

**Risk Disclaimer:** All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2.1.1, Risk Factors mentioned in clause 2.4 , Taxation Policies mentioned in Clause 7 and Warnings in Clause 9 before making any investment decision.

# **CONSOLIDATED OFFERING DOCUMENT OF**

## **HBL Islamic Income Fund**

Wakalatul Istithmar Based Fund

**(Islamic Income Scheme)**

Duly Vetted by Shariah Advisor namely Mufti Irshad for and on behalf of Al-Hilal Shariah Advisors (formerly Fortune Islamic Services Private Limited)

Updated Up to March 03, 2020

**MANAGED BY**

**HBL ASSET MANAGEMENT LIMITED**

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**REPLACEMENT OFFERING DOCUMENT OF**

**HBL Islamic Income Fund (formerly: PICIC Islamic Income Fund)  
(Shariah Compliant Income Scheme)**

**MANAGED BY**

**HBL Asset Management Limited**

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

**Date of Publication of this Offering Document March 16, 2017**

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The **HBL Islamic Income Fund** (*formerly PICIC Islamic Income Fund*) (the Fund/the Scheme/the Trust/the Unit Trust/ **HBL-IIF**) has been established through a Trust Deed (the Deed) dated February 20, 2014 under the Trust 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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**REGULATORY APPROVAL AND CONSENT****Approval of the Securities and Exchange Commission of Pakistan**

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of HBL Islamic Income Fund (*formerly PICIC Islamic Income Fund*) and has registered HBL-IIF as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") vide letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 SECP and has approved this Offering Document, under the Regulations vide letter No. SCD/AMCW/HIIF/450/2017 dated March 08, 2017.

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

The SECP has approved the amalgamation of PICIC Asset Management Company with and into HBL Asset Management Limited (Management Company) with effect from August 31, 2016. After this date, Management Company is acting as the Asset Management Company of HBL Islamic Income Fund (*Formerly PICIC Islamic Income Fund*).

This Offering Document is in replacement of the Offering Document of PICIC Islamic Income Fund published on May 16, 2014 by PICIC Asset Management Company Limited, as the Management Company, which stands superseded by this Offering Document of the Open-end Scheme.

This Offering Document sets out the arrangements covering the basic structure of the **The HBL Islamic Income Fund** (*formerly PICIC Islamic Income Fund*) (the "Fund", the "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 Shariah guidelines*), circulars, directives etc. as specified hereafter govern this Offering Document.

**Confirmation of vetting by Shariah Advisor**

This document has been reviewed and vetted by the Shariah Advisor namely Mufti Irshad for and on behalf of Al-Hilal Shariah Advisors (formerly Fortune Islamic Services Private Limited)

If prospective investor has any doubt about the contents of this Offering Document, he/she/it should consult one or more from amongst their Shariah advisors, 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 Disclosure and Warnings statement contained in Clause 2.4 and Clause 9 respectively in this Offering Document.**

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

### Filing of the Offering Document

The Management Company has filed a copy of the Offering Document signed by the Chief Executive along with the 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. NBFC AMCW01/HBLAML/AMS/01/2014 dated February 27, 2014 renewed by SECP to **HBL Asset Management Limited** to carry out Asset Management Services and Investment Advisory Services respectively;
- (2) SECP's Letter No. **SCD/AMCW/PIIF/868/2014** dated February 12, 2014 approving the appointment of **Central Depository Company of Pakistan Limited** as the Trustee of the Fund;
- (3) Trust Deed of HBL Islamic Income Fund (*formerly PICIC Islamic Income Fund*) dated February 17, 2017 between HBL Asset Management Limited as the establisher and the Management Company and Central Depository Company of Pakistan Limited, as the Trustee;
- (4) SECP's Letter No. **SCD/AMCW/PIIF/949/2014** dated April 4, 2014 registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (5) Letter no **BDOPD/A-0006/14** dated January 3, 2014 from **BDO Ebrahim & Co.** Auditors of the Fund , consenting to the issue of statements and reports;
- (6) Letters no **PICIC(AMC)-109/256/14/06** dated February 27, 2014 from Bawaney & Partners Legal Advisers of the Fund, consenting to act as adviser;
- (7) Letters no nil dated March 12, 2012 from Fortune Islamic Services (Pvt) Limited Shariah Advisers of the Fund, consenting to act as Shariah advisers of the Fund and consenting on the contents of the Offering Document respectively;
- (8) SECP's letter **SCD/AMCW/HIIF/450/2017** dated March 08, 2017 approving this Offering Document.

## 1. CONSTITUTION OF THE SCHEME

### 1.1 Constitution

The Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on February 20, 2014 and the replacement Trust Deed Dated February 17, 2017 between:

**HBL Asset Management Limited**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 and licensed by SECP to undertake asset management services, with its principal place of business at **24C, Khayaban-e-Hafiz, Phase VI, DHA, Karachi**, as the Management Company; and

**Central Depository Company of Pakistan Trustee** incorporated in Pakistan under the Companies Ordinance, 1984, and registered by SECP to act as a Trustee of the Collective Investment Scheme, having its registered office at **CDC House 99-B, Block B, SMCHS, Main Shahra -e- Faisal, Karachi**, Pakistan as the Trustee.

### 1.2 Trust Deed (the “Deed”)

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities and Exchange Ordinance 1969, Companies Ordinance 1984 and all other applicable laws and regulations including Shariah advisor’s directives and guidelines. 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 the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

*(Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency.)*

### 1.3 Modification of Trust Deed

The Trustee and the Management Company, acting together and with the approval of SECP and the Shariah Advisor, 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.

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 revoke, on the occurrence of certain events as specified in the Regulations or **Clause 10.4** this document.

### **1.5 Trust property**

The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs and any applicable Sales Load , shall constitute part of the Trust Property and includes the Investment 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 held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed but does 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 shall become part of the Trust Property.

### **1.6 Initial Offer and Initial Period**

Initial Offer was made during the Initial Period for **Two (2) Business Days** and began at the start of the banking hours on **May 27, 2014** and ended at the close of the banking hours on **May 28, 2014** during this period, Units were issued at an Initial Price of **Rs.100** per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day.

### **1.7 Transaction in Units after Initial Offering Period**

Subsequently the Public Offering will be made at the Offer Price and redeemed 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). The NAV based price shall be fixed after adjusting for the Sales Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in **Clause 10.4** of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Dealing Day.

### **1.8 Offering Document**

The provisions of the Trust Deed, the Rules, the Regulations, circulars and the Directive issued by the Commission and the guidelines issued by Shariah Advisor 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 and Warning and Disclaimer and should also consult their legal, financial and/or other professional adviser before investing.

### **1.9 Modification of 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 Shariah Advisor and approval from the Securities and Exchange Commission of Pakistan (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 and duly posted on official website of the Management Company.

### **1.10 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 Investment Objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking in to account liquidity considerations.

#### Benchmark

The performance of the Fund shall be compared against a benchmark based on six (6) months average deposit rates of three (3) A rated scheduled Islamic Banks or Islamic windows of conventional banks as selected by MUFAP.

### 2.1.1 Investment Policy

HBL Asset Management Company 'HBL AMC' shall manage the Fund on purely Shariah compliance basis by investing in designated Authorized Investments approved by the Shariah Advisory and thus providing Shariah compliant returns to the investors of the Fund. Hence no portion of the Fund property shall be invested in any investment which as per the opinion of Shariah Advisory is non Shariah compliant.

While aiming at the preservation of capital at the forefront, the diversified portfolio of long, medium and short term Shariah compliant income instruments shall be geared towards maximizing risk adjusted income of the investors.

**HBL Islamic Income Fund** in line with its Investment Objectives will invest in Authorized Investments.

#### Authorized Investments

S.No	Authorized Investment	Minimum Rating		Minimum Investment as a % to Net Assets	Maximum Investment as a % to Net Assets
		Entity	Instrument		
1	Shariah Compliant Government Securities exceeding 90 days maturity	N/A	N/A	0%	75%
2	Shariah Compliant Government Securities not exceeding 90 days maturity and Cash at Bank (excluding TDR) with licensed Islamic Banks and/or Islamic Branches/Windows of Conventional Banks.	A-	N/A	25%	100%
3	Bank Deposits and placement of funds not exceeding six months with Islamic Financial Institutions, licensed Islamic Banks or Islamic Branches/Windows of Conventional Banks. <sup>1</sup>	A-	N/A	0%	100%
4	Spread Transactions as approved by the Shariah Advisors in eligible securities as declared by the Stock Exchanges and the SECP	N/A	N/A	0%	40%
5	Secured and unsecured, listed and/or privately placed Shariah Compliant Government Securities / Government guaranteed / Sukuks	N/A	N/A	0%	75%

<sup>1</sup> Amended through 1<sup>st</sup> Supplement in the Offering Document dated 4<sup>th</sup> December, 2017



S.No	Authorized Investment	Minimum Rating		Minimum Investment as a % to Net Assets	Maximum Investment as a % to Net Assets
		Entity	Instrument		
6	Secured and unsecured, listed and/or privately placed Shariah Compliant debt Securities / Sukuks issued by Corporate entities and or Financial Institutions	A-	A-	0%	50%
7	Shariah Compliant non-traded securities with maturity of less than and equal to six (6) months including but not limited to Bank Deposits with licensed Islamic Banks and/or Islamic Branches/Windows of Conventional Banks and placement of funds under money market instruments, Shariah Compliant Commercial Papers, Mudarabah, Murabaha, Musharakahs, Istisna, Salam and Ijarah arrangement with Banks, NBFCs, Mudarababs and Development Financial Institutions.	A-	A-	0%	75%
8	Shariah Compliant non-traded securities with maturity exceeding six(6) months including but not limited to Bank Deposits with licensed Islamic Banks and/or Islamic Branches/Windows of Conventional Banks and placement of funds under money market instruments, Shariah Compliant Commercial Papers, Mudarabah, Murabaha, Musharakahs, Istisna, Salam and Ijarah arrangement with Banks, NBFCs, Mudarababs and Development Financial Institutions.	A-	A-	0%	15%
9	Authorized Shariah Compliant Investments outside Pakistan including Islamic mutual funds shall be subject to prior approvals and guidelines (if any) of SECP, SBP and Shariah Advisor.	A	A	0%	30% (Subject to a cap of USD 15 million)
10	Any other Shariah Compliant instruments/ securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time.	A-	A-	0%	As allowed by the Commission
11	Placement of Funds including TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Islamic Micro Finance Banks, Islamic NBFCs and Modarabas. <sup>2</sup>	A-	N/A	0%	25%

<sup>2</sup> Inserted through 1<sup>st</sup> Supplement in the Offering Document dated 4<sup>th</sup> December, 2017

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.

**Note:**

Investments shall be made as per the authorized investment limit given above and may include the following mode of Shariah Transaction such as; principles of Bai-Mu'ajjal, Bai'-Mussawwama, Bai'-Salam, Istisna'a, Mudaraba, Murabaha and Musharakah or any other structure as approved by the Shariah Advisor from time to time.<sup>3</sup>

## 2.1.2 Risk Control in the Investment Process

Investment process requires disciplined risk management. HBL Asset Management Limited would incorporate adequate safeguards for controlling risks in the portfolio construction process. The investment restrictions and management strategy defined in Clause 2.3 will reduce risk and result in portfolio diversification.

HBL Asset Management Limited investment team aims to identify securities after appropriate credit evaluation of the securities proposed to be invested. In addition to its in-house research, HBL Asset Management Limited will be guided by external research as well as the ratings of recognized credit rating agencies.

1. **Credit Risk:** This risk is mitigated through the Investment Policy parameter whereby HBL-IIF (Formerly PICIC-IIF) only invests in Shariah Compliant instruments and bank deposits, which carry a minimum rating of A- for Sukuk / Entity and A- for Islamic Banks from a credit rating agency duly approved by the Commission.
  2. **Interest Rate Risk:** Mitigation of this risk is through an Investment Policy parameter whereby weighted average duration of HBLIIF (Formerly PICICIIF) non-equity portfolio will not exceed 3 years.
  3. **Liquidity Risk:** Mitigation of this risk is through Investment Policy parameters whereby (i) the weighted average time to maturity of the non-equity Portfolio of HBLIIF (Formerly PICICIIF) shall not exceed four years
  4. **Market Risk:** This risk involves volatility in equities and debt instruments resulting from their dependence on market sentiment, supply and demand dynamics for the securities and overall liquidity in the market. The volatility in prices of securities results in volatility in the Unit price of the Fund. The market risk will be mitigated through timely asset allocation decisions.
- 1) On the non-equity side, the Fund's Investment Process will be based on fundamental credit analysis of Securities or transaction. Specifically, the Investment Process will consider the following key broad parameters:
- a) **Sponsor of the issue:** Investments will be made keeping in mind the market reputation and past track record of the issuing entity and its main sponsors.
  - b) **Strength of financials and ability to repay:** The strength and stability of the issuing company's earnings will be taken into consideration and special focus will be made on its cash flows and the resultant ability to repay the debt.

<sup>3</sup> Amended through 4<sup>th</sup> Supplemental in the Offering Document dated March 03, 2020

- c) **Rate of return offered:** Attempt will be made to invest in those securities that offer competitive returns vis-à-vis other similar investments in the market.

**Industry fundamentals and future outlook:** Industry outlook and its future potential will also be looked into at the time of investing in any company's debt and fixed income instruments.

### **2.1.3 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 2.1.1** 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.

## **2.2 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 regulation.

## **2.3 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. Make Investments in Non-Shariah complied instruments and against the guidelines of Shariah Advisor of the Fund.
  - ii. 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;
  - iii. Participate in a joint account with others in any transaction;
  - iv. Take exposure to equities;
  - v. Affect a short sale in a security whether listed or unlisted;
  - vi. Purchase any security in a forward contract

- vii. Take Exposure in any other Collective Investment Scheme.
  - viii. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
  - ix. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
  - x. Invest in securities of the Management Company
  - xi. Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
  - xii. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
  - xiii. Sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
  - xiv. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
  - xv. Invest the subscription money until the closure of initial offering period.
  - xvi. Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
  - xvii. Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
  - xviii. Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
  - xix. Accept deposits
  - xx. Make a loan or advance money to any person from the assets of the Scheme
  - xxi. Invests more than thirty five percent of its Net Assets in securities of any one sector as per classification of the stock exchanges, if sector weight is more than 35%, then that limit apply for the relevant sector subject to 40% cap.
  - xxii. Take exposure of more than ten per cent (10%) of its Net Assets in the Management Company's listed group companies and such exposure shall only be made through secondary market;
  - xxiii. Exposure in any single entity other than government securities issued by Federal Government shall not exceed an amount equal to 15% of the total net assets of the scheme, subject to maximum exposure to any debt issue of a company shall not exceed 15% of that issue;
  - xxiv. Take exposure of the scheme to a single group as defined in the Regulations shall not exceed 35% of total net assets of the scheme.
  - xxv. Rating of any Shariah-compliant banking security in the portfolio shall not be lower than A- and all other Shariah-compliant securities rating will not be lower than A-.
  - xxvi. Rating of any NBFC and Modaraba with which Funds are placed shall not be lower than A-.
  - xxvii. Rating of any bank with which Funds are placed shall not be lower than A-, and rating of DFI shall not be lower than A-.
  - xxviii. Weighted average time to maturity of net assets in debt/money market securities shall not exceed 4 years excluding Shariah Compliant Government Securities
- (d) In case of redemptions requests are pending due to constraint of liquidity in 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.
- (e) The Management Company on behalf of the Fund shall maintain cash and near cash instruments as per applicable Regulations, Circulars or Directives issued by the Commission. The present limit for the fund is 25% of net assets.

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

In order to protect the right of the Unit Holders, the Management Company may take an Exposure in any unauthorized investment due to recovery of any default proceeding of any

counter party of any Authorized Investment with the approval of the Commission and the Shariah Advisor

In the event, the weightages of the securities or the sectors exceed the limits laid down in this offering document or the Rules as a result of the relative movement in the market prices of the investments or through any disinvestment, the Management Company shall make its best endeavor to bring the exposure within the prescribed limits within four months of the event.

### **2.3.1 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, 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 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 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.

- (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 non-banking finance companies. 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 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.

### **2.3.2 Restriction of 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 the Trustee, purchase or sell any security from or to any Connected Person or employee of the Management Company.
- (c) Provided that above shall not be applicable on sale or redemptions of Units.
- (d) For the purpose of sub-paragraphs (a) and (b) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

- (e) All transactions carried out by or on behalf of the Scheme with connected person(s) shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual reports.

## 2.4 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) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (2) **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 Sukuks etc.:
  - **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
  - **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;
- (3) **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.
- (4) **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.
- (5) **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.
- (6) **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.
- (7) **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.
- (8) **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.
- (9) **Distribution Taxation Risk:** Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by the Fund, and not 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 even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.

**(10) Shariah non-compliance Risk:** The risk associated with employing funds in investments that are not consistent with the Maqasid e Shari'ah.

- 2.4.1 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.

## 2.5 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 document and the Deed) or any of the shareholders of the Management Company or any other bank or financial institution.

## 3. OPERATORS AND PRINCIPALS

### 3.1 Management Company

HBL Asset Management Limited was incorporated on 17 February, 2006 as a public limited company under the Companies Ordinance 1984. It was licensed for Investment Advisory and Asset Management Services by the Securities and Exchange Commission of Pakistan on 3rd April, 2006. The company is managing 14 different types of mutual funds which include 9 conventional Funds and 5 Islamic Funds along with 2 pension funds; conventional and Islamic.

Funds under Management and Credit rating;

#### ○ Mutual Funds

- 1) HBL Income Fund
- 2) HBL Stock Fund
- 3) HBL Money Market Fund
- 4) HBL Multi Asset Fund
- 5) HBL Islamic Stock Fund
- 6) HBL Islamic Money Market Fund
- 7) HBL Mustahekum Sarmaya Fund 1
- 8) HBL Islamic Asset Allocation Fund
- 9) HBL Cash Fund (formerly PICIC Cash Fund)
- 10) HBL Energy Fund (formerly PICIC Energy Fund)
- 11) HBL Government Securities Fund (formerly PICIC Income Fund)
- 12) HBL Islamic Income Fund (formerly PICIC Islamic Income Fund)
- 13) HBL Equity Plans Fund (formerly PICIC Stock Fund)
- 14) HBL Islamic Equity Plans Fund (formerly PICIC Islamic Stock Fund)

#### ○ Pension Funds



- 1) HBL Pension Fund
- 2) HBL Islamic Pension Fund

○ **Credit Rating**

JCR-VIS rating for HBL Asset Management: AM2

### 3.1.1 Organization

#### Principle Shareholders

HBL Asset Management Limited is a wholly owned subsidiary of HBL. HBL was the first commercial bank to be established in Pakistan in 1947. Over the years, HBL has grown its branch network and become the largest private sector bank with over 1,520 branches and 1000 ATMs across the country and a customer base exceeding five million relationships. With a presence in 25 countries, HBL is also the largest domestic multinational.

Key areas of operations encompass product offerings and services in Retail and Consumer Banking. HBL 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 and Address	Other Directorship
<b>Chairman-Independent Director</b> <u>Mr. Towfiq Habib Chinoy</u> Business Address: 45-B, 8 Circular Street, Phase II, DHA, Karachi.	1. Jubilee General Insurance Company Limited 2. New Jubilee Life Insurance Limited 3. IGI Investment Bank Ltd. 4. Packages Limited 5. International Steels Limited
<b>Chief Executive (Director)</b> Mr. Farid Ahmed Khan Address: 7/2, Khayaban-e-Muhafiz, Phase 6, DHA, Karachi.	1. FINCA Microfinance Bank
<b>Non-Executive Director</b> Ms. Sima Kamil Address: 40/V, Block 6, P.E.C.H.S, Karachi.	1. First Micro Finance Bank Ltd
<b>Non-Executive Director</b> Syed Rizwan Haider	1. Diamond Trust Bank Kenya Limited - Kenya 2. Habib Bank Financial Services Limited 3. Habib Finance International Limited – Hong Kong
<b>Non-Executive Director</b> Mr. Nadeem Abdullah Address:	<b>Chief Executive &amp; Director</b> 1. Sapphire Textile Mills Limited (Listed) 4. Sapphire Wind Power Company Ltd. 5. Sapphire Holding Limited 6. Triconboston Consulting Corporation (Pvt) Ltd 7. Sapphire Solar Ltd (in Liquidation) <b>Director In</b> 1. Sapphire Fibers Ltd (Listed) 8. SFL Ltd (Listed ) 9. Neelum Textile Mills (Pvt) Ltd 10. Diamond Fibers Ltd 11. Sapphire Dairies (Pvt) Limited 12. Sapphire Power Generation Ltd 13. Sapphire Finishing Mills Ltd 14. Sapphire Electric Company Ltd 15. Amer Tex (Pvt) Ltd 16. Sapphire Retail Ltd 17. Reliance Textiles (Pvt) Ltd 18. Four Strength (Pvt) Ltd 19. Abdulla Foundation

	20. Sapphire Tech (Pvt) Ltd (in Liquidation)
<u>Non-Executive Director</u> Ms. Ava Ardeshir Cawasjee Address: , Karachi	1. Pakistan National Shipping Corporation Limited
<u>Non-Executive Director</u> Mr. Salahuddin Manzoor Address: 150,1 Block I, Creek Vista Phase 8, DHA, Karachi	None

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**r. Towfiq Habib Chinoy Chairman**

**Mr. Towfiq Habib Chinoy (Independent Director)**

Mr. Chinoy is renowned industrialist of the Country. He has served on the Board of Directors of various listed and unlisted companies. Mr. Chinoy is currently also the Chairman of New Jubilee Insurance Company Ltd., Packages Ltd. and Pakistan Cables Ltd, in addition to being the director on Board of Linde Pakistan Ltd., New Jubilee Life Insurance Co. Ltd., IGI Investment Bank Ltd., and International Steels Ltd.

**Mr. Farid Ahmed Khan, Chief Executive Officer**

Farid Ahmed Khan, CFA has been involved with capital markets for over 22 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 AMC for over six years and was the founding CEO of MCB Asset Management. Prior to that, he worked for MCB Bank as Head of Investment Banking Group. Farid 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 boards of NADRA Authority, FINCA Microfinance Bank and is also a member of Corporate Leaders Advisory Board of IBA, Karachi. He has previously served two terms as elected Director of CFA Society Pakistan. 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.

**Sima Kamil Head of Branch Banking, HBL**

Ms. Sima Kamil is responsible for overseeing the Retail, Commercial, Rural & Consumer Businesses of HBL, which covers the domestic branch network and related business of Pakistan's largest bank. She worked at Standard Chartered in the Corporate Banking & Risk department from 1989 to 2001, and previously held the position of Relationship Manager, Corporate Banking at American Express Bank Karachi. She has an MBA from City University, London, and a B.A. from Kingston Polytechnic in Surrey, U.K.

**Mr. Rizwan Haider**

Mr. Rizwan Haider was 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 for 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.

### **Nadeem Abdullah (Non-Executive- Director)**

Mr. Nadeem Abdullah graduated as commerce graduate from MC Gill University Canada. He is currently the Chief Executive Officer of Sapphire Textile Mills Limited and Sapphire Wind Power Company Ltd. as well as director in other group companies. He also has been director of Karachi Cotton Association and Standard Chartered Pakistan as well as Port Qasim Authority. He has led the business growth of the organization, introduced new product lines and let the development of more value added products. He was involved hands-on with the development of the Sapphire Group's textile operations, which has provided him with an in-depth understanding of the business. He has spearheaded the diversification of the group in non- textile business Mr. Nadeem has developed expertise in multiple disciplines including sales and marketing, supply chain management, product development and management etc.

### **Ava Ardeshir Cowasjee (Non-Executive- Director- HBL)**

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.

Ms. Cowasjee became Partner of Cowasjee Group of Companies and has served the Group for 29 years. She has been the Chairperson of Pakistan Ships Agents Association 'PSAA' having already served PSAA for ten years as a Managing Committee Member. She has also been a Member on the Management Committee of Pakistan International Freight Forwarders Association. She also associated with SOS Children's Village of Sindh for the last ten years as its Vice Chairman. She is a Member of Managing Committee of Hermann Gmeiner School. She is also the Trustee of Cowasjee Foundation.

### **Mr. Salahuddin Manzoor (Non-Executive- Director- HBL)**

Mr. Manzoor has wide ranging international experience expanding over 33 years. He is an MBA from Wharton and is currently working as Global Treasurer at HBL. Prior to that, Mr. Manzoor has held various positions in several world class organizations such as Head of Business Development with Observatory Capital, UK, Client Relationship Manager, Global Head – Emerging Markets Trading FX, Derivatives & Local Fixed Income Markets, with BNP Paribas UK and Singapore.

## **3.2.1 Profile of the Management**

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

Farid Ahmed Khan, CFA has been involved with capital markets for over 22 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 AMC for over six years and was the founding CEO of MCB Asset Management. Prior to that, he worked for MCB Bank as Head of Investment Banking Group. Farid 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 boards of NADRA Authority, FINCA Microfinance Bank and is also a member of Corporate Leaders Advisory Board of IBA, Karachi. He has previously served two terms as elected Director of CFA Society Pakistan. 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.

### **Noman Qurban –Chief Financial Officer & 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 last five 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.

### **Arshad Hussain, Head of Retail Sales**

Arshad Hussain is a U.S qualified commercial pilot with over 34 years of diverse work experience in Pakistan and abroad that includes over 10 years in senior management positions in the asset management industry. He has been associated with ABAMCO, NAFA, KASB and ABL AMC prior to joining PICIC.

He was instrumental in setting up the Retail Sales Department at ABAMCO as well as NAFA.

### **Mohammad Amir Khan –Head of Research & Business Development**

Mr. Amir Khan holds an MBA degree from Adamson University, Manila; Philippines. Mr. Khan has a rich and diversified experience of over 20 years in treasury, investments and finance. Mr. Khan started his career with prestigious Hub Power Company Limited in 1993 as trainee officer and has been associated with the financial sector since 1996, when he joined Al Faysal Investment Bank Limited (Now Faysal Bank Limited) in the Treasury Department. He then joined Saudi Pak Leasing Company as the Chief Dealer Treasury. During his tenure at Saudi Pak Leasing he got exposure in money market, PIBs, Corporate Bonds, Reverse Repo, Clean Placements, COIs, COT transactions & Equity Investments. Prior to joining HBL Asset Management Limited he was serving as Senior Vice President and head of Fixed Income Sales at Invisor Securities (Pvt.) Limited, a corporate brokerage house licensed by Securities and Exchange Commission of Pakistan.

### **Tauqir Shamshad, Head of Fixed Income**

Tauqir has over 22 years of diversified work experience in Finance, Resource Mobilization and Treasury, over the last 10 years he has been associated with the Asset Management Company. During this tenor, he played an instrumental role in the formation, flotation and management of Income Funds, Equity Funds and Shariah Compliant Funds as well as liaising with Regulators and Trustees. Before joining PICIC AMC he was working as Senior Vice President for Dawood Capital Management Ltd, a Company initially sponsored by Asian Development Bank, Manila and First Dawood Group. Tauqir holds Master's degree in Business Administration. He has also done Master of Commerce and Post Graduate Diploma in Islamic Banking and Finance from University of Karachi.

### **Mr. Faisal Huq, Head of Investment Advisory**

Mr. Faisal Huq holds a MBA degree with specialization in Accounting and Finance from the University of Leeds, UK. Prior to coming on board with HBL Asset Management, he was working as Vice President, Private Banking, Barclays Bank, Singapore. He possesses an extensive experience of engaging with Institutional and High Net Worth clients. He has also worked as Associate Director & Country Head Sales at BMA Asset Management, where he managed country wide sales team and played a vital role in establishing BMA as a strong brand in the domestic asset management industry. He has been associated with Standard Chartered Bank, Priority Banking as Senior Wealth Manager, where he excelled having strong team and leadership skills combined with a strong analytical aptitude.

### Sohail Anjum, Head of Operations

Sohail has joined HBL AML as Head of Operations in September 2016. Sohail is responsible for registrar / transfer agent function of Collective Investment Schemes (CIS) and other matter such as development and improvement of business process and internal controls.

He brings with him more than 20 years of diversified experience of both financial and manufacturing sector related to operation, finance, accounting, settlements (local and international), taxation, corporate, treasury, system development and management function. 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.

Sohail is a qualified Cost and Management Accountant (ACMA) from Institute of Cost and Management Accountants of Pakistan.

### 3.3 Existing Schemes under Management and their performance

<b>HBL Income Fund (HBL-IF)</b>	
<b>Date of Launch:</b>	15-Mar-07
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (Nov. 21, 2016)</b>	5.605 billion
<b>Net Assets (Nov. 21, 2016)</b>	107.6536
<b>Stability Rating</b>	A (f) JCR-VIS

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	6.12%	5.25%
Period July 1 to Jun 30, 2015	12.44%	9.00%
Period July 1 to Jun 30, 2014	9.91%	9.00%
Year Ending June 30, 2013	7.70%	7.00%
Year Ending June 30, 2012	12.34%	10.25%
Year Ending June 30, 2011	13.49%	11.50%
Year Ending June 30, 2010	13.60%	9.00%
Year Ending June 30, 2009	4.03%	10.25%
Year Ending June 30, 2008	9.28%	9.19%
Year Ending June 30, 2007	9.58%	9.30%
Returns since inception	15.15%	

<b>HBL Stock Fund (HBL-SF)</b>	
<b>Date of Launch:</b>	29-Aug-07
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Jun 30, 2015)</b>	4.391billion
<b>NAV (Jun 30, 2015)</b>	102.6783
<b>Rating</b>	1 year performance ranking: MFR 2 Star JCR-VIS

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	2.43%	1.50%

Period July 1 to Jun 30, 2015	8.04%	25.00%
Period July 1 to Jun 30, 2014	27.40%	36.00%
Year Ending June 30, 2013	44.42%	25.00%
Year Ending June 30, 2012	11.00%	10.00%
Year Ending June 30, 2011	28.12%	10.15%
Year Ending June 30, 2010	19.52%	10.00%
Year Ending June 30, 2009	-17.80%	0.00%
Year Ending June 30, 2008	-22.68%	7.02%
Year Ending June 30, 2007	-1.76%	7.00%
Returns since inception	110.68%	

<b>HBL Money Market Fund (HBL-MMF)</b>	
<b>Date of Launch:</b>	12-Jul-10
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Jun 30, 2015)</b>	5.079 billion
<b>NAV (Jun 30, 2015)</b>	101.1485
<b>Rating</b>	AA (f) JCRVIS & Co

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	5.41%	4.80%
Period July 1 to Jun 30, 2015	8.79%	8.00%
Period July 1 to Jun 30, 2014	8.08%	7.59%
Year Ending June 30, 2013	9.28%	8.90%
Year Ending June 30, 2012	11.53%	11.05%
Year Ending June 30, 2011	11.86%	11.10%
Returns since inception	12.04%	

<b>HBL Islamic Money Market Fund (HBL-IMMF)</b>	
<b>Date of Launch:</b>	10-May-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Jun 30, 2015)</b>	457.215 million
<b>NAV (Jun 30, 2015)</b>	100.3946
<b>Rating</b>	AA (f) JCRVIS & Co

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	4.29%	4.10%
Period July 1 to Jun 30, 2015	6.70%	6.50%
Period July 1 to Jun 30, 2014	6.86%	7.46%
Year Ending June 30, 2013	8.45%	8.16%
Year Ending June 30, 2012	10.34%	10.00%
Year Ending June 30, 2011	10.46%	10.45%
Returns since inception	9.27%	



<b>HBL Islamic Stock Fund (HBL-ISF)</b>	
<b>Date of Launch:</b>	10-May-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Jun 30, 2015)</b>	783.500 million
<b>NAV (Jun 30, 2015)</b>	128.2505
<b>Rating</b>	1 year performance ranking: MFR 2 Star JCR-VIS

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	0.98%	1.50%
Period July 1 to Jun 30, 2015	11.63%	19.00%
Period July 1 to Jun 30, 2014	30.17%	38.50%
Year Ending June 30, 2013	44.87%	25.00%
Year Ending June 30, 2012	16.52%	10.00%
Year Ending June 30, 2011	2.50%	1.55%
Returns since inception	122.30%	

<b>HBL Mustahekum Sarmaya Fund 1 (HBL-MSF 1)</b>	
<b>Date of Launch:</b>	10-May-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Jun 30, 2015)</b>	1.933 million
<b>NAV (Jun 30, 2015)</b>	100.3818
<b>Rating</b>	NA

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	5.41%	4.75%
Returns since inception	1.73%	1.35%

<b>HBL Government Securities Fund (Formerly PICIC Income Fund)</b>	
<b>Date of Launch:</b>	24-Jul-10
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (Nov 21, 2016)</b>	1.898 billion
<b>NAV (Nov 21, 2016)</b>	107.1014
<b>Stability Rating</b>	A (f) JCR-VIS

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	7.85%	5.85%
Year Ending June 30, 2015	11.75%	9.00%
Year Ending June 30, 2014	8.78%	9.20%
Year Ending June 30, 2013	9.52%	8.90%
Year Ending June 30, 2012	11.85%	11.34%
Period July 24 to Jun 30, 2011	10.93%	10.05%



Returns since inception	12.88%	
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<b>HBL Energy Fund – (Formerly PICIC Energy Fund)</b>	
<b>Date of Launch:</b>	25/06/2013 *Conversion from closed-end to open-end
<b>Listing:</b>	Pakistan Stock Exchange (PSX)
<b>Par Value:</b>	Rs.10
<b>Net Assets (Jun 30, 2016)</b>	0.763 billion
<b>NAV (Jun 30, 2016)</b>	102.6783
<b>Rating</b>	As per new regulation no new rating is available

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	8.04%	0.00%
Year Ending June 30, 2015	8.04%	0.00%
Year Ending June 30, 2014	27.40%	34.50%
Year Ending June 30, 2013	44.42%	20.50%
Year Ending June 30, 2012	11.00%	7.50%
Year Ending June 30, 2011	28.19%	25.00%
Year Ending June 30, 2010	2.84%	10.00%
Returns since inception	47.63%	

<b>HBL Islamic Income Fund – (formerly PICIC Islamic Income Fund)</b>	
<b>Date of Launch:</b>	29-May-14
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Nov 21, 2016)</b>	0.395 billion
<b>NAV (Nov 21, 2016)</b>	102.5263
<b>Rating</b>	A(f) (JCR VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	4.82%	4.50%
Year Ending June 30, 2015	8.37%	8.00%
Period May 29 to Jun 30, 2014	8.95%	0.78%
Returns since inception	6.70%	

<b>HBL Islamic Equity Fund – (formerly PICIC Islamic Stock Fund)</b>	
<b>Date of Launch:</b>	29-May-14
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Nov 21, 2016)</b>	0.436 billion
<b>NAV (Nov 21, 2016)</b>	118.0954
<b>Rating</b>	As per new regulation no new rating is available

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	10.96%	23.00%
Year Ending June 30, 2015	24.49%	9.00%
Period May 29 to Jun 30, 2014	0.88%	0.00%

Returns since inception	46.54%	
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<b>PICIC Growth Fund (PICIC-GF)</b>	
<b>Date of Launch:</b>	01-Jun-04
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 10
<b>Net Assets (Nov 21, 2016)</b>	13.040 billion
<b>NAV (Nov 21, 2016)</b>	46
<b>Stability Rating</b>	-

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	3.39%	7.50%
Year Ending June 30, 2015	-0.71%	0.00%
Year Ending June 30, 2014	35.41%	45.00%
Year Ending June 30, 2013	58.55%	45.00%
Year Ending June 30, 2012	3.19%	17.50%
Year Ending June 30, 2011	16.75%	38.00%
Year Ending June 30, 2010	14.45%	20.00%
Year Ending June 30, 2009	-36.08%	0.00%

<b>PICIC Investment Fund (PICIC-INFF)</b>	
<b>Date of Launch:</b>	01-Jun-04
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.10
<b>Net Assets (Nov 21, 2016)</b>	5.744 billion
<b>NAV (Nov 21, 2016)</b>	20.22
<b>Rating</b>	-

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	4.11%	4.20%
Year Ending June 30, 2015	-1.12%	0.00%
Year Ending June 30, 2014	35.39%	22.00%
Year Ending June 30, 2013	54.85%	22.00%
Year Ending June 30, 2012	4.27%	8.00%
Year Ending June 30, 2011	18.32%	20.00%
Year Ending June 30, 2010	14.94%	10.00%
Year Ending June 30, 2009	-40.55%	0.00%

<b>HBL Equity Fund – (formerly PICIC Stock Fund)</b>	
<b>Date of Launch:</b>	24-Sep-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Nov 21, 2016)</b>	0.388 billion
<b>NAV (Nov 21, 2016)</b>	119.7976
<b>Rating</b>	-

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2016	6.71%	26.50%
Year Ending June 30, 2015	11.15%	0.00%
Year Ending June 30, 2014	41.93%	48.00%
Year Ending June 30, 2013	48.18%	35.00%
Period Sep 24,2011 to June 30,2012	13.03%	13.00%

<b>HBL Cash Fund – (formerly PICIC Cash Fund)</b>	
<b>Date of Launch:</b>	14-Dec-10
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs.100
<b>Net Assets (Nov 21, 2016)</b>	4.327 Billion
<b>NAV (Nov 21, 2016)</b>	102.6187
<b>Rating</b>	AA (f) JCRVIS & Co

<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Period July 1 to Jun 30, 2016	6.06%	5.87%
Period July 1 to Jun 30, 2015	10.51%	10.31%
Period July 1 to Jun 30, 2014	8.36%	8.37%
Year Ending June 30, 2013	9.07%	8.45%
Year Ending June 30, 2012	11.45%	11.10%
Period Dec 14, 2010 to June 30, 2011	6.39%	6.12%

### 3.4 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, Shariah Advisor and this Deed and the Offering Document.

The Fund is based on the Shariah principles of “Wakalah tul Istismar”, in which the Management Company in the capacity of Wakeel shall manage, operate and administer the Scheme and Fund Property in the interest of the Principal (Unit Holders) in good faith, and to the best of its ability.

#### 3.4.1 Administration of the Scheme

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

#### 3.4.2 Management of Fund Property

The Management Company shall manage the Fund Property in a manner that ensures Shariah compliance and 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 and the Rules and 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 Com-

pany shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to elements or circumstances beyond its reasonable control.

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.

### **3.4.3 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 with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the code of conduct prescribed by the Association; and
- (b) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information

### **3.4.4 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 update list of investment facilitators appointed by the Management Company shall be made available at all times on the websites of the Management Company.

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

- a. the investment facilitator have acquired registration with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the code of conduct prescribed by the Association; 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

### **3.4.5 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 manners, unless permitted otherwise by the Commission under the Regulations:

- (a) cash settled transaction based on the formal issuance and redemption requests
- (b) Net off issuance and redemption transaction at same net asset value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any).

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, 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.

### 3.5 Maintenance of Unit Holders Register

3.5.1 A Register of Unit Holders may be maintained by the Management Company itself or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

3.5.2 The office of the Transfer Agent is currently located at THK Associates (Private) Limited having its office at Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi, Pakistan. However, the transfer agent services will provided by HBL Asset Management Limited at 24C, Khayaban-e-Hafiz, Phase VI, DHA, Karachi from **January 27, 2017** where Register of Unit Holder will maintain.

3.5.3 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.

#### 3.5.4 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.

### 3.6 Role of the Trustee

- The trustee shall perform its role as specified in the Rules, 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 or the Rules and Regulations. Whenever pursuant to any provision of this 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 Committee 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.

### **3.6.1 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.

### **3.6.2 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.

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

The Trustee shall invest the Fund Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in 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.

### **3.6.4 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 Fund 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.



### **3.6.5 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 Fund 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.

### **3.6.6 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.

## **3.7 Shariah Advisor**

Management Company, on its own expense, has appointed Al Hilal Shariah Advisors (Pvt.) Limited (formerly Fortune Islamic Services (Pvt.) Limited) as the Shariah Advisor for the Fund. The profile of the Shariah Advisor is annexed as Annexure E at the end of the Offering document.

The Shariah Advisor will be appointed under intimation to the Trustee for a period of five years, but may be reappointed on completion of the term. The Management Company may at any time, with prior notice to the Trustee and intimation to the Commission, terminate the Agreement with the Shariah Advisor by giving a notice as per the Agreement with the Shariah Advisor, before the completion of the term, and fill the vacancy under intimation to the Commission and the trustee. Furthermore, the agreement entered into for the appointment of the Shariah Advisor shall be furnished to the commission.

### **3.7.1 Duties and Responsibilities of Shariah Advisor**

The Shariah Advisor shall advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with Shariah. Any verdict issued by the Shariah Advisor in respect of any Shariah related matter would be final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties.

The Shariah Adviser shall do the research as appropriate on the criteria followed by Islamic Unit Trusts all over the world for the purpose of screening of investments. The Shariah Advisory will then decide as to which screening criteria are relevant to be used in the context of Pakistan's capital markets and the instruments available therein, and which need to be modified/added/deleted.

The Shariah Advisor shall provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Fund into a Shariah Compliant Investment.



The Shariah Advisor has certified that Investment Policy of the Trust is compliant with the requirements of Shariah. However, in case there is a requirement for any amendment, based on future research for purposes of increasing the Shariah acceptability of the Investment Policy, permission for necessary amendments of the Deed may be sought from the Commission.

The Shariah Advisor shall determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and will recommend to the Management Company the criteria for selecting the Charities to whom such sums shall be donated, subject to the condition that such charity organization is not related to the Shariah Adviser, Management Company or any of their employees.

At the end of each Annual and Semi Annual Accounting Period or such other interval as the Commission may require, the Shariah Advisor shall issue a certificate to be included in the Annual reports or such other report in respect of the Shariah compliance of the preceding year's or past operations of the Fund.

### 3.8 Transfer Agent

The Management Company (HBL Asset Management Limited, 24C, Khayaban-e-Hafiz, Phase VI, DHA, Karachi) will perform as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### 3.9 Custodian

Central Depository Company of Pakistan Limited (CDC) 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.

### 3.10 Distributors/Facilitators

- 3.10.1 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 itself perform the functions of a Distributor either directly or through sub-distributors.
- 3.10.2 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 Sales Load.
- 3.10.3 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.

### **3.11 Auditors**

#### **3.11.1 Deloitte Yousuf Adil**

Cavish Court, A-35, Block 7 & 8,  
K.C.H.S.U., Shara-e-Faisal  
Karachi, Pakistan

3.11.2 They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Ordinance, 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 Regulations.

3.11.3 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, 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.

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

3.11.5 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, 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.

3.11.6 The contents of the Auditors report shall be as mentioned in the Regulations.

### **3.12 Legal Advisors**

M/s. Bawaney & Partners  
404, 4<sup>th</sup> Floor, Beaumont Plaza  
Beaumont Road  
Karachi, Pakistan

### **3.13 Bankers**

Albaraka Bank (Pakistan) Limited  
BankIslami Pakistan Limited  
Burj Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited (Islamic Window)  
Soneri Bank Limited (Islamic Window)  
United Bank Limited (Islamic Window)

#### **3.13.1 Bank Accounts**

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **"CDC-Trustee HBL Islamic Income Fund"** for the Unit Trust at designated Bank(s) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust's Funds.

- (b) The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (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. such accounts shall be in the title of “CDC-Trustee HBL Funds”.

### **3.14 Rating of the Scheme**

The Management Company will be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the criteria of the rating agency, and such rating shall be updated at least once every Financial Year and also published in the annual and quarterly reports of the Scheme as well as on the Management Company’s website.

### **3.15 Minimum Fund Size**

The minimum size of an open end scheme shall be one hundred million rupees at all times during the life of the scheme. In case of after the initial public offering 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 conservative 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 Fund and rank pari-passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time, after seeking prior approval of the Commission and amending the Offering document.

### **4.2 Classes of Units**

- (a) Class “A” Units were offered and issued during Initial Offer Period with no Front-end Load.

Any distribution announced for Class A units shall be re-invested in the Fund after deduction of any applicable duties, charges and taxes unless the unit holder has opted for cash in the account opening form.

- (b) Public Offering will be made with Class “B” Units, which shall be offered and issued after the Initial Period, with Front-end Load at the discretion of the Management Company.

Any distribution announced for Class B units shall be re-invested in the Fund after deduction of any applicable duties, charges and taxes unless the unit holder has opted for cash in the account opening form.

### **4.3 Types of Units**

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

- 4.3.1 **Growth Units:** The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive additional units at prevailing price, after adjusting for taxes against Cash Dividend (if any) at the time of distribution unless specified otherwise by the investor on the form. The Management Company may also decide to distribute income in the form of bonus units which shall be growth units of the Fund.
- 4.3.2 **Income Units:** The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive distribution income in the form of cash which will be reinvested after deduction of applicable taxes, duties, and charges etc., unless specified otherwise by the investor on the form, if any distribution announced by the Fund. The Management Company may also decide to distribute income in the form of bonus units which shall be income units of the Fund.

### **4.4 Administrative Plan (Income Units)**

- 4.4.1 Investors of the Fund may opt for an Administrative Plan over the Fund at any time to attain a regular periodic income to support their liquidity requirements.
- 4.4.2 Minimum amount of investment for Administrative Plan described above would be **Rs.500,000/-**. The Management Company may alter the minimum amount at its discretion by giving a prior notice of at least 30 days. However, enhancement in current minimum monetary investments shall not take effect retrospectively.
- 4.4.3 If investment amount falls below **Rs.500,000/-** at any time during the life of investment, features of Administrative Plan will cease for the investor and Units allocated to him will be considered Units of the Fund.
- 4.4.4 The investor can opt either one of the following options:
  - (a) **Fixed Payment:** The Unit Holder shall receive a fixed amount pre-determined by the Unit Holder at the time of investment.
  - (b) **Flexible Payment:** The Unit Holder shall receive an amount equal to the actual growth in his/her/its investment value (net of Sales Load and other applicable taxes and charges.)

- 4.4.5 All Units issued under the Administrative Plan shall rank pari-passu with units of the Fund.
- 4.4.6 All units issued under this Administrative Arrangement shall be income units.
- 4.4.7 The period for periodic payment as decided by the investor shall be monthly, quarterly, half yearly or annually.
- 4.4.8 The periodic payment shall be made by redeeming the required number of Units.
- 4.4.9 The payment shall be processed by the Management Company on the 25th of each month. Provided that if 25th of the last month of a certain regular interval is not a Dealing Day the redemption arrangement of Income Units would be transferred to the next Dealing Day.
- 4.4.10 In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under above options.
- 4.4.11 The Unit Holder may switch over any of the options or withdraw funds from the option at any stage by submitting the prescribed form to the Distributor/ Management Company.
- 4.4.12 This Administrative Plan may be discontinued by the Management Company at any time after seeking approval of the Commission by giving a prior notice of 30 days to the Unit Holders. All units in issue shall be treated as Units of the Fund from there on.
- 4.4.13 The Management Company may introduce more Administrative Plans over the Fund in the future with a prior notice of minimum 7 days to Unit Holders after seeking prior approval of the Commission.

#### **Risks Associated with Administrative Plans:**

The amount of disbursement in case of Income Units with Flexible Income Option may go down or up in line with the diminution or appreciation in the NAV during the Regular Interval.

As a result of operation of Fixed Regular Payments, the principal capital invested by unit holders may deplete in case appreciation of the principal investment (net off Front-end Load and any applicable duties, charges and taxes) during the regular interval is not sufficient to cover the fixed cash amount specified by the Unit Holder.

Price of units and their subsequent income may go up or down as market conditions so warrant. If income generated from the growth in investment value outweighs the fixed cash amount, as specified by an investor then the capital of the investor shall not deplete. On the contrary, if income generated from the growth in investment value becomes lower than the fixed cash amount being paid to an investor then this will lead to a reduction in the actual invested amount. If such a scenario emanates and growth factors dampen with respect to the fixed cash amount then the investor is susceptible to capital depletion. If such conditions persist. The investor may opt to convert their plan from fixed income to flexible income units.

- 4.4.14 Unit Holders can switch from one type of Units to other at any time by filling out the required application form available at all distribution points.

#### **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 of this Offering Document.

- (b) Units are issued after realization of subscription money
- (c) During the period the register is closed, the sale, redemption 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.

## **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 paragraph 4.4.2 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 Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- (e) Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- (f) Insurance companies under the Insurance Ordinance, 2000.
- (g) Non-Profit Organization under 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 (Form 01) 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-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.

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.

- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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. 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 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, 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 Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

#### **4.5.4 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 Trustee Bank Account and crossed "Account Payee only" as specified below;
  - Demand draft or Pay order in favor of "**CDC-Trustee HBL Islamic Income Fund**"
  - Online transfer to Bank Account(s) of **CDC-Trustee HBL Islamic Income Fund**
  - Cheque (account payee only marked in favor of **CDC-Trustee HBL Islamic Income Fund**)
- (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 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 validly 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**

The minimum amount of initial investment that is required to open an account is Rs. 1,000/- (Rupees One Thousand only) for Growth Units and Rs. 500,000/- (Rupees Five Hundred Thousand only) for Income Units. 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 and Bonus 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.

The above mentioned minimum investment requirements will not be applicable to the administrative plans and schemes introduced by HBL AML.<sup>4</sup>

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

- (a) Units offered during the Initial period will be as specified in clause 1.6.
- (b) After the Initial Period, the Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the **Sub clause (c)** hereafter and shall be announced by the Fund for Dealing Days during the period when the Fund is open for subscription.
- (c) The Purchase (Offer) Price shall be equal to the sum of:
  - (i) The Net Asset Value as of the close of the Business Day (Forward pricing);
  - (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.

If such price exceed or falls short of the current value of the underlying assets by more than five percent based on information available, the assets Management Company shall defer dealing and calculate a new price and this new price would be applicable for dealing of units.

- (d) 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 and the purchase amount has been realized.
- (e) 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.

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<sup>4</sup> Amended through 2<sup>nd</sup> Supplemental in the Offering Document dated October 30, 2018

#### **4.5.7 Allocation/ Issue of Units**

- (a) The Purchase Price determined 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 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 by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announces 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.
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of **Rs. 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 available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) 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 may 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 shall be eligible for redemption after the closure of the Initial Period.

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

4.6.3 Request for Redemption of Units shall be made by completing the prescribed redemption form and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also be supplied to the Registrar, if so required by the Management Company.

4.6.4 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.

4.6.5 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.

4.6.6 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.

4.6.7 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.

4.6.8 The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.

4.6.9 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.

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

4.6.11 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.

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.

- 4.6.12 No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.
- 4.6.13 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.
- 4.6.14 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.
- 4.6.15 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**.
- 4.6.16 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.

#### **4.6.17 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 CDCPL Regulations.

### **4.7 Purchase (Public Offer) and Redemption (Repurchase) of Units 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 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 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 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.

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

- 4.8.1 The Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing) 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

Level of all back end loads shall be disclosed in the Offering Document. 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 (Form 07). 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
  - ii. Nominee detail
  - iii. Change in Bank Account details



- iv. Account Operating instructions
- v. Frequency of profit payments
- vi. Systemic Conversion Option

Change will not be allowed in Title of account, CNIC number and Joint holder.

- (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**

- 4.9.4 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.
- 4.9.5 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.
- 4.9.6 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.
- 4.9.7 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.

- 4.9.8 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.
- 4.9.9 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.
- 4.9.10 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.

#### **4.9.11 Partial Transfer**

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

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

#### **4.10.1 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 & 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/ 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 the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as 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, 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.

#### **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 Fund being run down to an unsustainable level or it is of the view that the selloff of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. 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 forty-five days 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.

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 Ordinance, 1984, 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 other than capital gain, from which shall be deducted:

- the expenses, as stated in Clause 6.2 to 6.4 of this Offering Document; 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 Fund 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 Fund Property..

## **5.3 Payment of Dividend**

All payments for dividend shall be made 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/advices/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 after adjustment of relevant taxes. 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, any capital gains in the form of stock dividend (comprising of Bonus Units of the Trust) if it is in the interest of the Unit Holders, and when an amount of not less than ninety percent of distributable income has already been distributed as cash. If Bonus Units are being issued under these circumstances, the rate of bonus distribution per Unit shall be fixed and will be applied on the amount of capital gain after deduction of tax for each Unit Holder. The Management Company shall then, under intimation to the Trustee, issue additional Units, after adjustment of relevant taxes, in the name of the Unit Holders as per the bonus ratio. The Bonus Units would rank pari-passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen days of the issue of Bonus Units.

## **5.7 Encashment of Bonus Units**

The Management Company shall give the Unit Holder(s) the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to encash bonus Units. In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the ex-dividend NAV as calculated on the Business Day immediately preceding the first day of the book closure announced for such purpose and proceeds shall be credited in accordance with the normal procedure already detailed above for Redemption of Units.

## **5.8 Closure of Register**

The Management Company may close the Register by giving at least seven (7) days' notice to the Unit Holder provided that the time period for closure of 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 sale, redemption, conversion of Units or transfer of Units will be suspended. Notice for closure of register should be published in two newspapers (Urdu and English language) having circulated all over Pakistan.

# **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 is a part of Sales Load which may be included in the offer price of the Units. The remuneration of Distributors shall be paid from such Load and if the Front-end Load is insufficient to pay the remuneration of the Distributors, the Management Company shall pay the amount necessary to pay in full such remuneration and no charges shall be made against the Fund 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 sales or processing charge.

#### **6.1.2 Back-end Load**

Back end Load deducted from the Net Asset Value in determining the Redemption Price; 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. 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 shall be subject to a Processing charge of an amount not exceeding 0% of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value on that date.

#### **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 as 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 collective investments schemes shall not be charged to the collective investment schemes

#### **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. 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.

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 begin to accrue from the close of the Initial Offering Period. 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 fee is also disclosed in Annexure “A”. In addition, the actual Management Fee shall be disclosed in the monthly FMR as well as the financial accounts.

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 begin to accrue following the expiry of the Initial Period. 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 Formation Costs

All preliminary and floatation expenses of the Fund including expenses incurred in connection with the establishment and authorization of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred during and up to the Initial Offering Period subject to a maximum of one per cent of pre-IPO capital of the Fund or Rupees five million, whichever is lower, shall be borne by the Fund subject to the audit of expenses and amortized over a period of not less than five years or within the maturity of the Fund whichever is lower. This cost shall be reimbursable by a collective investment scheme to an AMC subject to the audit of expenses. The Formation Cost shall be reported by the Management Company to the Commission and the Trustee giving their break-up under separate heads, as soon as the distribution of the securities is completed

## 6.4 Other costs and expenses

The following charges shall also be payable out of the Fund 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).
- (xi) Charges and levies of stock exchanges, national clearing and settlement company, CDC charges.
- (xii) fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less.
- (xiii) *Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity.*
- (xiv) Shariah Advisory Fee
- (xv) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.
- (xvi) The expense ratio of the Fund (excluding Government taxes or such levies including SECP fees) shall not exceed 2%.

## **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) Dividend income at the applicable rate according to the relevant law;
- (ii) Capital Gains Tax as applicable according to the relevant 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 tax if not less than 90% of the income for the year as reduced by capital gains is distributed amongst the Unit Holders as dividend.

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 Clouse 47(B) of part (IV) of the second schedule of the income Tax Ordinance 2001, the Fund's income from dividend from (Shariah compliant) term finance certificates, Sukuks, return on (Riba free) 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 applicable rate on dividend income distributed by the Fund (exemption on distribution out of capital gains is limited to those Funds which are debt or money market Funds and they do not invest in shares).

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 except where specific exemption from withholding is available to any person(s).

- 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 Unitholders may be liable to pay tax even though they may not have earned any gain on their investment as return of capital through distribution to investors is taxable as per Income Tax Ordinance, 2001.

#### **7.4.6 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

#### **7.4.7 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 sub-

ject to amendments from time to time. Any such amendments in future shall be deemed to have been incorporated herein.

All information contained in Part 7 is based on current taxation status. The exemptions and rates of taxation are subject to change from time to time, as may be announced by the Government.

## **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 shall 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 physically 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 physically (or through electronic means or on the web subject to SECP approval) in such form and manner as set out in the 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 the 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 7<sup>th</sup> 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 of the Pre-IPO Investors 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 The 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 30th 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:

**HBL Asset Management Limited**  
**24C, Khayaban-e-Hafiz, Phase VI, DHA, 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) the Fund has reached its maturity date as specified in the Deed;
- (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 revoked;
- (iii) 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;
- (iv) 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;
- (v) 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.
- (vi) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vii) where the Commission deems it necessary to revoke the Fund and so directs either the 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 procedure laid down in the 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:

**“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, with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income Tax may change such date to any other date and such change shall be intimated to the Commission.

**“Account Opening / Investment Account Opening Form”** means standardized form prescribed by the Management Company to be duly filled by the investors at the time of opening an account with 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.

**“Administrative Plans”** means investment plans offered by the Management Company and approved by the Commission, where such plans allow investors a specific investment strategy in any one or a combination of Schemes managed by the Management Company in accordance with the conditions specified by SECP.

**“Annual Accounting Period” or “Financial Year”** means the period commence on 1st July and shall end on 30th June of the succeeding calendar year.

**“Asset Management Company”** means an asset Management Company as defined in the Rules and Regulations.

**“Auditor”** means the Auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as per the Regulations.

**“Authorized Branches”** means those Branches of Distributors or Distribution Companies which are allowed by the Management Company to deal in Units of the Funds managed by the Management Company.

**“Authorized Broker”** means those Brokers which are authorized to deal in Government Securities.

**“Authorized Investments”**

Authorized Investments are those as defined in the **clause 2.1.1** of this Offering Document

**“Back-end Load”** means the charge deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of Units, as specified in this document.

**“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.

**“Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).



**“Broker”** means any person engaged in the business of effecting transactions in securities for the account of others.

**“Business Day”** means any day on which scheduled banks are open for business in Pakistan.

**“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 the Trust Deed.

**“Connected Person”** shall have the same meaning as assigned in the Rules and Regulations.

**“Constitutive Documents”** means the Trust Deed or such other documents as defined in the Regulations.

**“Contingent Load”** means Load payable by the Unit Holder at actual basis to the extend of loss incurred by fund due to disinvestments if Units are redeemed by any major Unit Holder in such period of time that the Management Company believes may adversely affect the interest of other Unit Holder(s). . Any Contingent Load received will form part of the Trust Property.

**“Custodian”** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee in consultation with 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 Fund.

**“Cut-Off Time” / “Business Hours”** means the day time for dealing in Units of the Fund. The current Cut-Off Timing/Business Hours are mentioned in **Annexure “A”** of this Offering Document.

**“Dealing Day”** means every Business Day from Monday to Friday of every week. Units will be available for dealing (purchase, redemption, transfer, switching etc.) on Dealing Days during Cut-off Time. Provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in two widely circulated English or Urdu newspapers in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).

**“DFI”** means Development Financial Institution and includes the Pakistan Industrial Credit and Investment Corporation (PICIC), the Saudi Pak Industrial and Agricultural Investment Company Limited, the Pak Kuwait Investment Company Limited, the Pak Libya Holding Company Limited, the Pak Oman Investment Company (Pvt.) Limited, Investment Corporation of Pakistan, House Building Finance Corporation, Pak Brunei Investment Company Limited, Pak-Iran Joint Investment Company Limited, Pak-China Investment Company Limited, and any other financial institution notified under Section 3-A of the Banking Companies Ordinance, 1962.

**“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 Holder(s) shall 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 Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).

**“Distributor / Distribution Company”** means Company(ies), Firm(s), Sole Proprietorship concern(s), individual(s), Banks or any other Financial Institution appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribu-

tion Functions and who are registered with MUFAP as Registered Service Providers. The Management Company may itself also performs the Distribution Function.

**“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.

**“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.

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

**“Federal Government”** means the Federal Government of Islamic Republic of Pakistan.

**“Financial Institution”** means a Bank, Development Finance Institution, Non-Banking Finance Company, Modaraba or an institution registered under relevant laws to provide financial services within or outside Pakistan.

**“Financial Sector”** shall comprise of the savings and term deposits / certificates/ securities/ instruments issued by the entities of Banking Sector, Financial Services Sector, Life Insurance Sector and Non- Life Insurance Sector as classified by Karachi Stock Exchange and DFIs.

**“Force Majeure”** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this 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 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 comput-

er system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

**“Formation Cost”** means preliminary expenses relating to regulatory and registration fees of the Scheme, flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of this Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period.

**“Front-end Load”** means the Sales load which may be included in the offering price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as determined by the Management Company. However aggregate of Front-end Load and Back-end Load should not exceed 3% of Net Asset Value.

**“Government Securities”** includes monetary obligations of the Government or a Provincial Government or a corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government and any other security as the Federal Government may, by notification in the official Gazette, declare, to the extent determined from time to time, to be a Government Security.

**“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 the Trust Deed.

**“Initial Period” or “Initial Offering Period”** means a period determined by the Management Company during which Units will be offered as mentioned in clause 1.7 of this Offering Document.

**“Initial Price” or “Initial Offer”** means the price per Unit on the first day of the Initial Period determined by the Management Company.

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

**“Investment Facilitators/Advisors”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The investment facilitator/advisor is not authorized to perform the Distribution Functions. The Management Company shall compensate the Investment Facilitators..

**“Investment Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to purchase Units and will be stated in this Offering Document.

**“Local Governments”** mean all the local / city governments in Pakistan.

**“Management Company”** is defined in the preamble hereto;

**“Net Assets”**, in relation to the Trust, means, the excess of assets over liabilities of the Scheme as calculated in accordance with the Regulations.

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

**“Offer Price or Purchase (Public Offer) Price”** means the sum to be paid by the investor for purchase of one Unit, such price to be determined pursuant to this document.

**“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 con-

tains the investments and distribution policy, unit structure(s) 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.

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

**“Ordinance”** means the Companies Ordinance, 1984.

**“Par Value”** means the face value of **Rs. 100** for a Unit of the Fund.

**“Personal Law”** means the law of inheritance and succession as applicable to the individual Unit Holder.

**“Pledge Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to Pledge his/her Units and will be stated in this Offering Document.

**“Profit Distribution Date”** means the date on which the Management Company decides to distribute the profits (if any).

**“Provincial Governments”** mean the Provincial Governments of all four provinces of Pakistan.

**“Redemption Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to redeem Units and will be stated in this Offering Document.

**“Redemption Price or Repurchase Price”** means the amount to be paid to the relevant Holder upon redemption of that Unit, such amount to be determined pursuant to this document.

**“Register Function”** means the functions with regard to:

- a. Maintaining the Register, including keeping a record of change of addresses/other particulars of the Holders;
- b. Issuing account statements to the Holders;
- c. Issuing Certificate, including Certificates in lieu of undistributed income to Holders;
- d. Cancelling old Certificates on redemption or replacement thereof;
- e. Processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Holders;
- f. Issuing and dispatching of Certificates;
- g. 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;
- h. Receiving applications for redemption and transfer/transmission of Units directly from Holder or legal representatives or through Distributor;
- i. Maintaining record of lien/pledge/charge; and
- j. Keeping record of change of addresses/other particulars of the Holders.

**“Regular Interval”** means monthly, quarterly, half yearly or annual periods.

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

**“Regulations”** mean Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Schedules and Forms attached to it as amended/replaced from time to time.

**“Sales Load”** mean Front end load and Back end load and any processing charges or Commission (excluding Duties and Charges) not exceeding three percent of NAV 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 NAV in order to determine the Redemption Price of certain classes of Units.

**“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.

**“Special Instruction Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to change his/her particulars and will be stated in this Offering Document.

**“Stock Exchange”** means Stock Exchanges registered under the Securities and Exchange Ordinance, 1969.

**“Sukuk”** means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.

**“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, 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.

**“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 Function.

**“Transfer Form”** means a standardized form prescribed by the Management Company to be duly filed by the investor to transfer Units and will be stated in this Offering Document.

**“Trust Deed” or “Deed”** means the Trust Deed of the Fund executed between the Management Company and the Trustee along with all the exhibits appended hereto.

**“Trust” or “Unit Trust” or “Fund” or “Scheme”** means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.

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 Front-End and Back End Loads**

	Normal Sales	Online / Web based sales
Front End Load:	Up to 2%	Up to 1.5%
Back End Load:	0%	0%

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

Any change in the load structure, provided it is within the maximum limit, shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, and as how the Commission may direct.<sup>5</sup>

### **Current Cut-Off Time**

During Subscription Days of the Fund  
Monday to Friday: 9:00 AM to 4:00PM

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

### **Management Fee<sup>6</sup>**

The maximum limit of management fee is 1.50% per annum of Average Annual Net Assets.  
The current level of management fee shall be disclosed in monthly Fund Manager Report (FMR)

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

<sup>5</sup> Amended through 2<sup>nd</sup> Supplemental in the Offering Document dated October 30, 2018

<sup>6</sup> Amended through 3<sup>rd</sup> Supplemental in the Offering Document dated February 07, 2020

## **“ANNEXURE "B"**

### **TARIFF STRUCTURE FOR TRUSTEE FEE OF THE FUND**

Trustee Fee subject to review by either party. However any upward revision shall require prior approval of SECP.

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

<b>NET ASSETS (Rs.)</b>	<b>TARIFF</b>
Up to 1 billion	0.17% p.a. of Net Assets.
1 billion to 5 billion	Rs. 1.7 million plus 0.085% p.a. of Net Assets exceeding Rs 1 billion.
Over 5 billion	Rs. 5.1 million plus 0.07% p.a. of Net Assets exceeding Rs 5 billion.



## **“ANNEXURE "C"”**

List of distributors is available on our website at  
<http://hblasset.com/contact-us/>