

**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, Risk Factors mentioned in clause 2.6, Taxation Policies mentioned in Clause 7 and Warnings in Clause 9 before making any investment decision.**

## **OFFERING DOCUMENT OF**

### **HBL Financial Sector Income Fund**

#### **(An Open End Income Scheme)**

<b>Category of CIS</b>	<b>Risk Profile</b>	<b>Risk of Principal Erosion</b>
HBL Financial Sector Income Fund Plan I	Medium	Principal at Medium Risk
HBL Financial Sector Income Fund Plan II	Medium	Principal at Medium Risk

Consolidated as at January 20, 2023

**MANAGED BY**

**HBL Asset Management Limited**

<b>CLAUSE</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE NO.</b>
<b>1.</b>	<b>CONSTITUTION OF THE SCHEME</b>	<b>4</b>
1.1	Constitution	4
1.2	Trust Deed (the “Deed”)	4
1.3	Modification of Trust Deed	5
1.4	Introduction to the Scheme and First Allocation Plan(s)	5
1.5	Duration	6
1.6	Trust property	6
1.7	Initial Offer and Initial Period	6
1.8	Transaction in Units after Initial Offering Period	6
1.9	Offering Document	7
1.10	Modification of Offering Document	7
1.11	Responsibility of the Management Company for information given in this Document	7
<b>2.</b>	<b>INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER</b>	<b>7</b>
2.1	Investment Objective - HBL Financial Sector Income Fund Plan I	7
2.2	Investment Objective - HBL Financial Sector Income Fund Plan II	8
2.3	Management Company Can Alter Investment Mix	10
2.4	Changes in Investment Policy	10
2.5	Investment Restrictions	10
2.6	Risk Disclosure	15
2.7	Disclaimer	17
<b>3.</b>	<b>OPERATORS AND PRINCIPALS</b>	<b>17</b>
3.1	Management Company	17
3.2	Board of Directors of the Management Company	17
3.3	Existing Schemes under Management and their performance.	24
3.4	Role and Responsibilities of the Management Company	26
3.5	Maintenance of Unit Holders Register	28
3.6	Role of the Trustee	28
3.7	Transfer Agent	30
3.8	Custodian	30
3.9	Distributors/Facilitators	31
3.10	Auditors	31
3.11	Legal Advisors	32
3.12	Bankers	32
3.13	Rating of the Scheme	33
<b>4.</b>	<b>CHARACTERISTICS OF UNITS</b>	<b>33</b>
4.1	Units	33
4.2	Classes of Units	33
4.3	Types of Units	34
4.4	Purchase and Redemption of Units	36
4.5	Procedure for Purchase of Units	36
4.6	Procedure for Redemption of Units	41
4.7	Purchase (Public Offer) and Redemption (Repurchase) of Units outside Pakistan	43
4.8	Determination of Redemption (Repurchase) Price	44
4.9	Procedure for Requesting Change in Unit Holder Particulars	44
4.10	Procedure for Pledge / Lien / Charge of Units	47
4.11	Temporary Change in Method of Dealing, Suspension of Dealing and Queue System	48
<b>5.</b>	<b>DISTRIBUTION POLICY</b>	<b>49</b>

5.1	Declaration of Dividend	49
5.2	Determination of Distributable Income	49
5.3	Payment of Dividend	50
5.4	Dispatch of Dividend Warrants/Advice	50
5.5	Reinvestment of Dividend	50
5.6	Bonus Units	50
5.7	Encashment of Bonus Units	50
5.8	Closure of Register	50
<b>6.</b>	<b>FEE AND CHARGES</b>	<b>51</b>
6.1	Fees and Charges Payable by an Investor	51
6.2	Fees and Charges Payable by the Fund	52
6.3	Formation Costs	53
6.4	Other costs and expenses	53
<b>7.</b>	<b>TAXATION</b>	<b>54</b>
7.1	Taxation on the Income of the Fund	54
7.2	Withholding tax	54
7.3	Zakat on Fund	54
7.4	Taxation and Zakat on Unit Holders	54
7.5	Disclaimer	55
<b>8.</b>	<b>REPORTS TO UNIT HOLDERS</b>	<b>55</b>
8.1	Account Statement	55
8.2	Financial Reporting	56
8.3	Trustee Report	56
8.4	Fund Manager Report	56
<b>9.</b>	<b>WARNING AND DISCLAIMER</b>	<b>56</b>
9.1	Warning	56
9.2	Disclaimer	57
<b>10.</b>	<b>GENERAL INFORMATION</b>	<b>57</b>
10.1	Accounting Period / Financial Year of the Fund	57
10.2	Inspection of Constitutive Documents	57
10.3	Transfer of Management Rights of the Fund	57
10.4	Extinguishment/Revocation of the Fund	58
10.5	Procedure and manner of Revocation of the Fund	58
10.6	Distribution of proceeds on Revocation	58
<b>11.</b>	<b>GLOSSARY</b>	<b>59</b>
	<b>ANNEXURE A</b>	<b>66</b>
	<b>ANNEXURE B</b>	<b>67</b>
	<b>ANNEXURE C</b>	<b>68</b>

**OFFERING DOCUMENT OF**

**HBL Financial Sector Income Fund (HBL FSIF)  
An Open End 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 Offering Document Dated January 10, 2022**

**Initial Offering Period on January 17, 2022**

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The **HBL Financial Sector Income Fund** (the Fund/the Scheme/the Trust/the Unit Trust/Short Abbreviation of name of the Fund) has been established through a Trust Deed (the Deed) dated November 16<sup>th</sup>, 2021 under the Sindh Trust Act, 2020 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 Financial Sector Income Fund** has registered **HBL FSIF** as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (“Regulations”) vide letter No. SCD/AMCW/HBLFSIF/190/2021/MF-NE-66 dated December 14<sup>th</sup>, 2021 SECP has approved this Offering Document, under the Regulations vide No. SCD/AMCW/HBL-FSIF/205/2021 dated 27<sup>th</sup> December 2021.

**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.**

**Offering Document**

This Offering Document sets out the arrangements covering the basic structure of the **HBL Financial Sector 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, circulars, directives etc. as specified hereafter govern this Offering Document.

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

**Investors must recognize that the investments involve varying levels of risk. The portfolio of the Fund consists of investments, listed as well as unlisted (other than equity funds) 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 2.6 and Clause 9 respectively in this Offering Document.**

## 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. AMCW/10//HAML/AMS/06/2020 dated March 16, 2020 granted by SECP to **HBL Asset Management Limited** to carry out Asset Management Services and Investment Advisor;
- (2) Trust Deed (the Deed) of the Fund;
- (3) SECP's Letter No. SCD/AMCW/HBLFSIF/190/2021/MF-NE-66 dated December 14<sup>th</sup>, 2021 registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (4) Letters No. 08-80/0812 dated November 19, 2021 from **Yousuf Adil Chartered Accountants**, Auditors of the Fund, consenting to the issue of statements and reports;
- (5) Letters No. HBL-AML-30/1106/21/ dated November 11, 2021 from **Bawaney & Partners** Legal Advisers of the Fund, consenting to act as adviser;
- (6) SECP's letter No. SCD/AMCW/HBL-FSIF/205/2021 approving this Offering Document.
- (7) Assistant Director of Industries and Commerce Directorate of the Department has issued a certificate of registration bearing reference no KAR/ST/219/2021 upon registration of the Trust under Sindh Trust Act 2020

## 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 November 16<sup>th</sup>, 2021 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 **7<sup>th</sup> Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi, Pakistan**, as the Management Company; and

**Central Depository Company of Pakistan Limited**, 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' S.M.C.H.S., Main Shahrah-e-Faisal, Karachi**, 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. 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.

### **1.3 Modification of Trust Deed**

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

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 Introduction to the Scheme and First Allocation Plan(s)**

HBL Financial Sector Income Fund is an Open Ended Income Scheme. The Fund shall have the following features mentioned below:

- The Fund shall be an Open End Income Fund with Allocation Plans

The first Allocation Plan under the Scheme shall be called HBL Financial Sector Income Fund Plan I (HBLFSIF Plan I) and it shall have the following salient features:

- NAV of the plan will be announced on daily basis.
- Keep your investment liquid.
- The plan will work on forward pricing.

The Second Allocation Plan under the Scheme shall be called HBL Financial Sector Income Fund Plan II (HBLFSIF Plan II) and it shall have the following salient features:

- NAV of the plan will be announced on daily basis.
- Keep your investment liquid.
- The plan will work on forward pricing.

Subsequently additional Allocation plans may be launched via Supplemental to this Offering Document with the consent of the Trustee and approval of the SECP.

- Each Allocation Plan will announce separate NAVs which will rank pari-passu inter se according to the number of Units of the respective Allocation Plans.
- Investors of the Fund may hold different types of Allocation Plans and may invest in any one or more of the available Allocation Plans.
- Each Investor shall only be liable to pay the Offer Price of the Unit under the Allocation Plan(s) subscribed by him and no further liability shall be imposed on him in respect of Unit(s) held by him except a Contingent Load or Back End Load (Deferred Sales Load) which may be applicable on redemption on certain classes of Units of respective Allocation Plan(s) as described in “Annexure A” of the Offering Document.
- The minimum size of the Scheme shall be of such amount as specified in the Regulations.

## 1.5 Duration

The duration of the Fund and the allocation plans namely HBLFSIF Plan I and HBL FSIF Plan II will be 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** of this document.

## 1.6 Trust property

The aggregate proceeds of all Units issued from time to time by each of the Allocation Plans, 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 this 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 of an Allocation Plan as distribution shall become part of the Trust Property of the pertinent Allocation Plan. For the avoidance of any doubt the trust property comprises of assets of **HBL Financial Sector Income Fund Plan I (HBLFSIF Plan I), HBL Financial Sector Income Fund Plan II (HBLFSIF Plan II)** and any other plans launched from time to time through Supplemental Offering document.

## 1.7 Initial Offer and Initial Period

### **HBL Financial Sector Income Fund Plan I**

Initial Offer is made during the Initial Period which will be **1 Business Day** and begins at the start of the banking hours on **January 17, 2022** and shall end at the close of the banking hours on **January 17, 2022**. On the first day, the Units shall be issued at the Initial Price of **Rs. 100** per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day.

### **HBL Financial Sector Income Fund Plan II**

Initial Offer is made during the Initial Period which will be **1 Business Day** and begins at the start of the banking hours on **February 7, 2022** and shall end at the close of the banking hours on **February 7, 2022**. On the first day, the Units shall be issued at the Initial Price of **Rs. 100** per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day.

## 1.8 Transaction in Units after Initial Offering Period

- a) Subsequent to the initial offer, the offer of Units of the Allocation Plan(s) shall be at the prevailing NAV. The Units of the Allocation Plan(s) can then be redeemed at the Redemption Price, which shall be calculated on the basis of Net Asset Value (NAV) of each Allocation Plan. The Units will be available for redemption on each Dealing Day. NAV will be published on the Management Company's and MUFAP's website.
- b) The Management Company may at some future time register the Units of Allocation Plans with a Depository organization, such as the Central Depository Company of Pakistan Limited. Any transactions for de-materialized Units registered with Depository will take place according to the rules and regulations of the depository organization and the constitutive documents of the Fund.

- c) The Issue and Redemption of Units of one or more than one Allocation Plans may be suspended or deferred by the Management Company under certain circumstances as detailed in Clause 4.11.

## 1.9 Offering Document

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

### 1.10 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 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.

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

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

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

### 2.1 Investment Objective - HBL Financial Sector Income Fund Plan I

The objective of the HBL Financial Sector Income Fund Plan I is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

#### 2.1.1 Investment Policy

**HBL Financial Sector Income Fund Plan I** in line with its Investment Objectives, will invest in Authorized Investments.

#### Benchmark

The performance benchmark for the period of return shall be based on 6-Month KIBOR or such other benchmark as determined by the Management Company under prior approval of the SECP and consent to the Trustee, and intimation to the Unit Holders and disclosed in the Offering Document.

#### Authorized Investments

S. No.	Description	Entity / Instrument Rating	Minimum Exposure Limit	Maximum Exposure Limit	Maximum Maturity	Financial Sector
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## HBL FSIF Offering Document

S. No.	Description	Entity / Instrument Rating	Minimum Exposure Limit	Maximum Exposure Limit	Maximum Maturity	Financial Sector
1	Government Securities;	N/A	0%	50%	10 years	Financial Sector
2	Cash and near cash instruments which include cash in bank accounts with banks including Microfinance banks (excluding TDR's), government securities not exceeding 90 days maturity *	A and Above	25%	100%	N/A	
3	Term Deposits Receipts , COMs / COIs / LOPs / COIs / & other Money Market Instruments issued by Banks (including Microfinance Banks) and Financial Institutions	A and above	0%	15%	Over 6 months	
		A and above	0%	75%	Upto 6 months	
4	Commercial Papers/Short-term Sukuks etc. and any other money market securities;	A and above	0%	75%	12 months	
5	Reverse Repo Against Government Securities, where maximum maturity of the underlying security will be one year.	A and above	0%	50%	12 months	
6	Debt securities including TFCs/ Sukuks	A and above rating for Entity and Instrument	0%	75%	10 years	
7	MTS, Spread Transactions	N/A	0%	40%	6 months	
8	Any other securities or instruments that may be permitted or approved under the SECP Rules, Regulations or any other directive from time to time.	A and above	0%	30%	6 months	
9 <sup>1</sup>	Exchange Traded Funds (Income Category)**	N/A	0%	10%	N/A	

\* (calculated on the basis of average of each calendar month)

\*\* As per SECP Circular No. 7 of 2022 dated July 5, 2022

The Fund's Investment Process will be based on fundamental analysis of economic environment including interest rates, inflation, monetary and fiscal policies, market liquidity including that of the banking sector and strict adherence to the Investment Policy, the risks identified therein and risk parameters established.

### 2.2 Investment Objective - HBL Financial Sector Income Fund Plan II

The objective of the HBL Financial Sector Income Fund Plan II is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

#### 2.2.1 Investment Policy

**HBL Financial Sector Income Fund Plan II** in line with its Investment Objectives, will invest in Authorized Investments.

#### Benchmark

The performance benchmark for the period of return shall be based on 6-Month KIBOR or such other benchmark as determined by the Management Company under prior approval

<sup>1</sup> Amended as per 1<sup>st</sup> SOD of HBL FSIF effective dated 20-Jan-23

Minimum Exposure to Financial Sector will be 70% at quarterly average basis.

of the SECP and consent to the Trustee, and intimation to the Unit Holders and disclosed in the Offering Document.

### Authorized Investments

S. No.	Description	Entity / Instrument Rating	Minimum Exposure Limit	Maximum Exposure Limit	Maximum Maturity	Financial Sector
1	Government Securities;	N/A	0%	50%	10 years	Financial Sector
2	Cash and near cash instruments which include cash in bank accounts with banks including Microfinance Banks (excluding TDR's), government securities not exceeding 90 days maturity *	Investment Grade and above	25%	100%	N/A	Minimum Exposure to Financial Sector will be 70% at quarterly average basis.
3	Term Deposits Receipts , COMs / COIs / LOPs / COIs / & other Money Market Instruments issued by Banks (including Microfinance Banks) and Financial Institutions	Investment Grade and above	0%	15%	Over 6 months	
		Investment Grade and above	0%	75%	Upto 6 months	
4	Commercial Papers/Short-term Sukuks etc. and any other money market securities;	Investment Grade and above	0%	75%	12 months	
5	Reverse Repo Against Government Securities, where maximum maturity of the underlying security will be one year.	Investment Grade and above	0%	50%	12 months	
6	Debt securities including TFCs/ Sukuks	Investment Grade and above	0%	75%	10 years	
7	MTS, Spread Transactions	N/A	0%	40%	6 months	
8	Any other securities or instruments that may be permitted or approved under the SECP Rules, Regulations or any other directive from time to time.	Investment Grade and above	0%	30%	6 months	

\* (calculated on the basis of average of each calendar month)

The Fund's Investment Process will be based on fundamental analysis of economic environment including interest rates, inflation, monetary and fiscal policies, market liquidity including that of the banking sector and strict adherence to the Investment Policy, the risks identified therein and risk parameters established.

#### 2.2.2 Risk Control in the Investment Process

- a. The Management Company shall ensure that effective risk control measures are in place for the protection of the Unit Holders' interests.
- b. The objective of the risk control process is endeavor to monitor and manage the various types of risks, including market risks, credit risks and

operational risks, with a view to achieving the investment objective of the Scheme.

Exposure to the Authorized Investments shall be determined based on the fund manager's outlook on the economy, the Capital / Money market and any other factor considered important by the Management Company towards effective discharge of its duties under the Regulations, the Deed and this Offering Document.

### **2.3 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 & 2.2.1 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.

### **2.4 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.

### **2.5 Investment Restrictions**

#### **HBL Financial Sector Income Fund Plan I**

- (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. 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 Scheme shall not:
  - i. Purchase or sell -
    - a. Bearer securities;
    - b. Securities on margin;
    - c. Real estate, commodities or commodity contracts;
    - d. Securities which result in assumption of unlimited liability (actual or contingent);
    - e. Anything other than Authorized Investments as defined herein;
  - ii. Participate in a joint account with others in any transaction;
  - iii. Take exposure to equities ;

- iv. Affect a short sale in a security whether listed or unlisted;
- v. Purchase any security in a forward contract
- vi. Take Exposure in any other Collective Investment Scheme.
- vii. 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;
- viii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- ix. invest in securities of the Management Company
- x. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- xi. apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xii. 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.
- xiii. 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.
- xiv. invest the subscription money until the closure of initial offering period.
- xv. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xvi. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xvii. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xviii. accept deposits
- xix. make a loan or advance money to any person from the assets of the Scheme
- xx. Rating of any security in the portfolio shall not be lower than 'A'.
- xxi. Rating of any NBFC and Modarabas with which funds are placed shall not be lower than 'A'.
- xxii. Rating of any bank and DFI with which funds are placed should not be lower than 'A'.

The Management Company shall comply with the exposure limits provided in the Regulations and SECP Circulars, including the following:

- HBL - FSIF being a Financial Sector Fund is allowed 20% per party exposure in entities of Financial Sector and 10% in entities of Other Sector.

- Exposure to a Single group shall not exceed 35% of net assets of the Scheme and Exposure to listed group companies of Management Company shall not exceed 20% of Net Assets of Scheme and such exposure shall only be taken through secondary market.
- Minimum exposure to Financial Sector will be 70% based on quarterly average calculated on daily basis.
- Non-traded securities will have a maximum maturity of six months.
- Weighted average time to maturity of the net assets shall not exceed four years excluding Government Securities.
- In case of redemptions requests are pending for more than the period as stipulated in the Regulations, the Management Company shall not make any investment or rollover of any investment
- The Management Company shall not net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.
- The Asset Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of trustee, the Fund would not be able to issue payment instrument for the redemption money to the Unit Holders within time period stipulated in the Regulations.
- The management company shall maintain cash and near cash Instruments as per applicable Regulations, Circulars, and Directives as amended from time to time.

#### **2.5.1 Investment Restrictions - HBL Financial Sector Income Fund Plan II**

- (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 Scheme shall not:
- i. Purchase or sell -
    - a. Bearer securities;
    - b. Securities on margin;
    - c. Real estate, commodities or commodity contracts;
    - d. Securities which result in assumption of unlimited liability (actual or contingent);
    - e. Anything other than Authorized Investments as defined herein;
  - ii. Participate in a joint account with others in any transaction;
  - iii. Take exposure to equities (in case of money market, income and aggressive income funds);
  - iv. Affect a short sale in a security whether listed or unlisted;

- v. Purchase any security in a forward contract
- vi. Take Exposure in any other Collective Investment Scheme.
- vii. 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;
- viii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- ix. invest in securities of the Management Company
- x. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- xi. apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xii. 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.
- xiii. 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.
- xiv. invest the subscription money until the closure of initial offering period.
- xv. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xvi. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xvii. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xviii. accept deposits
- xix. make a loan or advance money to any person from the assets of the Scheme
- xx. Rating of any security in the portfolio shall not be lower than 'Investment Grade (BBB- or above)'.  
Rating of any security in the portfolio shall not be lower than 'Investment Grade (BBB- or above)'.
- xxi. Rating of any NBFC and Modarabas with which funds are placed shall not be lower than 'Investment Grade (BBB- or above)'.
- xxii. Rating of any bank and DFI with which funds are placed should not be lower than 'Investment Grade (BBB- or above)'.

The Management Company shall comply with the exposure limits provided in the Regulations and SECP Circulars, including the following:

- HBL - FSIF being a Financial Sector Fund is allowed 20% per party exposure in entities of Financial Sector and 10% in entities of Other Sector.

- Exposure to a Single group shall not exceed 35% of net assets of the Scheme and Exposure to listed group companies of Management Company shall not exceed 20% of Net Assets of Scheme and such exposure shall only be taken through secondary market.
- Minimum exposure to Financial Sector will be 70% based on quarterly average calculated on daily basis.
- Non-traded securities will have a maximum maturity of six months.
- Weighted average time to maturity of the net assets shall not exceed four years excluding Government Securities.
- In case of redemptions requests are pending for more than the period as stipulated in the Regulations, the Management Company shall not make any investment or rollover of any investment
- The Management Company shall not net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.
- The Asset Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of trustee, the Fund would not be able to issue payment instrument for the redemption money to the Unit Holders within time period stipulated in the Regulations.

The management company shall maintain cash and near cash Instruments as per applicable Regulations, Circulars, and Directives as amended from time to time.

### **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.

### **2.5.2 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 one or more allocation plans, 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 of the allocation plan 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 of Allocation Plan(s) that may result from any financing arrangement made hereunder in good faith.

### **2.5.3 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.

### **2.6 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) **Interest Rate Risk** - A rise or decline in interest rates during the investment term may result in a change in return provided to the investors.
- (2) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) **Country or Political Risk** - This is the uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as break down of law and order, war, natural disasters, etc. and any governmental actions, legislative changes or court orders restraining payment of principal or income.
- (4) **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;
- (5) **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.
  - (6) **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.
  - (7) **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.
  - (8) **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.
  - (9) **Sovereign Risk** - Payment of bonds/ notes may be affected by the economic and political events in the country of the relevant issuer. The occurrence of a sovereign risk event could result in the loss of all or a portion of the principal invested, as a result of any economic or political circumstance.
  - (10) **Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
  - (11) **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.
  - (12) **Distribution Risk** - Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by fund and not out of the profits earned by each unitholder. Unitholders 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.

2.6.1 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.

## 2.7 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 assets under management (AUM) of HBL Asset Management were Rs. 18 Billion including SMA as of 31st October 2021, making it one of the largest AMCs with respect to AUM.

HBL Asset Management Limited has been awarded a Management Quality Rating of “AM2++” from VIS Credit Company Limited.

The Mutual Funds currently under management include the following:

1. HBL Cash Fund	13. HBL Growth Fund
2. HBL Money Market Fund	14. HBL Investment Fund
3. HBL Income Fund	15. HBL Islamic Equity Fund
4. HBL Government Securities Fund	16. HBL Islamic Stock Fund
5. HBL Islamic Money Market Fund	17. HBL Financial Planning Fund - Conservative Allocation Plan
6. HBL Islamic Income Fund	18. HBL Financial Planning Fund - Active Allocation Plan
7. HBL Islamic Asset Allocation Fund	19. HBL Islamic Financial Planning Fund - Conservative Allocation Plan
8. HBL Islamic Asset Allocation Fund Plan 1	20. HBL Islamic Financial Planning Fund - Active Allocation Plan
9. HBL Equity Fund	21. HBL Pension Fund
10. HBL Stock Fund	22. HBL Islamic Pension Fund
11. HBL Energy Fund	23. HBL Islamic Dedicated Equity Fund
12. HBL Multi Asset Fund	

### 3.1.1 Organization

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 & Address	Position	Other Directorship
<b>Mr. Shahid Ghaffar</b> Investment Management Karachi	Chairman / Director	1. Habib Insurance Company Ltd. 2. Archroma Pakistan Ltd. 3. Jubilee life Insurance Company Ltd. 4. Audit Oversight Board Pakistan - Member 5. AWWAL Modaraba 6. Karandaaz Pakistan
<b>Mr. Mir Adil Rashid</b> Investment Management Karachi	Chief Executive Officer	1. Mutual Funds Association of Pakistan
<b>Mr. Muhammad Afaq Khan</b> Banker Karachi	Director	-
<b>Mr. Abrar Ahmed Mir</b> Banker Karachi	Director	1. 1 Link Private Limited 2. The First Microfinance Bank Limited 3. Jubilee General Insurance Company Limited
<b>Mr. Rayomond Kotwal</b> Banker Karachi	Director	1. The First Microfinance Bank Limited 2. Habib Allied Holding Limited, UK 3. HBL Bank UK 4. HBL Employee Funds - Trustee 5. HBL Foundation - Trustee
<b>Mr. Shabbir Hussain Hashmi</b> Project Finance & Private Equity Karachi.	Director	1. Dawood Hercules Corporation Ltd. 2. Engro Powergen Company Ltd. 3. FINCA Microfinance Bank Limited 4. Helpcare Society of Pakistan
<b>Ms. Ava Ardeshir Cowasjee</b> Business Karachi	Director	1. Cowasjee & Sons - Partner 2. Orbiter - Partner 3. General Shipping Agencies (Pvt.) Ltd. 4. Shahtaj Sugar Mills Limited 5. Cowasjee Foundation - Trustee 6. Syndicate & Senate of NED University of Science and Technology - Member 7. Indus Valley School of Art and Architecture - Member Board of Governors 8. SOS Technical Training Institute, Karachi - Board Member
<b>Mr. Tariq Masaud</b> Banker Karachi	Director	1. Kyrgyz Investment and Credit Bank, Kyrgyz Republic

### 3.2.1 Profile of the Directors

#### **Mr. Shahid Ghaffar, Chairman**

Mr. Shahid Ghaffar has extensive experience of fund management in Pakistan. He has served as Managing Director of NIT, one of the biggest Asset Management Company in the Country. Previously He has been associated with Habib Bank Limited as Head of Investor Relations & Corporate Representation. He has also served as Chief Executive Officer of HBL Asset Management Limited for over six year 2005-2012. He has vast experience of working in capital markets including monitoring of projects, the debt/fixed income portfolio, the equity portfolio and trading desk. Mr. Ghaffar served as the first non-member Managing Director of Karachi Stock Exchange (KSE) for over 2 years during the period 1998-2000 and was instrumental in introducing effective risk management systems at KSE. He has also served as Executive Director / Commissioner (Aug.2000-Nov.2005) at the Securities and Exchange Commission of Pakistan and actively participated in the successful implementation of wide ranging reforms in the capital market. Mr. Ghaffar

holds an MBA Degree from Gomal University, D.I. Khan, Khyber Pakhtunkhwa (formerly NWFP), Pakistan.

**Mr. Mir Adil Rashid, *Chief Executive Officer***

Mr. Mir Adil Rashid possesses rich and diversified experience of approximately 20 years of portfolio management, brokerage along with managing retail & institutional client relationships and investment portfolios. He has previously served as Chief Executive Officer of erstwhile PICIC Asset Management Company Limited for 6 years which has since been merged with and into HBL Asset Management Limited in 2016.

**Mr. Muhammad Afaq Khan, *Director***

Mr. Muhammad Afaq Khan is globally recognized Islamic Banker and has been recognized by his Industry peers as an 'Islamic Banker of the Year' by WIBC, amongst other industry accolades.

Afaq joined HBL Islamic Banking in February 2019 to scale up the Islamic franchise. He is a part of the Executive Committee of the bank.

Mr. Afaq Khan is also the Chairman of Al Rajhi Investment and Banking Corporation (Malaysia) effective 2 November 2017. Prior to this, Mr. Afaq was an Independent NonExecutive Director to the Board.

Mr. Afaq brings with him close to thirty years of experience as an Islamic banking professional. With a proven track record of building global business, Mr. Afaq has also won several Islamic Banker of the Year awards and other accolades, recognizing him as a pioneering and influential Islamic banker. He led the first Sovereign Sukuk for the Government of Malaysia and has served on the Board of Amanah funds and on the investment management committee of the funds.

Previously, Mr. Afaq served as Group CEO of Islamic Banking, Standard Chartered Bank (Saadiq), where he contributed efforts in winning over 200 industry awards for the institution. Prior to that, he was part of the senior management in HSBC Group to establish the Islamic Banking business. He served as Global Head of Asset Finance and Advisory of HSBC Amanah and successfully developed the Islamic strategy for Capital Markets, Corporate Finance for HSBC Group.

Mr. Afaq specializes in building businesses and charting new territories in Islamic Banking including opening up new geographies and creating first-in-the-world Islamic Banking deals. A key player in developing Islamic Banking regulations across geographies and with industry bodies.

**Mr. Abrar Ahmed Mir, *Director***

Mr. Abrar Ahmed Mir is an engineer and MBA from Illinois Institute of Technology, Chicago, IL, USA. He has extensive experience in ecommerce, fintech and innovative financial products.

He is currently working as Chief Innovation & Financial Inclusion Officer at Habib Bank Limited. Prior to that Mr. Mir has been associated with UBL from 2003 to 2015 with his last assignment being SEVP - Group Executive, Banking Products Group. During his long association with UBL he has led Mobile Payments, Branchless & e-Banking including the launch of UBL-Omini.

**Mr. Rayomond Kotwal, *Director***

Mr. Rayomond Kotwal is an experienced professional with over 31 years of experience and the last 25 years in financial services. He has worked as Chief Financial Officer with United Bank Limited, NIB Bank Limited, Citibank NA and Citi Cards Canada Inc., and

with ICI Pakistan Limited and Standard Microsystems Corporation, NY in a variety of roles. Currently, Mr. Kotwal is the Chief Financial Officer of Habib Bank Limited. Mr. Kotwal holds a Masters in Business Administration (Finance) from the Institute of Business Administration, Karachi, Pakistan, and a BS and MS in Electrical Engineering from the Massachusetts Institute of Technology, Cambridge Massachusetts (USA). At present Mr. Kotwal is also on the board of The First Microfinance Bank as its Chairman and a member of the Board at Habib Allied Holdings Limited - UK and HBL Bank UK.

**Mr. Shabbir Hussain Hashmi, Director**

Mr. Hashmi has more than 30 years of project finance and private equity experience and served as an Investment Principal of Actis Capital, LLP and Actis LLP.

He has also worked for 8 years with World Bank and USAID specializing in the energy sector. He was employed at Tíona Fund and CDC Group plc. He served at CDC since 1994, transferring to Bangladesh as a Country Manager in 1998, before returning to run the Pakistan office in June 2001.

At CDC, Mr. Hashmi managed a sizeable and diversified portfolio in Pakistan, Bangladesh and Sri Lanka and has successfully partnered closure of some large infrastructure deals. Mr. Hashmi served as the Chairman of Cyan Limited and served as its Director until April 30, 2014. He currently serves as Independent Director at Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited and Engro Powergen Company Limited. Mr. Hashmi received an M.B.A. from J. F. Kennedy University in 1982 and a B.E. in Communications Engineering from Dawood College of Engineering & Technology, Pakistan.

**Ms. Ava Ardeshir Cowasjee, Director**

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.

**Mr. Tariq Masaud, Director**

Mr. Tariq Masaud is Chief Risk Officer of Habib Bank Limited. A seasoned banker with over 25 years of work experience in Pakistan and abroad during association with Citibank in different capacities since 1996. He has held senior roles in Corporate Banking and Risk functions at Citibank during his career. He headed Corporate and Investment Banking in Jordan and Kuwait, and managed Citibank's Risk function for West and Central Africa cluster from Nigeria, where he also served on the Board of Citibank Nigeria. He subsequently moved to Kenya to manage the Risk organization for most Sub-Saharan Africa branches of Citibank. He then moved within Citibank to USA in 2015 to cover the Energy portfolio and became the Global Head for Risk Policy covering the Institutional Clients Group in 2018.

Mr. Tariq holds a Master's degree in Economics Policy from the University of London and an MBA from LUMS. He is also a founder member of South Asian Association of Bankers in North America. He has been involved in the development of curricula for bankers in Africa and an Assessor for the Senior Credit Officers evaluation training at Citi.

### **3.2.2 Profile of the Management**

**Mr. Mir Adil Rashid, Chief Executive Officer**

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

**Mr. Muhammad Ali Ansari, Country Head Retail**

Mr. Muhammad Ali Ansari has been working in the financial sector for more than 20 years and has extensive hands-on experience in managing Conventional & Islamic Branch Banking, Business Development Channels, Commercial/ SME financing, Consumer Assets and Wealth Management Businesses in Retail Banking. Having previously served in various senior Retail Banking roles at ABN AMRO, RBS & Faysal Bank, Mr. Muhammad Ali Ansari was serving as Group Head, Business Distribution at MCB Islamic Bank before joining HBL Asset Management as Country Head, Retail.

**Mr. Noman Qurban, CFO and Company Secretary**

Mr. Noman Qurban is a Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). He has been working with the Company for the last 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.

**Mr. Muhammad Ali Bhabha - CFA, Chief Investment Officer**

Mr. Bhabha has over 26 years of experience across the financial sector with sound exposure in Fund Management, Risk Management, Relationship Management, Islamic Banking, Foreign Trade and Operations. He has been previously associated with leading organizations such as MCB Bank, Faysal Bank, Habib Metropolitan Bank, Al-Meezan Investment and NBP Funds. In his last role, he served as the Head of Fixed Income at NBP Funds.

Mr. Bhabha is a Chartered Financial Analyst (CFA) and a certified Financial Risk Manager (FRM). He also holds an MBA in Banking & Finance and an MS in Computer Science.

**Mr. Ivan N. Johns, Head of HR**

Mr. Johns is a Certified HR practitioner with over 24 years of progressive experience in the field of Human Resources Management having been associated with both multinational & local Banks in Pakistan i.e. Citibank N.A., NIB Bank Ltd. & MCB Bank Ltd. with a proven track record of delivering sustainable Human Capital interventions to support Organizational growth.

He was a critical member of the team to setup up the Human Resource framework within NIB, having not only setup but also spearheaded every critical function within HR be it Reward Management, Talent Acquisition, Talent Management, Learning & Development etc. including heading the entire function as Group Head Human Resources. He has also been an avid trainer in the area of Management development, performance management, change management, employee engagement etc. to name a few.

Mr. Johns holds an HR Certification from the Centre of Labour Market Studies - UK as well as a Level 5 Certification in HR from the Chartered Institute of Professional Development (CIPD) - UK.

**Mr. Karim Khawaja, Head of Risk**

Mr. Karim Khawaja is a seasoned banker with around 17 years of diversified experience at senior managerial position in the area of Risk Management, Regulatory Compliance, Capital Planning, Budgeting, Finance and Process Automation. Prior to joining HBLAMC, he was associated with JS Bank, where he worked for around 12 years and was elevated to the position of Head of Market Risk & Basel.

As part of the Senior Management, he remained actively involved in several strategic projects of the Bank. During his tenure at JS Bank, he was responsible to ensure compliance of capital adequacy and Liquidity Ratios of the Bank, in accordance with guidelines issued by the regulator, along with monitoring Market Risks of treasury portfolios in line with a predefined framework.

He also took charge of foreign exposures including derivative positions and valuations and oversaw the Bahrain Branch.

Previously, he was associated with NIB Bank & Hashoo Group. Mr. Khawaja is a qualified Cost and Management Accountant (ACMA), from the Institute of Cost and Management Accountants of Pakistan along with an MBA in Finance.

**Mr. Salman Munir Malik, Head of IT**

Mr. Salman Munir Malik brings in over 19+ years of diversified experience in the field of Software Engineering and IT Project Management with expertise in financial (Banking) paradigms including Core Banking, Branchless Banking, Financial / non-financial integrations, Digital Financial Ecosystem, and various other auxiliary systems. He is skilled in information system analysis, architecture design, planning, implementation, integration, customization and post implementation phases and transforming organizations from waterfall methodology to agile.

Prior to joining HBL Asset as the Head of IT, Mr. Munir was associated with Faysal Bank as a senior project manager where he was responsible for spearheading the loan management system, Digital Mall - Faysal Bank Ecommerce Market Place and business process management platform. Previously, Mr. Malik worked for National Bank of Pakistan, where he grew in his role over time taking over various responsibilities such as Software Project Management, Software Licensing and SSL certificates, evaluation of Technical proposals and offers, Project Risk Assessments and risk mitigation activities, Business Process Improvement (BPI), Business process management (BPM) and so on.

Mr. Munir has an MCS from the Punjab Institute of Computer Science, Lahore. He also holds various Certifications including Oracle E-Business Suite and PMP together with various professional trainings for APIGEE Developer & Infrastructure, Software Analysis & Design and CMMI Level 5.

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

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



almost 5 years as Manager - Internal Audit and Compliance. Asher is a qualified Cost and Management Accountant (ACMA) from Institute of Cost and Management Accountant of Pakistan and Certified Internal Auditor (CIA) from Institute of Internal Auditors-USA. He has also passed the relevant ICM certifications and is also an associate member of Pakistan Institute of Public Financial Accountant. He has completed article ship from Deloitte Touché Tohmatsu, one of the leading accounting firms of the world.

### 3.2.3 Performance of Listed Associated Companies

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

	2020	2019	2018	2017	2016	2015
	..... (Consolidated Figures Rs. In millions) .....					
PROFIT AFTER TAX	30,913	15,500	12,441	8,848	34,206	35,102
TOTAL EQUITY	265,495	224,752	199,252	188,751	196,269	182,620
TOTAL ASSETS	3,849,063	3,227,132	3,025,853	2,696,218	2,519,077	2,218,433
TOTAL DEPOSITS	2,830,371	2,437,597	2,137,293	1,998,935	1,885,959	1,634,944
ADVANCES (NET OF PROVISION)	1,223,510	1,166,957	1,080,440	851,502	748,466	637,384
INVESTMENTS (NET OF PROVISION)	1,948,577	1,379,607	1,390,052	1,374,816	1,344,405	1,270,824
	..... Per share (%) .....					
CASH DIVIDEND	43	50	43	80	140	140
STOCK DIVIDEND	-	-	-	-	-	-

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

	2020	2019	2018	2017	2016	2015
	..... (Consolidated Figures Rs. In millions) .....					
PROFIT AFTER TAX	1,533	1,224	1,066	1,117	1,179	1,352
TOTAL EQUITY	9,547	8,712	7,908	8,313	8,773	7,054
TOTAL ASSETS	23,295	22,089	21,313	19,698	20,516	16,876
	..... Per share (%) .....					
CASH DIVIDEND	35	30	40	40	35	45
STOCK DIVIDEND	-	10	-	-	15	-

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

	2020	2019	2018	2017	2016	2015
	..... (Consolidated Figures Rs. In millions) .....					
PROFIT AFTER TAX	2,884	2,224	2,430	3,262	2,108	1,622
TOTAL EQUITY	12,872	11,406	10,342	9,317	7,665	3,910
TOTAL ASSETS	190,422	173,361	139,626	120,513	102,797	69,224
	..... Per share (%) .....					
CASH DIVIDEND	165	165	175	175	145	135
STOCK DIVIDEND	-	-	-	-	10	-

### 3.3 Existing Schemes under Management and their performance.

#### a) Schemes under Management

Name of Schemes along with Plans/ Sub-Funds	Net Assets	Net Assets excluding Fund of Funds	NAV Price	Par Value in Rs.	Category	Listing	Trustee	Auditor	Stability Rating by JCR-VIS
	Rs. In Millions		as on June 30, 2021..						
<b>Conventional Funds</b>									
HBL Money Market Fund	12,837	12,793	102.6193	100	Money Market	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	AA+(f) (VIS) 31-Dec-20
HBL Cash Fund	26,539	26,449	101.2227	100	Money Market	PSX	CDC	BDO Ebrahim & Co. Chartered Accountants	AA+(f) (VIS) 31-Dec-20
HBL Government Securities Fund	1,071	1,071	112.5377	100	Sovereign Income	PSX	CDC	BDO Ebrahim & Co. Chartered Accountants	AA(f) (VIS) 31-Dec-20
HBL Income Fund	2,273	2,263	110.5617	100	Income	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	A+(f) (VIS) 31-Dec-20
HBL Multi Asset Fund	202	202	112.7464	100	Balanced	PSX	CDC	KPMG Taseer Hadi & Co., Chartered Accountants	
HBL Energy Fund	775	775	11.9855	10	Equity	PSX	CDC	BDO Ebrahim & Co. Chartered Accountants	
HBL Equity Fund	2,270	2,213	139.9454	100	Equity	PSX	CDC	BDO Ebrahim & Co. Chartered Accountants	
HBL Stock Fund	951	951	112.102	100	Equity	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	
HBL Investment Fund - A	2,492	2,492	8.7715	10	Equity	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	
HBL Investment Fund - B	1,387	1,387	10.2262	10	Equity	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	
HBL Growth Fund - A	6,844	6,844	24.1401	10	Equity	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	
HBL Growth Fund - B	1,861	1,861	19.9059	10	Equity	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	

#### Shariah Compliant Funds

HBL Islamic Money Market Fund	6,640	6,640	101.194	100	Money Market	PSX	CDC	KPMG Taseer Hadi & Co., Chartered Accountants	AA+(f) (VIS) 31-Dec-20
HBL Islamic Income Fund	1,020	968	101.75	100	Income	PSX	CDC	BDO Ebrahim & Co. Chartered Accountants	A+(f) (VIS) 31-Dec-20
HBL Islamic Asset Allocation Fund	388	388	112.9636	100	Asset Allocation	PSX	CDC	KPMG Taseer Hadi & Co., Chartered Accountants	
HBL Islamic Asset Allocation Fund Plan I	2,474	2,474	100.4119	100	Asset Allocation	PSX	CDC	KPMG Taseer Hadi & Co., Chartered Accountants	
HBL Islamic Stock Fund	760	760	123.9845	100	Equity	PSX	CDC	Yousuf Adil & Co., Chartered Accountants	
HBL Islamic Equity Fund	625	572	105.0735	100	Equity	PSX	CDC	BDO Ebrahim & Co. Chartered Accountants	

#### Financial Planning Funds

Name of Schemes	Name of Sub Plan	Net Assets Rs. In Millions	NAV Price	Par Value in Rs.	Category	Listing	Trustee	Auditor
HBL Financial Planning Fund	Conservative	51	115.2069	100	Fund of Funds Scheme	PSX	MCB FSL	BDO Ebrahim & Co. Chartered Accountants
	Active	58	115.7579	100		PSX	MCB FSL	BDO Ebrahim & Co. Chartered Accountants
	Special Income	88	105.5096	100		PSX	MCB FSL	BDO Ebrahim & Co. Chartered Accountants
HBL Islamic Financial Planning Fund	Conservative	51	114.9507	100	Shariah Compliant Fund of Funds Scheme	PSX	MCB FSL	KPMG Taseer Hadi & Co. Chartered Accountants
	Active	54	115.8209	100		PSX	MCB FSL	KPMG Taseer Hadi & Co. Chartered Accountants

Pension Funds

Name of Schemes	Name of Sub Plan	Net Assets Rs. In Millions	NAV Price	Par Value in Rs.	Category	Trustee	Auditors
HBL Pension Fund	Equity	213	433.3512	100	Pension	CDC	Yousuf Adil & Co., Chartered Accountants
	Debt	192	215.5798	100	Pension	CDC	Yousuf Adil & Co., Chartered Accountants
	Money Market	260	186.9322	100	Pension	CDC	Yousuf Adil & Co., Chartered Accountants
HBL Islamic Pension Fund	Equity	196	465.5652	100	Shariah Pension Compliant	CDC	Yousuf Adil & Co., Chartered Accountants
	Debt	87	172.151	100	Shariah Pension Compliant	CDC	Yousuf Adil & Co., Chartered Accountants
	Money Market	65	167.7456	100	Shariah Pension Compliant	CDC	Yousuf Adil & Co., Chartered Accountants

b) Performance of Schemes

Name of Schemes along with Plans/ Sub-Funds	Returns (%)						Payout - Rs.					Schemes Launch Date
	Since Inception As on June 30, 2021	During the period/year					During the period/year					
		2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	
<b>Conventional Funds</b>												
HBL Money Market Fund	13.24	6.84	12.38	8.47	5.32	6.45	6.75	12.50	8.45	5.15	6.30	14-Jul-10
HBL Cash Fund	13.66	6.97	12.86	8.89	5.49	7.18	6.78	12.00	8.53	5.25	7.15	13-Dec-10
HBL Government Securities Fund	14.87	5.10	16.02	9.35	4.74	5.54	5.45	10.60	9.70	4.75	5.60	23-Jul-10
HBL Income Fund	17.29	7.10	13.28	8.82	4.98	4.64	5.40	12.00	9.00	5.50	5.00	17-Mar-07
HBL Multi Asset Fund	234.40	21.99	2.14	(8.95)	(6.28)	18.40	2.05	3.60	-	-	4.00	17-Dec-07
HBL Energy Fund	35.82	19.73	(9.98)	(24.28)	(2.33)	30.12	-	-	-	-	6.00	25-Jun-13
HBL Equity Fund	304.76	39.47	7.61	(15.46)	(11.38)	27.67	0.15	-	-	12.00	26.50	26-Sep-11
HBL Stock Fund	222.20	29.83	(3.77)	(16.20)	(11.85)	23.89	-	-	-	-	7.00	31-Aug-07
HBL Investment Fund - A	(3.50)	35.08	7.16	(33.34)	NA	NA	-	-	-	NA	NA	02-Jul-18
HBL Investment Fund - B	5.38	29.66	(2.94)	(16.26)	NA	NA	-	0.27	-	NA	NA	02-Jul-18
HBL Growth Fund - A	(5.37)	33.50	5.74	(32.96)	NA	NA	-	-	-	NA	NA	02-Jul-18
HBL Growth Fund - B	6.78	30.86	(2.62)	(16.21)	NA	NA	-	0.45	-	NA	NA	02-Jul-18

<b>Shariah Compliant Funds</b>												
HBL Islamic Money Market Fund	9.97	6.47	11.38	8.11	4.32	4.19	6.33	10.77	8.00	4.15	4.20	10-May-11
HBL Islamic Income Fund	8.38	5.45	10.31	7.85	5.18	5.52	5.30	10.45	7.75	5.00	5.20	28-May-14
HBL Islamic Asset Allocation Fund	32.21	11.59	6.42	(1.15)	(0.78)	9.83	2.70	6.25	-	0.30	6.50	08-Jan-16
HBL Islamic Asset Allocation	7.42	7.42	NA	NA	NA	NA	7.00	NA	NA	NA	NA	13-Jul-20

Name of Schemes along with Plans/ Sub-Funds	Returns (%)						Payout - Rs.					Schemes Launch Date
	Since Inception As on June 30, 2021	During the period/year					During the period/year					
		2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	
Fund Plan I												
HBL Islamic Stock Fund	204.17	32.38	2.95	(18.36)	(13.99)	24.51	-	0.32	-	-	29.00	10-May-11
HBL Islamic Equity Fund	72.96	35.46	1.15	(16.97)	(12.32)	24.42	-	0.10	-	-	27.00	28-May-14
HBL Islamic Dedicated Equity Fund	(5.58)	7.85	4.43	(16.17)	NA	NA	-	-	-	NA	NA	01-Oct-18

#### Financial Planning Funds

Name of Schemes	Sub Plan	Returns (%)						Payout - Rs.					Schemes Launch Date
		Since Inception As on June 30, 2021	During the period/year					During the period/year					
			2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	
HBL Financial Planning Fund	CAP	25.48	6.37	10.69	0.06	3.76	NA	3.70	6.60	2.75	-	NA	10-Oct-17
	AAP	21.52	20.65	3.85	(5.52)	2.65	NA	0.60	4.75	-	-	NA	10-Oct-17
	SIP	15.47	2.82	12.31	NA	NA	NA	4.65	7.29	NA	NA	NA	16-Sep-19
HBL Islamic Financial Planning Fund	CAP	19.91	5.11	9.86	0.05	1.40	0.34	-	2.10	2.05	-	0.32	16-Jun-17
	AAP	20.65	21.53	6.21	(7.06)	0.40	0.17	-	3.80	-	-	0.16	16-Jun-17

#### Pension Funds

Name of Schemes	Sub Plan	Returns (%)						Schemes Launch Date
		Since Inception As on June 30, 2021	During the period/year					
			2021	2020	2019	2018	2017	
HBL Pension Fund	Money Market	9.10	5.25	11.86	7.78	4.38	4.50	16-Dec-11
	Debt	12.11	4.69	19.69	7.79	3.39	4.37	16-Dec-11
	Equity	333.35	33.60	2.89	(13.94)	(10.24)	27.33	16-Dec-11
HBL Islamic Pension Fund	Money Market	7.10	4.34	8.06	6.73	3.41	4.15	16-Dec-11
	Debt	7.56	5.28	7.38	7.36	2.89	5.06	16-Dec-11
	Equity	365.57	35.57	6.05	(16.60)	(12.20)	27.56	16-Dec-11

### 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 and this Deed and the Offering Document.

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

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.

#### **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 located at **7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi, Pakistan**, 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 the 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 the 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 Transfer Agent**

The Management Company will perform duties (has appointed **HBL Asset Management Limited** having its office at **7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi, Pakistan** ) 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.

### **3.8 Custodian**

**Central Depository Company Of Pakistan** 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.

### **3.9 Distributors/Facilitators**

- 3.9.1 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.
- 3.9.2 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.
- 3.9.3 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.

### **3.10 Auditors**

Yousuf Adil Chartered Accountants  
First Floor, Cavish Court,  
A-35, Block 7&8, KCHSU,  
Shahra-e-Faisal, Karachi

- 3.10.1 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.
- 3.10.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.10.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered

necessary to facilitate the Trustee in issuing the certification required under the Regulations.

- 3.10.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.
- 3.10.5 The contents of the Auditors report shall be as mentioned in the Regulations.

### **3.11 Legal Advisors**

Bawaney & Partners  
Advocated & Investment & Corporate Advisers  
3rd & 4th Floor, 68-C, Lane-13  
Bukhari Commercial Area  
DHA-VI, DHA, Karachi

### **3.12 Bankers**

Habib Bank Limited

\* List of Bankers to the Fund may change from time to time as per the discretion of the Management Company

#### **3.12.1 Bank Accounts**

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **CDC Trustee HBL Financial Sector Income Fund Plan I, CDC Trustee HBL Financial Sector Income Fund** and "**CDC-Trustee HBL Funds**" 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 Trustee, at the request of the Management Company, shall open Bank Account(s) titled **CDC Trustee HBL Financial Sector Income Fund Plan II, CDC Trustee HBL Financial Sector Income Fund** and "**CDC Trustee HBL Funds**" 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
- (c) 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.
- (d) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the respective Allocation Plans.
- (e) 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.

- (f) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account of the Allocation Plan and any income, profit etc. earned and/or accrued on the investments of that amount upto and including the day before the opening of Initial Period shall not form part of the Trust Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Offering Period, either in cash or in additional Units as selected by those Investors, in proportion of their investments.
- (g) 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”.

### **3.13 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 thereof represent an undivided share in the Allocation plan 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 Allocation plan proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time, after seeking prior approval of the Commission and amending the Offering document.

### **4.2 Classes of Units**

#### **4.2.1 For HBL Financial Sector Income Fund Plan I**

- (a) Class "A" (Pre-IPO Units), shall be issued to the Pre-IPO Investors and may be charged a Front-end Load, at the discretion of the Management Company

- (b) Class "B" Units shall be issued to investors at the Offer Price, during the Initial Offering Period. Class "B" Units may also be offered after the Initial Offering Period, at the discretion of the Management Company and as per the terms and conditions of this Offering Document.

#### 4.2.2 For HBL Financial Sector Income Fund Plan II

- (a) Class "A" (Pre-IPO Units), shall be issued to the Pre-IPO Investors and may be charged a Front-end Load, at the discretion of the Management Company
- (b) Class "B" Units shall be issued to investors at the Offer Price, during the Initial Offering Period. Class "B" Units may also be offered after the Initial Offering Period, at the discretion of the Management Company and as per the terms and conditions of this Offering Document.

The Management may introduce additional type/class of Units from time to time, subject to SECP's prior approval.

#### 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.

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 *Administrative Plan (Income Units)*

- 4.3.2 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.
- 4.3.3 Minimum amount of investment for Administrative Plan described above would be **Rs.500,000/- for HBL Financial Sector Income Fund Plan I and Rs.100,000,000/- for HBL Financial Sector Income Fund Plan II**. 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.
- 4.3.4 At any time during the life of investment, if investment amount falls below **Rs.500,000/- for HBL Financial Sector Income Fund Plan I and Rs.100,000,000/- for HBL Financial Sector Income Fund Plan II** features of Administrative Plan will cease for the investor and Units allocated to him will be considered Units of the Fund.
- 4.3.5 The investor can opt for 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. However, the amount fixed by the unit holder shall not be less than Rs. 2,500/-.
  - (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).

However, if the calculated growth in the investment is less than Rs. 2,500/- the unit holder will not get monthly payment. In that case the unit holder will receive a payment in the following month including previous month's growth.

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

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

Principal amount is the amount of investments as increased / reduced by investments / redemptions net off any Load and taxes thereon (if any).

- 4.3.6 All Units issued under the Administrative Plan of an Allocation Plan shall rank pari passu with units of that Allocation Plan.
- 4.3.7 All units issued under this Administrative Arrangement shall be income units.
- 4.3.8 The period for periodic payment as decided by the investor shall be monthly, quarterly, half yearly or annually.
- 4.3.9 The periodic payment shall be made by redeeming the required number of Units.
- 4.3.10 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.
- 4.3.11 In case the Management Company announces a suspension of further issue of Units of the Allocation Plan, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under above options.
- 4.3.12 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.
- 4.3.13 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 Allocation Plan from there on.
- 4.3.14 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.

- 4.3.15 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.

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

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices during Business Hours on any Dealing Day in accordance with the procedure set out in 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 Allocation Plan(s) under the fund an investor must open an account with Management Company using the Account Opening Form.
- (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 Allocation Plan(s) under 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;

**For HBL Financial Sector Income Fund Plan I:**

- Demand draft or Pay order in favor of **CDC Trustee HBL Financial Sector Income Fund Plan I**
- Online transfer to Bank Account(s) of **CDC Trustee HBL Financial Sector Income Fund Plan I**
- Cheque (account payee only marked in favor of **CDC Trustee HBL Financial Sector Income Fund Plan I**)

**For HBL Financial Sector Income Fund Plan II:**

- Demand draft or Pay order in favor of **CDC Trustee HBL Financial Sector Income Fund Plan II**
- Online transfer to Bank Account(s) of **CDC Trustee HBL Financial Sector Income Fund Plan II**
- Cheque (account payee only marked in favor of **CDC Trustee HBL Financial Sector Income Fund Plan II**)

- (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**

**For HBL Financial Sector Income Fund Plan I**

Initially Units shall be issued at Par Value of **Rs 100/-** with a minimum investment size of **Rs. 1000/-** (Rupees One Thousand Only) and thereafter the minimum amount for investment would be of **Rs. 1000/-** (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.

## **For HBL Financial Sector Income Fund Plan II**

Initially Units shall be issued at Par Value of **Rs 100/-** with a minimum investment size of **Rs. 100,000,000/-** (Rupees One Hundred Million only) and thereafter the minimum amount for investment would be of **Rs. 100,000,000/-** (Rupees One Hundred Million 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.

### **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 Allocations Plan for Dealing Days during the period when the Plan 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 upward to the nearest paisa.

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 and the subscription money is received.
- (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.

### **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 will require payment of **Rs. 100/** per Certificate, subject to revisions of fee from time to time by the Management Company.

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

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

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

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

All Unit Holders 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 of units of any Allocation Plan 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 downward to the nearest paisa

Level of all back end loads shall be disclosed in the Offering Document. An increase in Back End load will require 30 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. Next of Kin 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 and Joint holders details.

- (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, 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.

- 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, certified copy of succession certificate and 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.

#### **4.9.12 Conversion`**

Conversion of Units of the allocation plan to Units of any other Fund/Plan of any other Scheme managed by the Management Company can be carried out by submitting the duly filled Conversion Application Form, or any other Form as designated by the Management Company for the purpose of conversion from time to time, to the Authorized Branch of the Management Company together with any certificate / document required. Physical Certificates, if issued, must accompany the form.



#### **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. 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 Pledgor 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 Allocation Plan 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 and net realized / unrealized appreciation, 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

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

### **5.5 Reinvestment of Dividend**

The Management Company shall give the Unit Holders the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option.

### **5.6 Bonus Units**

The Management Company may decide to distribute, wholly or in part, the distributable income in the form of stock dividend (which would comprise of the Bonus Units of the Trust) if it is in the interest of Unit Holders. After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company shall, under intimation to the Trustee, issue additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units would rank pari passu as to their rights in the Net Assets, 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 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 1% percent 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.

#### **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 maximum level of Management Fee within the allowable expense ratio limits as specified in Regulations is disclosed in **Annexure "A"**. The actual rate of management fee charged as percentage of net assets will be disclosed in monthly Fund Manager's Report. Any increase in the maximum level of Management Fee, shall be subject to giving a thirty (30) 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. However, any subsequent downward revision in the remuneration of the trustee shall not require approval of the Commission and will be applicable without the need to amend the constitutive documents.

### 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 and half per cent of pre-IPO capital of the Fund or Rupees ten 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
- (xiii) selling and marketing expenses as allowed under Regulations
- (xiv) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.

As stipulated in the NBFC regulations, the total expense ratio of the fund shall be capped at 2.5% or (any other limit as decided by the Commission from time to time). For this purpose, the costs incurred in relation to any government levy on funds such as sales tax, Worker's Welfare Fund or SECP fee etc. shall be excluded while calculating Total Expense Ratio.

## **7. TAXATION**

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

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

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

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

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

- (i) Dividend income as under 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 whether realized or unrealized 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 unrealized 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 second schedule of the income Tax Ordinance 2001, the Fund's income from term finance certificates, Sukuks, interest on deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

### **7.3 Zakat on Fund**

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

### **7.4 Taxation and Zakat on Unit Holders**

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

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



- 7.4.2 Unit holders of the fund will be subject to Income Tax at the applicable rate on dividend income distributed by the Fund

The tax deducted on dividend 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 payment to the banking companies.

- 7.4.3 Capital gain arising from sale/redemption of Units of the Fund will be subject to tax at the applicable tax rate as mentioned in the Income Tax Ordinance 2001. Unit Holders who are exempt from income tax may obtain exemption certificates 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.

- 7.4.4 Unit Holders 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 also taxable as per Income Tax Ordinance, 2001.

#### **7.4.5 Tax Credit to Unit Holders**

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units. However, Tax credit benefit to the unitholders (other than company) of this fund / scheme may not be available until the Fund / scheme is listed at Pakistan Stock Exchange (PSX).

#### **7.4.6 Zakat**

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

#### **7.5 Disclaimer**

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

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

#### **8.1 Account Statement**

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

The Management Company/Transfer Agent 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 and providing such fee as specified in Annexure A that the Management Company may notify from time to time.

## **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 Regulations as amended or substituted from time to time.

## **8.3 Trustee Report**

The Trustee shall report to the Unit Holder, to be included in the annual and second quarter Financial Reports issued by the Management Company to the Unit Holders, as to whether in its opinion the Management Company has in all material respects managed the Fund in accordance with the provisions of the Regulations, the Constitutive Documents and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

## **8.4 Fund Manager Report**

The Management Company shall prepare Fund Manager Report each month as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at their web site latest by 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 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:

*7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi, Pakistan*

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

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

- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be transferred to another Management Company;
- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another Management Company.

- (iv) If the Management Company may retire voluntarily with the prior written consent of the Commission.

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

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

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

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

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

#### **10.6 Distribution of proceeds on Revocation**

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

## 11. GLOSSARY

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

**“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 and 2.2.1 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/stock exchanges 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 extent 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 Saturday 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 Distribution 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 computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

**“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 5% 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”** will start from January 17, 2022 and shall end at the close of the banking hours on January 17, 2022 for HBL Financial Sector Income Fund Plan I and will start from February 7, 2022 and shall end at the close of the banking hours on February 7, 2022 for HBL Financial Sector Income Fund Plan II. 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 of the Scheme”** means the excess of assets over liabilities of all Allocation Plans combined together, such excess being computed in the manner as specified under Regulations

**Net Assets of Allocation Plan”** means the excess of asset over liabilities of a pertinent Allocation Plan being offered under the Fund, such excess being computed in the manner as specified under the Regulations.

**“Net Asset Value” or “NAV”** means per Unit value of the pertinent Allocation Plan being offered under the Fund arrived at by dividing the Net Asset of the Allocation Plan(s) by the number of Units outstanding for such Allocation Plan. The NAV of each Allocation Plan shall be announced on each Dealing Day or as per the direction of the Commission from time to time

**“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 contains 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 five 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 2.00%	Up to 1.50%
Back End Load	0%	0%

**Current Contingent Load:**

Allocation Plan	Normal Sales
HBL Financial Sector Income Fund Plan I	Nil
HBL Financial Sector Income Fund Plan II	Nil

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.

**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.hblasset.com](http://www.hblasset.com)), Trustee of the Fund and SECP.

**Management Fee:**

Allocation Plan	% Per annum
HBL Financial Sector Income Fund Plan I	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)
HBL Financial Sector Income Fund Plan II	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)

\*The management fee shall be charged within the TER limit as given in NBFC Regulations, 2008

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

**ANNEXURE B**

**Tariff Structure of the Trustee The trustee**

Trustee Remuneration shall consist of reimbursement of actual custodial expenses/charges plus tariff of 0.075% p.a. of Net Assets;

ANNEXURE C

**DISTRIBUTOR DETAILS**

**MANAGEMENT COMPANY**

**Head Office**

**HBL Asset Management Limited**  
7th Floor, Emerald Tower, G-19,  
Block 5, Main Clifton Road, Clifton,  
Karachi, Pakistan  
Phone: 021-111-425-262  
Fax: 021-35168455  
Email: [info@hblasset.com](mailto:info@hblasset.com)