any provision of this 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:

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- (a) A document signed or purporting to have been signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept.
  - (b) Any instruction received online through the software solution adopted by the Management Company or the Trustee for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee or the Management Company as the case may be.
  - (c) Third party evidence where required such as broker contract, bills, etc., in relation to (a) and (b) the above to be routed through Management Company.

#### **4.6.8 Actions to protect Unit Holders' interest**

The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Fund 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 directors and officers. 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 negligence or breach of its duties in connection with the Trust under this Deed or the Rules, Regulations. For the avoidance of doubt, it is clarified that notwithstanding anything contained in the Constitutive Documents, 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, not arising from negligence by the Trustee and/or the AMC, 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 Trust.

#### **4.6.9 Carrying out instructions of the Management Company**

The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property unless such instructions are in conflict with the provisions of this Deed and/or the Offering Document(s) or the Regulations and/or any other applicable law.

#### **4.6.10 Availability of information to Management Company**

The Trustee shall make available or ensure that there is made available to the Management Company such information and/ or reports as the Management Company may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Fund. The Trustee shall arrange to make available to the Management Company, bank statements of all the Bank Accounts being operated by the Trustee for the Fund.

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 Regulatory requirements

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#### **4.6.11 Trustee's Report to the Unit Holders**

The Trustee shall report to the Unit Holders in accordance with the Regulations, including a report to be included in the annual and second quarter report as to whether in its opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of the Regulations, this Deed and the Offering Document and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

#### **4.6.12 Entitlement to require the Auditors to provide reports**

The Trustee shall be entitled to require the Auditors to provide such reports as may be required by the Trustee under Rules and Regulations 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. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

#### **4.6.13 Liabilities of the Trustee**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and/or this Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Deposited Property. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Trustee shall not be under any liability therefor 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. The Trustee shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

#### **4.6.14 Notices , Reports, etc.**

The Trustee shall forward to the Management Company within two Business Days any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profit, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or any other exchange or any other party having any connection with the transaction. The Trustee shall promptly act on any instruction of the Management Company in all such matters. Provided such instructions are not in conflict with the provisions of this Deed, the Offering Document, the Regulations or any other applicable laws, rules and regulations in force.

#### **4.6.15 Other Responsibilities of the Trustee**

- a. The Trustee shall ensure that the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with the provisions of this Deed, the Offering Document and supplemental thereto and the Rules & Regulations

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- b. 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 regulatory requirements
  - c. The Trustee shall ensure that the Management Company has specified the criteria in writing to provide for a diverse panel of Brokers at the time of offering of the Scheme and shall also ensure that the Management Company has been diligent in appointing the Brokers to avoid undue concentration with any Broker.
  - d. The Trustee shall ensure that the investment and borrowing limitations set out under this Deed, the Offering Document and the Regulations and the conditions under which the Scheme was registered are complied with.
  - e. The Trustee shall ensure that the conditions under which the Scheme has been registered are complied with.
  - f. The Trustee shall immediately inform the Commission if any action of the Management Company contravenes the Ordinance, the Rules, the Regulations, the Constitutive Documents, guidelines, circulars, codes, directives or any other applicable laws.
  - g. The Trustee shall comply with the directions of the Commission given in the interest of the Unit Holder(s).
  - h. The Trustee shall not invest in Units of the Scheme.

#### **4.7 SHARIAH ADVISOR AND SHARIAH TECHNICAL SERVICES AND SUPPORT PROVIDER**

- 4.7.1 The Management Company has appointed Mufti Yahya Asim and Mufti Ejaz Ahmed Samdani as the Shariah Advisors of the Fund. The Management Company has appointed Habib Bank Limited to provide Shariah Technical Services and Support to the Scheme.
- 4.7.2 The Shariah Advisor vide its letter has certified that the Trust Deed is compliant with the requirements of Shariah.
- 4.7.3 The Management Company may, with prior notice to the Trustee, terminate its agreement with the Shariah Advisor(s) and appoint a new Shariah Advisor to the Fund under intimation to the Commission and the Trustee.
- 4.7.4 The Shariah Advisor shall advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with Shariah including the guidelines as may be specified by the SECP under the NBFC Regulations. Any verdict issued by the Shariah Advisor in respect of any Shariah related matter would be final and acceptable by the Trustee subject to Part XVI of this Offering Document, the Management Company, the Unit Holders and other parties related with the matter.

##### **4.7.5 Duties and responsibilities of shariah advisor**

- a. The responsibilities of Shariah Advisor include but are not limited to the following:

- i. The Shariah Advisor shall provide guidance on Shariah aspects of any issues involving the day to day operations of the Scheme;
  - ii. The Shariah Advisor shall decide and/or approve the Shariah related matters pertaining to legal documents of the Scheme;
  - iii. The Shariah Advisor shall decide the screening criteria for Shariah Compliant securities/investments;
  - iv. The Shariah Advisor shall decide the methodology for calculation of ‘Haram income’ and its disposal;
  - v. The Shariah Advisor shall approve new financial products that are relevant to the Scheme; and
  - vi. The Shariah Advisor shall determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and will recommend to the Management Company the criteria for selecting the Charities to whom such sums shall be donated, subject to the condition that such charity organization is not related to the Shariah Adviser, Management Company or any of their employees.
- b. The Shariah Advisor shall provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust into a Shariah Compliant Investment.
- c. The Shariah Advisor shall conduct periodic review of the Scheme to check its compliance with the Shariah guidelines and shall issue an annual certificate/report to be included in the annual report of the Scheme in respect of the Shariah compliance of the preceding year’s operations of the Fund. Cost of any special investigations conducted by the Shariah Advisor would be borne by the Management Company.

#### **4.7.6 Duties and responsibilities of Shariah Technical Services and Support provider**

The services to be rendered by the Shariah Technical Services and Support provider include but are not limited to following:

- i. It will from time to time identify and recommend a suitable person with the right qualification (including regulatory requirements, if any) and experience who will be appointed by the Management Company as Shariah Advisor of the Scheme.
- ii. It will assist the Management Company in development of the Scheme. The assistance involves services related to conceptualization, structuring, documentation etc. of the Scheme.
- iii. It will assist the Management Company in developing operational procedures in relation to the Scheme.
- iv. It will carry out research on market / industry and on the criteria followed by Islamic investment schemes / unit trusts all over the world.
- v. It may conduct reviews of the Scheme to check implementation of operational procedures in relation to Shariah compliance of the Scheme.

#### 4.8 SHARIAH COMPLIANCE AUDITOR

- 4.8.1 The Auditor of the Unit Trust may also act as Shariah Compliance Auditor, and may complete Shariah Compliance Audit of the Trust for each Accounting Period within four (4) months from the relevant Accounting Date, and will issue a Shariah Compliance Audit report simultaneous to audit report on financial statements for the above Accounting Period, so as to enable the Management Company to prepare and circulate the annual report to the Unit Holders, the SECP and the Stock Exchanges.
- 4.8.2 The Shariah Compliance Auditor shall have experience and requisite knowledge of conducting Shariah Compliance Audits and shall have laid down systems and programs to carry out such audit. The Management Company shall, in consultation with the Shariah Advisor, determine the competence of the Auditors in this regard.
- 4.8.3 Subject to the Rules, the Shariah Compliance Auditor would verify the following aspects of the unit Trust activities:
- i. Necessary approvals have been obtained from the Shariah Advisor, as the case may be and/or guidelines issued by Shariah Advisor have been complied with in respect of transactions involving Shariah related matters.
  - ii. Documentation contains all necessary information to make it Shariah compliant.
  - iii. No misuse of Trust funds has been committed.
  - iv. Trust funds were placed for investment under Shariah compliant avenues as advised and approved by the Shariah Advisor.
  - v. Costs charged to Trust funds were in accordance with the Shariah permissions and terms of the Trust Deed.
  - vi. Share of the Mudarib in profits from Investments are in accordance with the agreed rates.
  - vii. Distributions for the Unit Holders are in accordance with the terms agreed upon.
  - viii. Any other point affecting the Shariah compliance.
  - ix. The Shariah Compliance Auditor will base his audit on tests usually applied in practice.
  - x. Disclosure shall be made in the notes to the financial accounts, of earnings prohibited by Shariah, if any, and how those amounts are disposed of.
  - xi. Disclosure shall be made of whether the Zakat payment is the responsibility of the Fund or the responsibility of Unit Holders. The Fund shall also disclose the Zakat due for each share/Unit.

#### 4.9 CORE INVESTORS

The details of the Core Investor(s) of the HBL Islamic Stock Fund are stated below:

Name	No. of Units	Rupees
<b>Restricted</b>		
Habib Bank Limited	500,000	50,000,000
<b>Unrestricted</b>		
Habib Bank Limited	2,000,000	200,00,000
<b>Total</b>	<b>2,500,000</b>	<b>250,000,000</b>



The above core investors have subscribed a sum of Rs. 250 million towards the purchase of 2,500,000 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.

#### **4.10 REGISTRAR/TRANSFER AGENT**

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.

#### **4.11 CUSTODIAN**

4.11.1 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.

4.11.2 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.

#### **4.12 AUDITORS**

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

#### **4.13 LEGAL ADVISORS**

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

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#### **4.14 DISTRIBUTORS AND INVESTMENT FACILITATORS/ OFFICIAL POINTS FOR ACCEPTANCE OF APPLICATIONS**

- 4.14.1 HBL-ISF will be distributed through various branches of Habib Bank Limited, various Distribution Companies and their branches authorised for this purpose by the Management Company, including the main office of the Management Company. A list of the various locations for acceptance of applications for issuance, redemptions, conversion etc is given in Annexure ‘C’ and on the website of the Management Company ([www.hblasset.com](http://www.hblasset.com)). The list of the designated locations mentioned in Annexure ‘C’ is based on the current addresses of the designated Habib Bank Limited branches, Distribution Companies and their authorised branches which can be changed due to relocation of offices or addition or deletion of Distribution Companies and their branches. Accordingly any addition and/or deletion in the various locations for acceptance of applications for issuance, redemptions, conversions etc. will be notified from time to time at the Management Company’s website [www.hblasset.com](http://www.hblasset.com).
- 4.14.2 The Management Company may from time to time under intimation to the Trustee, appoint additional Distributors or terminate the arrangement with any Distributor.
- 4.14.3 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.
- 4.14.4 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.

#### **4.15 BANK ACCOUNTS**

- 4.15.1 The Management Company would perform all banking activities through the Trustee of the Scheme as per requirements of the Trust Deed, the Rules and the Regulations. The minimum rating of the banks where bank accounts will be maintained shall be A- (A minus) as defined in rules, regulations and circulars issued by SECP from time to time.
- 4.15.2 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.
- 4.15.3 The Trustee, at the request of the Management Company, shall open Bank Accounts titled **“CDC -Trustee HBL Islamic Stock Fund”** at designated licensed Islamic Banks and licensed Islamic Banking windows of conventional Bank(s) in Pakistan and outside Pakistan, with rating as per Rules, Regulations and directives issued by the Commission after obtaining all necessary approvals from the relevant regulatory authorities..

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- 4.15.4 The Management Company may also require the Trustee to open Bank Accounts as Distribution Account for dividend distribution out of the Fund.
- 4.15.5 The Trustee shall, if requested by the Management Company open Bank Accounts titled "**CDC – Trustee HBL Islamic Stock Fund**" in offshore countries where the Investments are made on account of the Fund, if 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 if required 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.
- 4.15.6 For the purpose of making investments in offshore countries and for opening, maintaining and operating accounts mentioned in clause 4.15.3, the Management Company may in consultation with the Trustee retain the services of legal, financial and other advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee.
- 4.15.7 All income, markup, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the existing Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 4.15.8 Notwithstanding anything in this Deed the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the Fund.

#### **4.15.9 Investment of Seed Capital and Pre-IPO amounts**

The amounts received from the Core Investors, Pre-IPO Investors and IPO Investors would be deposited in a Bank Account (s) titled "**CDC – Trustee HBL Islamic Stock Fund**". The Management Company may deposit/ invest this amount in Bank Account of an A- (A minus) Scheduled Islamic Commercial Bank or Islamic window of an A- (A minus) Scheduled Commercial Bank.

The Management Company will issue additional Units to the Core Investors, Pre-IPO Investors and IPO investors at the Initial Price for an amount equivalent to the income etc earned on their investments up to the close of the Initial Period after deducting all expenses that may be incurred by the Management Company.

#### 4.16 DETAILS OF THE PERFORMANCE OF THE FUNDS UNDER THE MANAGEMENT OF THE HBL ASSET MANAGEMENT COMPANY

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

Date of Launch: March 15, 2007

Listing: Lahore Stock Exchange (LSE)

Par Value: Rs. 100

Net Assets (Sep 30, 2010)	1.575 billion	
NAV (Sep 30, 2010)	100.05	
Stability Rating	A (f) JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Sep 30, 2010	13.05%	2.31% (annualized 9.16%)
Year Ending June 30, 2010	13.28%	9.58%
Year Ending June 30, 2009	4.03%	10.23%
Year Ending June 30, 2008	9.28%	9.19%
Year Ending June 30, 2007	9.58%	9.30%
Average annual return as on Sep 30, 2010 (since launch)	9.84%	9.49% (based on annualized return)

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

Date of Launch: August 29, 2007

Listing: Lahore Stock Exchange (LSE)

Par Value: Rs.100

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

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

Date of Launch: December 14, 2007

Listing: Lahore Stock Exchange (LSE)

Par Value: Rs.100

Net Assets (Sep 30, 2010)	345.57 million	
NAV (Sep 30, 2010)	81.78	
Rating	1 year performance ranking: MFR 4 Star JCR-VIS 2 years performance ranking: MFR 5 Star JCR-VIS	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>

Period July 1 to Sep 30, 2010	1.67%	None
Year Ending June 30, 2010	19.17%	19.77%
Year Ending June 30, 2009	-16.79%	None
Year Ending June 30, 2008	-5.08%	7.45%
Average annual return as on Sep 30, 2009 (since launch)	-0.26%	13.61%

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

Date of Launch: July 12, 2010

Listing: Lahore Stock Exchange (LSE)

Par Value: Rs.100

Net Assets (Sep 30, 2010)	780 million	
NAV (Sep 30, 2010)	102.2806	
Rating	AA+ (f) JCRVIS & Co.	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Sep 30, 2010	10.68%	10.53% (annualized return)
Average annual return as on Sep 30, 2009 (since launch)	10.68%	10.53%

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

<b>Habib Bank Limited</b>					
(in millions)	Dec-09	Dec-08	Dec-07	Dec-06	Dec-05
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>					
(in millions)	Dec-09	Dec-08	Dec-07	Dec-06	Dec-05
<b>Profit after Tax</b>	656	(267)	588	842	556
Total Assets	6,420	5,425	5,933	4,377	2,785
Total Equity	2,621	2,061	2,412	2,034	1,193
Cash Dividend per share (%)	30%	15%	30%	20%	15%
Stock Dividend per share (%)	20%	-	20%	25%	20%
<b>Pakistan Cables</b>					
(in millions)	Jun-10	Jun-09	Jun-08	Jun-07	Jun-06
Profit after Tax	46	64	65	194	173
Total Assets	3641	3,008	3,346	2,979	2,718
Total Equity	681	718	651	603	456
Cash Dividend per share (%)	15%	22.5%	-	37.5%	25%
Stock Dividend per share (%)	-	-	10%	33.33%	75%
<b>BOC Pakistan</b>					
(in millions)	Dec-09	Dec-08	Dec-07	Dec-06	Dec-05

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>					
(in millions)	<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>					
(in millions)	<b>Jun-10</b>	<b>Jun-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>
Profit after Tax	(199)	(375)	(6)	(39)	31
Total Assets	8261	6,549	9,831	6,649	5,293
Total Equity	1670	1,869	2,244	1,068	645
Cash Dividend per share (%)		-	-	-	-
Stock Dividend per share (%)		-	-	-	10%
<b>Packages</b>					
(in millions)	<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>					
(in millions)	<b>Jun-10</b>	<b>Jun-09</b>	<b>Jun-08</b>	<b>Jun-07</b>	<b>Jun-06</b>
Profit after Tax	1026	375	705	613	534
Total Assets	18758	11,179	10,626	8,600	5,247
Total Equity	3324	2,660	2,398	1,827	1,471
Cash Dividend per share (%)	25%	22.5%	25%	37.5%	50%
Stock Dividend per share (%)	-	-	30%	33%	33%

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## **PART V: PRINCIPAL FEATURES**

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

### **5.1 MINIMUM AMOUNT OF INVESTMENT**

The fund is divided into Units having an initial offer price (par value) of Rs. 100 (Rupees One Hundred) each. This price is applicable to core investors, pre-IPO investors and during the initial public offering (IPO). Thereafter the Units will be issued at the offer price pursuant to Clause 5.5.1 of this offering document.

Units can be bought with an initial investment of Rs, 5,000 and any addition to the existing Units could be made by Rs 1,000 and above.<sup>1</sup>

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

**5.2.1** 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. In case of any distribution, Class R Unit Holders shall be entitled to receive bonus units only.

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

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

3. Class B Units

Class B Units shall be offered and issued after the expiry of the Initial Public Offer (IPO) with Front-end Load and Back-end Load as specified in Annexure A. In case of any distribution, Class B Unit Holders shall be entitled to receive bonus units only. .

4. Class C Units

Class "C" units, shall be offered and issued after the Initial Public Offer (IPO) with Front-end Load and Back-end Load as specified in Annexure A. In case of any distribution, Class C Unit Holders shall be entitled to receive cash dividend only.

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<sup>1</sup> Amended through 1<sup>st</sup> Supplement in the Offering Document dated 8<sup>th</sup> May, 2017



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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.

- 5.2.2** In case of Class “B” and Class “C” units, the front end load, back end load or both and in case of Class “A” units, the back end load may be charged by the Management Company, across any particular Class of units at its own discretion within the maximum limit of five percent (5%) of NAV, as specified in Annexure “A” of this Offering Document.
- 5.2.3** 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.
- 5.2.4** Except for the Restricted Core Units, all the Units can be redeemed after the Initial Public Offer.
- 5.2.5** 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.
- 5.2.6** 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 “A”** to this Offering Document.
- 5.2.7 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.

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**As a result of operation of first option, the capital invested may deplete in case sufficient returns are not earned to cover the amount required by the Unit Holder.**

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

### **5.3 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) Cumulative Front-end Load and Back-end Load on a particular Unit would not exceed 5% of the Net Assets Value of the Unit. 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.

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

- 5.4.1** The valuation and pricing of the Fund property will be in accordance with the prescribed Rules, Regulations, Circulars, Directives issued by SECP from time to time..
- 5.4.2** 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 dealing/subscription days as per the directions of SECP from time to time, on its own website (i.e. [www.hblasset.com](http://www.hblasset.com)) as well as submit the same to MUFAP for hosting on its website.
- 5.4.3** For the current level of front-end and back-end load, please refer Annexure 'A' to this Offering Document.

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## **5.5 DETERMINATION OF PURCHASE(OFFER) PRICE**

**5.5.1** Units offered and issued to the Core Investors and Pre-IPO Investors will be at the Par Value of Rs. 100. However, Front-End Load shall not be charged to the Core Investors and Pre-IPO Investors.

**5.5.2** Units offered during the Initial Period of Offer shall be issued at Initial Price.

**5.5.3** After the Initial Offer, the Offer Price for the Unit Holder shall be determined from time to time pursuant to the Clause 5.5.4 hereafter and shall be calculated and announced by the Management Company on every Dealing Day latest by 1830 PST or any other time as specified by the Commission.

**5.5.4** The Purchase (Offer) Price shall be equal to the sum of:

- (a) The Net Asset Value as of the close of the Dealing Day (Forward pricing);
- (b) Any Front-end Load;
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges in accordance with regulations; and
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

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.

**5.5.5** Unit Purchase requests, complete in all respects received during the Business Hours and within Cut off time, shall be priced at the Purchase (Offer) Price so determined at the close of the Dealing Day when funds from the purchase payments are realized or subsequent Dealing Day if the day is not a Dealing Day.

**5.5.6** The investment application form 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. The applicant must obtain an acknowledgment of the application signed, time stamped and dated by an authorized officer of the Distributor/Management Company acknowledging the receipt of the application. Any investment application Form received after Cut off Time will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing Day the Investment application Form would be transferred to the next Dealing Day.

**5.5.7** In the event payment has been accepted by cheque, the payment will be deemed to be completed on the date the cheque is realized. However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on cheques, and in the event a cheque is returned unpaid, the Management Company may instruct the Registrar to cancel the Units so allocated at the then prevailing Redemption Price but not exceeding the Redemption Price fixed on the day the Units were allocated. In the event the Management Company instructs the Registrar to cancel the Units, the investor may be prosecuted for recovery of the shortfall in the issue and Redemption Price and /or other punitive action for presenting a cheque that is returned unpaid

- 5.5.8** In the event that the amount paid as provision for payment of Duties and Charges pursuant to 5.5.4 (c) 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 such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Fund Property).
- 5.5.9** In the event that the amount paid as provision for payment of Duties and Charges pursuant to 5.5.4 (c) exceeds the relevant amount of Duties and Charges, the Registrar shall issue additional Units or fractions thereof to the Unit Holders based on the price applicable to the Units issued against the relevant application
- 5.5.10** The Purchase (Offer) Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and make it available at its website.

## **5.6 PURCHASE PROCEDURE- ISSUE OF UNITS**

- 5.6.1** 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 5.6.2 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.

### **5.6.2 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.

**5.6.2.1** 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.

**5.6.2.2** 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.

**5.6.2.3** 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.

**5.6.2.4** 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.

**5.6.2.5** 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.

**5.6.2.6** 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.

**5.6.2.7** 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

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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.

**5.6.2.8** 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 realised and cleared by the Fund's Bank.

**5.6.2.9** The applicant must obtain a receipt duly signed and stamped by an authorised official confirming the receipt of the Application from the Authorized Branch of the relevant Distribution Office, where application for purchase of units was submitted.

**5.6.2.10** 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.

**5.6.2.11** 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.

### **5.6.3 Joint Application**

**5.6.3.1** 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.

**5.6.3.2** 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.

**5.6.3.3** 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.

### **5.6.4 Purchase of Units**

**5.6.4.1** 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.hblasasset.com). Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 5.5.4 of this Offering Document.

**5.6.4.2** 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 Islamic Stock Fund**
- Online transfer to Bank Account(s) of **CDC-Trustee HBL Islamic Stock Fund**

**5.6.4.3** 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.

**5.6.4.4** 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 Islamic Stock Fund**” maintained with the designated banks and their branches.

## **5.7 DETERMINATION OF REPURCHASE (REDEMPTION) PRICE**

**5.7.1** During the Initial Offer Period the Units shall not be redeemed.

**5.7.2** After the Initial Offer the Redemption Price shall be equal to the Net Asset Value as of the close of the Dealing Day to be announced on daily basis by 1830 PST, less:

- (a) Any Back-end Load as per Annexure A in the Offering Document but not exceeding five percent of the Net Asset Value, and;
- (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges in accordance with the Regulations; and
- (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;

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

**5.7.3** The Repurchase (Redemption) Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the Business Hours and within Cut off Time(as announced by the Management Company from time to time) on the Dealing Day on which a correctly and properly filled redemption application is received.

**5.7.4** 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, time stamped and dated by an authorized officer of the Distributor/Management Company acknowledging the receipt of the

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form and the Certificates, if any. Any Redemption Forms received after Business Hours will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing Day the Redemption form would be transferred to next Dealing Day.

**5.7.5** The payment of the redemption amount may be made by virtue of a transfer to the Unit Holder's (the first named joint holder, if jointly held) designated banker or by cross cheque payable to the Unit Holder.

**5.7.6** In the event that the amount paid as provision for payment of Duties and Charges 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 such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Fund Property).

**5.7.7** In the event that the provision for payment of Duties and Charges exceeds the relevant amount of Duties and Charges, the excess amount will form part of Fund Property.

**5.7.8** The Redemption Price determined by the Management Company shall be made available to the public at the office of the Management Company, and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and make it available at its website.

**5.7.9** The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.

## **5.8 REDEMPTION OF UNITS**

### **5.8.1 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.

### **5.8.2 Redemption Application Procedure**

- a) 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:
- b) 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 Dealing/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.



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- c) 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 or the Management Company.
  - d) 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.
  - e) 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.
  - f) Redemption of Fund Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this please refer to Clause 6.2 and Clause 6.3 below.
  - g) 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.

### **5.8.3 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.

### **5.8.4 Payment of Redemption Proceeds**

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

- d) 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
- e) No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.

### **5.8.5 Redemption of Units**

**5.8.6** The Trustee shall at any time, on the instructions of the Management Company, authorize redemption of Units out of the Fund Property.

**5.8.7** An application for Redemption of Units shall be made by completing the prescribed Redemption Form and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also be supplied to the Registrar, if so required by the Management Company. The Management Company may make arrangements to accept redemption requests through electronic means upon satisfaction of the Trustee. The Management Company shall not redeem part of the Units comprised in a Certificate. Units in a Certificate can only be redeemed after surrendering the Certificate. In case of partial redemption, Units requested for redemption will be redeemed after surrendering of Certificate and a new Certificate for balance units may be issued. In the case where Certificate is not issued any number of Units can be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate. In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the Investor Account Opening Form.

**5.8.8** The Trustee may at its discretion dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.

**5.8.9** The Management Company shall announce the Offer and Redemption Price on a daily basis on all Dealing Days latest by 1830 PST. The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company under the terms of this Offering Document. However, if the event in Clause 6.3 or Clause 6.4 hereunder comes into application, the redemption value shall be determined in accordance with the procedure laid out in these clauses.

**5.8.10** The amount payable on redemption shall be paid to the Unit Holders or first named joint Unit Holder by dispatching a cheque/ bank draft for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder by transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form within six Business Days from the date of presentation of the duly completed redemption application, electronic or otherwise, at the Authorized Branch or office of the Distributor or Registrar.

- 5.8.11** The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities or Credit Card facilities, upon satisfaction of the Trustee. The official redemption and issue locations shall be disclosed in the Offering Document and /or website of Management Company.
- 5.8.12** The receipt of the Unit Holders for any moneys payable in respect of the Units shall be a good discharge to the Trustee and the Management Company and in case of joint Unit Holders any one of them may give effectual receipt for any such moneys.
- 5.8.13** Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Business Days. Where redemption requests on any one Business Day exceed ten (10) percent of the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the Clause 6.3.
- 5.8.14** The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions the Unit Holder's user ID and password will authenticate his identity.
- 5.8.15** A redemption request shall deem to have been made in accordance with the provisions of the Offering Document if such documents prescribe automatic redemption under certain circumstances.
- 5.8.16** Where lien/ pledge/ charge is recorded in the Register, the Management Company and Trustee may concur to make payment to the pledgee, if a request is received from the pledgee or through an order of a competent court and on receipt of such indemnification as Management Company or Trustee may require.
- 5.8.17** The valuation and pricing of the Fund Property will be in accordance with the Regulations and as specified in this Trust Deed or Offering Document of the Scheme. In respect of investments held in foreign currencies, the same will be translated in Pakistan Rupees using, the closing buying spot rates declared by State Bank of Pakistan and any change thereof shall be disclosed in financial statements of the Scheme.
- 5.8.18** The Management Company shall ensure that no entry and exit from the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than the following manners, unless permitted otherwise by the Commission under the Regulations:
- (a) cash settled transaction based on the formal issuance and redemption requests.
  - (b) net off issuance and redemption transaction at same Net Asset Value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any).

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## **5.9 PROCEDURE FOR TRANSFER OF UNITS**

### **5.9.1 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.

### **5.9.2 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

### **5.9.3 VERIFICATION OF THE TRANSFER APPLICATION FORM**

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

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

### **5.10.1 Who Can Apply?**

All existing Unit Holders or those who have purchased Fund Units as per Clause 5.6 above are eligible to apply for pledge / lien / charge of Units if they so desire.

**5.10.2** 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 Pledgor.

**5.10.3** 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.

**5.10.4** 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.

**5.10.5** 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.

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

### **5.11.1 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.

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

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

**5.11.2.2** 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

**5.11.2.3** The Unit Holder can also issue the following instructions:

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

**5.11.2.4** 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.

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**5.11.2.5** 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.

**5.11.2.6** 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.

### **5.11.3 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.

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## **PART VI: DEALING, SUSPENSION AND DEFERRAL OF DEALING**

### **6.1 CHANGE IN THE METHOD OF DEALING**

- 6.1.1 Under the circumstances mentioned in Clause 6.2, Subject to compliance with Regulation (having regard to the interests of unit holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.
- 6.1.2 A permanent change in the method of dealing shall be made after expiry of one month's notice to Unit Holders and with the approval of Trustee and the Commission.

### **6.2 SUSPENSION OF ISSUE OR REDEMPTION OF UNITS**

- 6.2.1 **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.
- 6.2.2 The Management Company may also suspend the issue of Units in exceptional/extraordinary circumstances at any time for an indefinite period as provided in 6.2.7 below.
- 6.2.3 Suspension of Issue of Units may however not affect existing subscribers, the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced.
- 6.2.4 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 any one of the newspapers in which the Fund's prices are normally published.
- 6.2.5 Suspensions of Issuance of Units shall end on the day following the first Business Day on which the conditions giving rise to the suspension shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension is authorized under the Deed exists. In case of end of suspension, the Management Company shall immediately notify the Commission and the Trustee and publish the same in news paper in which prices of the Fund are normally published.
- 6.2.6 **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.

**6.2.7 Suspension or deferral of redemption of Units:** The redemption of Units may be suspended or deferred during exceptional circumstances, after having regard to the interests of Unit Holder and with prior approval of Board of Directors of Management Company. In such a case, the Management Company shall immediately notify the Commission and Trustee and it shall also publish a notice in this regard immediately following such decision in the newspaper in which the Scheme’s Offer and Redemption Prices are normally published. The exceptional circumstances may include:

- (a) 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;
- (b) the existence of a state of affairs or force majeure 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;
- (c) Any breakdown in the means of communication normally employed in determining the price of any Investment or the current price thereof on any Stock Exchange or when for any reason the price of any such Investment cannot be promptly and accurately ascertained;
- (d) Any period when remittance of money which will or may be involved in the realization of such Investment or in the payment for such Investment cannot in the opinion of the Management Company be carried out in reasonable time;
- (e) If the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value;
- (f) Any period when the Stock Exchange on which any of the Investment for the time being is listed or dealt in is closed or when dealings in such Investment are restricted or suspended;
- (g) Extraordinary circumstances including closure of one or more Banks, in which the Fund’s Bank Accounts are maintained.



- 6.2.8 Suspension of Redemption of Units shall end on the day following the first Business Day on which the conditions giving rise to the suspension shall, in the opinion of the Management Company, have ceased to exist and no other condition, under which suspension is authorized under the Deed, exists. In case end of suspension, the Management Company shall immediately notify the Commission and the Trustee and publish the same daily news paper in which the Fund's prices are normally published.
- 6.2.9 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.

### **6.3 QUEUE SYSTEM**

- 6.3.1 In the event redemption requests on any Dealing Day exceed ten (10%) percent of the Units outstanding, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten (10) percent of the Units outstanding.
- 6.3.2 The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action.
- 6.3.3 The requests in excess of the ten (10) percent shall be treated as redemption requests qualifying for being processed on the next Dealing Day at the price to be determined for such redemption requests.
- 6.3.4 If the carried over requests and the fresh requests received on the next Dealing Day still exceed ten (10) percent of the Units outstanding, 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 (10) percent of the Units then outstanding.

### **6.4 WINDING UP IN VIEW OF MAJOR REDEMPTIONS**

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund, as per the 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.

### **6.5 WINDING UP OF THE TRUST**

- 6.5.1 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

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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 Trust be wound up.

- 6.5.2 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.
- 6.5.3 The Trust may also be terminated by the Commission on the grounds given in the Rules and Regulations
- 6.5.4 This Deed may be terminated in accordance with the conditions specified in the Rules and Regulations. If there is a material breach of the provisions of this Trust Deed or other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust.
- 6.5.5 Upon the Trust being terminated the Management Company shall suspend the Sale and Redemption of Units forthwith and proceed to sell all the Investments then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing affected by Trust together with any markup or profit remaining unpaid. Provided however, if there is a shortfall, neither the Management Company nor the Trustee shall be liable for the same.
- 6.5.6 The Trustee on the recommendation 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 payments as mentioned in clause 6.5.5 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands,

## **6.6 PURCHASE (OFFER) AND REPURCHASE (REDEMPTION) OF UNITS OUTSIDE PAKISTAN**

- 6.6.1 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 person(s) not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the 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. However the addition would be disclosed to the Unit Holders through website and to the Trustee in writing.
- 6.6.2 In the event that the Repurchase 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

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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. Provided however, neither the Management Company, nor the Trustee give any assurance or make any representation that remittance would be allowed by the State Bank of Pakistan at the relevant time. However the addition would be disclosed to the Unit Holders through website and to the Trustee in writing.

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

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## **PART VII: DISTRIBUTION POLICY**

### **7.1 DIVIDEND DISTRIBUTION**

- 7.1.1 The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the Unit Holders, not less than ninety percent of the accounting income of the Collective Investment Scheme received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Collective Investment Scheme.
- 7.1.2 The entire amount available for distribution may be distributed as cash dividend, bonus, partially cash/bonus or in any other form acceptable to the Commission that may qualify under the tax laws. The Fund will comply with regulatory and taxation requirement and the distribution policy may be amended accordingly.

### **7.2 DISTRIBUTION POLICY AND DATE OF DISTRIBUTION**

- 7.2.1 The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date whether to distribute among Unit Holders, profits, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit.
- 7.2.2 The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditors and shall be the sum total of:
- a. The total income earned on the Fund Property during such Accounting Period including all amounts received in respect of mark-up, profit and fee
  - b. Whole or part of the net realized appreciation.
  - c. From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine in consultation with the Auditors.
  - d. Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity in accordance with the decision of the Shariah Advisor
- 7.2.3 The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditors 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 Fund 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 after consulting the Auditors to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account.
- 7.2.4 The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting all such expenses and costs as mentioned in Part VIII.

- 7.2.5 The income qualifying for distribution in respect of the relevant period may be adjusted as under:
- a. deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, profit or mark-up;
  - b. adjustment if considered necessary by the Management Company to reflect the diminution in value of Fund Property in consultation with the Trustee.
  - c. addition of a sum representing amounts included in the price of Units for income accrued upto to the date of issue and deduction of a sum representing income distributed upon redemption of Units during the relevant period.
- 7.2.6 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 month / Accounting Period.

### **7.3 CASH DIVIDEND**

- 7.3.1 In case of cash dividend, for each profit distribution the Management Company may instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of the Deed be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided. However, any amount standing to the credit of the Distribution Account being profit would be treated as Fund Property and would be transferred to the Fund's Bank Account.
- 7.3.2 After the fixation of the rate of distribution per Unit, distribution payments shall be made by the Trustee through transfer to the Unit Holders' designated bank accounts as mentioned in the Investor Account Opening Form to be prescribed in the Offering Document or through any other mode(s) of payment and such payment shall be subject to the Regulations.
- 7.3.3 Before making any distribution payment (such as bonus units, cash dividend etc.) in respect of a Unit the Trustee or the Management Company may 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 Holders the certificate/ advice in respect of such deductions in the prescribed form or in a form approved by the concerned authorities.
- 7.3.4 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.

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#### **7.4 BONUS UNITS**

- 7.4.1 The Management Company shall give the Unit Holders the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option and no load shall be charged.
- 7.4.2 In case of distribution in the form of bonus Units on each distribution date the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same.
- 7.4.3 After the fixation of rate of bonus entitlement per Unit, the Management Company shall instruct the Registrar to credit the respective Unit Holders' accounts with the designated number of Units calculated on the basis of the rate of distribution determined above against the number of Units held by them on the date of Register Closure.
- 7.4.4 The Management Company shall give the Unit Holder(s) the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to encash bonus Units. In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the ex-dividend NAV as calculated on the Business Day immediately preceding the first day before the book closure announced for such purpose and proceeds shall be credited in accordance with the normal procedure already detailed above for Redemption of Units. No Back-end Load will be charged upon redemption of bonus units.
- 7.4.5 The Unit Holders shall be entitled to change such options by filling out the required forms at any of the distribution point listed out in Annexure C
- 7.4.6 Where Units are placed under pledge/ lien the payment of dividends will be made in accordance with Clause 5.10 of the Offering Document.

#### **7.5 PAYMENT OF DIVIDEND**

- 7.5.1 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.
- 7.5.2 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.
- 7.5.3 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.

### **PART VIII: FEES AND CHARGES**

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## **8.1 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 may 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.

### **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.

### **Allocation of Back-End Load**

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

## **8.2 REMUNERATION OF THE MANAGEMENT COMPANY**

- 8.2.1 The Management Company shall be entitled to be paid monthly in arrears of the accrued remuneration of an amount not more than 3% of the average annual net assets (calculated on a monthly basis) for the first five years of the Scheme and 2% of the average annual net assets (calculated on a monthly basis) thereon.
- 8.2.2 Current level of Management fee is disclosed in Annexure A.
- 8.2.3 The remuneration due to the Management Company shall be paid within thirty (30) Business Days after the close of each month,
- 8.2.4 Management Company shall be responsible for the payment of all expenses incurred by it from time to time in connection with its responsibilities as the asset management company to the Fund. The Management Company 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 the Trust Deed to be payable out of Fund Property.
- 8.2.5 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provision of the Trust Deed.

8.2.6 The remuneration shall begin to accrue from the first day subsequent to the close of Initial Offer. In respect of any period other than a full calendar year, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the accounting year concerned.

8.2.7 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.

### **8.3 REMUNERATION OF THE TRUSTEE**

8.3.1 The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure "B"), which shall be applied to the average daily Net Assets during such calendar month. This may be amended from time to time.

8.3.2 The remuneration shall begin to accrue from the first day subsequent to the close of Initial Offer. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.

8.3.3 Such remuneration shall be paid to the Trustee in arrears within thirty Business Days after the end of each calendar month.

8.3.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, provided in accordance with the provisions of the Trust Deed.

8.3.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission.

8.3.6 The Trustee shall however not make any further material charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulation and the Deed to be payable out of Fund Property.

8.3.7 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.

### **8.4 AMORTIZATION OF FORMATION COSTS**

8.4.1 All expenses incurred in connection with incorporation, establishment and registration of collective investment scheme shall be borne by the Management Company and shall be reimbursable to the Management Company by the Fund (subject to the audit of such expenses).

8.4.2 Formation Cost will be amortized over a period not less than five years.



- 8.4.3 The Formation Cost shall be reported by the Management Company to the Commission and the Trustee giving their break-up under separate heads, as soon as the distribution of the Units is completed. Marketing costs shall not be borne by the Fund.
- 8.4.4 Formation Cost shall be charged to the Scheme and shall not exceed one (1%) percent of Pre-IPO Capital or five million rupees, whichever is lower.

## **8.5 OTHER FEES AND CHARGES PAYABLE OUT OF THE PROPERTY OF THE SCHEME**

The following charges shall be payable out of the Fund Property

- (a) remuneration of Custodian;
- (b) listing fee payable to the stock exchange, including renewals;
- (c) charges and levies of Stock Exchanges, national clearing and settlement company and central depository company;
- (d) rating fee of the Scheme payable to approved rating agency;
- (e) Auditors' fees and out of pocket expenses as billed by them;
- (f) fees payable to the SECP;
- (g) brokerage and transaction costs related to investing and disinvesting of the assets of the Scheme;
- (h) expenses incurred by Trustee in affecting registration of all registerable assets in the name of the trustee;
- (i) legal and related costs incurred in protecting or enhancing the interests of the Unit Holders of the Scheme;
- (j) bank charges, borrowing and financial costs;
- (k) hedging costs including forward cover, forward purchase or option purchase costs;
- (l) printing costs and related expenses for issuing the Scheme's quarterly, half-yearly and annual reports, etcetera;
- (m) 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;
- (n) any other expense or charge as may be allowed by the SECP.
- (o) Expenses associated with one time advertisement cost for launching of Schemes as per regulations.

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## **PART IX: TAXATION AND ZAKAT**

### **9.1 TAXATION ON INCOME OF HBL-ISF**

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

### **9.2 LIABILITY FOR INCOME TAX OF THE FUND**

Under the Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. HBL-ISF will be regarded as a public company liable to a tax rate applicable to a public company.

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

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

### **9.3 LIABILITY FOR INCOME TAX IF 90% OF INCOME IS DISTRIBUTED**

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

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

### **9.4 WITHHOLDING TAX**

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

### **9.5 CAPITAL VALUE TAX**

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

increased from 0.01% to 0.02% through Finance Bill, 2006. This tax will be collected by the stock exchange concerned.

## **9.6 ZAKAT**

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

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

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

## **9.8 WITHHOLDING TAX ON DIVIDENDS**

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

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

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

## **9.9 CAPITAL GAINS**

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

## **9.10 TAX CREDIT**

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

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## PART X: SERVICE TO UNITHOLDERS

### 10.1 AVAILABILITY OF FORMS

All the Forms included and/or mentioned in this Offering Document will be available at all Authorized Branches of Distribution Company and the head office of the Management Company and from its web site [www.hblasset.com](http://www.hblasset.com)

### 10.2 TRANSFER OF ACCOUNTS

- a) Once a Unit Holder has purchased a Unit from Authorized Branch of the Distribution Company, all his forms/ records will be kept and maintained at that Authorized Branch. However, for the convenience of the Unit Holder, the Account may be transferred to any Authorized Branch or another Distribution Company on application by Unit Holder for the transfer of account. In case the relevant Distribution Company does not continue as the Distribution Company, the Management Company and the Trustee will make arrangements for the Unit Holder's account to be transferred to another Distribution Company's Authorized Branch at the nearest location.
- b) Notwithstanding the provisions in the above Para, any Unit Holder may submit the application for redemption or transfer or any other requests for any change in Register at any Authorized Branch of the relevant Distribution Company and the requests will be processed.

### 10.3 REGISTER OF UNIT HOLDERS

- a. **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.
- b. **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.
- c. **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

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Supplementary Offering Document) in legible form to the inspection of any Holder of his/ her record without charge.

#### **10.4 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.

The Unit Holder may write to any Authorized Branch of relevant Distribution Company if any change is desired in his particulars or instructions.

## **10.5 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.

## **10.6 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.

## **10.7 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

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- 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.

## **10.8 REPLACEMENT OF THE CERTIFICATES**

- a) 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.
- b) 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.
- c) 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

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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.

## **10.9 PLEDGE OF UNITS**

Any Unit Holder or all joint Unit Holders may request the Registrar to record a pledge/ lien of all or any of his/their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a pledge/ 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 Pledgor.

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

Payments of dividends or the issue of bonus Units for units under pledge/ lien shall be made to the pledge/ lien holder for the account of the Unit Holder.

## **10.10 NOMINATION**

Subject to any personal laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by completing the prescribed nomination form and submitting the same to the Authorized Branch of the relevant Distribution Company.

## **10.11 FINANCIAL REPORTING**

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



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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.

**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.

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## **PART XI – TERMINATION OF HBL ISLAMIC STOCK FUND**

### **11.1 BY THE MANAGEMENT**

- 11.1.1 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.
- 11.1.2 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.

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

- 11.2.1 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.
- 11.2.2 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.
- 11.2.3 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.

### **11.3 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 XII – DISTRIBUTION OF PROCEEDS ON TERMINATION**

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 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 XIII: FINANCIAL INFORMATION

### 13.1 AUDITORS' CERTIFICATE OF SUBSCRIPTION MONEY RECEIVED FROM CORE INVESTORS

**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

February 17, 2011

C 0480

Dear Sirs

#### AUDITORS' CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL – HBL ISLAMIC STOCK FUND (THE FUND)

As requested by you we have verified from the books and records of the Fund managed by HBL Asset Management Limited that a sum of Rs 250,000,000 (Rupees Two Hundred & Fifty Million only) has been received up to February 15, 2011 in the Fund's bank account maintained with Habib Bank Limited (Somerset Street Branch, Karachi) 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 Islamic Stock Fund's 'Offering Document'.

Yours truly



**13.2 AUDITORS' CERTIFICATE AUDITORS' CERTIFICATE ON NET ASSET VALUE OF UNITS IN HBL ISF**

**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

February 17, 2011

C 0481

Dear Sirs

**NET ASSET VALUE (UNAUDITED) OF EACH UNIT OF HBL ISLAMIC STOCK 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, the Net Assets of the Fund as on February 17, 2011 are as follows:

Particulars	(Rupees)
Total assets	250,157,534
Less: total liabilities	157,534
Net assets value	250,000,000
Number of units proposed to be issued as of February 17, 2011	2,500,000
Net Asset Value per unit as at February 17, 2011	100

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

Yours truly



## **PART XIV: WARNING AND DISCLAIMER**

### **WARNING**

**If you are in any doubt about the contents of this offering Document, you should consult your bank manager, Legal advisor, or other financial advisor. The price of the units of this fund and the income of this fund (from which distributions to Unit holders is made) may increase or decrease.**

**Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.**

### **DISCLAIMER**

**The Units of HBL-ISF are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by the SECP, any Government Agency, Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institution. The portfolio of HBL-ISF is subject to market risks and risks inherent in all such investments.**

**HBL-ISF's target return/ dividend range cannot be guaranteed. HBL-ISF's Unit price is neither guaranteed nor administered/ managed. It is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets and interest rates.**

## **PART XV: GENERAL INFORMATION**

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

The copies of constitutive documents, that is Trust deed and Offering Documents and supplemental thereto, can be inspected free of charges at the registered office of the Fund or the registered office and place of business of the Trustee or at any of the Authorized Branches of the Distribution Company during business hours.

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

The Offering Document has been published on May 02, 2011.

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

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

**PART XVI – ARBITRATION BETWEEN MANAGEMENT COMPANY AND TRUSTEE**

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 XVII – 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 XVIII - SIGNATORIES TO THE OFFERING DOCUMENT**

<b>Name</b>	<b>Position on the Board of the Management Company</b>	<b>Signature</b>
<b>Mr. R. Zakir Mahmood</b>	Chairman	-sd-
<b>Mr. Shahid Ghaffar</b>	Director & Chief Executive Officer	-sd-
<b>Mr. Sohail Malik</b>	Director	-sd-
<b>Mr. Abid Sattar</b>	Director	-sd-
<b>Mr. Towfiq Chinoy</b>	Director	-sd-
<b>Ms. Sadia Khan</b>	Director	-sd-

**Dated:** January 10, 2011

**Place:** Karachi Pakistan

**Witness:** Mr. Rehan N Shaikh, Company Secretary



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**Address:** 8B, 8<sup>th</sup> Floor, Executive Tower, Dolmen City, Block IV, Clifton Karachi.

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## **PART XIX: DEFINITIONS**

Unless the context requires otherwise the following words or expressions used in this Deed, shall have the following meanings respectively assigned to them viz.:

- 19.1 “Accounting Date” means 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after approval to the Commission and the Commissioner of Income Tax, change such date to any other date.
- 19.2 “Accounting Period” means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.
- 19.3 “Administrative Arrangement” means any investment plan(s) offered by the Management Company where such plans allow Unit Holders a focused investment strategy in any one or a combination of Collective Investment Schemes managed by the Management Company and for which CDC is appointed as the Trustee
- 19.4 “Annual Accounting Period” or “Financial Year” means the period shall commence on 1st July and shall end on 30th June of the succeeding calendar year.
- 19.5 “Auditors” means a firm of chartered accountants that is appointed by the Management Company from the approved list of auditors circulated by the Commission, with the consent of Trustee, as the Auditor for the Fund, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Regulations.
- 19.6 “Authorized Branch or Branches” means those branches of the Distributors authorized by the Management Company to perform Distribution Functions. It also includes offices of the Management Company.
- 19.7 “Authorized Investments” means the following:
- (a) Current and saving deposits with Shariah Compliant Banks and licensed Islamic Banking windows of conventional Banks, excluding TDR;
  - (b) Shares/Stocks of listed companies permitted by the Shariah Advisor;
  - (c) Shariah Compliant Short term Government Securities not exceeding 90 days maturity;
  - (d) Investment in any Shariah Compliant equity security not listed on the Stock Exchange, where application for listing has been accepted by the stock exchange subject to the limits as specified in the Regulations;

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- (e) Shariah Compliant investments outside Pakistan, including international listed securities and foreign currency bank deposits (excluding TDR), subject to such conditions as imposed by SECP and with prior approval of SECP and SBP;
  - (f) Any other securities or instruments that may be permitted by the Commission and the Shariah Advisor (s);

The Fund Property shall be subject to such exposure limits as are provided in the Rules/Regulations, as amended from time to time and any directives issued by the Commission in this respect.

- 19.8 "Autonomous Bodies" means an independent body set up by the government, ministries and/or government departments under an ordinance or act.
- 19.9 "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.
- 19.10 "Bank" means Islamic Banks and Islamic Banking windows of conventional Banks, as defined under the Banking Companies Ordinance 1962 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.
- 19.11 "Bank Accounts" means those account(s) opened and maintained for the Fund by the Trustee at the instruction of the Management Company at Banks having rating A- and above, the beneficial ownerships in which shall vest in the Unit Holders.
- 19.12 "Broker" means any person licensed by the Commission and engaged in the business of effecting transactions in securities for the account of others.
- 19.13 "Business Day" means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which day State Bank of Pakistan or Stock Exchange(s) is closed for business in Pakistan.
- 19.14 "Business Hours" means the day time for dealing in Units which will be specified in Offering Document of the Fund.
- 19.15 "Certificate" means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder(s) issued at the request of the Unit Holder(s) pursuant to the provisions of this Trust Deed.
- 19.16 "Charity" means amount paid by Trustee upon instruction of Management Company out of the Haram income of the Trust to charitable/welfare organizations which is neither related to nor a Connected Person of the Shariah Advisor, Management Company, board of the Management Company or any of their employees, in consultation with Shariah Advisor, representing income, which is Haram. The list of charitable/welfare organizations to whom charity amount in excess of Rs. 200,000 is paid shall be disclosed in the annual report.
- 19.17 "Commission" or "SECP" means Securities and Exchange Commission of Pakistan.

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- 19.18 “Connected Person” shall have the same meaning as assigned in the Rules.
- 19.19 “Constitutive Document(s)” means Trust Deed, Offering Document and other principal documents governing the formation of the Scheme, including all related material agreements.
- “Core Investors” means such initial investor(s) of the Fund whose subscription shall in aggregate be in compliance of the requirements of the Regulations. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors are included in the Offering Document
- 19.20 “Core Units” means such Units of the Fund that are issued to Core Investors at the Par Value with the condition that upto Rupees Fifty Million worth of these Units are not redeemable for a period of two years from the date of close of the Initial Offer. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 19.21 “Custodian” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), or a trust company which is a subsidiary of such bank or a central depository company approved by the Commission or an NBFC carrying out investment finance services provided it has been approved by the Commission to act as a custodian or such other company as may be approved by Commission to act as custodian.
- 19.22 “Cut-off Time” means the latest time of acceptance of and receiving applications for issuance, redemption, conversion, transfer, Pledge etc. of Units.
- 19.23 “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 news papers either English or Urdu circulating in Pakistan, declare any particular Business Day not to be a Dealing Day;
- 19.24 “Deed” or “Trust Deed” means this Trust Deed and any supplemental hereto, which is the principal document governing the formation, management or/ and operation of the Fund.
- 19.25 “Distribution Account” means the Bank Account(s) (which may be a current or Shariah Compliant savings account) maintained by the Trustee with a Scheduled Islamic Bank or a licensed Islamic branch of a Scheduled Commercial Bank, or a current account with a Scheduled Commercial Bank having a minimum A- (A minus) rating as per the criteria laid down by the credit rating agency approved by the SECP, as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund Property for the benefit of the Unit Holders.
- 19.26 “Distributor(s)” means an individual, Company (ies), Firm(s), or Bank(s) appointed by the Management Company at its own expense 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.
- 19.27 “Distribution Functions” means the functions with regard to:

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- (a) Receiving applications for issue of Units together with aggregate Offer Price for Units applied for by the applicants;
  - (b) Interfacing with and providing services to the Unit Holders including receiving Redemption, Transfer and Pledge applications and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate;
  - (c) Acknowledging receipt by delivering customer copy in respect of (a) and (b) above; and
  - (d) Accounting to the Management Company for (i) payment instrument received from the applicants when they purchase Units; (ii) payments instrument delivered to the Unit Holders on Redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.

19.28 “Duties and Charges” means in relation to any particular transaction or dealing, bank charges, brokerage, registration fee, 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 Distributor or any Front-end or commission payable to agents on sale of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

19.29 “Exposure” shall have same meanings as provided in the Regulations.

19.30 “Financial Institution” means 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.

19.31 “Formation Cost” means all preliminary and floatation expenses of the Fund subject to the limits prescribed in the Regulations including expenses in connection with registration of the Scheme and its application fee payable to the Commission, execution and registration of the Trust Deed, issue, legal costs, printing, circulation and publication of the Offering Document and all expenses incurred during the period leading up to the Initial Offer which shall not exceed one percent of the pre-Initial Public Offering capital of the Scheme.

19.32 “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.

19.33 “Fund” means HBL Islamic Stock Fund or “Scheme”, “Trust” or “Unit Trust.” or “HBL- ISF” constituted by this Deed.

19.34 “Fund Property” means the aggregate proceeds of the sale of all Units during the Initial Period at par and subsequently at the Offer Price after deducting there from or providing there against any applicable front-end load and duties and charges and transaction costs and any other expenses chargeable to the Fund and adding thereto any applicable back-end load recovered in the Redemption Price; and includes the investment and all income, profit and other benefits arising there from and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon Trust by the Trustee for the benefit of the Holders pursuant to this Deed and any back-end load payable but does not include any amount available for distribution in the Distribution Account.

- 19.35 "Haram" means anything prohibited by the Shariah as advised by the Shariah Advisor.
- 19.36 "Holder(s)" or "Unit Holder(s)" means the investor(s) for the time being entered in the Register as owner(s) of Unit(s) or fraction(s) thereof including investor(s) jointly so registered pursuant to the provisions of this Deed and supplemental hereto.
- 19.37 "Initial Offer" means the issuance of Units during the Initial Period of Offer.
- 19.38 "Initial Offer Price" or "Initial Price" means the Par Value during the Initial Offering Period.
- 19.39 "Initial Period of Offer" means the same as "Initial Offering Period" and "Initial Public Offer" which means the period during which first offer of Units shall be made, which shall be indicated in the Offering Document. This period shall not exceed a period of ten days (provided that this period may be extended with the prior approval of the Commission and under intimation to the Trustee ).
- 19.40 "Investment" means any Authorized Investment forming part of the Fund Property.
- 19.41 "Investment Facilitator" or "Facilitator" means an Individual, Firm, Corporate or other Entity appointed by the Management Company, at its sole responsibility, to identify solicit and assist investors in investing in the Scheme.
- 19.42 "Investment Policy" means the investment policy outlined in Clause 14 of this Deed.
- 19.43 "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the Regulations.
- 19.44 "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, as specified under the Regulations.
- 19.45 "Offer Price" or "Purchase Price" means the sum to be paid by the investor for the purchase of one Unit, such price to be determined pursuant to the clause 16.1 of this Deed and to be stated in the Offering Document.
- 19.46 "Offering Document" means a published document(s) containing information of the Fund to invite the public for purchase Units of the Fund. Any supplemental offering document will also constitute part of Offering Document.
- 19.47 "Ordinance" means Companies Ordinance 1984.
- 19.48 "Par Value" means the face value of a Unit that shall be Rs 100/- only.
- 19.49 "Pre-IPO Investors" mean such initial investors in the Fund that invest prior to the Initial Public Offer of the Fund. These include but are not limited to the Core Investors of the Fund.
- 19.50 "Redemption Price" or "Repurchase Price" means the amount to be paid to the relevant Holder of a Unit upon Redemption of that Unit, such amount to be determined pursuant to Clause 16.3 of this Trust Deed and to be stated in the Offering Document.

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- 19.51 "Register" means the Register of the Unit Holders kept and maintained pursuant to the Regulations and this Trust Deed.
- 19.52 "Registrar" means an organization that the Management Company may appoint for performing the Registrar Functions and may include a department of the Management Company. The term and definition of "Transfer Agent" is also covered within the definition of a Registrar.
- 19.53 "Registrar Functions" means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Processing requests for Purchase (Offer), Repurchase (Redemption), Transfer, Conversion, Transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holder(s);
  - (c) Issuing Account Statements to the Unit Holders;
  - (d) Issuing Certificates to the Unit Holders if requested;
  - (e) Dispatching income distribution advice and/or bank transfer intimations;
  - (f) Canceling old Certificates on Redemption or Replacement; and
  - (g) Other functions to be performed as per Transfer Agent Agreement.
- 19.54 "Regulations" mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Schedules and Forms attached to it, as amended from time to time.
- 19.55 "Rules" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 19.56 "Shariah" means divine guidance as given by the Holy Qur'an and the Sunnah of Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles as per the interpretation of the Shariah Advisor.
- 19.57 "Shariah Advisor" means Mufti Yahya Asim and Mufti Ejaz Ahmed Samdani or any other Institution or a body of Islamic scholars, appointed in its place by the Management Company under intimation to the Commission and the Trustee, having knowledge of Islamic finance, to supervise and monitor the activities of the Fund to ensure that all its activities comply with Shariah
- 19.58 "Shariah Compliant" means any activity that is in accordance with the Islamic Shariah as advised by the Shariah Advisor.
- 19.59 "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 and shall also include a Stock exchange in an offshore country.
- 19.60 "Service Request Form" means the prescribed form, which is to be stated in the Offering Document.
- 19.61 "Sukuk" means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.
- 19.62 "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or be deducted from the NAV in determining

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the Repurchase (Redemption) Price. The Transaction Costs may not normally be applied in determining these prices; however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may with intimation to the Trustee in writing and to the Unit Holders through website, apply such charge either to the Offer or the Redemption Price. Transaction Costs shall become part of Fund Property.

19.63 "Trustee" means Central Depository Company of Pakistan Limited (CDC) or any other company appointed with approval of the Commission from time to time.

19.64 "Trusts Act" means Trusts Act 1882.

19.65 "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.

19.66 "Zakat" has the same meaning as in Zakat and Ushr Ordinance 1980 (XVIII of 1980).

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



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## ANNEXURE A

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

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

Current Front-end Load: 2%

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

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

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

### CURRENT LEVEL OF MANAGEMENT FEE

Current level of management fee is 2.00% 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.*

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<sup>2</sup> Amended through 1<sup>st</sup> Supplement in the Offering Document dated 8<sup>th</sup> May, 2017

**ANNEXURE B**

**Tariff structure of the Trustee**

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

<b>NET ASSETS (Rupees in million)</b>		<b>TARIFF</b>
<b>From</b>	<b>To</b>	
1	1,000	Rs. 0.7 million or 0.20% p.a. of NAV, which ever is higher.
>1,000	& Above	Rs. 2.0 million plus 0.10% p.a. of NAV, on amount exceeding Rs.1,000 million.

## 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

**Bahadurabad Branch,**  
Mariam Complex, Bahadurabad, Karachi.  
Phone: 021-34940585-6  
Fax: 021-34940584

**Foreign Exchange Branch,**  
M.A. Jinnah Road, Habib Squire, Karachi.  
Phone: 021-9213996-97  
Fax: 021-9213436

**Tariq Road Commercial Center Branch,**  
172-u, Block-2, Karachi.  
Phone: 021-4534748, 021-4534681  
Fax: 021-4522627

**Corporate Branch,**  
2nd Floor, HBL Plaza, I.I. Chundrigar Road,  
Karachi.  
Phone: 021-2418000  
Fax: 021-2413839

**Kehkashan Branch,**  
F-101/5, Block-7, Kehkashan Clifton, Karachi.  
Phone: 021-5875935-40  
Fax: 021-5875914

**Shahra-e-Jahangir Branch,**  
Block L, North Nazimabad, Karachi.  
Phone: 021-6648034-6629671  
Fax: 021-6642090

**Clifton Broadway Branch,**  
Broadway House, Karachi.  
Phone: 021-5301074-76  
Fax: 021-5873310

**Nursery Branch,**  
Main Shahra-e-Faisal, Jamshed Town, Karachi.  
Phone: 021-4381304, 021-4524661  
Fax: 021-4538482

**Khayaban-e-Saadi Branch,**

**Shahra-e-Pakistan Branch,**

Block-2, Clifton, Karachi.  
Phone: 021-5810045-46  
Fax: 021-5810047

F.B Area Karachi.  
Phone: 021-6331445, 021-6317073  
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

**Jacobabad**

**Quid-e Azam Road,**  
Jacobabad.  
Phone: 0722-653977,0722-650933

**Punjab**

**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

**Gujranwala**

**Satellite Town Branch**

Main Market, Satellite Town, Gujranwala.  
Phone: 055-9200590-1  
Fax: 055-9200590

**Faisalabad**

**HBL Corporate Centre**

1152 Circular Road, Faisalabad.  
Phone: 041-9200038

**West Canal Road, Faisalabad.**

Phone: 041-8532077  
Fax: 041-8531985

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Fax: 041-9201041

**Madina Town Branch,**  
Madina Town, Faisalabad.  
Phone: 041-9220122,  
041-9220124  
Fax: 041-9220123

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**Rawalpindi**

**Kashmir Road Branch**  
Kashmir Road Saddar, Cantt, Rawalpindi.  
Phone: 051-5700107, 051-5582905  
Fax: 051-5567928

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**Islamabad**

**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**

**Arbab Road Branch**  
Peshawar Cantt. Peshawar.  
Phone: 091-5272167, 091-9211161  
Fax: 091-5278869

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**Balochistan**

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**Quetta**

**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.