

**Risk Disclaimer: Investments in Mutual Fund is subject to market risks. The NAV of Units may go down or up based on the market conditions. Investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in Clause 2.2, Risk Factors mentioned in Clause 2.7, Taxation Policies mentioned in Clause 7 and Warnings in Clause 9 before making any investment decision.**

## **OFFERING DOCUMENT OF**

### **HBL INVESTMENT FUND AN OPEN END EQUITY SCHEME**

**(FORMERLY PICIC INVESTMENT FUND,  
A CLOSED-END FUND)**

**MANAGED BY**

**HBL ASSET MANAGEMENT LIMITED**

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**OFFERING DOCUMENT OF**

**HBL INVESTMENT FUND**

**AN OPEN END EQUITY SCHEME**

**(Formerly PICIC INVESTMENT FUND, a Closed-end Fund)**

**MANAGED BY**

**HBL Asset Management Limited**  
(An Asset Management Company incorporated in Pakistan)

Licensed and Registered under the  
Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003

Date of Publication of Offering Document is June 07, 2018

**Effective Date of Conversion from a Closed End Fund into an Open End Scheme: July 02, 2018**

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**HBL Investment Fund**, an Open End Scheme (the Fund/the Scheme/the Trust/the Unit Trust/HIF) was initially constituted as a Closed End Fund under the name of **PICIC INVESTMENT FUND** vide a registered Trust Deed dated April 02, 2004 ("**Initial Trust Deed**"), as amended vide First Supplemental Trust Deed dated June 28, 2004. HIF has been converted into an Open End Scheme through a registered Restated Trust Deed (the **Deed**) dated April 24, 2018 under the Trusts Act, 1882 entered into and between **HBL Asset Management Limited** ("**the Management Company**") and **Central Depository Company of Pakistan Limited** ("**the Trustee**").

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**BACKGROUND**

- A. The Management Company is the legal successor of the erstwhile PICIC Asset Management Company Limited ("**PICIC-AMC**"), which was merged with and into the Management Company vide the Securities and Exchange Commission of Pakistan's ("**SECP**") Order dated August 31, 2016 passed under Section 282L of the former Companies Ordinance, 1984 ("**Ordinance**"), sanctioning the Scheme of Merger of PICIC-AMC with and into the Management Company.
- B. The erstwhile PICIC-AMC was a wholly-owned subsidiary of Pakistan Industrial Credit & Investment Corporation Limited ("**PICIC**"), which had acquired Management Rights of ICP Mutual Funds Lot-B from the Government of Pakistan ("**GOP**") through Privatization Commission ("**PC**") under a Management Rights Transfer Agreement dated December 31, 2002 and subsequently transformed ICP Mutual Funds Lot-B into a single Closed End Fund under the name **PICIC Investment Fund (PIF)**
- C. Under an Agreement to Transfer Management Rights, PICIC transferred the Management Rights of PIF to PICIC-AMC, being its wholly-owned subsidiary.

- D. Pursuant to Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended (the "**Regulations**"), all Closed End Funds were required to be converted into Open End Schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. Closed End Funds whose portfolios were frozen as a result of consent agreements with GOP through PC were allowed to be converted into Open End Schemes within three months from the date of the removal of the freezing of the portfolios and since PIF has Frozen Portfolio, it was not converted into an Open End Scheme at that time.
- E. PICIC-AMC was merged with and into the Management Company vide the SECP's Sanction Order dated August 31, 2016, as mentioned in Recital A above and the Sanction Order contained certain conditions imposed by the SECP while sanctioning the Scheme of Merger of PICIC-AMC with and into the Management Company, including the condition contained in Clause 6.xiii of the Sanction Order requiring the Management Company to mandatorily convert PIF into an Open End Scheme, with bifurcation of two classes of Units i.e. Class-A Units to be issued out of the Frozen Portfolio and Class-B Units to be issued out of the Unfrozen Portfolio.
- F. The Board of Directors of the Management Company in its meeting held for this purpose on November 23, 2017 decided to proceed with the conversion of PIF into an Open End Scheme with the approval of the Certificate Holders of PIF under the provisions of the Regulations. For this purpose, a Conversion Plan was prepared and placed before the Certificate Holders of PIF in a General Meeting held on January 10, 2018 ("**Meeting**"), whereat a resolution was proposed and passed by the majority of the Certificate Holders present in the Meeting (in person or through post and proxies) who were entitled to vote thereat ("**Resolution**") approving the conversion of PIF from a Closed End Fund to an Open End Scheme, to be known as **HBL Investment Fund ("HIF")** so as to comply with the mandatory condition contained in Clause 6.xiii of the SECP's Sanction Order.
- G. The SECP pursuant to an application of the Management Company submitted after the passing of the Resolution, approved the Conversion of PIF into an Open End Scheme in terms of the Conversion Plan and the Resolution vide its letters No. SCD/AMCW/HBLAML/266/2018 and SCD/AMCW/HBLAML/268/2018 dated February 16, 2018.
- H. Due to the conversion of PIF from Closed End Fund into an Open End Scheme, including the change of name of the Trust from "**PICIC INVESTMENT FUND**" to "**HBL Investment Fund**", while maintaining the continuity of the Trust, the Initial Trust Deed has been modified and restated vide a Restated Trust Deed dated April 24, 2018.

## **REGULATORY APPROVALS AND CONSENTS**

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

The SECP has approved the conversion of **HBL Investment Fund ("HIF")** to an Open End Scheme and has registered HIF as a *notified entity* under Regulation 44 of Regulations vide letter No. **SCD/AMCW/HIF/397/2018** dated **June 07, 2018**. The SECP has also authorized issuance of Class-A Units and Class-B Units as Conversion Units and offer of new Units as Class-C Units of HIF and

has further approved this Offering Document under Regulation 54 vide letter No. **SCD/AMCW/HIF/398/2018** dated **June 07, 2018**.

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

### **Offering Document**

This Document sets out the arrangements covering the basic structure of the HBL Investment Fund (the "**Fund**", or the "**Scheme**", or the "**Trust**", or "**HIF**") subsequent to its conversion into an Open End Scheme. It sets forth information about the Fund that a prospective investor should know before investing in any class of Unit of the Fund. The provisions of the Trust Deed, the Rules, the Regulations, and the SECP's circulars, directives, etc. as specified hereafter govern this Offering Document.

If prospective investor has any doubt about the contents of this Offering Document, he/she/it should consult one or more from amongst their investment advisers, legal advisers, bank managers, stockbrokers, or financial advisers to seek independent professional advice.

**Investors must recognize that the investments involve varying levels of risk. The portfolio of the Fund consists of investments, listed as well as unlisted that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is, or can be, assured. Investors are requested to read the Risk Disclosures and Warning & Disclaimer statements contained in Clause 2.7 and Clause 9 respectively in this Offering Document.**

### **Filing of this Offering Document**

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the Initial Trust Deed and the Restated Trust Deed with SECP. Copies of the following documents can be inspected at the registered office of the Management Company or the place of business of the Trustee:

- (1) License No. **AMCW/07/HBLAML/AMS/05/2017** dated **April 12, 2017** granted by SECP to HBL Asset Management Limited to carry out Asset Management Services;
- (2) SECP's Letter No. **NBFC (II)-JD/19/2004** dated **January 09, 2004** approving the appointment of **Central Depository Company of Pakistan Limited (CDC)**, as the Trustee of the Scheme;
- (3) Initial Trust Deed dated April 2, 2004;
- (4) First Supplemental Trust Deed dated June 28, 2004;
- (5) SECP's Sanction Order dated August 31, 2016 permitting merger of PICIC-AMC with and into the Management Company;
- (6) Conversion Plan approved by the Certificate Holders and the SECP

- (7) Restated Trust Deed dated April 24, 2018;
- (8) SECP's Letter No. **SCD/AMCW/HIF/397/2018** dated **June 07, 2018** registering the Scheme as a *notified entity* in terms of Regulation 44 of the Regulations;
- (9) Letter No. 16-85/1617 dated April 27, 2018 from **Deloitte Yousuf Adil**, Auditors of the Scheme, consenting to the issue of statements and reports;
- (10) Letter dated April 30, 2018 from **Bawaney & Partners**, Legal Advisers of the Scheme, consenting to act as Legal Advisor;
- (11) SECP's Letter No. No. **SCD/AMCW/HIF/398/2018** dated **June 07, 2018** approving this Offering Document.

## 1. CONSTITUTION OF THE SCHEME

### 1.1 Constitution

**HBL Investment Fund** had been established as a Closed End Fund through the Initial Trust Deed dated April 4, 2004, as amended vide First Supplemental dated June 28, 2004, under the Trusts Act, 1882 and has been converted into an Open End Scheme by the Restated Trust Deed dated April 24, 2018 (to Modify and Restate the Initial Trust Deed) (the "**Deed**"), executed between:

**HBL Asset Management Limited**, a public limited company incorporated under the former Companies Ordinance, 1984 [now repealed (except for Part-VIII A) and substituted by Companies Act, 2017], having its registered office at 7<sup>th</sup> Floor, Emerald Tower, G-19, Block 5, Clifton Road, Clifton, Karachi, the legal successor of PICIC Asset Management Company Limited (hereinafter called the "**Management Company**"; and

**Central Depository Company of Pakistan Limited**, a public limited company incorporated in Pakistan under the former Companies Ordinance, 1984 [now repealed (except for Part-VIII A) and substituted by Companies Act, 2017], having its registered office at CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi, as the **Trustee**.

### 1.2 Trust Deed (the "**Deed**")

The Deed is subject to and governed by the Rules, the Regulations, Securities Act, 2015, the Companies Act, 2017, Part-VIII A of the Ordinance, 1984 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between this Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules and/or the Regulations and/or Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

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.

### 1.3 Modification of Trust Deed

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed(s) to modify, alter or add to the provisions of the Deed to such extent as may be required to ensure compliance with any applicable laws, Rules and Regulations.

Subject to any provisions of the Regulations, the Rules and/ or any directive of the Commission from time to time, if the Commission modifies the Rules or the Regulations to allow any relaxations or exemptions, these will deem to have been included in the Deed without requiring any modification as such.

Where the Deed has been altered or supplemented, the Management Company shall duly notify to the Unit Holders and posted on their official website.

### 1.4 Duration

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up or extinguish or revoke, on the occurrence of certain events as specified in the Regulations or in Clause 10.4 of this Offering Document.

### 1.5 Effect of Conversion and status of Unit Holder(s)

From the Effective Date of the conversion of the Fund's status shall be changed from *Closed End Scheme* to *Open End Scheme*, all the certificates of the Closed End Fund shall be substituted and the status of certificate holders shall also be changed as Initial Unit Holders, who shall be entitled to receive Conversion Units of the Open End Scheme in lieu of the Certificates held by the Certificate Holders of the Closed End Scheme, for which purpose a notice of book closure has been announced by the Management Company on April 25, 2018 and also published in leading newspapers.

The conversion of PIF into an Open End Scheme shall be effectuated by issuance of Conversion Units i.e. Class-A Units and Class-B of the Open End Scheme to the Certificate Holders of PIF based on the following terms and swap ratio:-

- (i) For each Certificate of Closed End Fund, each Certificate Holder whose name is entered in the Register of PIF on the Business Day before Book Closure shall be issued one (1) Unit of Class-A of the Open End Scheme based on value of Frozen Portfolio i.e. the shares of PSO and SNGPL prevailing on the last day of Book Closure and any dividend receivable, less all liabilities of PIF, if any, relating to Frozen Portfolio and one (1) Unit of Class-B of Open End Scheme based on the NAV of Unfrozen Portfolio (remaining assets), less all liabilities of the Fund mentioned in the Conversion Plan on the last day of Book Closure with no Front End Load.
- (ii) The Conversion Units have been credited as fully paid up.
- (iii) On the Effective Date, the Management Company shall calculate and announce separate NAVs of both Class-A and Class-B Units. From the effective date Class-B



Units shall be redeemable as Units of Open End Scheme. Whereas Class-A Units shall not be redeemable until the unfreezing of the Portfolio by GoP. In order to grant an exit opportunity to the holders of Class-A Units, the existing certificates of PIF will continue to be listed on PSX and their status will be changed from Closed End Certificates to Open End Units to be known as *HBL Investment Fund Class-A*.

- (iv) Class-A Units shall be tradable in the same manner as certificates of a Closed End Fund. The market value of these Certificates of Closed End Fund will be adjusted downward taking into consideration the weightage of Class-B Segment to the total net assets of PIF and other factors associated with Frozen Segment, and they would be sold or purchased through PSX as Class-A Units at the running market price on PSX.
- (v) Class-A Units would be considered as Certificates of a Closed End Fund for the purpose of existing regulatory framework of PSX as applicable to Certificates of Closed End Fund, to enable PSX, NCCPL and CDCPL to ensure the tradability of Units of Open End Scheme under same regulatory framework as applicable to Certificates of Closed End Funds.
- (vi) After issuance of the Conversion Units to the Certificate Holders of Closed End Fund, as an Open End Scheme, no further Class-A Units or Class-B Units will be issued, except where required and if permissible, for distribution of income by that Class. The Management Company may offer and issue new Units to investors for Open End Scheme from properties, assets and investments acquired by the Class-B Segment of the Open End Scheme after conversion. Such new Units shall be Class-C Units that may be subject to the Front End Load and Back End Load as per the terms and conditions of this Restated Trust Deed and the Offering Document of the Open End Scheme.
- (vii) Class-A Units shall be freely tradable at PSX and therefore be sold or purchased through PSX at running market prices. However, Class-A Units shall be redeemable after the Frozen Portfolio is unfrozen by GOP. In that case, redemption of Units shall be effectuated by the Management Company. However, Back End Load will be charged on such redemption (only to the extent of "Conversion Units") at the following rates:-
  - (a) On Class-A Units redeemed within six (6) months from the date of unfreezing of the Frozen Portfolio, Back End Load will be charged @10%.
  - (b) On Class-A Units redeemed after expiry of six (6) months, but before the expiry of one year from the date of unfreezing of Frozen Portfolio, Back End Load will be charged @5%.
  - (c) On Class-A Units redeemed after the expiry of one year from the date of unfreezing of Frozen Portfolio, no Back End Load will be charged.
- (viii) Class-B Units shall be redeemable at any time from the Effective Date. Provided however, Back End Load will be charged on redemption (only to the extent of "Conversion Units") at the following rates:-

- (a) On Class-B Units redeemed within six (6) months from the Effective Date, Back End Load will be charged @ 10%.
- (b) On Class-B Units redeemed after expiry of six (6) month but before the expiry of one year from the Effective Date, Back End Load will be charged @5%.
- (c) On Class-B Units redeemed after expiry of one year from the Effective date, no Back End Load will be charged.

The Back End Load mentioned in Clauses 1.5 (vii) and (viii) shall form part of the Trust Property.

- (ix) The Management Company shall have the right to advance (borrow) money **from** Class-B Segment and future properties, assets and investments acquired by the Open End Scheme **to** Class-A Segment to meet cash flows requirements of Class-A Units, including management fee payable to the Management Company and other expenses of Class-A Units till the unfreezing of the Frozen Portfolio. Mark-up will be charged to Class-A Segment @6 months KIBOR, which will be credited to Class-B Segment.
- (x) A statement of Account shall be issued by the Registrar / Management Company to the Initial Unit Holders as to their entitlements of the Conversion Units of the Open End Scheme issued in lieu of certificate of Closed End.
- (xi) The status of existing Certificates of PIF shall be changed and substituted with Class-A Units of the Scheme.

Class-B Units will be issued in electronic form and CDCPL will credit units of Class-B Segment in respective CDC Account-Holder Account / Investors Account in case of CDS holding. Whereas existing Certificate Holders holding physical certificates will receive Class-B units in their respective accounts maintained with HBL AML or alternatively, upon their request, the Initial Unit Holders shall be issued physical certificates of the Units of the Open End Scheme in lieu of the Certificates of the Closed End Fund already held by them.

The Management Company shall now offer and redeem Class-C Units of the Fund to the general public, including banks and financial institutions based on Offer Prices and Redemption Prices, as mentioned in Clauses 4.5.6 and 4.8 respectively through this Offering Document.

The Management Company may offer bonus or additional (dividend re-invested) Units in lieu of undistributed profits to the Unit Holders of any Class, if permissible. However, no Front End Load or Back End Load shall be charged on bonus or additional (dividend re-invested) Units.

## 1.6 Trust Property

The Trust Property of the Open End Scheme comprises the entire PIF Undertaking as defined hereafter consist of Class-A Segment, Class-B Segment and Common Portion of PIF Undertaking relatable to both Class-A Segment and Class-B Segment. Subsequent to the

conversion of the Closed End Fund into an Open End Scheme the Trust Property of Class-C Units shall also become part of Class-B Segment.

The aggregate proceeds of all Units issued from time to time (other than the Conversion Units which shall be issued to the Initial Unit Holders without any payments) after deducting Duties and Charges, Transactions Costs and any applicable Front End Load, shall constitute part of the Trust Property and shall include the Investments and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being shall be held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed, but shall not include any amount payable to the Unit Holders as distribution. However any profit earned on the amount payable to the Unit Holders as distribution and lying in the Bank Account of the Trust shall become part of the Trust Property.

The Back End Load mentioned in Clauses 1.5 (vii) and (viii) shall form part of the Trust Property.

Bank Accounts for the Scheme shall always be in the name of the Trustee.

All expenses incurred by the Trustee in effecting the registerable Investments in its name shall be payable out of the Trust Property.

Except as specifically provided in this Offering Document, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or the Custodian shall not, except for the purpose of the Scheme as directed by the Management Company, create or purport to create any mortgages, charges, liens or any other encumbrance whatsoever to secure any loan, guarantee or any other obligation actual or contingent incurred assumed or undertaken by the Trustee or the Custodian or any other person.

## **1.7 Effective Date of Conversion**

The Scheme stands converted from a “*Closed End Scheme*” to an “*Open End Scheme*” with effect from July 02, 2018 which is the Effective Date of conversion, which shall be the next Business Day after the book closure announced specifically for the purpose of conversion by the Management Company, subject to the final approval of the SECP and fulfillment of all legal and regulatory requirements.

## **1.8 Transaction in Units after Effective Date**

As explained in Clause 1.5 above, after the effective date Class-A Units shall be tradable at PSX in the same mode and manner as certificates of close-end fund, until the unfreezing of frozen portfolio by GoP.

From the Effective Date the Public Offering for Class-C Units will be made at the Offer Price and Redemption for Class B and Class C units shall be made at the Redemption Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices for every Dealing Day on the basis of the Net Asset Value (NAV) of the Segment. The NAV based price shall be fixed after adjusting the Sales Load as the case may be and any

Transaction Costs that may be applicable. Except for circumstances as elaborated in Clause 4.11.5 and 10.4 of this Offering Document; such prices shall be applicable to Purchase and Redemption, complete in all respects, received during the Business Hours on the Dealing Day.

## **1.9 Offering Document**

The provisions of the Deed, the Rules, the Regulations, circulars and the directives issued by the Commission govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in any Unit. Prospective investors in their own interest are advised to carefully read this Offering Document to understand the Investment Policy, Risk Factors, Warning and Disclaimer and should also consult their legal, financial and/or other professional adviser before investing.

### **1.10 Modification of this Offering Document**

This Offering Document will be updated to take account of any relevant material changes relating to the Fund. Such changes shall be subject to prior consent of the Trustee and approval from the SECP and shall be circulated to all Unit Holders and/ or publicly notified by advertisements in the newspapers subject to the provisions of the Rules and the Regulations, if required and duly posted on official website of the Management Company.

Subject to any provisions of the Regulations, the Rules and/ or any directive of the Commission from time to time, if the Commission modifies the Rules or the Regulations to allow any relaxations or exemptions, these will deem to have been included in this Offering Document without requiring any modification as such.

### **1.11 Responsibility of the Management Company for information given in this Document**

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

## **2. INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER**

### **2.1 Investment Objective**

The objective of **HBL Investment Fund** is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

## 2.2 Investment Policy

2.2.1 HBL Investment Fund is an Open End Equity Scheme and primarily invests in listed equities.

The Fund shall be subject to such exposure limits as are specified in the Regulations and SECP's directives.

- a) At least 70% of net assets of the Segment shall remain invested in listed equities during the year based on quarterly average investment calculated on daily basis
- b) The remaining net assets of the Segment shall be invested in cash and or near cash instruments which consist of cash in bank accounts (excluding TDRs) and treasury bills not exceeding 90 days remaining maturity; and
- c) It shall not take exposure in Margin Trading System (MTS)

## 2.3 Benchmark:

The Benchmark of the Scheme is PSX-100 Index.

## 2.4 Authorized Investments

### 2.4.1 Asset Allocation

In line with Investment Objective, the Fund will seek to make investments in the **Authorized Investments** as list below:

S.No	Authorized Investment	Minimum Rating of		Exposure Limits (% of NAV)	
		Entity	Instrument	Minimum Investment as % to Net Assets of the Segment	Maximum Investment as % to Net Assets of the Segment
1	Listed Equities	N/A	N/A	70%*	100%
2	Cash in Bank Accounts (excluding TDRs)	BBB	BBB	0%	30%**
3	Treasury Bills not exceeding 90 days maturity	N/A	N/A	0%	30%**

\* During the year based on quarterly average investments calculated on daily basis

\*\* Remaining amount to be invested as per Regulations and SECP circulars / directives

The Investment in asset classes mentioned above will be subject to such Exposure limits and minimum ratings as specified herein and/or otherwise as specified in the Regulations/ directives/ circulars except single entity exposure and sector limits defined in NBFC Regulations 55(5) and 55(9) will not apply on Class-A Segment as SECP has granted specific relaxation due to Frozen Portfolio.

### 2.4.2 Risk Control in the Investment Process

Consistent with the investment objective of the Scheme, the Investment Committee aims to identify investment opportunities which offer superior levels of returns at lower level of risk. The research department will also carry out an in-depth evaluation of the proposed Investments. The Investment Committee will continuously monitor the macro-economic environment, including the political and economic factors, money supply in the system, among others affecting the liquidity and interest rates.

Investment process would also require discipline risk management. The Management Company plans to incorporate adequate controls to safeguard against risks in the portfolio construction process. The investment restrictions defined in Clause 2.6 will reduce risk and result in portfolio diversification.

#### **2.4.3 Management Company Can Alter Investment Mix**

The Management Company can from time to time alter the weightings, subject to the specified limits as per Clause 2.4.1 above, between the various types of Investments if it is of the view that market conditions so warrant. The funds not invested in the foregoing avenues shall be placed as deposit with scheduled banks.

#### **2.5 Changes in Investment Policy**

The investment policy will be governed by the Regulations and/or SECP directives. Any fundamental change in the Investment Policy will be implemented only after obtaining prior approval from SECP and giving 90 days prior notice to the Unit Holders as specified in the Regulations.

#### **2.6 Investment Restrictions**

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this Offering Document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.
- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

Transactions relating to money market instruments and debt securities do not fall under this clause.

- (c) The Management Company on behalf of the Scheme shall not:

- i. Purchase or sell -
  - a. Bearer securities;
  - b. Securities on margin;
  - c. Real estate, commodities or commodity contracts;
  - d. Securities which result in assumption of unlimited liability (actual or contingent);
  - e. Anything other than Authorized Investments as defined herein;
- ii. participate in a joint account with others in any transaction;
- iii. affect a short sale in a security whether listed or unlisted;
- iv. make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company;
- v. invest in securities of the Management Company;
- vi. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission;
- vii. apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission;
- viii. invest in any security of a company, if, -
  - a. any director or officer of the Management Company owns more than five per cent of the total amount of securities issued by that company; or
  - b. the directors and officers of the Management Company collectively own more than ten per cent of those securities:
- ix. finance, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- x. in any form borrow, except with the approval of trustee, for meeting redemption request and such borrowing shall not exceed fifteen per cent or such other limit as specified by the Commission of the total net asset value of the Scheme at the time of borrowing. The maximum period of such borrowing shall be 90 days however; any net cash flows during interim period shall be utilized for repaying of borrowing, if allowed as per agreement;
- xi. except for issuance of Conversion Units, sell Units for consideration other than cash unless permitted by the Commission;
- xii. without obtaining prior approval of the Commission merge the Scheme or acquire or take over any other Collective Investment Scheme;
- xiii. take exposure in any other Collective Investment Scheme;

- xiv. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
  - xv. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company;
  - xvi. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations;
  - xvii. make a loan or advance money to any person from the assets of the Scheme;
  - xviii. take exposure of more than thirty five per cent (35%) of its Net Assets of the Segment in any single group. "Group" mean persons having at least 30% common directors or 30% or more shareholding in any other company, as per publicly disclosed information;
  - xix. take exposure to any single entity that exceeds an amount equal to ten per cent (10%) of total Net Assets of the Segment of the Scheme or index weight of the security subject to maximum limit of 15% whichever is higher; or exposure to equity securities of a company in excess of ten percent of the issued capital of that company;
  - xx. take exposure more than 30% of net assets of the Segment of the Scheme or index weight whichever is higher, subject to maximum of 35% per cent of total net assets of the Segment of the Collective Investment Scheme in securities of any one sector as per classification of the stock exchange;
  - xxi. take exposure in Margin Trading System;
  - xxii. place funds with any bank or financial institution which is rated lower than BBB.
- (d) In case of redemptions requests are pending due to constraint of liquidity in the respective Segment of the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment

#### **Exemption to Investment Restrictions**

- (a) In order to protect the rights of the Unit Holders, the Management Company may take an Exposure in any unauthorized investment for recovery of any defaulted amounts from any counter party of any Authorized Investment with the approval of the Commission.
- (b) The investment restrictions as mentioned in clauses 2.6(c)(xix) & (xx) shall not apply on Class-A Segment as SECP has granted relaxation of NBFC regulations 55(5) and 55(9) related to single entity exposure and sector limits to Class-A Segment due to Frozen Portfolio.
- (c) SECP has allowed exception to the Investment restriction mentioned in clause 2.6 (c) (x) & (xvii) accordingly the Management Company has a right to advance money from Class-B Segment to Class-A Segment to meet cash flows requirements of Class-A Segment, including management fee payable to the Management Company and other expenses of Class-A Segment till the unfreezing of the Frozen Portfolio. Mark-up will be charged to Class-A Segment @6 months KIBOR on such advances (borrowing), which will be credited to Class-B Segment.



### 2.6.1 **Financing Arrangements**

- (a) Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange borrowing for account of the Scheme, with the approval of the Trustee, from Banks or Financial Institutions, or such other companies as specified by the Commission from time to time. The borrowing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such borrowing shall not exceed fifteen (15) percent of the Net Assets of the Segment or such other limit as specified by the Commission of the scheme at the time of borrowing.

If subsequent to such borrowing, the Net Assets of the Segment are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

Provided that the Management Company, on behalf of Class-A Segment shall have the right to advance (borrow) money **from** Class-B Segment and future properties, assets and investments acquired by the Open End Scheme **to** Class-A Segment as stipulated in Clause 1.5 (ix) above

- (b) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financings from banks, financial institutions and other companies specified by the Commission. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such financings.
- (c) For the purposes of securing any such borrowing, the Trustee may on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that subject to Clauses 1.5 (ix) above, the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and/or any law for the time being in force.
- (d) 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(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.

### 2.6.2 **Restriction on Transactions with Connected Persons**

- (a) The Management Company in relation to the Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively subject to exemption provided in the Regulations.
- (b) The Management Company on behalf of the Scheme shall not without the approval of its Board of Directors in writing and consent of Trustee, purchase from, or sell any securities to any connected person or employee of the Asset Management Company. This restriction shall not apply to the issue, sale or redemption of Units issued by the Scheme.

- (c) Where cash forming part of assets of the Scheme is deposited with the trustee or the custodian that is a banking company or an NBFC, a return on the deposit shall be paid by such trustee or custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar amount and maturity.
- (d) All transactions with connected persons carried out by the Management Company on behalf of the Scheme shall be disclosed in the annual report of the Scheme.
- (e) The Management Company may undertake transactions involving sale and purchase of securities between the Scheme managed by it where the:-
  - (i) Sale and purchase decisions are in the best interest of the Scheme;
  - (ii) Transactions are executed on an arm's length and fair basis; and
  - (iii) Rationale for undertaking such transactions is documented prior to the execution.

## 2.7 Risk Disclosure

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

- (1) **Equity Risk** - Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
- (2) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) **Credit Risk** - Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuk etc.
- (4) **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
- (5) **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global

financial markets. An increase in credit spread will decrease the value of income and including money market instruments;

- (6) **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.
- (7) **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- (8) **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund’s performance etc.
- (9) **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
- (10) **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.
- (11) **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.
- (12) **Distribution Taxation Risk:** Dividend distribution may be liable to tax because the distributions are made out of the profits earned by the Fund, and out of the profits earned by each Unit Holder. Unit holders who invest in a fund before distribution of dividends may be liable to pay tax as they may have earned any gain on their gross investment as return of capital to investors upon distribution is taxable.

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

## 2.8 Disclaimer

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

of the Management Company or any other bank or financial institution. The portfolio of the Fund is subject to market risks and risks inherent in all such investments.

### **3. OPERATORS AND PRINCIPALS**

#### **3.1 Management Company**

##### **3.1.1 Organization**

HBL Asset Management Limited was incorporated on February 17, 2006 as a public limited company under the Companies Ordinance 1984 (now repealed and substituted by Companies Act, 2017). It was licensed for Investment Advisory and Asset Management Services by the Securities and Exchange Commission of Pakistan on April 03, 2006 and for Pension Fund Manager on May, 2011. The company is managing 17 different types of open end mutual funds which include 11 Conventional Funds and 6 Islamic Funds along with 2 Pension Funds; Conventional and Islamic.

Funds under Management and Management Quality rating:

- **Mutual Funds**
  - **Conventional**
    1. HBL Income Fund
    2. HBL Stock Fund
    3. HBL Money Market Fund
    4. HBL Multi Asset Fund
    5. HBL Cash Fund
    6. HBL Energy Fund
    7. HBL Government Securities Fund
    8. HBL Equity Fund
    9. HBL Financial Planning Fund
    10. PICIC Growth Fund
    11. PICIC Investment Fund
  - **Islamic**
    12. HBL Islamic Stock Fund
    13. HBL Islamic Money Market Fund
    14. HBL Islamic Asset Allocation Fund
    15. HBL Islamic Income Fund
    16. HBL Islamic Equity Fund
    17. HBL Islamic Financial Planning Fund
- **Pension Funds**
  1. HBL Pension Fund
  2. HBL Islamic Pension Fund
- **Management Quality Rating**

JCR-VIS rating for HBL Asset Management: AM2+ (Outlook: Stable)

### 3.1.2 Holding Company:

HBL Asset Management Limited is a wholly owned subsidiary of Habib Bank Limited (HBL). HBL was the first commercial bank to be established in Pakistan in 1947. Over the years, HBL has grown its branch network and maintained its position as the largest private sector bank with over 1,700 branches and 2,000 ATMs globally and a customer base exceeding ten million relationships.

With a global presence in over 25 countries spanning across four continents, HBL is also the largest domestic multinational.

Key areas of operations encompass product offerings and services in Retail and Consumer Banking. HBL also has the largest Corporate Banking portfolio in the country with an active Investment Banking arm. SME and Agriculture lending programs and banking services are offered in urban and rural centers.

### 3.2 Board of Directors of the Management Company

Name, Occupation & Address*	Position	Other Directorship
<b>Mr. Agha Sher Shah</b> Business Karachi	Chairman / Director	1. Habib Bank Ltd. 2. Sui Southern Gas Company Ltd. 3. Thatta Cement Company Ltd. 4. Attock Cement Company Ltd. 5. Bandi Sugar Mills (Pvt) Ltd. 6. Newport Containers Terminal (Pvt) Ltd. 7. Bandhi Powergen (Pvt) Ltd. 8. Benazirabad Facilities (Pvt) Ltd. 9. Triton LPG (Pvt.) Limited
<b>Mr. Farid Ahmed Khan</b> Investment Management Karachi.	Chief Executive / Director	1. FINCA Microfinance Bank Ltd.
<b>Mr. Shabbir Hussain Hashmi</b> Project Finance & Private Equity Karachi.	Director	1. Dawood Hercules Corporation Limited 2. Dawood Lawrencepur Limited 3. Engro Powergen Company Limited
<b>Mr. Shahid Ghaffar</b> Investment Management Karachi.	Director	1. Habib Insurance Company Ltd. 2. Saif Power Company Ltd. 3. Audit Oversight Board Pakistan – Member
<b>Ms. Ava Ardeshir Cowasjee</b> Business Karachi	Director	1. Mules Mansion (Pvt.) Ltd 2. Cowasjee & Sons 3. Orbiter 4. General Shipping Agencies (Pvt.) Ltd 5. Cowasjee Foundation 6. Hermann Gmeiner School 7. SOS Pakistan 8. SOS Children’s Village of Sindh 9. Syndicate and Senate of NED University of Science and Technology
<b>Mr. Raymond Kotwal</b> Banker Karachi	Director	1. The First Micro-Finance Bank Ltd 2. Habib Allied Holding Ltd, UK 3. HBL Employee Funds 4. HBL Foundation 5. Pakistan Parkinson’s Society (NPO)

<b>Mr. Rizwan Haider</b> Banker Karachi	Director	<ol style="list-style-type: none"> <li>1. Habib Financial Services Ltd</li> <li>2. Diamond Trust Bank Kenya Limited</li> <li>3. Habib Finance International Limited - Hong Kong</li> </ol>
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\*Directors can be contacted through Company Secretary.

### 3.2.1 Profile of Director:

#### **Mr. Agha Sher Shah, *Chairman***

Mr. Agha Sher Shah is currently Chairman and Chief Executive of Bandhi Sugar Mills, a green field 7,000 tons sugar mill which he successfully set up in 2012. He is also Director of Habib Bank Limited, Attock Refinery Limited, Sui Southern Gas Company Limited, Thatta Cement Company Limited, Newport Containers Terminal (Private) Limited and Triton LPG (Private) Limited. He became a Director of HBL Asset Management Limited in December 2017.

Mr. Agha Sher Shah started his career as an investment analyst covering consumer, energy and finance sectors of the S&P 500 in the US equity market. In his investment career of over 25 years he has held senior portfolio management positions in US and Global equities. Prior to his current role, he was Senior Portfolio Manager of a multi-billion dollar portfolio in Abu Dhabi Investment Authority, one of the largest sovereign wealth funds in the world.

He has a Bachelor of Science in Engineering from Rice University and holds a Master of Business Administration from Cornell University.

#### **Farid Ahmed Khan, *Chief Executive Officer***

Farid Ahmed Khan, CFA has been involved with capital markets for over 23 years and has a broad-based, global experience with bulge bracket firms in Fund Management, Investment Banking, Investment Research and Sales, Business Development & Project Finance. Before joining HBL, Farid served as CEO of ABL Asset Management Company Limited (ABL AMC) for over six years and was the founding CEO of MCB Asset Management Limited (MCB AML). Prior to that, he worked for MCB Bank Limited as Head of Investment Banking Group. Mr. Farid also has extensive experience outside Pakistan, having worked at Credit Suisse, Morgan Stanley, ING Barings Securities and CLSA Emerging Markets in Singapore, Kuala Lumpur, London and Istanbul in a variety of senior positions. Farid also serves on the board of FINCA Microfinance Bank Limited and as Senior Vice Chairman of Mutual Funds Associations of Pakistan (MUFAP). He has previously served on the boards of National Database & Registration Authority (NADRA), CFA Society Pakistan and as a member of Corporate Leaders Advisory Board of Institute of Business Administration (IBA), Karachi. Mr. Farid holds an MBA in Finance from Institute of Business Administration, Karachi and got his CFA qualification in 1998. He is a regular speaker at business forums and contributes to various national and international publications.

#### **Mr. Shabbir Hussain Hashmi**

Mr. Hashmi is an engineer from Dawood College of Engineering & Technology, Pakistan and holds an MBA from John F. Kennedy University, USA. He has more than 25 years of project finance and private equity experience. He had led the regional operations of Actis Capital (formerly CDC Group PLC) for Pakistan and Bangladesh. Prior to joining Actis he worked for eight (8) years with the World Bank and USAID specializing in the energy sector. He is also a Board member of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited and Engro Powergen Company Limited.

#### **Mr. Shahid Ghaffar**

Mr. Shahid Ghaffar has extensive experience of fund management in Pakistan. He has served as Managing Director of National Investment Trust Limited (NITL), one of the biggest Asset Management Company in the Country. Previously He has been associated with Habib Bank Limited as Head of Investor Relations & Corporate Representation. He has also served as Chief Executive Officer of HBL Asset Management Limited for over six year 2005-2012. He has vast experience of working in capital markets including monitoring of projects, the debt/fixed income portfolio, the equity portfolio and trading desk. 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 (SECP) and actively participated in the successful implementation of wide ranging reforms in the capital market. Mr. Ghaffar holds an MBA Degree from Gomal University, D.I. Khan, Khyber Pakhtunkhwa (Formerly NWFP), Pakistan.

### **Ava A. Cowasjee**

Ms. Ava Ardeshir Cowasjee is a prominent person in the shipping industry of Pakistan. She did her schooling at Convent of Jesus and Mary, Karachi, and higher education at Roedean School, England. Thereafter she pursued Management training at Hyde Park Hotel, London, Intercontinental Hotel, Karachi, and got her diploma in Hotel Management from the Ecole Hotelier, Switzerland. She worked as Manager, Manpower Development at Intercontinental Hotel, Karachi, for four years before joining the family business.

### **Rayomond Kotwal**

Mr. Rayomond Kotwal is an experienced professional with over 31 years of experience and the last 25 years in financial services. He has worked as Chief Financial Officer with United Bank Limited, NIB Bank Limited, Citibank NA and Citi Cards Canada Inc., and with ICI Pakistan Limited and Standard Microsystems Corporation, NY in a variety of roles. Currently, Mr. Kotwal is the Chief Financial Officer of Habib Bank Limited. Mr. Kotwal holds a Masters in Business Administration (Finance) from the Institute of Business Administration, Karachi, Pakistan, and a BS and MS in Electrical Engineering from the Massachusetts Institute of Technology, Cambridge Massachusetts (USA). At present Mr. Kotwal is also on the board of First Micro Finance Bank Limited as its Chairman and a member of the Board at Habib Allied Holdings Limited – UK and Pakistan Parkinson’s Society.

### **Rizwan Haider**

Mr. Rizwan Haider has been appointed on the Board since April 2013. He is a seasoned banker with over thirty years of diverse banking experience in senior management positions, with local and international banks. He is currently the Chief Risk Officer of Habib Bank Limited (HBL). Mr. Haider also serves on the Boards of Habib Finance International Limited - Hong Kong, Habib Financial Services Limited - Pakistan and Diamond Trust Bank Limited - Kenya. He has previously served as the Regional General Manager - Far East and Africa regions and Head of International and Market Risks at HBL. Prior to joining HBL, Mr. Haider was with Credit Agricole, where he held senior management positions in Corporate and Investment Banking and Risk Management.

## **3.2.2 Profile of the Management**

### **Farid Ahmed Khan, Chief Executive Officer**

Please refer to “Director's Profile” for complete details, as given above.

### **Muhammad Imran, Chief Investment Officer**

Muhammad Imran is the Chief Investment Officer of HBL Asset Management. With over sixteen years of diversified experience in Treasury and Fund Management, he has held different senior positions in leading financial institutions. Before joining HBL Asset Management, he was Chief Investment Officer at ABL Asset Management Company Limited. Prior to that, he held the position of Senior Fund Manager at MCB Asset Management and before that he was associated with AMZ Asset Management as Head of Fixed Income Funds and was instrumental in establishing the company, developing its treasury systems and successful launching of different open-end mutual funds. He also worked for Arif Habib Investment in Fixed Income Fund Management side and has also had successful stints at Saudi Pak Leasing Company Limited and Pakistan Emerging Ventures Limited. Devising strategies to earn profit from market inefficiencies is his key strength and his views on financial markets are much sought after by participants and regulator alike. Imran is an MBA in Finance and member of Financial Market Association of Pakistan (FMAP).

**Noman Qurban, CFO and Company Secretary**

Mr. Noman Qurban is a Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). He has been working with the Company for the last nine and half years. 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 training with A. F. Ferguson & Co Chartered Accountants; a member firm of Pricewaterhouse Coopers. During his association with PwC 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.

**Mohammad Amir Khan, Head of Business Strategy & Product Development**

Mr. Amir Khan holds an MBA degree from Adamson University, Manila; Philippines. He has a rich and diversified experience history of over 23 years in treasury, investments and finance. Mr. Khan started his career with the prestigious Hub Power Company Limited in 1993 as trainee officer. In 1996 he joined the treasury department at Al Faysal Investment Bank Limited (now Faysal Bank Limited), and has been part of the financial sector ever since. He then joined Saudi Pak Leasing Company as the Chief Dealer Treasury. During his tenure at Saudi Pak Leasing he got exposure to 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.

**Hassan Mehdi, Head of Operations**

Hassan has over a decade's experience of managing Operations team with leading AMCs. In the initial years of his career, he was associated with the Union Leasing, a subsidiary of Union bank Limited where he was looking after the Credit Administration area of the leasing portfolio. Later on, Hassan joined NBP Fullerton Asset Management Limited (NAFA), a subsidiary of National Bank of Pakistan and took charge as Manager Operations. In the year 2008 Hassan joined ABL Asset Management Company Limited as Head of Registrar Services & Operations, where he established Registrar Services, Operations and Investor Services Department. He was also involved in the successful launching of several funds under the umbrella of ABL AMC. Hassan holds master's degree in Administrative Sciences and also Post Graduate Diploma in Islamic Banking & Finance.

**Mubeen Ashraf Bhimani, Head of Compliance**

Mr. Mubeen is a Chartered Accountant (qualified in June 2006) from Institute of Chartered Accountants of Pakistan and holds Bachelors in Commerce from University of Karachi. His professional experience includes working as Chief Internal Auditor at ABL Asset Management; as Deputy Director (Monitoring & Inspection Wing) at Securities and Exchange Commission of Pakistan; as Manager Internal Audit at Sui Southern Gas Company Limited and as Assistant Manager Audit and Assurance at Deloitte Pakistan. He completed his four years' training from Ernst & Young Pakistan. He has vast experience of Asset Management Companies,



Mutual funds, Leasing Companies, Investment Banks and Modarabas. Besides he also conducted external and internal audits of various local and foreign financial institutions including mutual funds, manufacturing concerns, NGOs, service providers and trading companies.

**Asher Matloob, *Head of Internal Audit***

Mr. Asher Matloob is currently working as Head of Internal Audit in HBL AML. He has more than 15 years of working experience in Compliance, Audit, Internal Audit, Due Diligence Assignments etc. Previously, he was working as Head of Compliance and Internal Audit in PICIC Asset Management Company for almost 4 years. In this position, his job objective is to ensure that all business activities of the organization are carried out in accordance with the applicable laws and internal policies of the company and to provide value additions in the form of giving suggestions to improve the accounting and internal control system of the organization. He was also working with UBL Fund Managers Ltd for almost 5 years as Manager –Internal Audit and Compliance.

Asher is a qualified Cost and Management Accountant (ACMA) from Institute of Cost and Management Accountant of Pakistan and Certified Internal Auditor (CIA) from Institute of Internal Auditors-USA. He has also passed the relevant ICM certifications and is also an associate member of Pakistan Institute of Public Financial Accountant. He has completed article ship from Deloitte Touché Tohmatsu, one of the leading accounting firms of the world.

**Faisal Islam, *Head of Information Technology***

Mr. Faisal has over 14 years of experience in the financial sector, managing information technology. He started his professional journey in 2003 with Arif Habib Group as software engineer and within 4 years was promoted to the level of group AVP. At Pak Oman Asset management Limited he was the Unit Head IT where he built the entire IT infrastructure which include telecommunication, networking, server management, procurement, software development, CRM and implementation of ERP. He then joined Pak Oman Microfinance Bank as Head of IT where his assignment was to transform and strategize the IT department to enable the bank for digital revolution by upgrading the core banking system and its infrastructure.

**Sohail Anjum, *Head of Customer Services***

Sohail is a member of Institute of Cost and Management Accountants of Pakistan (ICMAP). Previously, he was associated with PICIC Asset Management Company Limited as Head of Operations where he was responsible to supervise functions related to Operations and Settlements. He has also worked with MCB Arif Habib Savings and Investments Limited where he was responsible to supervise functions related to Finance, Operations, Settlements and Secretarial issues related to Mutual Funds.

He has more than 20 years of diversified experience of both financial and manufacturing sector related to operation, finance, accounting, settlements (local and international), taxation, customer services, product development, systems development and management functions.

**Sateesh Balani, *Head of Research***

Sateesh Balani is heading Research Department at HBL Asset Management. Prior to HBL AML, he has worked with Engro Corporation and its Energy Holding Company (Engro Powergen Limited) for more than two years where he was responsible for making feasibilities and analyzing potential business ventures for the group. Prior to corporate experience, he has worked with Elixir Securities Pakistan for four years in equity research and covered energy and industrial sector stocks. He has Masters in Business Administration from Institute of Business Management, Karachi and is also a CFA Charter Holder.

**Ayesha Sharjeel, *Head of Human Resources***

Ayesha has an overall experience of 14+ years of working in different fields and specifically 8+ years in the field of Human Resources both at the strategic and operational level. She possess a proven performance track record with all the employers she has been associated with.

Prior to her joining at HBL Asset Management Ltd., she was associated with UBL Fund Managers Limited where she was a key stake holder of HRD team and was mainly handling Talent Acquisition, Performance Management and Employee Development, Policies Administration, etc. Other than the prior mentioned responsibilities, she was also involved in several change management and organizational development initiatives conducted by the company on an ongoing basis. Ayesha holds a Bachelor's Degree in HR as well as she has a strong background of Information Technology due to her advanced studies in the field of IT from Australia.

**Noman Ameer, *Manager Risk***

Mr. Noman Ameer is managing Risk Management Function of the Company. He has over 11 years of experience in risk management of Asset Management industry. Noman holds an MBA degree from the University of Karachi in addition to graduation in Actuarial Sciences. He was previously associated with MCB Asset Management and First Capital Investment Limited in Risk Management Department.

**Jawad Naeem, *Fund Manager – Equity***

Jawad Naeem looks after Equity funds at HBL Asset Management. He has done MBA with a major in Finance from Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST). Jawad has over 10 years of well-rounded experience in Research and fund management on both equity and fixed income side. Prior to joining HBL Asset Management, he was associated with UBL Fund Managers, a leading local asset management company. Jawad has also been visiting faculty for graduate and undergraduate classes with SZABIST.

**Adeel Abdul Wahab, *Fund Manager – Equity***

Adeel has more than 12 years of diversified experience across Equities, Fixed Income and Assurance. He is an Equity Asset Class specialist currently managing the closed end funds, energy fund, and the voluntary pension schemes with HBL Asset Management. Prior to this, he was with PICIC Asset Management for six years, working as Fund Manager of PICIC Growth, PICIC Investment & PICIC Energy Funds. In this capacity he was responsible for the overall management of both closed end funds and the sector specific open end fund. Before PICIC Asset Management, he was associated with Ernst & Young. During his association with E&Y, he worked in the Assurance and Advisory Business Services of the firm performing audits of several Companies across various sectors including Banks, Mutual Funds, General and Life Insurance, Oil & Gas and Construction companies in Pakistan and Qatar. He is an ACCA by profession and is currently pursuing the CFA qualification.

**Faizan Saleem, *Head of Fixed Income***

Faizan Saleem is a seasoned portfolio manager with above 10 years of successful experience in Investment Advisory and Portfolio Management with in depth knowledge of Fixed Income and Money Markets. He also have a solid working experience in managing both conventional and Islamic fixed income portfolios. Prior to joining HBL Asset Management, he was working with ABL Asset Management Company Limited as Head of Fixed Income. In past, he has been associated with companies like UBL Fund Manager and Akhai Capital Management Limited, where he was core member of investment team.

**Muhammad Wamiq Sakrani, *Fund Manager - Fixed Income***

Muhammad Wamiq Sakrani has been a Fund Manager for Fixed Income Fund for over 6 years and has been associated with the industry for over 9 years of which over 8 years are in the Front Office Treasury Management. He has worked in different departments which includes Audit, Compliance and Research before

moving as the Money Market Dealer. He is an MBA from SZABIST and holds a PGD in Islamic Banking and Takaful from Dar-ul-Uloom Karachi. Prior to joining HBL Asset Management Limited, he served as Fund Manager at PICIC Asset Management Company Limited and UBL Fund Managers Limited.

### 3.2.3 Performance of Listed Group Companies

#### *Habib Bank Limited, Holding Company*

	2017	2016	2015	2014	2013	2012
..... (Consolidated figures Rs. in millions) .....						
Profit after Tax	8,182	34,206	35,102	31,483	23,027	22,792
Total Equity	188,815	196,269	182,620	169,595	142,209	132,730
Total Assets	2,684,102	2,506,098	2,218,433	1,864,618	1,715,271	1,610,474
Total Deposits	1,998,935	1,885,959	1,634,944	1,524,645	1,401,230	1,214,964
Advances (net of provision)	851,502	748,466	637,384	600,020	563,701	499,818
Investments (net of provision)	1,374,808	1,344,405	1,270,824	922,691	826,062	797,095
..... per share (%) .....						
Cash Dividend	80	140	140	120	80	40
Stock Dividend	-	-	-	-	10	10

#### *Jubilee General Insurance Company Limited, Associated Company*

	2017	2016	2015	2014	2013	2012
..... (Rs. in millions) .....						
Profit after Tax	1,083	1,179	1,352	1,079	1,045	827
Total Equity	7,122	6,600	5,906	5,423	4,759	4,073
Total Assets	17,992	17,411	15,188	13,539	12,812	10,759
..... per share (%) .....						
Cash Dividend	40	35	45	40	30	30
Stock Dividend	-	15	-	-	15	15

#### *Jubilee Life Insurance Company Limited, Associated Company*

	2017	2016	2015	2014	2013	2012
..... (Rs. in millions) .....						
Profit after Tax	2,570	2,108	1,622	1,362	941	553
Total Equity	6,647	5,070	3,910	3,160	2,243	1,796
Total Assets	120,476	102,041	69,224	49,614	34,291	23,548
..... per share (%) .....						
Cash Dividend	175	145	135	95	60	45
Stock Dividend	-	10	-	-	15	-

### 3.2.4 Existing Schemes under management and their performance

#### a) Schemes under Management

Name of Schemes along with Plans and Sub-Plans / Sub-Funds	Net Assets	Net Assets excluding Fund of Funds	NAV Price	Par Value in Rs.	Category	Listing	Trustee	Auditor	Stability Rating by JCR-VIS	
	..... Rs. in million .....									
<b>Conventional Funds</b> ..... As on Mar. 31, 2018 .....										
HBL Money Market Fund	5,552	5,552	105.7814	100	Money Market	PSX	CDC	Deloitte	AA(f) Jan. 05, 2017	
HBL Cash Fund	11,198	10,951	104.5753	100	Money Market	PSX	CDC	Deloitte	AA(f) Jan. 05, 2017	
HBL Government Securities Fund	336	336	109.0454	100	Sovereign Income	PSX	CDC	Deloitte	A(f) Jan. 05, 2017	
HBL Income Fund	3,104	3,021	109.8964	100	Income	PSX	CDC	Deloitte	A(f) Nov. 1, 2017	
HBL Multi Asset Fund	336	336	108.4002	100	Balanced	PSX	CDC	Deloitte	.../N/A ...	
HBL Energy Fund	1,046	1,046	15.1833	10	Equity	PSX	CDC	Deloitte	.../N/A ...	
HBL Equity Fund	347	347	116.9622	100	Equity	PSX	CDC	Deloitte	.../N/A ...	
HBL Stock Fund	6,366	6,004	113.6775	100	Equity	PSX	CDC	Deloitte	.../N/A ...	
<b>Shariah Compliant Funds</b>										
HBL Islamic Money Market Fund	845	845	103.7524	100	Money	PSX	CDC	Deloitte	AA(f) May 01, 2017	
HBL Islamic Income Fund	4,476	2,076	104.9021	100	Income	PSX	CDC	Deloitte	A+(f) Jan. 05, 2017	
HBL Islamic Asset Allocation Fund	2,891	2,891	105.4565	100	Asset Allocation	PSX	CDC	Deloitte	.../N/A ...	
HBL Islamic Stock Fund	2,493	1,236	117.8268	100	Equity	PSX	CDC	Deloitte	.../N/A ...	
HBL Islamic Equity Fund	1,398	327	97.6248	100	Equity	PSX	CDC	Deloitte	.../N/A ...	
<b>Closed-end</b>										
PICIC Growth Fund	13,101	.../N/A ...	46.2100	10	Equity	PSX	CDC	Deloitte	.../N/A ...	
PICIC Investment Fund	5,644	.../N/A ...	19.8700	10	Equity	PSX	CDC	Deloitte	.../N/A ...	
<b>Financial Planning Funds</b>										
HBL Financial Planning Fund	Conservative Plan	151	.../N/A ...	104.0198	100	Fund of Funds	PSX	MCBFSL	Deloitte	.../N/A ...
	Active Plan	332	.../N/A ...	106.2234						
	Strategic Plan	215	.../N/A ...	105.9521						
HBL Islamic Financial Planning Fund	Conservative Plan	41	.../N/A ...	101.4971	100	Shariah Compliant Fund of Funds	PSX	MCBFSL	Deloitte	.../N/A ...
	Active Plan	301	.../N/A ...	102.6990						
	Strategic Plan	4,384	.../N/A ...	103.7518						
<b>Pension Funds</b>										
HBL Pension Fund	Equity Sub Fund	268	.../N/A ...	388.2658	100	Pension	.../N/A ...	CDC	KPMG	.../N/A ...
	Debt Sub Fund	181	.../N/A ...	157.7879						
	Money Market	151	.../N/A ...	145.6035						
HBL Islamic Pension Fund	Equity Sub Fund	170	.../N/A ...	409.1351	100	Shariah Compliant Pension	.../N/A ...	CDC	KPMG	.../N/A ...
	Debt Sub Fund	97	.../N/A ...	140.4168						
	Money Market	75	.../N/A ...	138.0428						

## b) Performance of schemes

Name of Schemes along with Plans and Sub-Plans / Sub-Funds	Return (%)								Payout as % of Par Value					Schemes Launch Date
	Since Inception As on Mar. 31, 2018	during the period / year							during the period / year					
		2018*	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013		
<b>Conventional Funds</b>														
HBL Money Market Fund	11.11	Annualized	5.21	6.45	5.09	8.80	8.11	9.28	6.30	4.80	8.00	7.59	8.90	Jul. 14, 2010
HBL Cash Fund	11.39	Annualized	5.40	7.18	6.07	10.51	8.37	9.07	7.15	5.87	10.31	8.37	8.45	Dec. 13, 2010
HBL Government Securities Fund	12.30	Annualized	4.59	5.54	7.85	11.75	8.78	9.52	5.60	5.85	9.00	9.20	8.90	Jul. 23, 2010
HBL Income Fund	14.47	Annualized	4.90	4.64	6.12	12.45	9.91	7.69	5.00	5.25	9.00	9.00	7.00	Mar. 17, 2007
HBL Multi Asset Fund	204.14	Absolute	8.11	18.40	5.90	4.90	24.09	37.59	4.00	2.50	5.10	29.80	15.50	Dec. 17, 2007
HBL Energy Fund	72.06	Absolute	7.17	30.12	(2.86)	8.18	23.92	0.55	0.60	-	-	3.45	2.05	**Jun 25, 2013
HBL Equity Fund	237.77	Absolute	11.53	27.67	6.71	11.15	41.93	48.18	12.00	26.50	48.00	35.00	13.00	Sep. 26, 2011
HBL Stock Fund	226.73	Absolute	11.44	23.89	2.59	8.13	27.68	44.42	7.00	1.50	11.00	36.00	25.00	Aug. 31, 2007
<b>Shariah Compliant Funds</b>														
HBL Islamic Money Market Fund	7.98	Annualized	4.11	4.19	4.29	6.73	6.86	8.45	4.20	4.10	6.50	6.51	8.16	May. 10, 2011
HBL Islamic Income Fund	6.63	Annualized	5.07	5.52	4.82	8.37	8.95	.N/A.	5.20	4.50	8.00	0.78	.N/A.	May. 28, 2014
HBL Islamic Asset Allocation Fund	13.35	Absolute	3.44	9.83	3.34	.N/A.	.N/A.	.N/A.	7.00	0.80	.N/A.	.N/A.	.N/A.	Jan. 08, 2016
HBL Islamic Stock Fund	188.07	Absolute	9.57	24.51	1.00	11.82	30.62	44.92	29.00	1.50	19.00	38.50	25.00	May. 10, 2011
HBL Islamic Equity Fund	60.49	Absolute	9.79	24.42	10.96	24.49	0.88	.N/A.	27.00	23.00	9.00	-	.N/A.	May. 28, 2014
<b>Closed-end</b>														
PICIC Growth Fund	.N/A.	Absolute	10.37	25.36	3.39	(0.72)	35.41	58.55	27.50	7.50	-	45.00	45.00	***Jul 2004
PICIC Investment Fund	.N/A.	Absolute	10.08	23.18	4.11	(1.12)	35.39	54.85	13.50	4.20	-	22.00	22.00	***Apr. 2004
<b>Financial Planning Funds</b>														
HBL Financial Planning Fund	4.02	Absolute	4.02	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	Oct. 10, 2017
	6.22	Absolute	6.22	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	
	5.95	Absolute	5.95	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	
HBL Islamic Financial Planning Fund	1.82	Absolute	1.48	0.34	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	0.32	.N/A.	.N/A.	.N/A.	Jun. 16, 2017
	2.86	Absolute	2.69	0.17	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	0.16	.N/A.	.N/A.	.N/A.	
	4.14	Absolute	3.61	0.51	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	0.37	.N/A.	.N/A.	.N/A.	
<b>Pension Funds</b>														
HBL Pension Fund	288.27	Absolute	11.68	27.33	8.96	31.58	25.58	45.41	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	Dec. 16, 2011
	9.18	Annualized	4.02	4.37	8.06	11.01	7.44	8.91	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	
	7.25	Annualized	4.01	4.50	4.16	6.88	7.13	7.92	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	
HBL Islamic Pension Fund	309.14	Absolute	10.42	27.56	5.56	25.92	44.41	50.30	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	Dec. 16, 2011
	6.42	Annualized	2.04	5.06	3.23	4.97	7.04	8.67	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	
	6.05	Annualized	3.03	4.15	2.83	5.28	6.08	7.70	.N/A.	.N/A.	.N/A.	.N/A.	.N/A.	

\*for the period from July 2017 to March 2018

\*\*Conversion date from closed-end to open-end

\*\*\*Asset management rights acquired from ICP

## 3.3 Role and Responsibilities of the Management Company

The Management Company shall manage, operate and administer the Scheme in accordance with the Rules, Regulations directives, circulars and guidelines issued by SECP and the Deed and this Offering Document.

### 3.3.1 Administration of the Scheme

The Management Company shall administer the Scheme in accordance with the Rules, the Regulations, the Deed and this Offering Document and the conditions (if any), which may be imposed by the Commission from time to time.

### 3.3.2 Management of Trust Property

The Management Company shall manage the Trust 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 the Deed, the Rules and the Regulations. Any purchase or sale of investments made under any of the provisions of the Deed shall be made by the Trustee according to the instructions of the Management Company in this respect,

unless such instructions are in conflict with the provisions of the 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 Trust Property due to elements or circumstances beyond its reasonable control.

The Management Company shall comply with the provisions of the Regulations, the Deed and this Offering Document of the Scheme 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 officer(s) or responsible official(s) of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of the Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions, as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Trust Property where such loss has been caused by willful act and / or omission or of its officers, officials or agents.

### 3.3.3 **Appointment of Distributors**

The Management Company, shall from time to time under intimation to the Trustee appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s) locally or internationally. The Management Company may also itself act as a Distributor for carrying on Distribution Functions and updated list of distributors would be available on official website of the Management Company.

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

- (a) the Distributors to whom it delegates, have acquired registration (if required) and are abiding by the code of conduct prescribed; and
- (b) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information

### 3.3.4 **Appointment of Investment Facilitator**

The Management Company may, at its own responsibility & cost, from time to time appoint Investment Facilitators to assist it in promoting sales of Units. An updated list of investment facilitators appointed by the Management Company shall be made available at all times on the websites of the Mutual Funds Associations of Pakistan.

The Management Company shall ensure, where it appoints the investment facilitator, that:

- (a) the investment facilitator have acquired prescribe certification; and
- (b) the written contract with the Investment facilitator clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

### 3.3.5 **Maintenance of Accounts and Records**

The Management Company shall maintain at its principal office, complete and 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, amounts received by the Scheme in respect of issue of Units, payments made from the Scheme on redemption of the Units and by way of distributions and payments made at the termination of the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

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 manner, unless permitted otherwise by the Commission or 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).

The Management Company shall clearly specify Cut-Off Timings (for acceptance of application forms of issuance, redemption, and conversion of Units of the Scheme), in this Offering Document or on its web site and at designated points. Such Cut-Off Timing shall uniformly apply on all Unit Holders.

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

### **3.4 Maintenance of Unit Holders Register**

- 3.4.1 Register of Unit Holders of Class-A Units will be maintained by the THK Associates Private Limited or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

Provided however to the extent of Class-A Units which are CDS eligible, tradable and listed on PSX would be maintained by **Central Depository Company of Pakistan Limited** as per Central Depository Act, 1997 till the Frozen Portfolio is unfrozen to the extent which will be registered in the name of Central Depository also transferable by book-entry in the Central Depository.

However, the Management Company will maintain the Register of Class-B & Class-C Units.

- 3.4.2 The office of THK Associates Private Limited, the Transfer Agent of Class-A Units is located at 1<sup>st</sup> Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan where Register Class-A of Unit Holder will be maintained.

However, the Register of Class-B and Class C Units will be maintained itself by the Management Company at the registered office.

- 3.4.3 Every Unit Holder will have a separate Registration Number. The Management Company shall use such Registration Number for recording Units held by the Unit Holder. Unit

Holder's account identified by the registration number will reflect all the transactions in that account held by such Unit Holder.

#### 3.4.4 **Disclaimer**

The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, Regulations and the Constitutive Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross 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. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

#### 3.5 **Role of the Trustee**

The Trustee shall perform its role as specified in the Rules, the Regulation and directives issued there under, this Deed and the Offering Document.

The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). 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 Trust Deed, this Offering Document or the Rules and the Regulations. Whenever pursuant to any provision of the Trust Deed, any instruction, certificate, notice, direction or other communication is required to be given by the Management Company, the Trustee may accept as sufficient evidence thereof:

- a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept; and
- any Instructions received online through the software solution adopted by the Management Company/Trustee in consultation with each other shall be deemed to be instructions from the authorized representative(s)

The Trustee shall not be liable for any loss caused to the Fund or to the value of the Trust Property due to any elements or circumstances of Force Majeure.

In the event of any loss caused due to any gross negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss. However the trustee shall not be under any liability thereof 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.



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

The Trustee shall perform all the obligations entrusted to it under the Regulations, circulars, directives, the Deed and this Offering Document and discharge all its duties in accordance with the Rules, Regulations, the Trust Deed and this Offering Document. Such duties may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company. Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by negligence or any reckless willful act or omission of the Trustee or any of its attorney(ies), or agents.

### 3.5.2 **Custody of Assets**

The Trustee has the responsibility for being the nominal owner and for the safe 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.

### 3.5.3 **Investment of Trust Property at direction of Management Company**

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

### 3.5.4 **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 Trust Property unless such instructions are in conflict with the provisions of the Deed, this Offering Document(s), the Regulations, the Circulars and Directives of SECP or any other applicable law.

### 3.5.5 **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 the 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 Trust Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability 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.

### 3.5.6 **Disclaimer**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and Regulations and the Deed nor shall the Trustee be liable for any act or omission of the Management Company nor 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 Trust Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### 3.6 Transfer Agent

The Management Company has appointed **THK Associates (Private) Limited** for Class-A Units as Transfer Agent of the Fund until any further notice and intimation to the Trustee.

However, the Management Company will itself act as Transfer Agent for Class-B and Class-C Units. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### 3.7 Custodian

**Central Depository Company of Pakistan Limited** (Trustee) will also be performing the functions of the custodian of the Trust Property. The salient features of the custodial function are:

- (a) Segregating all property of the Fund 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.

The Trustee may, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and agreed by the Management Company for the safe keeping of any portion of the Trust Property.

### 3.8 Distributors/Facilitators

- 3.8.1 Parties detailed in **Annexure "C"** of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in **Annexure "C"** of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may, from time to time, appoint additional Distributors (if they fulfill the requirement of regulations) or terminate the arrangement with any Distributor and

intimate the Trustee and Commission accordingly. The Management Company may also itself perform the functions of a Distributor either directly or through sub-distributors.

- 3.8.2 The Distributors will be responsible for receiving applications for Purchase, Redemption, Conversion or Transfer of Units etc. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address or other particulars or applications for issuance of duplicate certificates, requests for income tax exemption or Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The Management Company shall remunerate the Distributors out of its resources and/or from Front End Load.
- 3.8.3 The Management Company may, at its sole discretion, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources and/or from Front End Load.

### **3.9 Auditors**

Deloitte Yousuf Adil, Chartered Accountants  
Cavish Court, A-35, Block 7 & 8, K.C.H.S.U.,  
Shara-e-Faisal, Karachi

- 3.9.1 They will hold office until the transmission of the reports and accounts, which will cover the Annual Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Act, as amended from time to time. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and the Regulations.
- 3.9.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.9.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 3.9.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.
- 3.9.5 The contents of the Auditors report shall be as per the Regulations.

### **3.10 Legal Advisors**

**Bawaney & Partners**  
3<sup>rd</sup> & 4<sup>th</sup> Floor, 68-C, Lane-13,  
Bukhari Commercial Area,

Phase-VI, DHA,  
Karachi, Pakistan

### 3.11 Bankers

JS Bank Limited  
MCB Bank Limited (Formerly: NIB Bank Limited)  
Soneri Bank Limited

In addition, the Management Company may appoint any other bank. The Trustee shall operate the accounts on instruction of the Management Company.

#### 3.11.1 Bank Accounts

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled as following at designated Bank(s) inside or outside Pakistan, subject to the relevant laws, Restated Trust Deed, Rules and Regulations:

*"CDC Trustee-HBL Investment Fund – Class A Segment"* for use of the Class-A Segment

*"CDC Trustee-HBL Investment Fund – Class B Segment"* or "CDC-Trustee HBL Investment Fund" for collection, investment, redemption or any other use of the Class-B Segment

- (b) The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account(s) for dividend distribution out of the respective Segment of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the respective Segment of the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Segment of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Segment of the Trust.
- (e) The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them then such accounts shall be in the title of *"CDC Trustee HBL Funds"*.

### **3.12 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 (if required) and also published in the annual and quarterly reports of the Scheme as well as on the Management Company's website.

### **3.13 Minimum Fund Size**

The minimum size of the scheme shall be one hundred million rupees at all times during the life of the scheme. In case after the Effective Date of Conversion or subsequently at any time if the size of open end scheme falls below that minimum size of one hundred million rupees, the asset management company shall ensure compliance with the minimum fund size within three (3) months of its breach and if the fund size remains below the minimum fund size limit for consecutive ninety (90) days the asset management company shall immediately intimate the grounds to the Commission upon which it believes that the scheme is still commercially viable and its objective can still be achieved.

## **4. CHARACTERISTICS OF UNITS**

### **4.1 Units**

All Units and fractions (up to four decimal places) thereof represent an undivided share in the respective segment i.e. Class-A Segment of Frozen Portfolio and Class-B Segment of Unfrozen Portfolio of the Fund and rank pari passu as to their rights in the respective segment of the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the respective segment of 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, after seeking prior approval of the Commission and amending the Offering document.

### **4.2 Classes of Units**

#### **4.2.1 Class-A Unit**

One undivided share in the Open End Scheme from Class-A Segment, on pari passu basis, to be issued to the Initial Unit Holders based on swap ratio as mentioned in Clause 1.5 above, which shall not be redeemable until the Frozen Portfolio is unfrozen and shall continue to be listed and tradable at PSX.

#### **4.2.2 Class-B Unit**

One undivided share in the Open End Scheme from Class-B Segment, on pari passu basis, to be issued to the Initial Unit Holders based on swap ratio as mentioned in Clause 1.5 above which shall be redeemable from the Effective Date with Back End Load as mentioned in Clause 1.5 (viii) of this Offering Document.

#### 4.2.3 **Class-C Unit**

One undivided share in the Open End Scheme to be issued to the investors post conversion and may be subject to Front End Load and Back End Load as per the terms and conditions contained in the Restated Trust Deed and the Offering Document. The Fund Property of Class-C Units shall become part of Class-B Segment.

After the effective date no further Class-A Units or Class-B Units will be issued, except where required and if permissible, for distribution of income as bonus or dividend re-invested or additional Units. However, No Front End Load or Back End Load shall be charged on bonus or additional or dividend re-invested Units.

#### 4.3 **Types of Units**

Units shall be issued as Growth Units only. The Unit value grows in line with the growth in the NAV, and the Unit Holders shall receive distribution income (if any distribution announced by the Fund) in the form of dividend re-invested or additional or bonus Units at prevailing NAV, after adjustment of applicable taxes, unless specified otherwise by the investor in the Account Opening Form.

#### 4.4 **Purchase and Redemption of Units**

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices during Business Hours on any Dealing Day in accordance with the procedure set out in this Offering Document.
- (b) Units are issued after realization of subscription money, except Conversion Units which shall be issued without any payment;
- (c) During the period the Register is closed, the sale, redemption, transfer and conversion of Units will be suspended.
- (d) The Management Company may decline an applicant for issue of Units if it is of the opinion that it will not be possible to invest the substantial inflow of funds or to meet any regulatory requirements.

Provided however Class-A Units shall not be redeemable until the unfreezing of the Portfolio by GoP. In order to grant an exit opportunity to the holders of Class-A Units after the Effective Date the existing certificates of PIF will continue to be listed and tradable on PSX as HBL Investment Fund Class-A.

## **4.5 Procedure for Purchase of Units**

### **4.5.1 Who Can Apply?**

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. Application may be made pursuant to the procedures described in Clause 4.5.2 below by any qualified or authorized investor(s) including, but not limited to, the following:

- (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 provided 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/she is duly authorized to purchase such Units.
- (d) Provident Funds constituted by companies registered under the Act.
- (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 Rule 213 (i) of the Income Tax Rules, 2002.
- (h) Fund of Funds.

### **How can Units be purchased?**

#### **4.5.2 Account Opening Procedure**

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

- (a) Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form attached to this Offering Document.
- (b) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC), NICOP or Passport etc. of the applicant or any other form of identification acceptable to the Management Company needs to be furnished

- (c) In case of a body corporate or a registered society or a trust the following documents would be required
- (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
  - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the Funds and/ or to realize the Investment and;
  - (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
- (d) In case of existing Unit Holders, if any of the documents [in (a) to (c) above] have previously been submitted with the Management Company and/or Transfer Agent, fresh submission of documents will not be required provided that submitted documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.
- (e) Any change of name or address of any unit holder as entered in the Register shall forthwith notified in writing by relevant unit holder to the distributor company or transfer agent.
- (f) The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Account Opening Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.
- (g) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- (h) The Investor Account Opening Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Investment Facilitators) is authorized to accept the forms or payment.
- (i) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan

#### 4.5.3 **Joint Application**

- (a) Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis (Principal Account Holder). However, each person must sign the



Account Opening Form and submit a copy of Computerized National Identity Card, NICOP, Passport and other identification document.

- (b) The first named Holder (Principal Account Holder) shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge of obligation by the Trustee and the Management Company.
- (c) In the event of death of the first Holder (Principal Account Holder), the person first in the order of survivor(s) as stated in the Account Opening Form shall be the only person recognized by the Trustee and the Management Company 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 of obligation by the Trustee and the Management Company.

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

#### 4.5.4 **Purchase of Units**

- (a) After opening an account, an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.
- (b) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of **“CDC Trustee - HBL Investment Fund” or “CDC Trustee - HBL Investment Fund Class-B Segment”** and crossed "Account Payee only".
- (c) 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 with the prior approval of Commission.
- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor or the Management Company, as the case may be, acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be valid if issued by Distributors.
- (f) The Distribution Company and/or Management Company will be entitled to verify the detail given in the Investment Form. In case of any incorrect information, the application may be

rejected if the applicant fails to rectify the discrepancy (except for discrepancy in payment instrument, in which case application will be rejected immediately).

- (g) The Management Company will make arrangements, from time to time, for receiving Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### 4.5.5 **Minimum Amount of Investment**

For initial investment minimum investment size shall be Rs. 1,000/- (Rupees One Thousand only) and thereafter the minimum amount for investment would be of Rs.1,000/- (Rupees one thousand only) per transaction, at applicable NAV or purchase price, other than reinvestment of Dividend, Bonus or additional Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively

#### 4.5.6 **Determination of Purchase (Public Offer) Price**

- (a) From the Effective Date and after issuance of the Class-A Units and Class-B Units, the Purchase (Offer) Price for Class-C Units offered through Public Offering, shall be determined from time to time pursuant to the sub-clause (b) hereafter and shall be announced by the Fund for Dealing Days during the period when the Fund is open for subscription.
- (b) The Purchase (Offer) Price of Class-C Units shall be equal to the sum of:
  - (i) The Net Asset Value of Class-B Segment as of the close of the Business Day;
  - (ii) Any Front-end Load as disclosed in this Offering Document.
  - (iii) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (iv) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
  - (v) Such sum shall be adjusted to the nearest fourth decimal place.
- (c) The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which the completely and correctly filled purchase of Units application form is received.
- (d) 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 will also be published daily on the Management Company's and MUFAP's website.

#### 4.5.7 **Allocation/ Issuance of Units**

- (a) From Effective Date, Class-C Units shall be issued based on the Purchase Price determined as stated above, which shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day. Any Investment Request Forms received after Business Hours will be transferred to the next Dealing Day.

- (b) Units will be allocated at the Purchase Price as determined in clause 4.5.6 above and issued after realization of Funds in the bank account of respective segment of the Fund.
- (c) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent either by electronic means or through mail or courier to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announce a suspension of further issue of Units of Fund, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

#### 4.5.8 **Issuance of Physical Certificates**

- (a) Unit Certificates will be issued only if requested by the Unit Holder(s).
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distributor together with a fee of Rs.100 per Certificate or any other amount as determined by the Management Company from time to time.
- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.
- (d) The Certificate will be issued in such form as may from time to time be agreed between the Management Company and the Trustee, which shall be signed by the authorized officers of the Management Company, Trustee and the Registrar.
- (e) Certificate(s) may be issued for fractional Units, subject to discretion of the Management Company from time to time.
- (f) A Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

#### 4.5.9 **Replacement of Certificates**

- (a) The Transfer Agent or Management Company may replace Certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed form on the payment of all costs and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- (b) The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one (01) Certificate upon surrender of existing Certificates.
- (c) Each new issue of Certificates will require payment of Rs.100 per Certificate, subject to revisions of fee from time to time by the Management Company.

#### 4.5.10 **Issuance of Units in Book Entry form in CDS**

Unit Holder may obtain Units in Book Entry form in CDS. The Issuance of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

#### **4.6 Procedure for Redemption of Units**

##### **4.6.1 Who Can Apply?**

All Unit Holders, except for Class-A Unit holders shall be eligible for redemption from the Effective Date, subject to the Back End Load mentioned in Clause 1.5 above. Provided however Class-A Units shall not be redeemable until the unfreezing of the Portfolio by GoP and will be listed and tradable at PSX in the same manner as existing certificates of Closed End Fund.

##### **4.6.2 Redemption Application Procedure**

- (a) Request for Redemption of Class-B and Class C 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.
- (b) The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may 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.
- (c) The Registrar with the consent of the Trustee may 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.
- (d) 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.
- (e) 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 Management Company or 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.
- (f) The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.

- (g) 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 or the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company or 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. 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.
- (h) The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.
- (i) The amount payable on redemption shall be paid to the Unit Holder or first named joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form within six Business Days from the date of presentation of the duly completed Redemption form, electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company.
- (j) The amount can also be paid to the third party upon instruction of the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption Form.
- (k) No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.
- (l) 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 under prior arrangement with the Trustee and seeking prior approval of the Commission.
- (m) The receipt of the Unit Holders for any amount payable in respect of the Units shall be a good discharge to the Trustee and the Management Company. In case of joint Unit Holders any one of them may give effectual receipt for any such moneys.
- (n) Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Dealing Days. Where redemption requests on any one Dealing Day exceed ten (10) percent of either 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 4.11.4.
- (o) On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Fund should be suspended, the Management Company shall suspend the Sale and Redemption of Units and the intimation of suspension shall be made to the Unit Holders, the Trustee and the Commission according to the procedure laid down in the Regulation.

#### 4.6.3 **Redemption of Units in Book Entry form in CDS**

Unit Holder may redeem their Units held in Book Entry form in CDS. The Redemption of Units in CDS shall be made in accordance with the procedure laid down in CDC Regulations. However, Class-A Units shall not be redeemable, but freely tradable at PSX until unfreezing of frozen portfolio.

#### **4.7 Purchase (Public Offer) and Redemption (Repurchase) of Units and Dividend payments outside Pakistan**

- 4.7.1 Subject to exchange control, SECP prior approval and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Public Offer) of Units to persons not residing in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued at the discretion of the Management Company may include in addition to the Purchase (Public 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.
- 4.7.2 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed at the discretion of the Management Company may include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility. 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.
- 4.7.3 The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units or dividend payments 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 therefrom.
- 4.7.4 The Management Company may appoint one or more scheduled bank(s) as the Authorized Dealer(s) to manage the Offer and Redemption of Units and dividend payments from outside Pakistan in foreign currency under the provisions of the Foreign Exchange law, the SECP Regulations and the Regulations of the State Bank of Pakistan.
- 4.7.5 Payment made in foreign currency for purchase of Units shall be converted into Pakistani Rupees through the Authorized Dealer using his quoted rates prevailing on the Business Day of the receipt of the Fund from abroad through normal banking channels or from foreign currency account maintained locally in accordance with the Foreign Exchange law and any conversion cost shall be deducted from the payment before the actual number of Units are calculated against such amount and issued to the applicant.

#### **4.8 Determination of Redemption (Repurchase) Price of Units**

4.8.1 The Redemption (Repurchase) Price shall be equal to the Net Asset Value of the Segment as of the close of Business Day less:

- (a) Any Back End Load as per the details in this Offering Document; and;
- (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc; and
- (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- (d) Such sum shall be adjusted to the nearest fourth decimal place.

An increase in Back End Load will require 90 days prior notice to the Unit Holder or any other period as specified in the Regulations.

4.8.2 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 on the Dealing Day on which a correctly and properly filled redemption application is received.

4.8.3 The Redemption Price determined by the Management Company shall be made available for every Dealing day 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 will be published at Management Company's and MUFAP's website.

#### **4.9 Procedure for Requesting Change in Unit Holder Particulars**

##### **4.9.1 Who Can Request Change?**

All Unit Holders are eligible to change their Unit Holder details if they so desire. For such change in particulars, a request shall be made via the Special Instructions Form. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website.

However, if Units are held in CDS account then request should be made through CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

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

- (a) Some of the key information which the Unit Holder can change is as follows:
  - i. Change in address / contact details
  - ii. Nominee
  - iii. Change in Bank Account details
  - iv. Account Operating instructions
  - v. Systematic Conversion Option

Change will not be allowed in Joint account holders, CNIC numbers or in the Title of Account (without any documentary evidence).

- (b) Fully completed Special Instructions Form has to be submitted by both Individuals and/or Institutional Investor(s). This Form should be delivered 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 Dealing Day.
- (c) The applicant must obtain a copy of the Special Instructions Form signed and duly verified by an Authorized Officer of the Distributor or Management Company.
- (d) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Special Instructions Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (e) The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes. 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.
- (f) Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instructions Form for such Units.

#### 4.9.3 **Transfer, Nomination, Transmission and Systemic Conversion Procedure**

- (a) Unit Holder may, subject to the law, transfer any Units held by them to any other person. The transfer shall be carried out after the Management Company/Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with.
- (b) Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value.
- (c) Where Certificates have been issued, the Management Company / Transfer Agent with the consent of the Trustee may 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 as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.
- (d) The Transfer Agent shall, with the prior approval of the Management Company or the Management Company itself be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the



Management Company or the Transfer Agent that every Unit of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner. Complete list of unclaimed dividends will be maintained by AMCs and shall not be destroyed. Unit Holder may nominate any successor/ nominee for transmission, subject to all legal requirements, in case of the decease of Unit Holder.

Provided however Physical Certificates dematerialized for the purpose of trading and settlement on PSX and such certificates appear as a book-entry security in CDS shall be disposed of as per SECP Circular No. 16 of 2000.

- (e) Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent or the Management Company itself as Registrar after satisfying as to all legal requirements such as intimation of death of deceased Unit Holder along-with certified copy of death certificate, indemnity from nominee along-with copy of CNIC of nominee and deceased Unit Holder, original unit certificate (in case of physical certificate) etc. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.
- (f) A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company by redeeming the Units of first Scheme and issuance of Units of later Scheme(s) at the relevant price applicable for the day. The Transfer Agent or Management Company itself shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.

Provided however Class-A Units shall not be convertible through redemption into another scheme managed by the Management Company until the unfreezing of the Portfolio by GoP.

- (g) A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/ registration number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.
- (h) **Partial Transfer of Units**  
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.

However in case of Units in Book Entry form in CDS, the Transfer, Nomination, Transmission and Conversion of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

#### **4.10 Procedure for Pledge/Lien/Charge of Units**

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

- (a) All Unit Holders are eligible to apply for pledge/lien/ charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form as attached in **Annexure "D"** of this Offering Document. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website.

However, if Units are held in CDS account then request should be made to the CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

- (b) Any Unit Holder either singly or with Joint Unit Holder(s) (where required) may request the Management Company or Transfer Agent to record a pledge / lien of all or any of his / her/ their Units in favor of any third party legally entitled to invest in such Units in its own right. The Management Company or Transfer Agent shall register a lien on any Unit in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Management Company or Transfer Agent with the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.
- (c) 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 Transfer Agent, shall be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.
- (d) Payments of cash dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien / charge / pledge shall be paid to the order of the lien / charge / pledge holder's bank account or posted to the registered address of Pledgee mentioned in the Pledge Form and/or Investor Account Opening Form submitted. In case of Units are pledged through Central Depository System, payments of cash dividends or the issuance of bonus Units goes to the Pledger as per Central Depositories Act.
- (e) The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Pledge Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (f) Fully completed Pledge of Units Form has to be submitted by both Individuals and/or non-individuals Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company directly or through an Investment Facilitator within Business Hours on a

Dealing Day.

- (g) 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.

#### **4.11 Temporary Change in Method of Dealing, Suspension of Dealing and Queue System**

##### **4.11.1 Temporary Change in the Method of Dealing**

Under the circumstances mentioned in Clause 4.11.2 and 4.11.3, 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.

A permanent change in the method of dealing shall be made after expiry of at least one month's notice to Unit Holders and with the approval of Trustee.

##### **4.11.2 Suspension of Fresh Issue of Units**

The Management Company may, under the following circumstances, suspend issue of fresh Units.

- The situation of Force Majeure as defined in this Offering Document;
- A situation in which it is not possible to invest the amount received against issuance of fresh Units or
- Any other situation in which issuance of fresh Units is, in Management Company's opinion, against the interests of the existing/remaining Unit Holders.

Such suspension may however not affect existing Unit Holders for the issue of bonus Units as a result of profit distribution. The Management Company shall announce the details of circumstances at the time a suspension of fresh issue is announced. The Management Company shall immediately notify SECP and Trustee if issuance of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

In case of suspension of redemption of Units due to extraordinary circumstances the issuance of Units shall also be kept suspended until and unless redemption of Units is resumed.

Investment application form received on the day of suspension will not be processed and the amount received shall be returned to the investor.

##### **4.11.3 Suspension of Redemption of Units**

The Redemption of Units may be suspended during extraordinary circumstances of Force Majeure.

Redemption requests received on the day of the suspension shall be rejected.

#### 4.11.4 **Queue System**

In the event redemption requests on any day exceed ten percent (10%) of Units in issue of the Segment, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue of the Segment. The Management Company shall proceed to sell adequate assets of the Fund and/or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Dealing Day, such requests shall be processed on basis proportionate to the size of the requests. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) 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. However, if the carried over requests and the fresh requests received on the next Dealing Day still exceed ten percent (10%) of the Units in issue of the Segment, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue of the Segment.

#### 4.11.5 **Winding up in view of Major Redemptions**

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Segment of the Fund being run down to an unsustainable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Segment of the Fund. 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. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

## 5. **DISTRIBUTION POLICY**

### 5.1 **Declaration of Dividend**

The Management Company shall decide as soon as possible but not later than the time stipulated in the Act or the Rules and the Regulations after the Accounting Date/interim period whether to distribute among Unit Holders, profits, either in form of Bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the amount of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

Provided however, the profit earned on Class-A Segment shall be distributable to Class-A Unit Holders and profit earned on Class-B Segment shall be distributable to Class-B Unit Holders and Class-C Unit Holders.

The Board of directors of the Management Company may delegate the powers for declaring quarterly or interim dividends of the Fund to the Chief Executive Officer, provided that all other provisions of the Rules, the Regulations and Constitutive Documents of the Fund are complied with. However, the declaration of final dividend shall only be made by and with the approval of the Board of Directors.

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 per cent of the accounting income of the Collective Investment Scheme received or derived from sources other than capital gains as reduced by such expenses as are chargeable to a Collective Investment Scheme under the Regulations.

For the purpose of this Clause the expression “accounting income” means income calculated in accordance with the requirements of International Accounting Standards (IAS) as are notified under the Companies Act, 2017, the Regulations and the directives issued by SECP. Wherever the requirement of Regulations or the directives issued by SECP differs with the requirement of IAS, the Regulations and the said directives shall prevail.

## **5.2 Determination of Distributable Income**

The amount available for distribution in respect of any Accounting Period shall be the sum of all income and excluding capital gains, from which shall be deducted:

- the expenses, as stated in this Document or the Rules and the Regulations; and
- any taxes of the Fund

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

## **5.3 Payment of Dividend**

All payments for dividend shall be made in Pakistani Rupee through payment instruments or transfer of Funds to the Unit Holder’s designated bank account or the charge-holder’s designated bank account in case of lien / pledge of Units as the case may be or through any other mode of payment with the approval of Commission and such payment shall be subject to the Regulations and any other applicable laws.

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

Dividend warrants/advice/payment instruments and/or Account Statements shall be dispatched to the Unit Holders or the charge-holders at their registered addresses.

### **5.5 Reinvestment of Dividend**

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.

### **5.6 Bonus Units**

The Management Company may decide to distribute, wholly or in part, the distributable income in the form of stock dividend (which would comprise of the Bonus Units of the Trust) if it is in the interest of Unit Holders. After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company shall, under intimation to the Trustee, issue additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units would rank pari passu as to their rights in the Net Assets of the Segment, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen days of the issue of Bonus Units.

### **5.7 Closure of Register**

The Management Company may close the Register by giving at least seven (7) days notice to Unit Holder provided that the time period for closure of Class-B Segment register shall not exceed six (6) working days at a time and whole forty five days in a Financial Year. During the closure period, the trading, sale, redemption, conversion or transfer of Units will be suspended. Notice for closure of register shall be published in two newspapers (Urdu and English language) having circulated all over Pakistan and shall also be placed on the website of the Management Company.

## **6. FEE AND CHARGES**

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

The following fees and charges shall be borne by the Investor:

#### **6.1.1 Front End Load**

Front End Load may be included in the offer price of Units subject to discretion of the Management Company. The remuneration of Distributors and Investment Facilitator shall be paid from such Load and if the Front End Load is insufficient to pay the remuneration of the Distributors and/or the Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration and no charges shall be made against the Trust Property or the Distribution Account in this respect. Such payments may be made to the Distributors by the Management Company upon the receipt from the Trustee.

The Management Company may at its discretion charge different levels of Load as per **Annexure "A"**. Any change in Front End Load shall be done through an addendum to the Offering Document after seeking prior approval of the Commission.

A Distributor located outside Pakistan may if so authorized by the Management Company and the Trustee retain such portion of the Front-end Load as is authorized by the

Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

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 or processing charge.

#### 6.1.2 **Back End Load**

Back End Load shall be deducted from the Net Asset Value in determining the Redemption Price; provided however that different level of Back End Load may be applied to different classes of Units, but Unit Holders within a class shall be charged same level of back end load except Units issued as Bonus or Additional (Dividend Re-invested). Management Company may change the current level of Back End Load after giving 90 days prior notice to the Unit Holder through newspaper (either Urdu or English Newspaper) and via post and the unit holders shall be given an option to exit at the applicable NAV without charge of Back End load as specified in the Regulation.

The current level of Back End Load is indicated in **Annexure "A"**.

#### 6.1.3 **Other Charges**

Transfer of Units from one owner to another may be subject to a Processing Charge, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued based on applicable Offer Price.

The current level of other charges is indicated in **Annexure "A"**.

#### 6.1.4 **Expenses borne by the Management Company and the Trustee**

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

Any cost associated with sales, marketing and advertisement of the Scheme shall not be charged to the Scheme, except such expenses or fees which are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Trust Property.

#### 6.1.5 **Remuneration of Distribution Company / Investment Agent / Investment Facilitator**

The Distribution Company employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources and/or from

Front End Load on terms to be agreed between the Management Company and the Distribution Company, except such expenses or fees which are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Trust Property.

The Investment Facilitator/Investment Adviser/Sales Agent employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources, except such expenses or fees which are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Trust Property.

Distributors located outside Pakistan may, if so authorized by Trustee and the Management Company, be entitled to remuneration (from Management Company's own resources) on terms to be agreed between them and the Management Company, subject to the law for the time being in force.

## **6.2 Fees and Charges Payable by the Fund**

The following expenses shall be borne by the Fund:

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

The remuneration shall continue to accrue from the Effective Date. However, prior to the Effective Date the Management Company continued to receive its remuneration as prescribed in the Initial Trust Deed of the Closed End Fund. In respect of any period other than an Annual Accounting Period, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the Annual Accounting Period concerned.

The Management Company shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with **Annexure "A"**.

Any increase in the current level of Management Fee, provided it is within the maximum limit prescribed in the Regulations shall be subject to giving a ninety (90) days prior notice to the unit holders and the unit holders shall be given an option to exit at the applicable NAV without charge of any exit load.

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

The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with **Annexure "B"**.

The remuneration shall continue to accrue from the Effective Date. However, prior to the Effective Date the Trustee continue to receive its remuneration as prescribed in the Initial Trust Deed of the Closed End Fund. For any period other than an Annual Accounting Period such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in an Annual Accounting Period concerned. Any upward change in the remuneration of trustee from the existing level shall require prior approval of the Commission.



### 6.3 Conversion Cost

All cost and expenses relating to the conversion of the Closed End Fund into an Open End Scheme, including but not limited to expenses for obtaining authorization for conversion of the Scheme, execution and registration of this Restated Trust Deed, issue, printing, publication and circulation of the Offering Document, announcements to the public, the Unit Holders, banks and other concerned parties, announcements describing the Scheme, cost and expenses (if any) for issuance of physical certificates to Unit Holders in lieu of existing physical certificates (if required) as well as central depository and stock exchange fees related to the enlisting, eligibility, issuance and cancellation of units in CDS including all stamp and other duties, taxes, Government charges, legal expenses and all other cost and expenses incurred for effectuating and implementing the conversion of Closed End Fund into an Open End Scheme.

Conversion Cost shall be reported by the Management Company to the SECP and the Trustee giving their break-up under separate heads after Effective Date.

### 6.4 Other Costs and Expenses

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

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.
- (iv) Bank charges, borrowing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) Printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports
- (vii) Fund rating fee payable to approved rating agency.
- (viii) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (ix) Fee pertaining to the Fund payable to the Commission.
- (x) Taxes, fees, duties if any, applicable to the Fund and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by Asset Management Company for management of Fund, including contributions to Workers' Welfare Fund, if legally required.
- (xi) Charges and levies of stock exchanges, national clearing and settlement company, CDC charges.

- (xii) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.

## **6.5 Total Expense Ratio**

The expense ratio of the Segment of the Scheme will be capped up to 4% of the Net Asset Value of the Segment. However, the Cost incurred in relation to any government levy on scheme such as sales tax, Worker's Welfare Fund or SECP fee etc. shall be excluded while calculating the Ratio.

## **7. TAXATION**

### **7.1 Taxation on the Income of the Fund**

#### **7.1.1 Liability for Income Tax**

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

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

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

- (i) Taxes on Dividend income as applicable according to the law;
- (ii) Capital Gains Tax as applicable according to the law;
- (iii) Return from all other sources / instruments are taxable at the rate applicable to a public company.

#### **7.1.2 Liability for Income Tax if Ninety Percent of Income is distributed**

Notwithstanding the tax rate given above, the income from the Fund will be exempted from Income 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.

In line with the existing applicable rules and regulation, the Fund will distribute not less than 90% of its income received or derived from sources other than capital gains as reduced by such expenses as are chargeable to the Fund.

### **7.2 Withholding tax**

Under the provision of clause 47(B) of part (IV) of Second Schedule of the Income Tax Ordinance 2001, the Fund's income from dividend return on deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

### 7.3 Zakat on Fund

The Fund is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings bank account, or similar account with a bank standing on the first day of Ramzan-ul-Mubarak will be subjected to Zakat deduction @ 2.5%.

### 7.4 Taxation and Zakat on Unit Holders

#### 7.4.1 Taxation on Income from the Fund of the Unit Holder

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

7.4.2 Unit holders of the fund will be subject to Income Tax at the applicable rate as prescribed under Income Tax Ordinance, 2001 on dividend income / bonus distributed by the Fund.

The tax deducted on dividend at the rates specified above will be the final tax (except for companies) and the payer will be required to withhold the amount of tax at source from payment of dividend or bonus except payment to the banking companies.

7.4.3 Capital gain arising from sale/redemption of Units of the Fund will be subject to tax at the applicable tax rate as mentioned in Income Tax Ordinance 2001.

7.4.4 Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and/or Transfer Agent and on the basis of Exemption Certificate income tax will not be withheld.

#### 7.4.5 Tax Credit to Unit Holders

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units

#### 7.4.6 Zakat

Units held by resident Pakistani Unit Holders shall be subject to Zakat at 2.5% of the value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the redemption proceeds. Above deduction will not be made if Unit Holder provides declaration in due course of time to the Management Company.

### 7.5 Disclaimer

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

## **8. REPORTS TO UNIT HOLDERS**

### **8.1 Account Statement**

The Management Company/Transfer Agent shall send directly to each Unit Holder an account statement each time there is a transaction in the account.

The Management Company/Transfer Agent may provide account balance and/or account activities through electronic mode to Unit Holder, who opted for such service.

The Unit Holder will be entitled to ask for copies of his account statement on any Dealing Day within Business Hours by applying to the Management Company/Transfer Agent in writing.

### **8.2 Financial Reporting**

- (a) The Management Company shall prepare and transmit the annual report in such form and manner as set out in Regulations as amended or substituted from time to time.
- (b) The Management Company shall prepare and transmit quarterly reports or 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.

### **8.3 Trustee Report**

The Trustee shall report to the Unit Holder, to be included in the annual and second quarter Financial Reports issued by the Management Company to the Unit Holders, as to whether in its opinion the Management Company has in all material respects managed the Fund in accordance with the provisions of the Regulations, the Constitutive Documents 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.

### **8.4 Fund Manager Report**

The Management Company shall prepare Fund Manager Report each month as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at their web site latest by 5<sup>th</sup> Business Day of each month.

## **9. WARNING AND DISCLAIMER**

### **9.1 Warning**

- 9.1.1 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.
- 9.1.2 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.

## **9.2 Disclaimer**

- 9.2.1 The Units of the Fund are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by 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 other bank or financial institution. The portfolio of the Fund is subject to market risks and risks inherent in all such investments.
- 9.2.2 Fund's target return/ dividend range cannot be guaranteed. Fund'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.

## **10. GENERAL INFORMATION**

### **10.1 Accounting Period / Financial Year of the Fund**

Accounting Period means a period ending on and including an accounting date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding accounting period.

Annual Accounting Period means the period commence on 1st July and shall end on 30<sup>th</sup> June of the succeeding calendar year.

### **10.2 Inspection of Constitutive Documents**

The copies of constitutive documents, such as the Deed and the Offering Document, can be inspected free of charge at the addresses given below, however such documents shall also be available on the web site of the Management Company:

7<sup>th</sup> Floor, Emerald Tower, G-19, Block 5, Clifton  
Karachi

### **10.3 Transfer of Management Rights of the Fund**

The management rights of the Fund may be transferred to another Management Company upon the occurrence of any of the following events in accordance with the procedure laid down in the Regulation, the Deed and the Directive issued by the Commission;-

- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;

- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be transferred to another Management Company;
- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another Management Company.
- (iv) If the Management Company may retire voluntarily with the prior written consent of the Commission.

#### **10.4 Extinguishment/Revocation of the Fund**

The Fund may be extinguished by the occurrence of any of the following events in accordance with the procedure laid down in the Regulation, the Deed and the Directive issued by the Commission;-

- (i) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the Scheme pass a resolution or have given consent in writing that the scheme be revoked;
- (ii) where the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (iii) in the opinion of the Management Company the Scheme is not commercially viable or purpose of the scheme cannot be accomplished subject to the consent of Trustee;
- (iv) The Management Company subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.
- (v) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vi) where the Commission deems it necessary to revoke the Fund so directs either Trustee or the Management Company in the interest of Unit Holders;

#### **10.5 Procedure and manner of Revocation of the Fund**

Revocation of the Fund shall be done in accordance with the procedures and in the manner as mentioned in the Regulations or through circulars / guidelines issued by the SECP from time to time.

## 10.6 Distribution of proceeds on Revocation

In case of Revocation of the Fund the Trustee shall according to the procedures laid down in Regulations refund the net proceeds to the Unit Holders in proportion to the number of units held by them.

## 11. GLOSSARY

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

- 11.1 "Accounting Date"** means the thirtieth day of June in each year and any interim date on which the financial statements of the Trust are drawn up. Provided that the Management Company may, under intimation to the Trustee after obtaining approval from the relevant competent authority may change such date to any other date and such change shall be intimated to the SECP.
- 11.2 "Accounting Period"** means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.
- 11.3 "Accounting Year"** means the period commence on 1st July and shall end on 30th June of the succeeding calendar year.
- 11.4 "Act"** means the Companies Act, 2017, including any amendments and substitutions thereof.
- 11.5 "Asset Management Company"** means an asset management company as defined in the Rules and Regulations.
- 11.6 "Auditor"** means the auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as per the Regulations.
- 11.7 "Authorized Branches"** means those branches of Distributors which are allowed by the Management Company to deal in Units of the Schemes managed by the Management Company.
- 11.8 "Authorized Investments"** means any investment which may be authorized by the Commission, but does not include restricted investments as specified in the Offering Documents from time to time.
- 11.9 "Back End Load"** means charges deducted from the Net Asset Value in determining the Redemption Price. Back End Load deducted on Class-A Units shall form part of Class-A Segment and Back End Load deducted on Class-B Units shall form part of Class-B Segment. Provided however that different levels of Back End Load may be applied to different classes of Units, but Unit Holders within a class shall be charged same level of Back End Load except Units issued as Bonus or Additional (Dividend Re-invested) as disclosed in the Offering Document.

- 11.10 "Bank"** means institution(s) providing banking services under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 11.11 "Bank Accounts"** means accounts opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holders.
- 11.12 "Broker"** means any person engaged in the business of effecting transactions in securities for the account of others.
- 11.13 "Business Day"** means any day on which PSX and banks are open for business in Pakistan.
- 11.14 "Certificate"** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Restated Trust Deed.
- 11.15 "Certificate of Closed End Fund"** means the definitive certificate acknowledging the number of certificates of the Closed End Fund registered in the name of the Certificate Holder issued pursuant to the provisions of the Initial Trust Deed.
- 11.16 "Certificate Holders"** mean the investors, whose name was entered in the register of Certificate Holders maintained by the Fund as a Closed End Fund.
- 11.17 "Class-A Segment"** means such portion of PIF Undertaking that is relatable to Frozen Portfolio as mentioned in approved Conversion Plan.
- 11.18 "Class-B Segment"** means such portion of PIF Undertaking that is relatable to Unfrozen Portfolio as mentioned in approved Conversion Plan.
- 11.19 "Common Portion of PIF Undertaking"** means common portion of undertaking relatable to both Frozen Portfolio as well as Unfrozen Portfolio as mentioned in approved Conversion Plan.
- 11.20 "Constitutive Documents"** means the Initial Trust Deed (as amended), the Restated Trust Deed, Offering Document or such other documents as defined in the Regulations.
- 11.21 "Contingent Load"** means amount payable by the Unit Holder on redemption of Units, as specified in the Offering Document. Any such amount would be treated as part of the Trust Property.
- 11.22 "Conversion Cost"** means all cost and expenses relating to the conversion of the Closed End Fund into an Open End Scheme, including but not limited to expenses for obtaining authorization for conversion of the Scheme, execution and registration of this Restated Trust Deed, issue, printing, publication and circulation of the Offering Document, announcements to the public, the Unit Holders, banks and other concerned parties, announcements describing the Scheme, cost and expenses (if any) for issuance of physical certificates to Unit Holders in lieu of existing physical certificates (if required) as well as central depository and stock exchange fees related to the enlisting, eligibility, issuance and cancellation of units in CDS



including all stamp and other duties, taxes, Government charges, legal expenses and all other cost and expenses incurred up to the period of effectuating and implementing the conversion of Closed End Fund into an Open End Scheme.

- 11.23 "Conversion Plan"** means the Plan for Conversion of PIF from a Closed End Fund to an Open End Scheme, as approved by the Unit holders and SECP.
- 11.24 "Conversion Units"** mean Class-A Units issued against the Frozen Portfolio of PIF and Class-B Units issued against the Unfrozen Portfolio of PIF after its conversion into an Open End Scheme, to be initially issued to the Certificate Holders of PIF without any payment and without any Front End Load.
- 11.25 "Custodian"** means a Bank, a depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee with the consent of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and shall also include the Trustee itself if it provides custodial services for the Scheme.
- 11.26 "Cut-Off Timings"** means day time for dealing in Units of the Scheme. The Details of Cut-off Time are prescribed in Annexure A of this Offering Document of the Scheme.
- 11.27 "Dealing Day"** means Business Day on which Units will be available for dealing (purchase, redemption, transfer, switching etc.). The Cut-Off Timings for issuance, redemption, and conversion etc. of Units of the Scheme are defined in Annexure A of this Offering Document for all Dealing Days. Provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in a widely circulated newspaper in Pakistan declare any particular Business Day(s) not to be Dealing Day(s).
- 11.28 "Distribution Account"** means the Bank Account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders may be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Scheme from time to time, as part of the Trust Property for the benefit of the Unit Holders.
- 11.29 "Distributor/Distribution Company"** means a company/firm appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Functions.
- 11.30 "Distribution Function"** means the functions with regard to:
- a) receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
  - b) issuing receipts in respect of (a) above;
  - c) interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of

address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;

- d) accounting to the Management Company for all: (i) payment instruments received from the applicants for issuance of Units; (ii) payments instruments to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
- e) the above functions may be performed electronically, if appropriate systems are in place.

**11.31 "Duties and Charges"** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

**11.32 "Effective Date"** means the next Business Day after the book closure announced specifically for the purpose of conversion by the Management Company, which shall be the effective date of conversion, subject to the approval of the SECP and fulfillment of all legal and regulatory requirements.

**11.33 "Financial Institution"** carries the same meaning as defined under the Companies Act, 2017.

**11.34 "Force Majeure"** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Restated Trust Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Restated Trust Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

**11.35 "Front End Load"** means charges which may be included in the Offer Price of the Units, as defined in Offering Document.

**11.36 "Frozen Portfolio"** means the frozen shares of PSO and SNGPL listed in Schedule to the

Conversion Plan held under an initial Consent Agreement dated October 20, 2005 between GOP and erstwhile PICIC AMC as last extended by Consent Agreement dated August 8, 2016 and June 27, 2016, as may further be extended by consent Agreement that may executed from time to time between the Management Company and GOP, pursuant to GOP's privatization policy to sell the entire shareholding of PSO and SNGPL to strategic investors

- 11.37 "GOP"** means the Government of Pakistan acting through PC
- 11.38 "Holder" or "Unit Holder"** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of this Restated Trust Deed.
- 11.39 "Initial Unit Holders"** mean the Certificate Holders, whose status shall change to that of Unit Holders pursuant to the issuance of the Conversion Units to them in lieu of their investments in the Closed End Fund.
- 11.40 "Investment"** means any Authorized Investment forming part of the Trust Property.
- 11.41 "Investment Facilitators"** mean an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Open End Scheme. The investment facilitator/advisor is not authorized to perform the Distribution Functions. The Management Company shall compensate the Investment Facilitators.
- 11.42 "Management Company"** means HBL Asset Management Limited
- 11.43 "Net Assets"**, in relation to the Trust, means the excess of assets over liabilities of the Segment of the Scheme as calculated in accordance with the Regulations.
- 11.44 "Net Asset Value" or "NAV"** means per Unit value of the Trust arrived at by dividing the Net Assets of the segment by the number of Units outstanding of the Segment.
- 11.45 "Offer Price" or "Purchase Price"** means the sum to be paid by investors for the purchase of one Unit of the Scheme. Such price is to be determined in accordance with this Offering Document.
- 11.46 "Offering Document"** means the prospectus or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structures and all other information in respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme, and includes any Supplementary Offering Document.
- 11.47 "On-line"** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 11.48 "Ordinance"** means the former Companies Ordinance, 1984.
- 11.49 "PC"** means Privatization Commission constituted by GOP.
- 11.50 "PICIC AMC"** means erstwhile PICIC Asset Management Company Limited, now merged

into HBL AML vide the Commission's Sanction Order under Section 282L of the Ordinance.

- 11.51 "PIF"** means **PICIC Investment Fund** that was constituted as a Closed End Fund by a registered Initial Trust Deed dated April 2, 2004, as amended vide First Supplemental dated June 28, 2004 and registered with the Commission as a notified entity under the Regulations now converted into an Open End Scheme by the Restated Trust Deed.
- 11.52 "PIF Undertaking"** means properties, assets, including cash liabilities, receivables and all other affairs of PIF as mentioned in Clauses 5.2 (a) and 11.1 of the Restated Trust Deed.
- 11.53 "PSO"** means Pakistan State Oil Company Limited
- 11.54 "PSX"** means Pakistan Stock Exchange registered under the Securities Act, 2015.
- 11.55 "Par Value"** means the face value of a Unit i.e. Rs. 10 or such other amount determined by the Management Company from time to time and disclosed in the Offering Document of the Trust.
- 11.56 "Redemption Price"** means the amount to be paid to the relevant Unit Holder(s) upon redemption of that Unit, such amount to be determined pursuant to this document.
- 11.57 "Register"** means the Register of the Unit Holder(s) kept pursuant to the Regulations and the Restated Trust Deed.
- 11.58 "Registrar Functions"** means the functions with regard to:
- f) maintaining the Register, including keeping a record of change of addresses/other particulars of the Unit Holders;
  - g) issuing account statements to the Unit Holders;
  - h) issuing certificates in respect of Units;
  - i) canceling old certificates in respect of Units on redemption or replacement thereof;
  - j) processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holders;
  - k) issuing and dispatching of certificates in respect of Units;
  - l) Dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends; and
  - m) Maintaining record of lien/pledge/charge on units, transfer/ switching of units, Zakat.
- 11.59 "Regulations"** mean Non-Banking Finance Companies and Notified Entities Regulations, 2008 as amended from time to time,
- 11.60 "Restated Trust Deed"** means restated trust deed executed between the Management

Company and the Trustee along with all the exhibits appended hereto, and includes any Supplemental Deed.

- 11.61 "Rules"** mean Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 or as amended from time to time.
- 11.62 "Sales Load"** includes the Front End and Back End Loads and any processing charge or commission (excluding Duties and Charges) not exceeding three percent (except up to ten percent Back End Load applicable only for certain time period on redemption of Conversion Units i.e. Class A Units and Class B Units) of the Net Asset Value or as may be allowed under the Regulations, which may be included in the Offer Price of all or certain class of Units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of units.
- 11.63 "Sanction Order"** means the Commission's Order dated August 31, 2016 sanctioning the Scheme of Merger of erstwhile PICIC AMC with an into the Management Company.
- 11.64 "SECP" or "Commission"** means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.
- 11.65 "Six-Month KIBOR"** means the rate to be used to calculate charges on advances (borrowing) of Class-A Segment by using the average of bid and ask rates of 6-month Karachi Inter Bank Offer Rate, one (1) business day prior to start of the quarter.
- 11.66 "SNGPL"** means Sui Northern Gas Pipelines Limited
- 11.67 "Supplemental Deed"** means a deed supplemental to the Restated Trust Deed to be executed by the Management Company and the Trustee, after seeking approval of the SECP, to modify, add to, alter and amend or amend and restate the provisions of the Restated Trust Deed or any other Supplemental Deed in such manner and to such extent as may be considered expedient for all purposes, which shall be consolidated, read and construed together with the Restated Trust Deed.
- 11.68 "Supplementary Offering Document"** means a document issued to modify, add to, alter and amend, amend and restate or to make any other amendment to the Offering Document in such manner and to such extent as considered expedient for all purposes by the Management Company, with the consent of the Trustee, after seeking approval of the SECP, and the same shall be consolidated, read and construed together with the Offering Document.
- 11.69 "Transaction Costs"** means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust's portfolio, inter alia, necessitated by creation or cancellation of Units or issuance or redemption of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.
- 11.70 "Transfer Agent"** means a company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Functions.

- 11.71 "Trust" or "Scheme"** means the Open End Scheme created by conversion of the Closed End Fund constituted by the Initial Trust Deed for continuous offers for sale of Units of the Trust.
- 11.72 "Unit"** means one undivided share in the Open End Scheme; all Units of particular Class shall rank *pari passu inter se* as among the Units Holders of that Class.
- 11.73 "Unfrozen Portfolio"** means the all assets of PIF, other than the shares of PSO and SNGPL listed in Schedule to the Conversion Plan.
- 11.74 "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 Act and Rules and 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. The headings and table of contents are for convenience only and shall not affect the construction of the Trust Deed.

## ANNEXURE "A"

**Current Level of Sales Load for Class C Units:**

Up to 2% on NAV (subject to applicable taxes and duties). If transactions executed through online or website or mobile application of the HBL / HBL AML then up to 1.50% of NAV (subject to applicable taxes and duties).

Provided however the Management Company may waive the Front-end Load fully or partially at its own discretion to any investor.

**Current Level of Back-End Load on Conversion Units of Class-A and Class-B:**

*For Class-A Units:*

<b>% of NAV</b>	<b>Period</b>
10	If Units redeemed within six months from the date of unfreezing of the Frozen Portfolio
5	If Units redeemed after expiry of six months but before the expiry of one year from the date of unfreezing of Frozen Portfolio
Nil	If Units redeemed after the expiry of one year from the date of unfreezing of Frozen Portfolio

*For Class-B Units:*

<b>% of NAV</b>	<b>Period</b>
10	If Units redeemed within six months from the Effective Date
5	If Units redeemed after expiry of six months but before the expiry of one year from the Effective Date
Nil	If Units redeemed after the expiry of one year from the Effective Date

**Note:** No Back End Load shall be charged on redemption of bonus or additional (dividend re-invested) Units.

**Current Management Fee:** 2.00% per annum

**Cut-off Time:**

For Dealing in the Units of the Fund: *PST 9.00 a.m. up to 4.00 p.m. (Monday to Friday)*

For Dissemination and Announcement of NAV for each Dealing Day: *6.30 pm*

**Note:** Any change in the Cut-off Time including for the month of Ramadan shall be notified to investors / Unit Holders by the Company's website.

**Other Charges:**

Rs 100 per certificate on issuance of Physical Certificate to the Unit Holder subject to the discretion of the Management Company.

## ANNEXURE “B”

**REMUNERATION OF THE TRUSTEE AND ITS AGENT****Tariff Structure of Trusteeship of Open-ended Mutual Funds (Unit Trust)**

Central Depository Company of Pakistan Limited (the Trustee) remuneration shall consist of reimbursement of actual custodial expenses or charges plus the following tariff:

<i>Net Assets</i> <i>(Rupees in millions)</i>	<i>Tariff</i>
From 1 to 1,000	Rs. 0.7 million or 0.20% p.a. of NAV whichever is higher
1,000 and above	Rs. 2.0 million plus 0.10% p.a. of NAV on amount exceeding Rs. 1,000 million

Trustee Fee may be review by either party; however any upward revision shall require prior approval of SECP.



**ANNEXURE “C”****Management Company and Distribution Companies**

Management Company:

Management Company of the Fund is:

HBL Asset Management Limited  
7<sup>th</sup> Floor, Emerald Tower, G-19, Block 5, Clifton Road, Clifton  
Karachi, Pakistan **Website:** [www.hblasst.com](http://www.hblasst.com) **Email:** [info@hblasst.com](mailto:info@hblasst.com)

*For further information call:* (021) 111-425-262 or 0800-42526

Distribution Companies:

Please visit HBL AML website <http://hblasst.com/contact/distributors/> for updated list of distributors.

**ANNEXURE “D”****Forms**

Forms and other information of the Fund can be collected either from the Management Company or from the Distributors or may be downloaded from the Management Company website at <http://hblasset.com/downloadcategories/application-forms/>.