

Participants and Prospective Participants Are Advised In Their Own Interest to Carefully Read the Contents of This Offering Document In Particular the Risk Factors Mentioned In Clause 8.10 and Warnings in Clause 16 before Making Any Investment Decision

# CONSOLIDATED OFFERING DOCUMENT

## HBL PENSION FUND

(A Voluntary Pension Fund)

Consolidated as at September 19<sup>th</sup>, 2025

MANAGED BY

**HBL ASSET MANAGEMENT LIMITED**

*Registered under the Voluntary Pension System Rules, 2005*

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## Key fact statement

### HBL Pension Fund

**Managed by HBL Asset Management Limited**

**DISCLAIMER:**

This document is not a replacement of offering document (OD). Before you invest, you are encouraged to review the detailed features of each sub-fund in the funds OD and /or Monthly Fund Manager Report.

**1-Investment Overview:**

(i) Investment objective	<p><b><u>Equity sub-Fund:</u></b></p>	<p><b><u>Debt Sub-Fund:</u></b></p>	<p><b><u>Money Market Sub-Fund:</u></b></p>
	<p>The Investment Objective of the Equity Sub-Fund of the Pension Fund is to earn returns from investments in Pakistani Equity Markets.</p>	<p>The investment objective of the Debt Sub-Fund is to earn returns from investments in debt markets of Pakistan, thus incurring a relatively lower risk than equity investments.</p>	<p>The Investment Objective of the Money Market Sub-Fund is to earn returns from investments in Money Markets of Pakistan, thus incurring a relatively lower risk than debt investments. -</p>
(ii) Investment Policy	<p><b><u>Equity Sub Fund:</u></b> The Assets of an Equity Sub-fund shall be invested in equity securities which are listed on a Stock Exchange or for the listing of which an application has been approved by a Stock Exchange and Equity sub-fund shall be eligible to invest in units of REITs and ETFs provided that entity/sector/group exposure limits as prescribed are complied with. For further details please refer clause 8.3 of the offering document. .</p> <p><b><u>Benchmark:</u></b> KSE-100 Index Or KSE-30 Index (Total Return index).</p> <p><b><u>Debt Sub Fund:</u></b>                  The Assets of a Debt Sub-fund shall consist of government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial paper, TFC/ Sukuk, for further details please refer the clause 8.4 of the offering document.</p> <p><b><u>Bench mark:</u></b> 75% Twelve (12) months PKRV + 25% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled banks as selected by MUFAP.</p> <p><b><u>Money Market Sub-Fund:</u></b> The Assets of a Money Market Sub-fund shall consist of government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), treasury bills,</p>		

-	<p>money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM) For further details please refer the clause 8.5 of the offering document.</p> <p><b>Benchmark:</b> 90% three (3) months PKRV rates+ 10% three (3) months average of the highest rates on savings account of three (3) AA rated scheduled banks as selected by MUFAP</p>
(iii) Launch date	16 <sup>th</sup> December 2011
(iv) Minimum Contribution amount	500 refer to clause 6.4.1 of OD.
(v) Management fee	<p>(a) Equity sub-fund up to 2.50%</p> <p>(b) Money market sub-fund up to 1.00%</p> <p>(c) Debt sub-fund up to 1.25%</p>
(vi) Subscription / Withdrawal Days and timing	9 AM to 4 PM
<b>2. Risk Profile &amp; Product Suitability</b>	
(i) Who is this product suitable for?	Pension plans are extremely essential for an individual to maintain his/her current lifestyle, post retirement It is a flexible savings-cum-investment scheme which facilitates individuals to save for their retirement in a systematic way.
(ii) Risk profile of the fund	<p>(i) High volatility – High risk</p> <p>(ii) Medium volatility – Medium Risk</p> <p>(iii) Low volatility –Low risk</p> <p>(iv) Lower volatility – Very low risk</p>
(iii) Funds investment Risk	Please refer to the clause 8.10 of OD for the risk profile
<b>3. Withdrawals, drawdowns and benefits</b>	
(i) Minimum Retirement Age	60 or 70 refer to clause 6.24 of OD.
(ii) Options available to participants upon retirement	<p>(a) withdraw up to fifty per cent (50%) or such other per cent of the amount in his Individual Pension Account as permissible under the Income Tax Ordinance, 2001 as cash;</p> <p>(b) either purchase an Approved Annuity Plan from a Life Insurance Company of his choice with the remaining amount; provided that the Approved Annuity Plan purchased may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment linked and retail price index linked or with any additional features as may be offered by the Life Insurance Company or as may be prescribed under the Rules; or</p> <p>(c) enter into an agreement with the Pension Fund Manager to transfer his remaining balance to an Approved Income Payment Plan offered by the Pension Fund Manager and withdraw from it monthly installments till the age of seventy five (75) years or earlier according to the Approved Income Payment Plan. Details of the Approved Income Payment Plan offered by the Pension Fund Manager shall be disclosed in the Offering Document and shall be subject to amendment through Supplementary Offering Documents from time to time.</p> <p>Refer to clause 6.25.1 of Offering Document.</p>

<p>(iii) Early withdrawal conditions and implications</p> <p>(iv) Any other key information which would help investors to determine if the product is suitable for them.</p>	<p>On any Business Day and from time to time, before the date of retirement a Participant may redeem the whole or any part of the Units held by him in his Individual Pension Account. Under these circumstances the Participant will be taxed as per the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001)</p> <p>For Further details refer to clause 6.21.1 of offering Document.</p>
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**4. Brief Information on the product charges**

1-FRONT END LOAD (FEL)	Distribution channel	Percentage
	Direct investment through PFM	upto 3.00%
	Digital Platform of PFM /third party	NA

**Total Expense Ratio (TER)**

Participants are advised to consult the Fund Manager Report (FMR) of the respective Pension fund for the latest information pertaining to the updated TER.

**5. KEY STAKEHOLDERS:**

- a. Pension Fund Manager HBL Asset Management Limited
- b. CDC Trustee

## 1. INTRODUCTION TO THE HBL PENSION FUND (HBL PF)

HBL Pension Fund is established in Pakistan as a Voluntary Pension Fund through a Trust Deed, dated August 17, 2011, entered in between HBL Asset Management Limited in its capacity as the Pension Fund Manager and Central Depository Company of Pakistan Limited in its capacity as the Trustee and authorized under the Voluntary Pension System (VPS) Rules, 2005.

The Pension Fund shall initially consist of three (3) Sub-Funds to be called

- HBL PF Equity Sub-Fund (the “Equity Sub-Fund”)
- HBL PF Debt Sub-Fund and (the “Debt Sub-Fund”)
- HBL PF Money Market Sub- Fund (the “Money Market Sub-Fund”)

After successfully managing the above mentioned Sub-Funds, the Pension Fund Manager may, with the approval of the Commission, launch other Sub-Funds through a Supplementary Trust Deed and a Supplementary Offering Document for investments in other asset classes, including securitized investment in real estate or in assets outside Pakistan (for avoidance of doubt, additional Sub-Funds may include combinations of new and existing classes of assets). Thereafter, any reference to the Sub-Funds in the Trust Deed or the Offering Document shall be construed to include any such new Sub-Fund.

### 1.1 Salient Features of the Pension Fund

#### Term Sheet

Fund Name	HBL Pension Fund (HBL PF)
Fund Structure	Unit Trust Scheme consisting of Sub-Funds under the VPS Rules 2005.
Fund Objective	To provide a secure source of savings and regular income after retirement to the Participants
Eligibility	Every Pakistani national over the age of 18 years holding a valid CNIC or NICOP
Minimum Contribution <sup>1</sup>	The minimum amount of Contribution to open an account is Rs. 1000/- and the minimum amount of contribution to an existing account is Rs. 1000/- per transaction. There is no maximum limit of contribution. However, Tax Credit will be available to the extent specified in the Income Tax Ordinance, 2001.
Contribution Frequency	Annual, semi-Annual, quarterly or monthly
Contribution Mechanism	Cheque, bank draft, pay order (crossed account payee only), Online Transfers (only for HBL A/C Holders*) titled “CDC- Trustee HBL Pension Fund” payable to the Trustee on any Dealing Day. Any other electronic form of Transfer. Contribution in the form of Cash or any bearer instruments shall not be made and accepted.  <i>*The Pension Fund Manager may make arrangements with other Banks for online transfers from time to time. Such Arrangements (if any) will be communicated to Participants through the company’s website.</i>

<sup>1</sup> Amended through 3<sup>rd</sup> Supplemental Document dated 28<sup>th</sup> August, 2018

Investment Mechanism	Insurance premia (for optional insurance covers) are deducted from Contributions made by the Participant, followed by deduction of applicable Front-end Fee. The remaining Contribution amount is then credited to the Participant's Individual Pension Account and is invested in the underlying Sub-Funds of the HBL Pension Fund as per the Allocation Scheme selected by the Participant.																								
Allocation of Contributions & Allocation Schemes	<p>Contributions shall be allocated among the Units of Sub-Funds at Net Asset Value, as per the selected Allocation Scheme, from amongst the following Five (5) Schemes being offered by the Pension Fund Manager.</p> <table border="1"> <thead> <tr> <th>Allocation Scheme</th> <th>Equity Sub-Fund</th> <th>Debt Sub-Fund</th> <th>Money Market Sub-Fund</th> </tr> </thead> <tbody> <tr> <td>High Volatility</td> <td>Min 65%</td> <td>Min 20%</td> <td>Nil</td> </tr> <tr> <td>Medium Volatility</td> <td>Min 35%</td> <td>Min 40%</td> <td>Min 10%</td> </tr> <tr> <td>Low Volatility</td> <td>Min 10%</td> <td>Min 60%</td> <td>Min 15%</td> </tr> <tr> <td>Lower Volatility</td> <td>Nil</td> <td>Min 40%</td> <td>Min 40%</td> </tr> <tr> <td>Life Cycle Allocation</td> <td colspan="3">Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years.</td> </tr> </tbody> </table>	Allocation Scheme	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	High Volatility	Min 65%	Min 20%	Nil	Medium Volatility	Min 35%	Min 40%	Min 10%	Low Volatility	Min 10%	Min 60%	Min 15%	Lower Volatility	Nil	Min 40%	Min 40%	Life Cycle Allocation	Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years.		
Allocation Scheme	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund																						
High Volatility	Min 65%	Min 20%	Nil																						
Medium Volatility	Min 35%	Min 40%	Min 10%																						
Low Volatility	Min 10%	Min 60%	Min 15%																						
Lower Volatility	Nil	Min 40%	Min 40%																						
Life Cycle Allocation	Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years.																								
Investment Strategy	The Pension Fund Manager shall design investment strategy to optimize returns on investments within the parameters of Investment Policy specified by the Commission. The Pension Fund Manager shall also offer different Allocation Schemes to Participants to choose from, allowing them to adopt an investment strategy, according to their risk / return requirements																								
Reallocation Policy	Units held in the Individual Pension Account shall be reallocated by the Pension Fund Manager between the Sub-Funds at least once a year to ensure that the allocation of Units of all Participants is in line with the Allocation Scheme selected by them.																								
Front-end Fee	Maximum of 3 % on all Contributions, unless exempt under this Offering Document																								
Management Fee	1.5 % p.a. on average Net Assets of each Sub-Fund.																								
Taxation	Tax Credit will be available to Participants on contributions during any Tax Year subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001)																								

Benefits / Withdrawal on Retirement	<p>All Units of each Sub-Fund held by a Participant in his Individual Pension Account shall be redeemed at the Net Asset Value notified at close of the day of retirement or, if that day is not a Business Day, the following Business Day. The Participant will then have the following options, namely:</p> <p>(a) to en-cash up to fifty percent (50%) or any percent as admissible under the Income Tax Ordinance, 2001, of the amount in his Individual Pension Account, without any Tax deductions. Tax will be deducted at a rate of the average tax percentage of the Participant for the previous 3 years, if the Participant withdraws any amount over and above 50% as cash; and</p> <p>(b) either to use the remaining amount to purchase an annuity from a Life Insurance Company of his choice; or</p> <p>(c) enter into an agreement with the Pension Fund Manager to transfer his balance to an Approved Income Payment Plan offered by the Pension Fund Manager or another pension fund manager and withdraw from it monthly installments till the age of 75 years or earlier according to the Approved Income Payment Plan.</p>
Early Withdrawal / Withdrawal before Retirement	<p>Participants at any time before retirement are entitled to redeem the whole or any part of the Units held to their credit in their Individual Pension Account. Tax may be applicable in accordance with the requirements of the Income Tax Ordinance, 2001 and, if applicable, will be deducted by the Pension Fund Manager from the amount withdrawn.</p>
Transfers to and from other Pension Funds	<p>Participants shall be entitled to transfer part or whole of their Individual Pension Accounts from this Pension Fund to another (once a year on their anniversary date). There shall be no Tax or charges on such transfers. Similarly Participants are allowed to transfer- in their funds from other pension funds to this Pension Fund without having to pay any Front End Fee to the Pension Fund Manager.</p>
Transparency	<p>Daily calculation and announcement of NAV of each Sub –fund</p>
Distribution Restriction	<p>Any income earned shall be retained and accumulated in the respective sub-funds and no distribution / Dividend shall be made from the Pension Fund.</p>

## **2. REGULATORY APPROVALS AND CONSENT**

### **2.1 Registration of the Pension Fund Manager**

HBL Asset Management Limited, the Pension Fund Manager of HBL Pension Fund, having its registered office at 8B, 8th Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi, Pakistan, is a non-banking finance company and has been licensed by the Securities and Exchange Commission of Pakistan under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through license No. NBFC-II/17/HBLAMC/AMS/09/2011 dated April 1, 2011 & NBFC-II/18/HBLAMC/IAS/09/2011 dated April 1, 2011 to carry out Asset Management Services and Investment Advisory Services and has been registered as a pension fund manager under sub-rule (2) of Rule 5 of the Voluntary Pension System Rules, 2005 by the Securities and Exchange Commission of Pakistan through its Certificate of Registration as Pension Fund Manager No. SECP/PW/Reg-06/HBL dated May 06 2011, appended hereto as Annexure “A”.

### **2.2 Authorization of the Pension Fund**

The Pension Fund Manager has been authorized by the Commission through its letter No. No. 9 (1) SEC/SCD/PW-HBL-01/133 dated October 5, 2011 appended hereto as Annexure “B”, to constitute the Pension Fund under the name and title of “HBL Pension Fund” (hereinafter referred to as the “**HBL Pension Fund**”, “**Pension Fund**” or **HBLPF**, or “**Trust**”) and authorized the formation of a scheme, under the name, “**HBL Pension Fund**”, under rule (9) of the Voluntary Pension System Rules, 2005.

### **2.3 Appointment of the Trustee**

The Central Depository Company of Pakistan Limited, having its registered office at CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan, has been approved by the Commission to act as the trustee of “HBL Pension Fund” through its letter No. 9 (1) SEC/SCD/PW-HBLAM/106 dated July 27, 2011 appended hereto as Annexure “C”.

### **2.4 Registration of the Trust Deed**

The Pension Fund Manager has been authorized by the Commission vide its letter No. 9 (1) SEC/SCD/PW-HBLAM/108 dated July 27, 2011, appended hereto as Annexure “D”, to execute and to register the Trust Deed.

### **2.5 Approval of the Offering Document**

This Offering Document sets out the arrangements covering the basic structure of **HBL Pension Fund**. The provisions of the Trust Deed and the Voluntary Pension System Rules,

2005 hereafter govern this Offering Document and in case of any ambiguity in the constitutive documents of HBL Pension Fund, the VPS Rules 2005 shall prevail. It sets forth information about the Fund that a prospective Participant should know before contributing to the Pension Fund. **Participants should read this Offering Document carefully prior to contributing to / participating in the Pension Fund, and retain the Offering Document for future reference.** The Commission has, through its letter No. 22 (1) SEC/SCD/PW-HBL-01/2011/164 dated December 02, 2011 approved this Offering Document as per the guidelines for Authorization of Pension Fund under sub Rule (1) of Rule (9) of the Rules.

**However, it must be distinctly understood that such an approval or authorization by the Commission neither implies official recommendation by the Commission to participate in /contribute to the Pension Fund nor does the Commission take any responsibility for the financial soundness of the Pension Fund and its Sub-Funds or for the correctness of any statements made or opinions expressed in this Offering Document.**

**If you have any doubt about the contents of this Offering Document, you should seek independent professional advice, from your legal, financial or tax advisor.**

**This Offering Document contains necessary information for the public to make an informed decision to participate in the Pension Fund described herein. The Participants are advised, in their own interest, to carefully read the contents of the Offering Document, in particular, the risks mentioned in Clause 8.10 and Warnings in Clause 16, before making any participation/contribution decision. Participants may note that this Offering Document remains effective until a material change occurs and they should retain this Offering Document for future reference. Material changes shall be filed with the Commission and circulated to all Participants or may be notified by advertisements in the newspapers, or on the Pension Fund Manager's website, subject to the applicable provisions of the Trust Deed and the Rules. Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub-Funds of the Pension Fund consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments. It should be noted that the value of Units of the Sub-Funds can fall as well as rise, in response to market conditions. It should also be noted that under certain circumstances the realization of Units may be restricted.**

### **3. FILING OF THE OFFERING DOCUMENT**

The Pension Fund Manager has filed a copy of this Offering Document with the Commission, signed by all directors of the Pension Fund Manager, along with copies of the documents mentioned below:

- (1) Trust Deed, dated August 17, 2011, executed between Pension Fund Manager and the Trustee constituting the Pension Fund;
- (2) Letter dated KA-AQ-729 dated December 1, 2011 from the Auditors confirming the subscription for the Units of Pension Fund by the core investors.

- (3) Consents of the auditors, legal advisor and trustee to their respective appointments and being named and described as such in this Offering Document.
- (4) Letter No. SECP/PW/Reg-06/HBL dated May 06 2011 from the Commission, registering the Pension Fund Manager as a pension fund manager under the Rules,
- (5) Letter No. 9 (1) SEC/SCD/PW-HBLAM/106 dated July 27, 2011 from the Commission to the Pension Fund Manager, approving the Trustee to act as the trustee of the Pension Fund.
- (6) Letter No. 9 (1) SEC/SCD/PW-HBL-01/133 dated October 5, 2011 from the Commission, authorizing the Pension Fund.
- (7) Letter No. 22 (1) SEC/SCD/PW-HBL-01/2011/164 dated December 02, 2011 from the Commission, approving this Offering Document.

## **4. CONSTITUTION OF THE PENSION FUND**

### **4.1 Constitution of HBL Pension Fund (HBL PF)**

The Pension Fund has been established as a trust under the Trusts Act, 1882 (II of 1882) through a trust deed dated August 17, 2011 executed between HBL Asset Management Limited (the Pension Fund Manager), as party of the one part, and The Central Depository Company Of Pakistan (the Trustee), as party of the other part.

### **4.2 The Trust Deed**

The Trust Deed is subject to, and governed by, the laws of Pakistan, including the Ordinance, the Rules and all other applicable laws, rules and regulations and will be deemed, for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel thereof and, in the event of any conflict between the Trust Deed and the Rules, the latter will supersede and prevail over the provisions contained in the Trust Deed except where the Commission allows deviations under its power given by the Rules.

The terms and conditions of the Trust Deed, and any Supplementary Trust Deed will be binding upon each Participant.

### **4.3 Grounds of Modification of the Trust Deed**

- (1) The Trustee and the Pension Fund Manager acting together shall be entitled by a Supplementary Trust Deed hereto to modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as they may consider expedient for any purpose, subject to thirty (30) days prior notice to the Participants and the subsequent approval of the Commission, if so required; *provided that* the Trustee and the Pension Fund Manager shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or to ensure compliance with any laws and regulations and fiscal or statutory requirement or to enable the provisions of the Trust Deed to be more efficiently, conveniently or economically

managed or otherwise for the benefit of the Participants and that it does not prejudice the interests of the Participants or any of them or operate to release the Trustee or the Pension Fund Manager from any responsibility to the Participants.

- (2) Where the Trust Deed has been altered or supplemented, the Pension Fund Manager shall again notify the Participants and the participating employers immediately by a notice published in a newspaper having wide circulation and by placing the same on its website.
- (3) The Pension Fund Manager may from time to time with the consent of the Trustee frame operational procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; *provided* such procedures are not inconsistent with the provisions of the Rules, the Trust Deed or this Offering Document.
- (4) Where a change or amendment in the Rules or the Income Tax Ordinance, 2001, or any other applicable law or regulation, renders any of the clauses contained in the Trust Deed and the Offering Document ineffective or in need of amendment, such clause will automatically stand replaced by the new change or amendment and no modification shall be required unless or otherwise instructed. However, if the Pension Fund Manager is amending the Trust Deed or any Supplementary Trust Deed for any reason, the Pension Fund Manager may also amend such clauses that have been automatically overwritten and amended due to a change / amendment in the Rules and / or the Income Tax Ordinance, 2001.
- (5) If at any time, any clause of the Trust Deed is and / or becomes in whole or in part illegal, invalid or unenforceable under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining clauses of the Trust Deed, nor the legality, validity or enforceability of such clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.
- (6) If the Commission grants any relaxations or exemptions of the Rules for the Pension Fund, these shall be deemed to be part of this Offering Document without the need of altering it. However, in cases of significant changes, the Commission may require issuance of Supplementary Offering Document from time to time.

#### **4.4 Seed Capital provided by the Core Unit Holders**

The seed capital of the Pension Fund shall be provided by Habib Bank Limited. Habib Bank Limited is the only Seed Investor. Seed Capital Units have been issued to the Seed Investor as under:

Name of Sub-Fund	No of Units (Seed Capital Units)	Initial Par Value of each Unit (PKR)	Amount (PKR Millions)
HBL PF Equity Sub-Fund	300,000	100	30

HBL PF Debt Sub-Fund	300,000	100	30
HBL PF Money Market Sub-Fund	300,000	100	30

The Seed Capital Units subscribed by the Pension Fund Manager have been issued at a par value of Pakistan Rupees One Hundred per Unit (Rs. 100/ Unit) and shall not be redeemable for a period of three (3) years from the date of issue or as maybe determined by the Commission. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Accounts Statement in respect of such units.

#### 4.5 Type/ Feature of Units of the Sub-Funds

The Pension Fund shall initially consist of three Sub-Funds to be called:

- i- HBL PF Equity Sub-Fund (the “**Equity Sub-Fund**”)
- ii- HBL PF Debt Sub-Fund (the “**Debt Sub-Fund**”)
- iii- HBL PF Money Market Sub-Fund (the “**Money Market Sub-Fund**”)

All Units and fractions thereof represent an undivided share in the respective Sub-Fund and rank *pari-passu* as to their rights in the Net Assets and earnings of that Sub-Fund. Each Participant has a beneficial interest in the Pension Fund proportionate to the Units held by such Participant in the respective Sub-Fund in his Individual Pension Account. The liability of the Participant shall be limited to the amount paid against the number of Units or in certain circumstances cash, as may be allowed by the Rules, held by each Participant in his Individual Pension Account.

All Units shall be issued in a non-certificated form, except the Seed Capital Units that may be issued in a certificated form, if required by the Core Unit Holders.

The Units in the Sub-Funds issued to the Participants would be non-transferable to another Participant/person. They shall only be redeemable in case of retirement (including retirement in the instance of disability), premature encashment/redemption, death of the Participant, and change of pension fund manager, change of Allocation Schemes and/or rebalancing of the portfolio/ Allocation Schemes.

The initial Par value of the Units of each of the Sub-Funds is Pakistan Rupees One Hundred (Rs. 100), which is applicable only to the subscription of the Seed Capital Units. The amount received from the Core Investors has been allocated to each Sub-Fund. From the Launch Date, the Pension Fund Manager shall open participation in the HBL Pension Fund to the eligible Participants on a continuous basis, through offer of Units of Sub-Funds issued at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time, after deduction of Front-end Fee from the Contribution amounts received.

Units of the relevant Sub-Fund shall be issued to each Participant as per the selected ‘Allocation Scheme’, identified in clause 6.6, for the contributions among the Sub-Funds.

## 5. OPERATORS AND PRINCIPALS

### 5.1 The Pension Fund Manager

HBL Asset Management Limited is the Pension Fund Manager of HBL Pension Fund (HBL PF), having its registered office as mentioned below:

**Registered Office:**

8B, 8<sup>th</sup> Floor,  
Executive Tower, Dolmen City,  
Bloch IV, Clifton,  
Karachi

Any change in the registered office address of the Pension Fund Manager shall be notified by the Pension Fund Manager to the Commission and the Trustee from time to time.

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. 355 Billion as of June 30th, 2025, making it one of the largest AMCs with respect to AUM. The company is managing 22 different types of mutual funds and plans along with 4 pension funds; conventional and Islamic. Rating of the Pension Fund Manager

### 5.2 Rating of the Pension Fund Manager

HBL Asset Management Limited has been awarded a Management Quality Rating of “AM1” from VIS Credit Company Limited. Principal Shareholders HBL Asset Management Limited is a wholly owned subsidiary of HBL. HBL was the first commercial bank to be established in Pakistan in 1947. Over the years, HBL has grown its branch network and become the largest private sector bank with over 1,728 branches and 2,300 ATMs across the country and a customer base exceeding 37 million relationships. With a presence in 13 countries, HBL is also the largest domestic multinational.

### 5.3 Assets Under Management & Advisory

HBL AMC currently manages 6 Mutual Funds with Total assets under management (AUM) in excess of Rupees 9.6 billion as of September 30, 2011.

#### 5.3.1 Performance of Listed Associated Companies.

*Habib Bank Limited, Holding Company*

	2024	2023	2022	2021	2020	2019	2018	2017
	..... (Consolidated Figures Rs. In millions) .....							
<b>PROFIT AFTER TAX</b>	57,805	57,757	34,398	35,507	30,913	15,500	12,441	8,848

<b>TOTAL EQUITY</b>	410,798	366,021	285,022	283,686	265,495	224,752	199,252	188,751
<b>TOTAL ASSETS</b>	6,055,113	5,534,348	4,638,806	4,317,468	3,849,063	3,227,132	3,025,853	2,696,218
<b>TOTAL DEPOSITS</b>	4,370,371	4,142,352	3,469,342	3,381,998	2,830,371	2,437,597	2,137,293	1,998,935
<b>ADVANCES (NET OF PROVISION)</b>	2,435,435	1,861,345	1,782,498	1,507,047	1,223,510	1,166,957	1,080,440	851,502
<b>INVESTMENTS (NET OF PROVISION)</b>	2,528,200	2,562,299	1,948,801	1,948,956	1,948,577	1,379,607	1,390,052	1,374,816
<b>CASH DIVIDEND</b>	163	98	68	75	43	50	43	80
<b>STOCK DIVIDEND</b>		-	-	-	-	-	-	-

*Jubilee General Insurance Company Limited, Associated Company*

	2024	2023	2022	2021	2020	2019	2018	2017
	..... (Consolidated Figures Rs. In millions) .....							
<b>PROFIT AFTER TAX</b>	3,522	2,996	1,534	1,649	1,533	1,224	1,066	1,117
<b>TOTAL EQUITY</b>	18,808	13,477	10,536	10,190	9,547	8,712	7,908	8,313
<b>TOTAL ASSETS</b>	50,368	37,235	32,118	26,194	23,295	22,089	21,313	19,698
	..... Per share (%) .....							
<b>CASH DIVIDEND</b>	55.00	50	40	40	35	30	40	40
<b>STOCK DIVIDEND</b>	-	-	-	-	-	10	-	-

*Jubilee Life Insurance Company Limited, Associated Company*

	2023	2022	2021	2020	2019	2018	2017
	..... (Consolidated Figures Rs. In millions) .....						
<b>PROFIT AFTER TAX</b>	2,574	2,306	2,072	1,793	2,884	2,224	3,262
<b>TOTAL EQUITY</b>	17,334	15,353	13,941	13,069	12,872	11,406	9,317
<b>TOTAL ASSETS</b>	236,764	205,490	187,853	190,552	190,422	173,361	120,513

	<i>..... Per share (%) .....</i>							
<b>CASH DIVIDEND</b>	130%	130	130	145	165	165	175	175
<b>STOCK DIVIDEND</b>	-	-	15	-	-	10	-	-

#### 5.4 Existing Schemes under Management and their performance

##### Conventional Funds

<b>HBL Cash Fund – (formerly PICIC Cash Fund)</b>	
<b>Date of Launch:</b>	13-Dec-10
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	105,427
<b>NAV (Aug 31, 2025)</b>	105.0778
<b>Rating</b>	AA+(f) (VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	14.61%
Year Ending June 30, 2024	22.20%
Year Ending June 30, 2023	17.56%
Year Ending June 30, 2022	10.97%
Year Ending June 30, 2021	6.97%
Returns since inception	23.79%
<b>HBL Income Fund (HBL-IF)</b>	
<b>Date of Launch:</b>	17-Mar-07
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	6,779
<b>NAV (Aug 31, 2025)</b>	115.1222
<b>Stability Rating</b>	A+(f) (VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	15.13%
Year Ending June 30, 2024	22.35%
Year Ending June 30, 2023	17.03%
Year Ending June 30, 2022	11.43%
Year Ending June 30, 2021	7.10%
Returns since inception	29.41%

<b>HBL Money Market Fund (HBL-MMF)</b>	
<b>Date of Launch:</b>	14-Jul-10
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100

<b>Net Assets (PKR in mln)</b>	42,672
<b>NAV (Aug 31, 2025)</b>	105.3073
<b>Rating</b>	AA+(f) (VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	14.05%
Year Ending June 30, 2024	21.54%
Year Ending June 30, 2023	16.66%
Year Ending June 30, 2022	10.26%
Year Ending June 30, 2021	6.84%
Returns since inception	22.54%

<b>HBL Government Securities Fund (Formerly PICIC Income Fund)</b>	
<b>Date of Launch:</b>	23-Jul-10
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	5,875
<b>NAV (Aug 31, 2025)</b>	116.0191
<b>Stability Rating</b>	AA- (VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	19.03%
Year Ending June 30, 2024	20.92%
Year Ending June 30, 2023	14.88%
Year Ending June 30, 2022	7.89%
Year Ending June 30, 2021	5.10%
Returns since inception	24.68%

<b>HBL Financial Sector Income Fund - Plan I</b>	
<b>Date of Launch:</b>	18-Jan-22
<b>Listing:</b>	Pakistan Stock Exchange (PSX)
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	39,482
<b>NAV (Aug 31, 2025)</b>	104.1551
<b>Rating</b>	A+(f)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	15.32%
Year Ending June 30, 2024	23.01%
Year Ending June 30, 2023	18.26%

Year Ending June 30, 2022	13.26%
Year Ending June 30, 2021	—
Returns since inception	22.55%

<b>HBL Financial Sector Income Fund Plan II</b>	
<b>Date of Launch:</b>	19-Feb-24
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	10,826
<b>NAV (Dec 31, 2025)</b>	100.0287
<b>Rating</b>	AA- (f) (VIS) 03-Mar-2025

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	15.72%
Year Ending June 30, 2024	18.51%
Year Ending June 30, 2023	—
Year Ending June 30, 2022	—
Year Ending June 30, 2021	—
Returns since inception	16.24%

<b>HBL Equity Fund – (formerly PICIC Stock Fund)</b>	
<b>Date of Launch:</b>	26-Sep-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	1,324
<b>NAV (Aug 31, 2025)</b>	216.6221
<b>Rating</b>	

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	53.50%
Year Ending June 30, 2024	78.55%
Year Ending June 30, 2023	-8.46%
Year Ending June 30, 2022	-45.08%
Year Ending June 30, 2021	39.47%
Returns since inception	457.74%

<b>HBL Stock Fund (HBL-SF)</b>	
<b>Date of Launch:</b>	31-Aug-07
<b>Listing:</b>	Pakistan Stock Exchange

<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	1,472
<b>NAV (Aug 31, 2025)</b>	197.8291
<b>Rating</b>	

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	41.41%
Year Ending June 30, 2024	85.59%
Year Ending June 30, 2023	-3.15%
Year Ending June 30, 2022	-35.84%
Year Ending June 30, 2021	29.83%
Returns since inception	425.46%

<b>HBL Energy Fund – (Formerly PICIC Energy Fund)</b>	
<b>Date of Launch:</b>	25-Jun-13
<b>Listing:</b>	Pakistan Stock Exchange (PSX)
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	2,039
<b>NAV (Aug 31, 2025)</b>	28.3988
<b>Rating</b>	As per new regulation no new rating is available

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	60.53%
Year Ending June 30, 2024	77.92%
Year Ending June 30, 2023	-0.38%
Year Ending June 30, 2022	-17.70%
Year Ending June 30, 2021	19.73%
Returns since inception	671.78%

<b>HBL Multi Asset Fund</b>	
<b>Date of Launch:</b>	17-Dec-07
<b>Listing:</b>	Pakistan Stock Exchange (PSX)
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	174
<b>NAV (Aug 31, 2025)</b>	202.5905
<b>Rating</b>	

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	40.59%
Year Ending June 30, 2024	62.74%
Year Ending June 30, 2023	4.05%

Year Ending June 30, 2022	-17.52%
Year Ending June 30, 2021	21.99%
Returns since inception	556.55%

<b>HBL Total Treasury Exchange Traded Fund</b>	
<b>Date of Launch:</b>	12-Sep-22
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	543
<b>NAV (Dec 31, 2025)</b>	108.5327
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	17.23%
Year Ending June 30, 2024	21.40%
Year Ending June 30, 2023	17.83%
Year Ending June 30, 2022	–
Year Ending June 30, 2021	–
Returns since inception	21.49%

<b>HBL Growth Fund (Class-A)</b>	
<b>Date of Launch:</b>	02-Jul-18
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 10
<b>Net Assets (PKR in mln)</b>	14,898
<b>NAV (Dec 31, 2025)</b>	52.5556
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	117.23%
Year Ending June 30, 2024	49.62%
Year Ending June 30, 2023	-22.95%
Year Ending June 30, 2022	19.63%
Year Ending June 30, 2021	33.50%
Returns since inception	136.96%

<b>HBL Growth Fund (Class-B)</b>	
<b>Date of Launch:</b>	02-Jul-18

<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 10
<b>Net Assets (PKR in mln)</b>	2,509
<b>NAV (Dec 31, 2025)</b>	43.7551
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	47.41%
Year Ending June 30, 2024	89.24%
Year Ending June 30, 2023	-5.03%
Year Ending June 30, 2022	-35.22%
Year Ending June 30, 2021	30.86%
Returns since inception	152.46%

<b>HBL Investment Fund (Class-A)</b>	
<b>Date of Launch:</b>	02-Jul-18
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 10
<b>Net Assets (PKR in mln)</b>	5,401
<b>NAV (Dec 31, 2025)</b>	19.0083
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	118.70%
Year Ending June 30, 2024	49.62%
Year Ending June 30, 2023	-24.64%
Year Ending June 30, 2022	-19.83%
Year Ending June 30, 2021	35.08%
Returns since inception	138.36%

<b>HBL Investment Fund (Class-B)</b>	
<b>Date of Launch:</b>	02-Jul-18
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 10
<b>Net Assets (PKR in mln)</b>	1,237
<b>NAV (Dec 31, 2025)</b>	20.0668
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	44.31%

Year Ending June 30, 2024	84.00%
Year Ending June 30, 2023	-6.17%
Year Ending June 30, 2022	-36.76%
Year Ending June 30, 2021	29.66%
Returns since inception	126.53%

<b>HBL Mehfooz Munafa Fund</b>	
<b>Date of Launch:</b>	13-Nov-25
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	11,213
<b>NAV (Dec 31, 2025)</b>	101.444
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	17.44%
Year Ending June 30, 2024	–
Year Ending June 30, 2023	–
Year Ending June 30, 2022	–
Year Ending June 30, 2021	–
Returns since inception	10.76%

### **Shariah Compliant Funds**

<b>HBL Islamic Income Fund – (formerly PICIC Islamic Income Fund)</b>	
<b>Date of Launch:</b>	28-May-14
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	18,280
<b>NAV (Aug 31, 2025)</b>	105.8326
<b>Rating</b>	A+(f) (VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	13.23%
Year Ending June 30, 2024	21.83%
Year Ending June 30, 2023	17.55%
Year Ending June 30, 2022	11.14%
Year Ending June 30, 2021	5.45%
Returns since inception	16.90%

<b>HBL Islamic Money Market Fund (HBL-IMMF)</b>	
<b>Date of Launch:</b>	10-May-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	89,145
<b>NAV (Aug 31, 2025)</b>	103.237
<b>Rating</b>	AA+(f) (VIS)

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	14.05%
Year Ending June 30, 2024	21.98%
Year Ending June 30, 2023	17.24%
Year Ending June 30, 2022	9.99%
Year Ending June 30, 2021	6.47%
Returns since inception	18.46%

<b>HBL Islamic Equity Fund – (formerly PICIC Islamic Stock Fund)</b>	
<b>Date of Launch:</b>	28-May-14
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	1,073
<b>NAV (Aug 31, 2025)</b>	179.0409
<b>Rating</b>	

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	42.60%
Year Ending June 30, 2024	74.48%
Year Ending June 30, 2023	-5.88%
Year Ending June 30, 2022	-33.40%
Year Ending June 30, 2021	35.46%
Returns since inception	169.76%

<b>HBL Islamic Stock Fund (HBL-ISF)</b>	
<b>Date of Launch:</b>	10-May-11
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	1,201
<b>NAV (Aug 31, 2025)</b>	230.6534
<b>Rating</b>	

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	55.31%
Year Ending June 30, 2024	75.47%
Year Ending June 30, 2023	-11.83%
Year Ending June 30, 2022	-28.67%
Year Ending June 30, 2021	32.38%
Returns since inception	421.28%

<b>HBL Islamic Asset Allocation Fund</b>	
<b>Date of Launch:</b>	08-Jan-16
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	569
<b>NAV (Dec 31, 2025)</b>	319.4866
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	50.06%
Year Ending June 30, 2024	76.64%
Year Ending June 30, 2023	-6.31%
Year Ending June 30, 2022	-3.92%
Year Ending June 30, 2021	11.59%
Returns since inception	297.96%

<b>HBL Islamic Savings Fund Plan-I</b>	
<b>Date of Launch:</b>	14-Mar-24
<b>Listing:</b>	Pakistan Stock Exchange
<b>Par Value:</b>	Rs. 100
<b>Net Assets (PKR in mln)</b>	10,898
<b>NAV (Dec 31, 2025)</b>	105.4968
<b>Rating</b>	–

<b>Performance:</b>	<b>Return (p.a.)</b>
Year Ending June 30, 2025	13.38%
Year Ending June 30, 2024	19.83%
Year Ending June 30, 2023	–
Year Ending June 30, 2022	–
Year Ending June 30, 2021	–
Returns since inception	14.38%

## 5.5 Board of Directors and Key Management of the Pension Fund Manager

### Board of Directors

The Board of Directors of HBL AMC Consist of:

<b>Name, Occupation &amp; Address*</b>	<b>Position</b>	<b>Other Directorship</b>
<b>Mr. Shahid Ghaffar</b> Investment Management Karachi.	Chairman/Director	<ol style="list-style-type: none"> <li>1. Habib Insurance Company Ltd.</li> <li>2. Archroma Pakistan Ltd.</li> <li>3. Jubilee Life Insurance Company Ltd.</li> <li>4. Audit Oversight Board Pakistan – Member</li> <li>5. AWWAL Modaraba</li> <li>6. Karandaaz Pakistan</li> </ol>
<b>Mr. Mir Adil Rashid</b>	Chief Executive / Director	<ol style="list-style-type: none"> <li>1. Mutual Funds Association of Pakistan</li> <li>2. HOM E TECH Solutions Private Limited</li> <li>3. HOM Electric – Partner</li> </ol>
<b>Mr. Abrar Ahmed Mir</b>	Director	<ol style="list-style-type: none"> <li>1. 1 Link Private Limited</li> <li>2. HBL Microfinance Bank Limited (Formerly-FirstMicrofinance Bank Limited)</li> <li>3. Jubilee General Insurance Company Limited</li> </ol>
<b>Mr. Raymond Kotwal</b> B a n k e r K a r a c h i	Director	<ol style="list-style-type: none"> <li>1. HBL Microfinance Bank Limited (Formerly-FirstMicrofinance Bank Limited)</li> <li>2. Habib Allied Holding Limited, UK</li> <li>3. HBL Employee Funds- Trustee</li> <li>4. HBL Bank UK</li> <li>5. HBL Foundation- Trustee</li> </ol>
<b>Ms. Ava Ardeshir Cowasjee</b> Bu sin es s Ka ra ch i	Director	<ol style="list-style-type: none"> <li>1. Cowasjee &amp; Sons- Partner</li> <li>2. Orbiter- Partner</li> <li>3. General Shipping Agencies (Pvt.) Ltd.</li> <li>4. Cowasjee Foundation- Trustee</li> <li>5. SOS Technical Training Institute, Karachi- BoardMember</li> <li>6. Syndicate &amp; Senate of NED University of Science andTechnology- Member</li> <li>7. Shahtaj Sugar Mills Limited</li> <li>8. Indus Valley School of Art and Architecture-</li> </ol>

		MemberBoard of Governors 9. SOS Pakistan
<b>Mr. Tariq Masaud</b>	Director	1. Kyrgyz Investment and Credit Bank, Kyrgyz Republic
<b>Mr. Khalid Malik</b>	Director	1. UDL Pharmaceuticals Pakistan (Pvt) Limited 2. UDL Modaraba Management (Pvt) Limited 3. SASL Trading (Pvt) Limited
<b>Mr. Habib Yousuf Habib</b>	Director	1. Bill Pakistan (Pvt) Ltd. 2. Zephyr Power Limited 3. Metro Wind power Limited
<b>Ms. Sheeza Ahmed</b>	Director	1. Member of Karachi Bar Association 2. Member of Sindh High Court Bar Association 3. Member of Sindh Child Protection Authority 4. Member of Executive Council, SAARCLAW

\*Directors can be contacted through Company Secretary.

### **Profile of Director:**

#### **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. 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 HBL MicroFinance Bank (Formerly- First MicroFinance Bank) as its Chairman and a member of the Board at Habib Allied Holdings Limited – UK and Pakistan Parkinson's Society.

### **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.

**Ms. Sheeza Ahmed, Director**

Sheeza Ahmed is a seasoned legal professional with nearly 30 years of experience in banking, finance, Islamic finance, and corporate law. As a Partner at Mandviwalla & Zafar, she has advised leading financial institutions on complex domestic and cross-border transactions, structured finance, Sukuk issuances, mergers and acquisitions, and regulatory compliance. Her legal acumen extends to legislative drafting, including landmark frameworks for corporate governance and social development laws in Sindh. A Columbia Law School graduate, Sheeza is also deeply committed to social impact initiatives focused on education, marginalized communities, and policy advocacy. She is a member of various professional and public sector bodies, including the Sindh Child Protection Authority and the Executive Council of SAARCLAW.

**Mr. Habib Yousuf, Director**

Habib Yousuf is a seasoned financial services professional with over three decades of leadership experience across banking, investment, and development finance. He currently serves as Regional Director at British International Investments (BII), overseeing operations and investment strategy across South Asia (excluding India), with a portfolio of approximately USD 700 million. Prior to BII, he held key leadership roles at CDC Group and Habib Bank Limited, including Country Director, Head of Strategy, and Regional General Manager. He also served as CEO of Global Securities Pakistan and held senior roles at Citibank and NIB Bank. His expertise spans corporate finance, investment banking, trade and remittance flows, and strategic development. Habib holds an MBA and BBA from the Institute of Business Administration (IBA), Karachi.

**Mr. Khalid Malik, Director**

Mr. Khalid Malik is a Senior Chartered Accountant and is main sponsor/certificate holder of First UDL Modaraba (Listed on the Pakistan Stock Exchange) and is currently serving as the Sponsor/Consultant for the First UDI Modaraba. He is also serving as the Chief Executive Officer of SASL Trading (Pvt) Ltd since 2006. In addition to HBL Asset Management Limited, he is also serving on the Board of UDL Pharmaceuticals Pakistan (Pvt) Limited since 2012. In the past he has also served on the Boards of Searle Pakistan Limited, United Distributors Pakistan Limited, IBL Healthcare Limited, Gillette Pakistan Limited, Unisys Pakistan Limited and United Brands Limited.

**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. 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. Muhammad Ali Bhabha, 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. Adnan Mehmood Lodhi, Head of Customer Experience**

With over 33 years of diverse experience, Mr. Lodhi brings extensive expertise, having held key roles including Head of International Partnerships in Canada, Manager of Operational Change at Abu Dhabi Commercial Bank, Associate Director at Standard Chartered Bank UAE, and Head of Operations at Dubai Islamic Bank. His data-driven and results-oriented approach is invaluable.

#### **Mr. Amin Muhammad, Chief Risk Officer**

With over 32 years of experience in the financial services industry, Amin has worked across Pakistan, Canada, and the United Arab Emirates. Most recently, he served as Executive Vice President and Chief of Staff to the Group CEO at Habib Bank AG Zurich, overseeing risk management, compliance, strategy, and stakeholder management. Prior to joining Habib Bank AG Zurich, Amin worked at NIB Bank in Corporate and Investment & Institutional Banking. Earlier in his career, he gained experience at Emirates Bank, ANZ Grindlays Bank, and the Royal Bank of Canada in Toronto, where he played a key role in driving initiatives.

#### **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.

#### **Mr. Faisal Akhlaq, Country head- Corporate sales & Product**

With over 20+ years of diverse experience in the financial industry, Mr. Akhlaq has held senior Leadership positions at the standard chartered Bank (UAE), BNP Paribas (MEA

region) , and strategos Management Consultants (Middle East).

Throughout his career, he has led strategic business development, corporate structuring, and operational excellence initiatives for a wide range of client segments.

## **5.6 Role of the Fund Manager of HBL Pension Fund**

The Pension Fund Manager shall designate a Fund Manager for HBL Pension Fund, who shall, use his investment experience and knowledge of pensions and based on the input from the Research Department, structure the portfolios for the individual Sub-Funds.

Additionally, the allocation of the asset classes within the plans offered under the Pension Fund, will be reviewed by the Chief Investment Officer from time to time and based on the assessment of key economic indicators, the Fund Manager will, in conjunction with the Investment Committee of the Pension Fund, decide on the relative attractiveness and valuation of various asset classes available (i.e. equity, debt and money market). In case of a change in the economic circumstances, the Fund Manager will re-allocate the relative weights of the asset classes within the Schemes with an appropriate increase or reduction in exposure in those asset classes that are expected to be most impacted. However, such changes shall be made within the limits set out in the Approved Allocation Policy given by the Commission.

## **5.7 Responsibilities, Obligations and Restrictions of the Pension Fund Manager**

### **5.7.1 Obligations of the Pension Fund Manager**

- a) The responsibilities of the Pension Fund Manager are to invest and manage the assets of the Pension Fund according to the provisions of the Trust Deed and the Rules, in good faith, to the best of its ability, and without gaining any undue advantage for itself or any Connected Persons or its officers.
- b) The Pension Fund Manager shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as pension fund manager of the Pension Fund, howsoever designated, as if they were its own acts or omissions.
- c) The Pension Fund Manager shall account to the Trustee for any loss in value of the assets of the Pension Fund caused by its negligence, reckless or willful acts or omissions.
- d) The Pension Fund Manager shall maintain 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 each of the Sub-Funds, all transactions for the account of the Sub-Funds and Contributions received by

the Pension Fund and withdrawals by the Participants including detail of tax penalties and withholding tax deducted at source and transfer or receipt of balances in the Individual Pension Accounts of the Participants to or from other pension fund managers.

- e) The Pension Fund Manager shall prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the Auditor's report of the Sub-Funds, within the stipulated terms as specified by the Commission from time to time at the close of each Accounting Period to the Commission and the Participants, and the balance sheet and income and expenditure account shall comply with the requirements of the Rules.
- f) The Pension Fund Manager shall within one month of the close of the first, second and third quarter of each Accounting Period, prepare and transmit to the Participants and the Commission a balance sheet as on the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the Pension Fund, and the balance sheet and income and expenditure account shall comply with the requirements of the Rules; *provided that* the Pension Fund Manager may, with the prior approval of the Commission, post the said quarterly accounts on its website instead of mailing them to the Participants.
- g) The Pension Fund Manager shall maintain the Register and inform the Commission of the address where the Register is kept. For this purpose it may appoint a Registrar, who shall maintain Participants' records, issue statements of account and receipts for Contributions, process withdrawals and carry out all other related activities.
- h) The Pension Fund Manager will appoint with the consent of the Trustee, at the establishment of the Pension Fund and upon any vacancy, an Auditor independent of the auditor of the company and the Trustee, but no Auditor shall be appointed for more than such consecutive terms as specified by the commission from time to time.
- i) The Pension Fund Manager shall furnish to the Commission within one month of the close of each Accounting Period (i) particulars of the personnel (executive, research and other) managing the Pension Fund, (ii) total number of Participants, (iii) total value of all Individual Pension Accounts, (iv) total Contributions for the previous Accounting Period (if any), and (v) such other information that may be prescribed by the Commission from time to time.
- j) The Pension Fund Manager shall send an Account Statement as at the 30th June and the 31st December each year, within thirty (30) days thereafter to each Participant, confirming the transactions for the six (6) month period before that date in the Participant's Individual Pension Account, including the amount and type(s) of Contributions received (that is, whether from an employer or the Participant); incoming transfers from other pension fund manager(s) or incoming transfers from any provident fund or transfer from a deceased person's Individual Pension Account or other types of benefit disbursements; retirement or pre-retirement payments along with the taxes withheld; death benefit payment or transfer to heirs; outgoing transfer to purchase an Approved Annuity Plan from a Life Insurance Company; outgoing transfer to other pension fund manager(s); withdrawals; premia deducted out of the Contributions on account of any supplementary schemes opted by the Participant; or any other transaction. The statements shall include details of the number of Units allocated and held, the current valuation of the Units and such other information as may be specified by the Commission. Such Account Statement shall be provided to each Participant free of charge. Additionally, each Participant shall be entitled to receive any statement in respect of his Individual Pension Account at any time on written application. Such information may also be posted on the website or emailed and furnished electronically, subject to prior approval of the Commission.

- k) The Pension Fund Manager shall send a certificate as at 30th June each year for claiming the tax credit to the Participants confirming the total Contribution made into their Individual Pension Accounts during the current Tax Year. The Pension Fund Manager shall send the certificate by 31st July each year.
- l) The Pension Fund Manager shall, after intimating the Commission and the Trustee, from time to time appoint, remove or replace one or more Distribution Company(ies) for carrying the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company and the Pension Fund Manager.
- m) The Pension Fund Manager shall send any other statement or certificate to the Participants which may be necessary under the Rules.
- n) The Pension Fund Manager shall furnish to the Commission a copy of its annual report and half yearly report, together with copies of the balance sheet, profit and loss account, directors' report and auditors' report within the stipulated terms as specified by the Commission from time to time at the close of its accounting year and of its half year.
- o) The Pension Fund Manager shall not be under any liability except such liability as may be expressly assumed by it under the Rules and the Trust Deed nor shall the Pension Fund Manager (save as herein otherwise provided) be liable for any act or omission of the Trustee or for anything except its own negligence, reckless or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed, the Pension Fund Manager 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.
- p) The Pension Fund Manager shall provide and replicate all recorded information relating to the Pension Fund to the Trustee and shall arrange the reconciliation of such records with the Trustee on a periodic basis as may be mutually agreed between the two parties or as specified by the Commission.
- q) A PFM shall be responsible for managing and meeting the liquidity requirements of the Pension Fund and the Participants thereof.<sup>2</sup>
- r) The Pension Fund Manager (PFM) shall have at least one investment committee (IC) which shall be responsible for selecting and developing appropriate investment and risk management strategies for the proper performance of the pension fund. The IC will also be responsible for developing internal investment restrictions, limits and restrictions for pension funds .and in case same IC takes decisions for both mutual .funds and pension funds, the decision taken for each kind of funds shall be separately identified and recorded in the minutes. Further the PFM shall:-

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<sup>2</sup> Inserted through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

- i) act with due care, skill and diligence in carrying out its duties and responsibilities;
- ii) ensure that investment decisions are consistent with the objectives and investment policy of the Pension Funds;
- iii) ensure that investments do not deviate from the Constitutive Documents or the VPS Rules/Regulations or circulars or directions of the Commission issued from time to time;.
- iv) develop and follow internal investment restrictions and policies; and v) review the performance of the Pension Fund on a regular and timely basis;<sup>3</sup>

### **5.7.2 Restrictions on the Pension Fund Manager**

The Pension Fund Manager shall not:

- a) merge with, acquire or take over management of any other pension fund or pension fund manager unless it has obtained the prior approval of the Commission in writing for such merger, acquisition or takeover;
- b) pledge any of the securities held or beneficially owned by the Pension Fund except for the benefit of the Pension Fund and with prior approval of the Commission;
- c) accept deposits from another pension fund;
- d) make a loan or advance money to any person except in connection with the normal business of the Pension Fund;
- e) participate in a joint account with others in any transaction;
- f) apply any part of its assets to real estate; *provided that* the Pension Fund Manager may purchase real estate for its own use out of its own shareholders' fund;
- g) make any investment with the purpose of having the effect of vesting the management or control in the Pension Fund; or
- h) employ as a broker, directly or indirectly, any of its directors, officers or employees or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any broker who is a Connected Person where such transactions shall equal or exceed ten per cent (10%) or more of the brokerage or commission paid by the Pension Fund in any one Accounting Period; *provided that* the Commission may, in each case on merits, permit the ten percent (10%) limit to be exceeded if the broker who is a Connected Person offers advantages to the Pension Fund not available elsewhere.
- i) enter into a short sale transaction in any security, whether listed or unlisted.

### **5.7.3 Retirement or Removal of the Pension Fund Manager**

- a) The Pension Fund Manager may, by giving at least ninety (90) days' prior written notice in writing to the Participants with the prior written approval of the Commission, retire from

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<sup>3</sup> Inserted through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

management of the Pension Fund.

- b) Where the Pension Fund Manager has given notice in accordance with Clause 5.6.3 (A) above, its retirement shall be effective on the date being not less than ninety (90) days after the date of such notice on which, with the approval in writing of the Commission, it appoints a new pension fund manager to manage the Pension Fund in accordance with the Deed and the Rules.
- c) The Trustee may, by giving notice in writing to the Pension Fund Manager with the prior approval of the Commission, remove the Pension Fund Manager if any of the following events have occurred:
  - i. the Pension Fund Manager has contravened the provisions of the Trust Deed in any material respect and has failed to rectify the contravention within (i) thirty days from the date of notice in writing given by the Trustee to the Pension Fund Manager regarding the contravention, such notice to be given under intimation to the Commission, or (ii) such other period as may be specified by the Commission, in respect of the contravention; *provided that* such notice by itself shall not be considered as an admission of contravention on part of the Pension Fund Manager who shall have the right to defend such action;
  - ii. the Pension Fund Manager goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for the purpose of reconstruction and amalgamation);  
or
  - iii. a receiver is appointed over any of the assets of the Pension Fund Manager.
- a) The removal of the Pension Fund Manager from management of the Pension Fund by the Trustee under sub-Clause (C) above shall be effective on the date on which, with the approval in writing of the Commission, the Trustee appoints a new pension fund manager to manage the Pension Fund in accordance with the Trust Deed and the Rules.
- b) The Commission may, in exercise of its powers under the Rules, remove the Pension Fund Manager from management of the Pension Fund and appoint in its place a new pension fund manager to manage the Pension Fund in accordance with the Trust Deed and the Rules.
- c) The Commission may, in exercise of its powers under the Rules, cancel the registration of the Pension Fund Manager as a pension fund manager, in which case the Pension Fund Manager, if not already removed from the management of the Pension Fund, shall stand removed from such management upon such cancellation.
- d) If the Commission has cancelled the registration of the Pension Fund Manager as provided in sub-Clause (F) above, the Commission shall appoint another pension fund manager to manage the Pension Fund in accordance with the Trust Deed and the Rules.
- e) Upon a new pension fund manager being appointed, the Pension Fund Manager shall take immediate steps to deliver all the documents and records pertaining to the Trust to the new pension fund manager and shall pay all sums due to the Trustee.

- f) Upon its appointment the new pension fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Pension Fund Manager hereunder as fully as though such new pension fund manager had originally been a party hereto.
- g) If so directed by the Commission, the Pension Fund Manager shall not receive any Contributions from any of the Participants or make any other transaction on account of the Pension Fund as from the date of issue of the notice as referred to in sub-Clause (C) above or as from the date of issue of the Commission's order in writing under Rule 6 of the Rules.
- h) The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Pension Fund Manager are audited by the Auditors of the Pension Fund and the audit report is submitted, within one month from the date of such appointment, to the Commission, the Trustee and the new Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.

## 5.8 Responsibilities and Obligations of the Trustee

The Trustee of the Pension Fund is:

### **Central Depository Company of Pakistan Limited**

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

(Any change in the registered office address of the Trustee shall be notified by the Trustee to the Commission and the Pension Fund Manager.)

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

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

**Brief Profile:** Central Depository Company of Pakistan Limited (CDC) was incorporated as a public limited company on January 21, 1993 in Pakistan and received certificate of commencement of business on August 10, 1994. The principal business activity of the company is to manage and operate the Central Depository System (CDS), which is an electronic book entry system to record and transfer securities. It was formed for facilitating efficient, risk free and cost effective settlement of securities in accordance with the international standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan.

From the year 2002, CDC expanded its business activity to provide trustee/ custodial services to mutual funds industry. Currently, CDC is acting as the trustee for open-end, closed-end mutual funds and Voluntary Pension Funds under management of all the leading asset management companies, investment advisers and voluntary pension fund managers. All trustee related

operations of CDC are completely automated and supported by strong and efficient computerized systems and dedicated staff. The Trustee Division has the benefit of CDC's existing structure, as well as that for handling the National Clearing and Settlements System. In a short span of time after introducing its trusteeship business, CDC has emerged as the largest trustee / custodial service provider in Pakistan.

**Management:** CDC is run purely on professional management basis and most of the Directors on the Board of CDC represent their respective investor institutions, without any personal stake in the company. The chief executive is a highly qualified professional, without any affiliation in any investor institution. Operations of the company are carried out by a team of high caliber professionals from a wide spectrum of relevant disciplines possessing graduate and postgraduate qualifications from distinguished local and international institutions.

### 5.8.1 Obligations of the Trustee

- a) The Trustee shall comply with the provisions of the Trust Deed and the Rules when performing any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Pension Fund Manager; *provided that* the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Pension Fund for any loss in value of the Trust Property where such loss has been caused by or willful act and / or omission of the Trustee or of any of its directors, officers, nominees or agents.
- b) The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Participants. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Pension Fund Manager, *provided that* the Trustee's actions and the Pension Fund Manager's requests are not in conflict with the provisions of the Trust Deed or the Rules. Whenever pursuant to any provision of the Trust Deed any certificate, notice, direction, instruction or other communication is to be given by the Pension Fund Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Pension Fund Manager by any person whose signature the Trustee is for the time being authorized in writing by the Pension Fund Manager to accept.
- c) The Trustee shall take into its custody or under its control all the Trust Property, including properties of the Sub-Funds and hold the same in trust for the Participants in accordance with the Applicable Law, the Rules and the provisions of the Trust Deed and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.
- d) The Trustee shall be liable for any act or omission of any agent with whom any Investments are deposited as if they were the acts or omissions of any nominee in relation to any Investment.
- e) The Trustee shall be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the Pension Fund and, where borrowing is undertaken for the account of the Pension Fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender.
- f) The Trustee shall ensure that the issue, redemption and cancellation of Units are carried out in accordance with the provisions of the Trust Deed and the Rules.

- g) The Trustee shall ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub-Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of the Trust Deed or as specified by the Commission.
- h) The Trustee shall carry out the instructions of the Pension Fund Manager in respect of Investments unless they are in conflict with the Investment Policy as prescribed by the Commission, the Trust Deed or as specified in this Offering Document.
- i) The Trustee shall ensure that the Investment Policy and the borrowing limitations set out in the Trust Deed, the Rules and other conditions under which the Pension Fund was authorized are complied with.
- j) The Trustee shall issue a report to be included in the annual report to be sent to Participants whether, in the Trustee's opinion, the Pension Fund Manager has in all material respects managed the Pension Fund and the Sub-Funds in accordance with the provisions of the Trust Deed, and if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof.
- k) The Trustee shall ensure that Units are not allocated until Contributions have been received.
- l) The Trustee shall, from time to time appoint, remove or replace one or more Custodian(s) as an agent of the Trustee at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee;
- m) The Trustee shall make available or ensure that there is made available to the Pension Fund Manager such information as the Pension Fund Manager may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Pension Fund.
- n) The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Pension Fund Manager and as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- o) None of the Trustee, the Custodian (if the Trustee has appointed another person as Custodian), the Pension Fund Manager or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Pension Fund save in the capacity of an intermediary.
- p) The Trustee shall promptly provide proxies or other forms of power of attorney to the order of the Pension Fund Manager with regards to any voting rights attaching to any Investments.
- q) The Commission may, if it is satisfied that it is necessary and expedient so to do in the interest of the Participants, or in the interest of the capital market and public, by an order in writing, give such directions to the Trustee which are essential to enforce the Rules including but not limited to making arrangements for safe custody of assets of the Pension Fund, submission of reports and disclosure of information.
- r) The Trustee shall, if requested by Pension Fund Manager and may if it considers necessary for the protection of Trust Property or safeguarding the interest of Participants, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of

the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Pension Fund and the Trustee shall be indemnified against all such costs, charges and expenses, *provided that* no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under the Trust Deed or the Rules.

- s) The Trustee shall obtain and maintain replication of all the records of the Participants maintained by the Pension Fund Manager or the Registrar, as the case may be, and shall keep the records updated on fortnightly basis.

### **5.8.2 Retirement or Change of Trustee**

- a) The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Pension Fund Manager with the prior written approval of the Commission and within a period of three (3) months of the Trustee giving notice of its intention to retire to the Pension Fund Manager shall by a supplementary Trust Deed under the seal of the Pension Fund Manager and the Trustee appoint a new trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new trustee. The retirement of the Trustee shall take effect at the same time as the new trustee is appointed and the Supplementary Trust Deed reflecting this appointment is executed. The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Trustee are audited by the Auditors and the audit report is submitted within one month from the date of such appointment to the Commission, the newly appointed Trustee and the Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.
- b) If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Pension Fund Manager) or ceases to carry on business of trusteeship or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Pension Fund under the provisions of the Rules, the Pension Fund Manager shall forthwith by instrument in writing remove the Trustee from its appointment under the Trust Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and the Trust Deed as the new trustee.
- c) The Commission after giving thirty (30) days' notice, may remove the Trustee by order in writing on grounds of any material default or non-compliance with the provisions of the Rules or the Trust Deed, negligence of its duties or incompetence in performing its duties or if the Commission is of the opinion that the Trustee has otherwise neglected or failed to comply with any order or direction of the Commission and considers that it would be in the interest of the Participants so to do; provided that such notice shall not per se be regarded as an admission of contravention on part of the Trustee who shall have the right to defend such notice or action.
- d) The Pension Fund Manager may also remove the Trustee with the prior approval of the Commission after giving thirty (30) days' notice if the Pension Fund Manager feels that the

Trustee is charging a remuneration that is not comparable to the market norm and it would be in the interest of the Participants to appoint another trustee. For this purpose, if the Pension Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified to be appointed as trustee of a pension fund) determines that the remuneration being paid to the Trustee is not comparable to the market norm and that for this reason it would be in the interest of the Participants to appoint another trustee on such favorable terms, it will issue a thirty (30) days' notice of removal of the Trustee on this ground; provided that after receiving such notice from the Pension Fund Manager, the Trustee shall have the option to continue as trustee of the Pension Fund on such favorable terms offered by the alternate institution or to retire as trustee of the Pension Fund and notify the Pension Fund Manager accordingly. The change of Trustee shall become effective with the Commission's approval once the newly appointed trustee takes charge of all duties and responsibilities.

- e) Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Individual Pension Account held by or for the Trustee under any Approved Income Payment Plan to the new trustee and shall make payments to the new trustee of all sums due from the Trustee.
- f) The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto as trustee of the Pension Fund.
- g) Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under the Trust Deed and the Rules, the Trustee shall remain entitled to the benefit of the terms of the Trust Deed till the removal or resignation of the Trustee is effective without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under the Trust Deed and / or the Rules.

## **5.9 Registrar of the Units of the Pension Fund**

### **HBL Asset Management Limited**

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

## **5.10 Distributors of the Pension Fund**

- 5.10.1 The main distributor of the Pension Fund will be the Pension Fund Manager. The Fund shall also be offered through selected branches of Habib Bank Limited, addresses of which are set out in Annexure "E"
- 5.10.2 The Pension Fund Manager may from time to time appoint or remove other Distribution Companies for the Pension Fund under intimation to the Commission and the Trustee.

## **5.11 Auditor of the Pension Fund**

5.11.1 The first Auditor of the Pension Fund shall be:

**KPMG Taseer Hadi & Co**

Karachi Office

First Floor, Sheikh Sultan Trust Building No. 2

Beaumont Road

Karachi 75330

Whose term of office shall expire on the transmission of the first annual report and accounts but may be reappointed as may be specified in the Rules from time to time.

- a) After the date referred to in Clause 5.10.1 above, the Pension Fund Manager shall, with the consent of the Trustee, appoint as the Auditor a firm of chartered accountants who shall be independent of the auditor of the Pension Fund Manager and the Trustee. The Pension Fund Manager may at any time, with the concurrence of the Trustee, and shall, if required by the Commission, remove the Auditor and appoint another auditor in its place. At all times the Pension Fund Manager shall ensure that the Auditor is appointed from the panel of auditors, if any, prescribed by the Commission for this purpose.
- b) The Auditor shall hold office until transmission of the annual report and accounts. The Auditor shall be appointed for a term of one year (except the first Auditor whose first term may be shorter than one year), but no Auditor shall be appointed for more than such consecutive terms as specified by the commission from time to time.
- c) A person who is not qualified to be appointed as auditor of a public company under the terms of Section 254 of the Ordinance shall not be appointed as the Auditor.
- d) A person who is not qualified to be appointed as auditor under the terms of Sections 254(3) and 254(4) of the Ordinance shall not be appointed as the Auditor. For the purposes of this Clause 5.10.1, references to “company” in those Sections shall be construed as references to the Pension Fund Manager and the Trustee. Section 254(5) of the Ordinance will apply to the Auditor *mutatis mutandis*.
- e) Appointment of a partnership firm as the Auditor shall be deemed to be the appointment of all persons who are partners in the firm from time to time.
- f) The Auditor shall have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Manager, Trustee, Custodian, Registrar or elsewhere, and shall be entitled to require from the Pension Fund Manager, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- g) The Auditor shall prepare an auditor’s report in accordance with the requirements of the Rules and other Applicable Laws for transmission to the Commission and the Participants.

- h) In case the Rules or other Applicable Laws relating to appointment of auditors of pension funds are amended or substituted, the amended Rules or other Applicable Laws, as the case may be, shall be deemed to become part of the Trust Deed without the need to execute a Supplementary Trust Deed.
- i) The Commission shall monitor general financial condition of the Pension Fund, and, at its discretion, may order special audit and appoint an auditor who shall not be the external auditor of the Pension Fund, to carry out detailed scrutiny of the affairs of the Pension Fund, provided that the Commission may, during the course of the scrutiny, pass such interim orders and give directions as it may deem appropriate. On receipt of the special audit report, the Commission may direct the Pension Fund Manager to do or to abstain from doing certain acts and issue directives for immediate compliance which shall be complied forthwith or take such other action as the Commission may deem fit.

## **5.12 Legal advisor**

5.12.1 The first legal advisor of the Pension Fund shall be:

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

5.12.2 The Pension Fund Manager may replace the legal advisor or appoint a new legal advisor to a vacancy created by the resignation or removal of the legal advisor. The particulars of the new legal advisor shall be deemed to become part of the Trust Deed and the Offering Document without the need to execute a Supplementary Trust Deed or Offering Document.

## **5.13 Bankers**

5.13.1 The Bankers of the Pension Fund shall be Habib Bank Limited. As when required, the Pension Fund Manager on behalf of HBL PF may enter into arrangements with other banks.

5.13.2 The Pension Fund Manager may from time to time, remove or appoint additional bankers as and when it deems appropriate.

## **6. CHARACTERISTICS OF THE PENSION FUND**

### **6.1 Eligible Persons**

6.1.1 All individuals fulfilling the eligibility criteria prescribed by the Commission under the Rules shall be eligible to contribute to the Pension Fund authorized under the Rules.

- 6.1.2 As per clause 6.1.1 above, “all Pakistani nationals who have a valid National Tax Number (NTN) or Computerized National Identity Card (CNIC) and National Identity Card for Overseas Pakistanis (NICOP), issued by the National Database and Registration Authority (NADRA) shall be eligible to contribute to the Pension Fund.
- 6.1.3 Each Eligible Person who opens an Individual Pension Account with the Pension Fund Manager may make Contributions to the Pension Fund, directly as well as through employers of such Eligible Person.
- 6.1.4 Participants having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001) and issued by Life Insurance Companies before 30 June, 2005 are eligible to redeem their units and transfer the balance to their Individual Pension Account, subject to the Rules.
- 6.1.5 Accumulated balance from Approved Employment Pension or Annuity Scheme or Approved Occupational Savings Scheme (i.e. approved gratuity fund or recognized provident fund) can be transferred to the Pension Fund.

6.1.6 The eligibility criteria may be reviewed by the Commission from time to time.

## **6.2 Application Procedure for Opening Individual Pension Accounts**

- 6.2.1 The Pension Fund Manager shall be responsible for obtaining all Approvals required in connection with the Pension Fund.
- 6.2.2 Participation in the Pension Fund shall be offered through Authorized Branches. The Pension Fund Manager shall act as the main Distribution Company.
- 6.2.3 Forms for the purposes of the Pension Fund may be obtained from the Pension Fund Manager or any of its authorized Distributors and Sales Agents or can be downloaded from the website of the Pension Fund Manager or may be requested from the Pension Fund Manager through courier or through electronic means and only such forms may be used by Participants, proposed Participants and other persons in relation to the Pension Fund. Forms for opening of Individual Pension Accounts are also attached hereto as Annexure “F” titled “Registration Form”.
- 6.2.4 Prescribed Application Forms duly completed in all respects, along with the required attachments can be lodged with any Distributor, Investment Facilitator/Sales Agent or directly with the Pension Fund Manager. No other person is authorized to accept the Prescribed Application Forms or payments.
- 6.2.5 The Pension Fund Manager shall make arrangements, from time to time, for receiving the completed Prescribed Application Forms and Contributions from or on behalf of Eligible Persons and Participants located outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

- 6.2.6 For an Eligible Person to join the Pension Fund as a Participant, they must open an Individual Pension Account with the Pension Fund Manager using the Prescribed “Registration Form”. Only Eligible Persons may apply to join the Pension Fund as Participants.
- 6.2.7 Application for opening an Individual Pension Account shall be made by completing the Prescribed Application Form mentioned in Clause 6.2.6 above, and submitting it together with the first Contribution payment through by cheque, bank draft, pay order (crossed account payee only), online transfers (only for HBL A/C Holders) or as may be prescribed by the Pension Fund Manager, in favor of the Trustee titled “**CDC – Trustee HBL Pension Fund**” at any Authorized Branch of any Distribution Company or directly lodging the completed form together with such payment with the Pension Fund Manager (for the avoidance of doubt, it is clarified that no other person (including Sales Agents) shall be authorized to accept on behalf of the Pension Fund Manager any Prescribed Application Forms or any Contributions or any other payment to the Pension Fund Manager or the Pension Fund). The Distribution Company shall ensure that the submitted application is complete in every regard and shall verify that the applicant is an Eligible Person and that the signature of the applicant to any document required to be signed by him under or in connection with the application matches with the applicant’s signature as per the applicant’s Computerized National Identity Card (“**CNIC**”) or National Identity Card for Overseas Pakistanis (“**NICOP**”). **No Contribution should be made in the form of cash or any bearer instrument.**
- 6.2.8 The Prescribed Application Form shall not be considered to be duly completed if there is not attached to it a photocopy of each of the following, verified to the satisfaction of the Pension Fund Manager:
- (a) the CNIC or NICOP of the proposed Participant;
  - (b) proof of business or employment of the proposed Participant;
  - (c) such other documentary requirements as are noted in the Prescribed Application Form.
- 6.2.9 If after receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Pension Fund Manager, Registrar or the Distributor to be incomplete or incorrect in any material respect, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant Eligible Person in writing to remove the discrepancy whereupon the application shall not be acted upon by the Pension Fund Manager, and in the event the discrepancy is not removed within fifteen (15) days after such advice is given, the amount received together with the application shall promptly be refunded without any accrued interest or mark-up. Applicants shall indicate their Individual Pension Account Number allocated to them by the Pension Fund Manager when making each payment of Contribution except when making payment of the first Contribution.
- 6.2.10 Each applicant shall obtain a receipt signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed therein and the demand-draft, pay-order, cheque or deposit slip, as the case may be, submitted together with the application. Such receipt for applications and payment instruments (other than

cash) shall only be validly issued by the Distributors.

- 6.2.11 If an application received pursuant to this Clause 6.2 is found by the Pension Fund Manager, Registrar or the Distributor to be complete and correct in all material respects, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant in writing of the opening of the applicant's Individual Pension Account with the Pension Fund Manager and shall also advise the applicant the number of such account.
- 6.2.12 If an employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required form entitled 'Employer and 3<sup>rd</sup> Party Contributor Form' as attached in Annexure "G" hereto.
- 6.2.13 The Pension Fund Manager may make arrangements to accept applications for opening Individual Pension account through electronic means upon satisfaction of the Trustee, subject to the conditions of Customer Due Diligence (CDD) / Know Your Customer Policy (KYC), specified by the Commission through notifications / circulars / rules / regulations, etc.
- 6.2.14 The application procedure described in Clauses 6.2.1 to 6.2.13 may be altered by the Pension Fund Manager from time to time with the approval of the Commission and the Trustee. Such alterations shall be announced through Supplementary Offering Documents issued by the Pension Fund Manager from time to time and shall be deemed to correspondingly alter the provisions of Clauses 6.2.1 to 6.2.13 without the need to execute a Supplementary Trust Deed.

### **6.3 Contribution Procedures**

- 6.3.1 The minimum contribution to the Pension Fund shall be as defined in Clause 6.4 here under and the Pension Fund Manager may from time to time change such minimum amount through announcement on its website with the prior approval of the Commission.
- 6.3.2 Subject to Clause, 6.3.1, a Participant or their employer, if any, may make Contributions in one lump sum or in installments during any Tax Year.
- 6.3.3 The Pension Fund Manager shall directly or through the Registrar send an acknowledgement of receipt of each Contribution along with an Account Statement to the Participant within one week of the receipt of the Contribution. Each Account Statement shall constitute evidence of the number of Sub-Fund Units purchased by a Participant as per his selected Allocation Scheme and shall contain such information as prescribed by the Commission from time to time.
- 6.3.4 The Pension Fund may be marketed in conjunction with group life or other insurance schemes or any other scheme, subject to approval of the Commission. Such supplementary schemes shall not be compulsory for all the Participants to join, and the Trustee shall on the instruction of Pension

Fund Manager deduct any premia payable in respect of such schemes from the Contributions of those Participants who have opted to join such schemes. The premia in respect of such schemes deducted by the Trustee from the Contributions of any Participant shall be paid by the Trustee on the instruction of the Pension Fund Manager to the relevant companies issuing such schemes for account of the Participant and only the net amount of Contributions received after deduction of such premia and any bank charges shall form part of the Trust Property. Details of the Insurance Coverage are provided in Clause 6.19.

- 6.3.5 Participants, or, on their behalf, their employers can deposit Contributions to the Pension Fund subsequent to the first Contribution into the account of “**CDC - Trustee HBL Pension Fund**” in the following manner:
- 1) through direct bank transfer.
  - 2) through standing instructions given by the Participants or their employers to their bank for regular transfer of Contributions.
  - 3) in the form of “Account Payee Only” crossed cheques, payment orders or demand drafts, or
  - 4) through any other electronic form of transfer, as specified by the Pension Fund Manager from time to time

**Payment in cash will not be accepted.**

The Participant or the employer making Contribution on behalf of the Participant, or a group of Participants shall provide full details of the contributions to the Pension Fund Manager at the following address:

**HBL Asset Management Limited – Investor Services Department**  
8B, 8<sup>th</sup> Floor,  
Executive Tower, Dolmen City,  
Block IV, Clifton,  
Karachi

- 6.3.6 In respect of each Contribution subsequent to the first Contribution made by the Participants or by their employers making the subsequent Contribution on behalf of the Participants or a group of Participants, the person making payment of such subsequent Contribution must duly complete a Subsequent Contribution Form attached hereto as Annexure “H”, titled “Pension Contribution Slip”, indicating therein the relevant Participant’s Individual Pension Account Number and the details of the Contribution, and, attaching the relevant payment instrument along with the completed form, should submit it at the Authorized Branch or office of the Distribution Companies.
- 6.3.7 The Pension Fund Manager, directly or through the Registrar, shall send an acknowledgement of receipt of each Contribution, along with the Account Statement, to the Participant, within one week of the receipt thereof.

- 6.3.8 The Pension Fund Manager may make arrangements to accept contributions through electronic means upon satisfaction of the Trustee.
- 6.3.9 Any alterations to the contribution procedure and minimum investment amounts as enunciated in Clauses 6.3.1 to 6.3.8 and Clause 6.4, arising out of amendments to or substitutions of the Rules and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules shall be announced by the Pension Fund Manager from time to time on its website and such alternations shall be deemed to correspondingly alter the provisions of Clauses 6.3.1 to 6.3.8 and Clause 6.4, without the need for executing a Supplementary Trust Deed or Supplementary Offering Document.

#### **6.4 Minimum Investment Amounts<sup>4</sup>**

- 6.4.1 The minimum amount of Contribution to open an Individual Pension Account is Pakistan Rupees Pakistan Rupees One Thousand (Rs. 1,000/-) and the minimum amount for adding to an existing account is Pakistan Rupees One Thousand (Rs. 1,000/-) per transaction. There will be no penalties on delayed payments. The Pension Fund Manager, may from time to time change such minimum amount through announcement on its website with the prior approval of the Commission.
- 6.4.2 There is no maximum limit of Contributions to the Pension Fund. Participants can contribute any amount in one lump sum or in installments. However, tax credits will be available to the Participants up to a maximum allowable amount of contribution within any financial year according to the Income Tax Ordinance, 2001 (XLIX of 2001).

#### **6.5 Options and Procedures in case of Cessation, Temporary or Permanent, of Contributions by the Participants**

- 6.5.1 The Pension Fund Manager shall allow the Participants or their employers, if any, to pay the desired contribution into the Pension Fund in one lump sum or in installments during any fiscal year. However, Participants and their employers (as the case may be) have tax advantages on the contributions during any Tax Year, subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001), the details of which are given in Clause 12 of this Offering Document.
- 6.5.2 There will be no penalties on delayed payments or temporary or permanent cessation of Contributions, Participants may continue the payments at any time till their retirement.

#### **6.6 Sub-Funds and Asset Allocation Schemes of the Pension Fund**

- 6.6.1 The Pension Fund shall initially consist of three Sub-Funds, to be called “**HBL PF Equity Sub-Fund**” (the “**Equity Sub-Fund**”), “**HBL PF Debt Sub-Fund**” (the “**Debt Sub-Fund**”) and “**HBL PF Money Market Sub-Fund**” (the “**Money Market Sub-Fund**”) (collectively the “**Sub-Funds**”).
- 6.6.2 The Pension Fund Manager, after successfully managing the Equity, Debt and Money Market

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<sup>4</sup> Amended through 3<sup>rd</sup> Supplemental Document dated 28<sup>th</sup> August, 2018

Sub-Funds, may, with the permission of the Commission, launch additional Sub-Funds through a supplemental Trust Deed and a Supplemental Offering Document for the purpose of investments in classes of assets different from those in existing Sub-Funds (for avoidance of doubt, additional Sub-Funds may include combinations of new and existing classes of assets),

- 6.6.3 Each Sub-Fund is divided into Units having an initial par value of Pakistan Rupees One Hundred (Rs. 100) per Unit. This price is applicable to the Seed Capital Units only, the amount of which shall be equally allocated to each of the Sub-Funds. All Units of the Pension Fund other than the Seed Capital Units will be issued and redeemed on the basis of the Net Asset Value, which shall be notified by the Pension Fund Manager at the close of each Business Day.
- 6.6.4 Units held by a Participant shall be non-tradable and non-transferable to another Participant / person except in the circumstances provided in the Rules.
- 6.6.5 Each Participant shall only be liable to pay the Net Asset Value of the Units of the Sub-Funds subscribed by him and no further liability shall be imposed on him in respect of any Sub-Fund's Units held by him. Units shall be issued only against receipt by the Trustee of full payment therefor.
- 6.6.6 The Rules require the Pension Fund Manager to offer at least four (4) Asset Allocation Schemes for the Participants to choose from.
- 6.6.7 HBL AMC is currently offering five (5) different Asset Allocation Schemes to the Participants.

**Policies and features of the Schemes are as follows:**

Allocation Scheme	Equity Sub-Fund	Debt Sub- Fund	Money Market Sub-Fund
High Volatility	Min 65%	Min 20%	Nil
Medium Volatility	Min 35%	Min 40%	Min 10%
Low Volatility	Min 10%	Min 60%	Min 15%
Lower Volatility	Nil	Min 40%	Min 40%
Life Cycle Allocation	Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years.		
Customized Allocation Scheme <sup>5</sup>	0 – 100%	0 – 100%	0 – 100%

Note: Volatility here means the downwards or upwards change in Principal amount invested owing to change in price of the securities in the portfolio of a sub-fund.

**6.6.8 Descriptions of the Asset Allocation Schemes:**

**(A) High Volatility Asset Allocation Scheme**

This scheme shall allocate a major portion of the Contribution to the Equity Sub-Fund; the

<sup>5</sup> Inserted through 2<sup>nd</sup> Supplement of the Offering Document Dated 23<sup>rd</sup> February, 2016

remaining portion will go to the Debt Sub-Fund, while there will be no allocation to the Money Market Sub-Fund.

The scheme is therefore suitable for investors with a high risk tolerance and preference for equity exposure

**(B) Medium Volatility Asset Allocation Scheme**

This scheme shall seek to allocate a major portion of the Contributions to the Equity Sub- Fund and Debt Sub-Fund and the remaining portion will be allocated to the Money Market Fund.

This schemes aims to strike a balance between investments in equities and debt, thereby mitigating risk for the Participants.

**(C) Low Volatility Asset Allocation Scheme**

This scheme shall allocate a major portion of the Contribution to the Debt Sub-Fund and the remaining portion will be allocated between the Equity Sub-Fund and Money Market Sub-Fund.

By placing a major portion of the funds in the Debt Sub-Fund, this scheme offers a low risk and low return avenue to Participants. It is therefore appropriate for individuals who are relatively risk averse in nature and prefer safer investments.

**(D) Lower Volatility Asset Allocation Scheme**

This scheme shall not allocate any portion of the Contribution to the Equity Sub-Fund. The entire contribution will be allocated between the Debt Sub-Fund and the Money Market Sub-Fund.

This scheme takes no exposure to equities, which are considered risky securities. By investing only in debt and money market instruments, this scheme is the least risky amongst the approved four schemes, prescribed by the Commission.

**(E) Life Cycle Asset Allocation Scheme**

This scheme shall start with a higher initial equity allocation for an individual aged 18. Throughout his Life Cycle, the equity allocation is gradually reduced and transferred to Debt and Money Market sub-Funds as the individual reach the age of retirement. This removes the need for the investor to continually change their plan according to their changing risks and requirements as he ages.

The Following table provides an Allocation of the ‘Life Cycle Allocation Scheme within each underlying Sub-funds:’

Life Cycle Allocation Scheme			
Plan	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
18 – 30 years	75 %	20 %	5 %
31 – 40 years	70 %	25 %	5 %

41 – 50 years	60 %	30 %	10 %
51 – 60 years	50 %	30 %	20 %
61 years and above	Nil	50 %	50 %

Equity allocation shall be gradually reduced year-wise from 50% to 0% between the age of 51 and 60 years.

**(F) Customized Allocation Scheme<sup>6</sup>**

Customized Allocation Scheme offers a personalized investment scheme through investments in Sub-Fund(s) as selected keeping in consideration that Participant’s risk/return profile, incorporating the both person’s ability and willingness to take risk, as determined by the assessment form and discussed in detail with the Participant.

<b>Allocation Scheme</b>	<b>Equity Sub-Fund</b>	<b>Debt Sub-Fund</b>	<b>Money Market Sub-Fund</b>
Customized Allocation Scheme	0 – 100%	0 – 100%	0 – 100%

6.6.9 The Pension Fund may provide additional asset allocation schemes, subject to approval of the Commission.

6.6.10 Up to two (2) additional schemes may be approved in the first five (5) years.

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<sup>6</sup> Inserted through 2<sup>nd</sup> Supplement of Offering Document Dated 23<sup>rd</sup> February, 2016

## **6.7 Allocation among the Sub-Funds**

- 6.7.1 Each Participant of the Pension Fund will in turn be the holder of Units of the Sub-Funds in proportions determined in accordance with the Allocation Scheme selected by the Participant as per Clause 6.6 or, in the absence of selection by the Participant, the Default Allocation Scheme selected for the Participant by the Pension Fund Manager in accordance with Clause 6.8.5 or, in certain conditions prescribed under the Rules, of cash held in an appropriate Bank Account in the name of the Trustee.
- 6.7.2 The Pension Fund Manager shall manage the equity allocation within the prescribed limits of the scheme using various investment management tools. Increase or decrease in allocation to the Debt Sub-Fund (normally higher-yielding than money market investments) in preference to the Money-Market Sub-Fund (normally lower risk and lower return investments) will be based on the then prevailing interest rates and inflations rates.
- 6.7.3 The pension fund manager shall make reallocation of the units between the sub-funds at least once a year to ensure that the allocation of the units of all the Participants are according to the percentages selected by the Participants or where no selection has been made according to the prescribed allocation policy.<sup>7</sup>
- 6.7.4 All Participants of the Pension Fund will, in turn, be holders of Units of the Sub-Funds in various proportions or, in certain conditions, of cash held in an appropriate bank account in the name of the Trustee.

## **6.8 Allocation Policy**

- 6.8.1 A Participant has the option to select any Allocation Scheme in relation to his Contributions and shall make such selection at the date of opening his Individual Pension Account. A Participant may change any Allocation Scheme selected by him in relation to his Contributions to a different Allocation Scheme selected by him by sending written notice of the change to the Pension Fund Manager as per the Allocation Policy approved by the Commission.

The participant may choose to freeze his portfolio allocation and percentages at a point in time and the allocation and percentages may be changed for future contributions. Such change will be allowed twice till retirement.<sup>8</sup>

- 6.8.2 The number of Units of any Sub-Fund purchased out of Contributions made by any Participant shall be determined in accordance with the Allocation Scheme selected by the Participant.
- 6.8.3 The Pension Fund Manager may assist a Participant in the selection of a suitable Allocation Scheme but the final decision and responsibility as to which Allocation Scheme to choose shall lie with the Participant.
- 6.8.4 The Pension Fund Manager or the Registrar shall ensure a built-in mechanism to facilitate the

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<sup>7</sup> Amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

<sup>8</sup> Inserted and amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

changes in asset allocation automatically between the Sub-Funds within the limits of the Prescribed Allocation Policy as and when required by the Pension Fund Manager.

- 6.8.5 If any Participant fails to select an Allocation Scheme at the date of opening his Individual Pension Account, the Pension Fund Manager shall allocate Contributions of the Participant to the Default Allocation Scheme, which shall be Life Cycle Asset Allocation Scheme, specified in Clause 6.6.8 (E).
- 6.8.6 The Default Allocation Scheme mentioned in sub-clause 6.8.5 above, shall then be deemed to be a Participant's selected Allocation Scheme in the event that the Participant fails to select an Allocation Scheme at the date of opening his Individual Pension Account
- 6.8.7 The Pension Fund Manager shall make re-allocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that allocations of Sub-Fund Units of all the Participants are according to the Allocation Schemes selected or deemed to be selected by the Participants.
- 6.8.8 An Individual Pension Account shall not be subject to any lien, pledge, encumbrance or attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and no sum shall pass to any trustee or person acting on behalf of a Participant's creditors in the event of his bankruptcy.
- 6.8.9 Each Participant shall provide an undertaking when establishing their Individual Pension Account or when selecting or deemed to be selecting an Allocation Scheme that they have no objection to the Investment Policy and the Approved Allocation Policy and that they are fully aware of the risks associated with the Allocation Scheme selected by them.
- 6.8.10 The criteria of allocations may be subject to changes and modifications from time to time in accordance with the changes in the Investment Policy and the Prescribed Allocation Policy. All such changes shall be announced through Supplementary Offering Documents.

## **6.9 Details of Individual Pension Account**

- 6.9.1 The Pension Fund Manager shall assign a unique Customer ID to the Individual Pension Account of each Participant. Such unique Individual Pension Account number shall be issued in line with the criteria prescribed by the Commission and the participants shall quote this number in all their communications with the Pension Fund Manager and while making Contributions.
- 6.9.2 The Pension Fund Manager shall also assign a unique serial number generated by the system to each Individual Pension Account. This will be called the Registration Number. The Participants may also quote this number in all their communications with the Pension Fund Manager and while making Contributions.
- 6.9.3 Contributions received from or on behalf of any Participant by Trustee in cleared funds on any Business Day shall be credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, any premia payable in respect of any schemes selected by the Participant pursuant to Clause 6.3.5 and any bank charges in respect of the receipt of such Contributions. The net Contribution received in the Individual Pension Account shall be used to allocate such number of Units of the relevant Sub-Funds in accordance with the Allocation Policy

selected by the Participant as is determined in accordance with the Trust Deed and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that Business Day.

- 6.9.4 Contributions shall not be treated as having been received from or on behalf of any Participant unless they are received the Trustee in cleared funds and only the amount received in cleared funds shall be treated as the Contribution received.
- 6.9.5 If any Contribution is received from or on behalf of any Participant by the Distributor in cleared funds on a day which is not a Business Day, it will be treated as having been received on the first following Business Day.

#### **6.10 Frequency of Valuations and Dealings**

- 6.10.1 The valuation of the Sub-Fund Units shall be carried out on each Business Day.
- 6.10.2 The valuation shall be conducted as at the close of all Business Days.
- 6.10.3 Contributions from Participants and requests for withdrawals and transfer to other pension fund manager will be received on all Business Days.
- 6.10.4 The Dealing Days shall be all Business Days from Mondays to Saturdays every week, or as notified otherwise by the Pension Fund Manager from time to time and made available on the website of the Pension Fund Manager. The business hours shall be from 9 am to 3 pm on Mondays to Fridays, and 9 am to 12 pm on Saturdays or as notified by the Pension Fund Manager, from time to time and made available on the website of the Pension Fund Manager.
- 6.10.5 The Net Asset Value of each Sub-Fund means the excess of assets over liabilities of the Sub- Fund, divided by the number of Units outstanding of the respective Sub-Funds, such excess being computed in the manner as specified in the Rules, from time to time. Such sum shall be rounded off to the nearest four decimal places.

#### **6.11 Mode of Announcement of Net Asset Values**

- 6.11.1 The Net Asset Value of Units determined by the Pension Fund Manager shall be made available to the public at Authorized Branches. The Pension Fund Manager shall arrange to publish the Net Asset Value in a leading newspaper(s) and shall also make it available on its website.
- 6.11.2 Any sum or Unit price computed under this Offering Document shall be adjusted to the nearest four decimal places.

#### **6.12 Payment of Proceeds on Withdrawals and Transfers**

- 6.12.1 Payment of proceeds on withdrawals and transfers shall be determined as per the Rules and the Income Tax Ordinance, 2001.

- 6.12.2 The Trustee shall, at any time during the life of the Pension Fund, authorize withdrawal from the Individual Pension Account through redemption of Units of Sub-Funds through the authorized Distribution Companies of the Fund.
- 6.12.3 The amount payable on withdrawal shall be paid to the Participant or, in accordance with the Trust Deed, to his nominated survivors, executors, administrators or successors by crossed cheque, pay order or transfer to their designated banker or Life Insurance Company, as the case may be, not later than the sixth (6th) Business Day from the date of presentation of the duly completed "Withdrawal and Transfer Form" at any Authorized Branch as provided hereto in Annexure "I". The Pension Fund Manager shall ensure that adequate records in respect of the reason for any payment made are maintained. At the written request of the Participant, the Pension Fund Manager may at its discretion (but shall not be bound) advise the Trustee to pay proceeds through some other mode of payment (other than cash).
- 6.12.4 On receiving the withdrawal application form mentioned in sub Clause 6.12.3 above, complete in all respects, the Pension Fund Manager will redeem the required Units of the Sub-Funds equal to the requested withdrawal amount at the Net Asset Value prevailing on the close of the Business Day on which the request was received.
- 6.12.5 In the event of death or having reached retirement, the Pension Fund Manager shall automatically redeem all the Units from the Sub-Funds of the respective Participant on the close of the Business Day at which the date of retirement falls or death of a Participant has been confirmed. The proceeds of Units redeemed will be credited to the Participant's Individual Pension Account. The Participants or their nominated survivors, executors, administrators, or successors, as the case may be, shall be entitled to withdraw amounts from the Pension Fund in accordance with the provisions of the Trust Deed, the Rules and any circulars and notices.
- 6.12.6 The Participants of the Pension Fund shall be entitled to transfer their Individual Pension Accounts from the Pension Fund to another pension fund managed by another pension fund manager.
- 6.12.7 Participants may make transfer requests by filling in the "Withdrawal and Transfer Form" provided hereto as Annexure "I" and submitting the same with any authorized Distributor or designated offices of The Pension Fund Manager at least thirty 30 days before any anniversary date of opening of the Individual Pension Accounts or as specified in the Rules.
- 6.12.8 On receiving a transfer request application mentioned in Clause 6.12.7 above, complete in all respects, the Pension Fund Manager shall redeem all Units of the Sub-Funds in the Individual Pension Account of the respective Participant at the close of the first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account and shall transfer the requisite encashed/ redeemed amount to the requested pension fund manager.
- 6.12.9 For the purposes of purchasing (issuance) and redeeming (encashment) of Units of the respective Sub Fund, the Pension Fund Manager shall announce the Net Asset Value of each Sub-Fund at the close of each Dealing Day.
- 6.12.10 The Distribution Companies, Pension Fund Manager and Registrar shall verify the particulars

given in the applications for withdrawals and transfers.

- 6.12.11 In the event that any withdrawal request or request to transfer the whole or any part of a Participant's Individual Pension Account is incomplete in any respect, the Pension Fund Manager or the Registrar shall inform the Participant of the discrepancies within one week of the receipt of the request. The payment shall not be made unless all discrepancies have been removed.
- 6.12.12 In the event requests for transfer or withdrawal from the Pension Fund would result in redemption of Units on any day in excess of ten per cent (10%) of the issued Units of any Sub-Fund, the transfer or withdrawal requests so in excess may be deferred in accordance with the procedure set out in Clause 6.17 of this Offering Document.
- 6.12.13 The receipt of a Participant or, in accordance with the Trust Deed, of his nominated survivors, executors, administrators or successors, or banking documents showing transfer to the Participant or, in accordance with the Trust Deed, to his nominated survivors, executors, administrators or successors, or in accordance with their instructions to any designated banker, Life Insurance Company or another pension fund, as the case may be, or proof of issue of a cheque and its mail to the Participant's or, in accordance with the Trust Deed, to his nominated survivors', executors', administrators' or successors' address for or of any moneys payable in respect of the Participant's Individual Pension Account shall be a good discharge to the Trustee and the Pension Fund Manager in respect of such moneys.
- 6.12.14 The Pension Fund Manager will make arrangements, from time to time, for receiving withdrawal forms from outside Pakistan and payment of withdrawal amounts outside Pakistan, and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 6.12.15 The method for payment of proceeds given in 6.12.1 to 6.12.12 shall be subject to change due to any changes prescribed by the Commission under the Rules and such changes shall be deemed to become part of the Trust Deed and the Offering Document without the need to execute any Supplementary Offering Document.
- 6.12.16 The Pension Fund Manager may borrow from any Commercial Bank, as per clause 5.12; with the consent of the Trustee for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such borrowing shall not exceed limits provided in the Rules.

### **6.13 Withholding Tax**

- 6.13.1 The Trustee on the advice of the Pension Fund Manager shall withhold any tax or tax penalty from payments to the Participants or, in accordance with the Trust Deed and the Offering Document, to their nominated survivors, executors, administrators or successors, as the case may be, applicable under the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001) and shall deposit the same in the Government treasury.

### **6.14 Suspension of Fresh Issue of Units**

- 6.14.1 The Pension Fund Manager may under circumstances mentioned in Clause 6.16, subject to the Rules and under intimation to the Trustee, suspend acceptance of all or any class of Contributions and suspend the issue of fresh Units in relation to such Contributions; *provided that* any such suspension shall not affect the making of Contributions by the existing Participants. The Pension

Fund Manager shall immediately notify the Commission if dealing in Units as provided in this Clause is suspended and shall also have that fact published, immediately following such decision, in the newspaper in which the Net Asset Values of the Units affected by any suspension of Contributions are normally published.

#### **6.15 Refusal to Accept Contributions**

The Pension Fund Manager or the Distribution Company may at any time refuse to accept any Contribution in any of the following cases:

- (a) in case the Contribution is contrary to the Know-Your-Customer (KYC) rules or policy of the Pension Fund Manager or any other Applicable Laws relating to money laundering that the Pension Fund may be subject to or any rules relating to money laundering that the Pension Fund Manager may frame for self-regulation;
- (b) in case the Contribution is made by an applicant who has not provided a valid CNIC or NICOP number;
- (c) in case the Contribution is contrary to the Applicable Laws of the foreign jurisdiction that the Pension Fund or the Participant or prospective Participant may be subject to or if accepting the Contribution may subject the Pension Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction;
- (d) if accepting the Contribution would in any case be contrary to the interests of the Pension Fund Manager or the Pension Fund or the Participants; and
- (e) if advised by the Commission to do so.

#### **6.16 Circumstances of Suspension and Deferral of Dealings**

6.16.1 Units of the Sub-Funds may be redeemed through withdrawals and transfers, only for the purposes set out in the Trust Deed and this Offering Document.

6.16.2 Subject to Clause 6.16.1, the redemption of any Units of all or any of the Sub-Funds may be suspended or deferred by the Pension Fund Manager:

- a) during extraordinary circumstances, including war (declared or otherwise), natural disasters, a major breakdown in law and order, breakdown of the communication system, closure of one or more Stock Exchanges on which any of the securities invested in by the Pension Fund are listed, closure of the banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function, the existence of a state of affairs which in the opinion of the Pension Fund Manager constitutes an emergency as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interest of the Pension Fund or of the Participants, a break down in the means of communication normally employed in

determining the price of any Investment, remittance of money cannot be carried out within a reasonable time or if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to redeem Units at a price determined in accordance with the Net Asset Value; or

- b) execution of redemption of Units on any Business Day would result in more than ten percent (10%) of the issued Units of any Sub-Fund being redeemed; *provided that* any suspension or deferral of redemption of Units shall not affect any Approved Income Payment Plans.
- 6.16.3 Any decision by the Pension Fund Manager for the suspension or deferral of redemption of Units under Clause 6.16.2(A) shall be taken to protect the interest of the Participants.
- 6.16.4 Subject to Clause 6.18, in the event of suspension or deferral of redemption of Units under Clause 6.16.2(B), the redemption of Units affected by the suspension or deferral shall be processed in accordance with the queue system described in Clause 6.17.
- 6.16.5 Any suspension or deferral of redemption of Units or any processing of Units in accordance with the queue system described in Clause 6.17 shall end on the day on which the conditions giving rise to the suspension or deferral shall in the opinion of the Pension Fund Manager have ceased to exist and no other condition under which suspension or deferral of Units is authorized under the Trust Deed or the Offering Document exists or, if such day is not a Business Day, on the first Business Day after such day.
- 6.16.6 Any suspension or deferral of redemption of Units or processing of Units in accordance with the queue system described in Clause 6.17 or any termination thereof under Clause 6.16.5 shall immediately be notified by the Pension Fund Manager to the Commission and published by the Pension Fund Manager in at least one daily newspaper circulating in each of Karachi, Lahore and Islamabad.

## **6.17 Queue system**

If the Pension Fund Manager suspends or defers the redemption of Units of any Sub-Fund pursuant to Clause 6.16.2(B), the Pension Fund Manager shall invoke a queue system whereby redemptions initiated for the affected Units shall be processed on a first-come-first-served basis for such of the affected Units as do not exceed ten per cent (10%) of the issued Units of the relevant Sub-Fund. Where it is not practical to determine the chronological ranking of any initiated redemptions in comparison to other redemptions initiated on the same Business Day, such initiated redemptions shall be processed on a proportional basis proportionate to the size of each initiated redemption. Redemptions of Units in excess of 10% of the issued Units of the relevant Sub-Fund shall be treated as initiated on the next Business Day; *provided that* if the carried over redemptions or the carried over redemptions together with the fresh redemptions initiated on such next Business Day together exceed ten per cent (10%) of the issued Units of the relevant Sub-Fund, such redemptions shall once again be processed on a first-come-first-served basis and the process for redeeming Units as described in this Clause 6.17 shall be repeated and shall continue till such time the outstanding initiated redemptions come down to a level below ten

percent (10%) of the then issued Units of the relevant Sub-Fund.

## **6.18 De-authorization and winding up of the Pension Fund**

- 6.18.1 The duration of the Pension Fund shall be perpetual and it shall not be wound up by way of liquidation.
- 6.18.2 If the Pension Fund Manager does not wish to maintain the authorization of the Pension Fund, it shall apply to the Commission to de-authorize the Pension Fund by giving at least three (3) months notice in writing to the Participants, the Trustee and the Commission, subject to conditions of the Rules.
- 6.18.3 In the event that the Pension Fund Manager is of the view that the quantum of redemption requests that have built up shall result in the Sub-Funds or the Pension Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Participants who are not redeeming, it may apply to the Commission to de-authorize the Pension Fund. In such an event, the queue system, if already invoked, shall cease to apply.
- 6.18.4 The Pension Fund may also be de-authorized by the Commission on the grounds provided in the Rules.
- 6.18.5 Upon the Pension Fund being de-authorized, the Pension Fund Manager shall suspend receiving Contributions forthwith from all the Participants from the date of issue of the notice under Clauses 6.18.2 and 6.18.3 and shall proceed to transfer all the records of Individual Pension Accounts and books of accounts of the Pension Fund to another pension fund manager.
- 6.18.6 The Trustee shall ensure that accounts of the Pension Fund till the day of the transfer to the new Pension Fund Manager are audited by the Auditor and the audit and Trustee report is submitted within one month from the date of such appointment to the Commission, the new pension fund manager and the Trustee. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same shall be charged to the Pension Fund with the prior approval of the Commission.
- 6.18.7 Once the Pension Fund has been de-authorized by the Commission, the Pension Fund Manager may, after transferring all the records of Individual Pension Accounts and books of accounts of the Pension Fund to the new pension fund manager, wind up the Pension Fund in accordance with the provisions of the Rules and in the court of jurisdiction.
- 6.18.8 The Trust may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and Pension Fund Manager regarding the Trust, leading to extra-ordinary situation, after giving three months' notice to the participants and after approval of the Commission to such a decision. The action in this respect shall be taken by the Pension Fund Manager or the Trustee (or a new pension fund manager or a new trustee) as may be directed by

the Commission.

- 6.18.9 The Trust may also be wound up if the Commission decides to cancel the registration of the Pension Fund Manager on the grounds given in the Rules and after offering an adequate opportunity of explanation to the Pension Fund Manager.

## **6.19 Features of Group Insurance in the Pension Fund**

- 6.19.1 The Pension Fund may be marketed in conjunction with Takaful/Conventional or any other takaful scheme subject to approval of the Commission and the Trustee shall be authorized to deduct any takaful contribution or insurance premium only from the contributions of those participants who have opted to join and contribute to such schemes and deposit it, with the relevant takaful/insurance company if the contribution includes any amount of takaful contribution or insurance premium. However, it should be clearly understood that it is not mandatory for the Participants to opt for the takaful scheme/insurance scheme.
- 6.19.2 In the event the Subscriber opts for a takaful/insurance cover with one of the takaful/insurance companies, the Subscriber will send the amount of the applicable takaful/insurance premium along with his contribution. The Trustee will pass on the takaful contribution or insurance premium to the takaful/insurance company concerned as a free service to the Subscriber.
- 6.19.3 The Pension Fund Manager may also offer free insurance/takaful cover for accidental death, disability etc.

## **6.20 Nomination of the Heir/ Survivor<sup>1</sup>**

The successors or nominated survivor(s) of the deceased Participant as per the succession certificate shall be the only persons recognized by the Trustee and Pension Fund Manager as having any title or interest in the Units held by such Participant in their Individual Pension Account, provided that the Registrar or the Pension Fund Manager or the Trustee may at their discretion request the nominated survivors or successors to provide succession certificates or other such mandate from a court of lawful authority, if they consider the same to be necessary.

## **6.21 Withdrawal of Funds before Retirement**

- 6.21.1 On any Business Day and from time to time, before the date of retirement a Participant may redeem the whole or any part of the Units held by him in his Individual Pension Account. Under these circumstances the Participant will be taxed as per the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001). The withdrawals may be through single or multiple payments and may be liable to withholding tax or tax penalty, and in case any such liability exists the amount of withholding tax or tax penalty shall be deducted by the Pension Fund Manager from the amount withdrawn and such deducted amount shall be paid to the relevant Authority.

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<sup>1</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

- 6.21.2 Where the request made by a Participant under Clause 6.21.1 is for partial withdrawal from his Individual Pension Account, the request shall be given effect to by redemption of Units of Sub-Funds in such proportion that the remaining balance in his Individual Pension Account is in accordance with the Allocation Scheme last selected by the Participant.
- 6.21.3 If a Participant intends to withdraw funds from his Individual Pension Account before the date of his retirement, he must give written notice of his intention to the Pension Fund Manager in the form prescribed for such purpose, attached hereto as Annexure “I”, specifying therein whether the withdrawal is required of the whole or part of the Units held by him, and in the case of part withdrawal, the percentage of Units to be withdrawn.
- 6.21.4 The Pension Fund Manager shall ensure that the form referred to in Clause 6.21.3 shall be available from Authorized Branches and such form shall, if duly completed by the Participant and submitted to any Authorized Branch, shall be taken to be the notice to the Pension Fund Manager referred to in that Clause.
- 6.21.5 On any Business Day being not later than the sixth (6th) Business Day after the Participant submitted the completed form to any Authorized Branch under Clause 6.21.4, the Pension Fund Manager shall, subject to Clause 6.21.2, redeem the relevant number of Units held by the Participant in his Individual Pension Account at Net Asset Value notified at close of the day on which the Participant submitted the completed form as aforesaid or, if such day is not a Business Day, on the first Business Day following that day and the proceeds realized thereby shall be paid to the Participant subject to Clause 6.21.1.
- 6.21.6 The provisions relating to withdrawal of funds before the date of retirement set out in Clauses 6.21.1 to 6.21.5 may change due to amendments in or substitutions of the Rules and/or the Income Tax Ordinance, 2001. Any such changes shall be deemed to become part of the Trust Deed and the Offering Document, without the need for executing Supplementary Trust Deeds or Supplementary Offering Documents.

## **6.22 Benefits on Disability before Retirement**

- 6.22.1 If a Participant suffers from any of the following disabilities which render him unable to generate any income, he may, if he so elects, be treated as having chosen the date of such disability as his date of retirement, namely:
- a) loss of two or more limbs or loss of a hand and a foot;
  - b) total loss of eyesight;
  - c) total deafness in both ears;
  - d) very severe facial disfigurement;
  - e) total loss of speech;
  - f) paraplegia or hemiplegia;
  - g) lunacy;

- h) advanced case of incurable disease; or
  - i) any injury or disease resulting in a disability due to which the Participant is unable to generate any income.
- 6.22.2 An assessment certificate from the medical board approved by the Commission and appointed by the Pension Fund Manager or any other assessment procedure that the Commission may approve from time to time shall be required to confirm any disability as specified in Clause 6.22.1.
- 6.22.3 If any of the following conditions as mentioned in Clause 6.22.1 existed, and the Participant selects the date of disability as the date of retirement, the Participants shall then have the following options, namely:
- a) to withdraw up to fifty per cent (50%) of the amount in his Individual Pension Account, as cash and
  - b) either to use the remaining amount to purchase an Approved Annuity Plan from a Life Insurance Company of his choice; or
  - c) enter into an agreement with the Pension Fund Manager to transfer his balance to an Approved Income Payment Plan offered by the Pension Fund Manager or another pension fund manager and withdraw from it, monthly installments till the age of seventy five years (75) or earlier.
- 6.22.4 The Participant, electing to be treated as having reached the Retirement Age at the date of disability will apply for withdrawal of the amount available in his Individual Pension Account by completing the Form attached hereto as Annexure "I" and submitting it at the Authorized Branch or office of the Distribution Companies.
- 6.22.5 On receiving a Disability Claim Form as specified in Clause 6.22.4 above, complete in all respects and Disability Confirmation Certificate from the medical board in accordance with Clause 6.22.2, the Pension Fund Manager will redeem the entire Units of the Sub-Funds at the Net Asset Value prevailing on close of the Business Day on which the required formalities were completed. Proceeds from the redemption of units will be transferred to the individual Pension Account of the respective Participant. Participant will then have the options given in Clause 6.22.3.

## **6.23 Benefits on Death before Retirement**

- 6.23.1 In case of death of a Participant before the date of retirement, all the Units of the Sub-Funds to his credit shall be redeemed at Net Asset Value notified at close of the day on which information of the Participant's death acceptable to the Trustee or in its sole discretion (and authenticated in such manner as the Trustee may require to its satisfaction) is given in writing to the Pension Fund Manager by any nominee, executor, administrator or successor of the deceased Participant or, if such day is not a Business Day, the first Business Day following such day, and the proceeds realized thereby shall be credited to the Participant's Individual Pension Account, which shall earn the rate of interest, markup or profit paid to depositors for deposits of a similar maturity by a

Bank selected by the Pension Fund Manager in its discretion.

- 6.23.2 <sup>2</sup>The total amount in the Individual Pension Account of the deceased Participant shall be divided among the legal heir(s) according to the succession certificate and delivered to the Pension Fund Manager, and each legal heir(s) shall then have the following options, namely;
- a) withdraw his share of the amount subject to the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001);
  - b) transfer his share of the amount into his existing or new individual pension account or income payment plan account to be opened with a Pension Fund manager, according to rules;
  - c) if he is aged fifty five (55) years or more, use his share of the amount to purchase an Approved Annuity Plan on his life from a Life Insurance Company; or
  - d) if he is aged less than fifty five (55) years, use his share of the amount to purchase a deferred Approved Annuity Plan on his life from a Life Insurance Company to commence when he reaches the age of fifty five (55) years or later.
- 6.23.3 <sup>3</sup>Death benefits (as per prevailing insurance law) to be paid to the legal heir(s) of the Participant under any group life cover taken out by the Participant as part of the Pension Fund shall be additional benefits payable to the legal heir(s) in accordance to the succession certificate.
- 6.23.4 <sup>4</sup>After a Participant's death the only persons recognized by the Trustee and the Pension Fund Manager as having title to the Sub-Fund Units held in the deceased Participant's Individual Pension Account shall be:
- (a) the legal heir(s) in accordance to the succession certificate; or
  - (b) In case no legal heir(s) or survivor exists of the deceased participant, in accordance with the decision of the Court order or with law for the time being in force.
- 6.23.5 <sup>5</sup>Any person or persons becoming entitled pursuant to Clause 6.23.4 to any Sub-Fund Units in consequence of the death of any Participant may, subject as hereinafter provided, upon producing succession certificate as the Trustee shall think sufficient, exercise rights under Clause 6.23.2; provided that in case the persons becoming entitled to any Sub-Fund Units are in accordance with the decision of Court order or with law for the time being in force under Clause 6.23.4(b) legal heirs or the legal representatives of the deceased Participant; provided further that all the limitations, restrictions and provisions of the Trust Deed related to withdrawal of funds before retirement shall be applicable to withdrawals pursuant to Clause 6.23.2(a).

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<sup>2</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

<sup>3</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

<sup>4</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

<sup>5</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

## 6.24 Retirement Age

- 6.24.1 A Participant may at any time before or after becoming a Participant choose or change his date of retirement which shall be any date from and including his sixtieth (60th) birthday to and including his seventieth (70th) birthday. The Participant shall send a notice choosing or changing his date of retirement to the Pension Fund Manager and such notice shall be effective only if it is received by the Pension Fund Manager at least thirty (30) days before the chosen or changed date of retirement at an Authorized Branch of the Distribution Companies.
- 6.24.2 A participant shall notify the Pension Fund Manager of his chosen date of retirement by filling in the attached form marked Annexure “F” or may change his date of retirement age after he joins the Pension Fund by filling in the attached form marked Annexure “J” thereafter.

## 6.25 Benefits on Retirement

- 6.25.1 On the date of retirement of a Participant or, if such date is not a Business Day, on the first Business Day following the date of retirement all of the Units held by him in his Individual Pension Account shall be redeemed at Net Asset Value of each Unit notified at close of the day of redemption and the proceeds realized thereby shall be credited to his Individual Pension Account, which shall earn the rate of interest, markup or profit paid to depositors for deposits of a similar maturity by a Bank selected by the Pension Fund Manager in its discretion. The Participant shall then have the following options, namely:
- (a) withdraw up to fifty per cent (50%) or such other per cent of the amount in his Individual Pension Account as permissible under the Income Tax Ordinance, 2001 as cash; **and**
  - (b) **either** purchase an Approved Annuity Plan from a Life Insurance Company of his choice with the remaining amount; *provided that* the Approved Annuity Plan purchased may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment linked and retail price index linked or with any additional features as may be offered by the Life Insurance Company or as may be prescribed under the Rules; **or**
  - (c) enter into an agreement with the Pension Fund Manager to transfer his remaining balance to an Approved Income Payment Plan offered by the Pension Fund Manager and withdraw from it monthly installments till the age of seventy five (75) years or earlier according to the Approved Income Payment Plan. Details of the Approved Income

Payment Plan offered by the Pension Fund Manager shall be disclosed in the Offering Document and shall be subject to amendment through Supplementary Offering Documents from time to time.

## **7. FEES, CHARGES AND EXPENSES**

### **7.1 Pension Fund Manager Remuneration - Allocation of Front-End Fee<sup>9</sup>**

- 7.1.1 The Pension Fund Manager may charge Front-end Load up to a maximum of three per cent (3%) from the contributions made to the Pension Fund through personal sales and up to 1.5% from Online/ Web based sales. However, No Front-end load will be charged on subsequent contributions as per current directive/ circular. The level of sales load charge can change on the basis of any amendment in rules, circulars or directives.
- 7.1.2 The following Contributions shall be exempt from a Front-end Fee charge:
- (a) a transfer to a Participant's Individual Pension Account received by the Trustee for the Participant's account from another pension fund manager;
  - (b) a transfer to a Participant's Individual Pension Account received by the Trustee from pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 and issued by Life Insurance Companies before 30th June 2005;
  - (c) such other Contributions and transfers as may be declared by the Commission from time to time to be exempt from a Front-end Fee charge.
- 7.1.3 The Pension Fund Manager, in its sole discretion, may choose to reduce or altogether waive the Front-end Fee to any Participant or employer. Once the Pension Fund Manager has reduced or waived the Front-end Fee for any Contribution, or has accepted any Contribution without imposing the Front-end Fee, the Pension Fund Manager may not later re-charge that Front-end Fee; *provided that* Pension Fund Manager's reduction or waiver of Front-end Fee for any Participant or employer or for any Contribution of any Participant does not obligate the Pension Fund Manager to reduce or waive the Front-end Fee for Contributions made by other Participants or employers or for further Contributions of or for the same Participant.
- 7.1.4 The remuneration of Distribution Companies, Investment Facilitators and Sales Agents shall be paid exclusively from any Front-end Fee received by the Trustee and no charge shall be made against the Trust Property in respect of such remuneration. The remaining amount of any Front-end Fee collected after disbursement of such remuneration shall be paid by the Trustee to the Pension Fund Manager. If the Front-end Fee received by the Trustee is insufficient to pay the remuneration of the Distribution Companies, Investment Facilitator and Sales Agents, the Pension Fund Manager shall make up the difference from its own resources.

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<sup>9</sup> Amended through 3<sup>rd</sup> Supplemental Document dated 28<sup>th</sup> August, 2018

7.1.5 Payments mentioned in Clause 7.1.4 above shall be made by the Trustee to the Distribution Companies, Investment Facilitators Sales Agents and the Pension Fund Manager or, as the case may be, by the Pension Fund Manager to the Trustee, on a monthly basis in arrears within thirty (30) days following the end of the calendar month.

7.1.6 The Front-end Fee of three per cent (3%) of all Contributions and the management fee as specified in Clause 7.2 below, may be subject to change due to any review by the Commission and such change shall be deemed to become part of the Trust Deed and Offering Document without the need to execute any Supplementary Trust Deed and Supplementary Offering Document.

## **7.2 Pension Fund Manager Remuneration – Management Fee**

7.2.1 The Pension Fund Manager shall be entitled to remuneration for its services out of the Trust Property by way of an annual management fee of one and a half per cent (1.5%) of the average of the values of the Net Assets of each of the Sub-Funds calculated during the year for determining the prices of the Units of the Sub-Funds.

7.2.2 The remuneration shall begin to accrue from the date of payment in full for all the Seed Capital Units subscribed by the Seed Investors in such manner as to achieve compliance with the undertaking given to the Commission by the Pension Fund Manager pursuant to Rule 9(3)(b) of the Rules (the “**Contribution Date**”). In respect of the first and the last Accounting Periods, such remuneration shall be prorated on the basis of the actual number of days during such period for which such remuneration has accrued against the total number of days during such period.

7.2.3 The remuneration due to the Pension Fund Manager shall be calculated and accrued on a daily basis and paid to the Pension Fund Manager monthly in arrears within fifteen (15) days following the end of each calendar month in accordance with Clause 7.5. At the end of each Accounting Period a reconciliation shall be conducted for any overpayments or underpayments of management fee to the Pension Fund Manager for that Accounting Period and within fifteen (15) days of the end of the Accounting Period any overpaid amount shall be refunded by the Pension Fund Manager for the account of the Pension Fund or any underpaid amount shall be paid to the Pension Fund Manager out of the Trust Property.

7.2.4 In consideration of the foregoing, and save as expressly provided in the Trust Deed and the Offering Document, the Pension Fund Manager shall be responsible for the payment of all expenses it incurs from time to time in connection with its responsibilities as Pension Fund Manager. The Pension Fund Manager shall not make any charge against the Participants or against the Trust Property or against any Individual Pension Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and the Trust Deed to be payable out of Trust Property. In the event that a Pension Fund Manager erroneously makes an incorrect charge, the Pension Fund Manager shall immediately notify the

Trustee and the Commission and credit the incorrectly charged amount to the respective Sub-Funds, at its own expense.

- 7.2.5 The Pension Fund Manager shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Trust Deed.

### **7.3 Formation Cost**

Formation Costs not exceeding half of one percent (0.5%) of the Seed Capital of each Sub-Fund or PKR 750,000/- in total, whichever is lower, can be charged to the Pension Fund and shall be amortized over a period of three years and shall not include any marketing, sales, promotional or educational, communication or any form of advertisement .

### **7.4 Other Expenses**

Other expenses that shall be chargeable to the Pension Fund in accordance with Clause 7.5 shall include:

- (a) brokerage and transaction costs solely related to investment purchases and sales of the Trust Property;
- (b) legal costs incurred in protecting the interests of the Pension Fund or the collective interest of the Participants;
- (c) bank charges and financial costs related to borrowings for withdrawals or transfers in relation to the Pension Fund;
- (d) audit fees in relation to the Pension Fund;
- (e) annual fee payable to the Commission but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies, in each case in relation to the Pension Fund;
- (f) Taxes applicable to the Pension Fund on its income, turnover, assets or otherwise, if any, but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies in relation to the Pension Fund; and
- (g) custody charges, including Central Depository Company of Pakistan Limited charges, if any.

### **7.5 Fees, Charges, Costs, etc. To be Charged to the Sub-Funds**

- 7.5.1 The Pension Fund Manager's management fee and the Trustee's remuneration shall be charged to each Sub-Fund in proportion to the Net Assets of each Sub-Fund.

- 7.5.2 Formation Cost shall be divided equally among all the Sub-Funds.
- 7.5.3 Brokerage and transaction costs in accordance with Clause 7.4 (a), bank charges and financial costs in accordance with Clause 7.4 (c), custody charges in accordance with Clause 7.4 (g) and Taxes in accordance with Clause 7.4 (f) shall be charged to the pertinent Sub-Funds.
- 7.5.4 Legal costs in accordance with Clause 7.4 (b), audit fees in accordance with Clause 7.4 (d) and annual fees payable to the Commission in accordance with Clause 7.4 (e) shall be charged to the pertinent Sub-Funds in proportion to their respective Net Assets.

## **7.6 Trustee's Remunerations**

- 7.6.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure - K) and approved by the Commission, which shall be applied to the average daily Net Assets of the Pension Fund during such calendar month. The remuneration shall begin to accrue from the date of payment in full for all sub-funds units subscribed by the Seed Investors, including the Pension Fund Manager. For any period other than a full calendar month such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.
- 7.6.2 The remuneration due to the Trustee shall be calculated and accrued on a daily basis and paid to the Trustee monthly in arrears within fifteen (15) days following the end of each calendar month in accordance with Clause 7.5. At the end of each Accounting Period a reconciliation shall be conducted for any overpayments or underpayments of remuneration paid or payable to the Trustee for that Accounting Period and within fifteen (15) days of the end of the Accounting Period any overpaid amount shall be repaid by the Trustee for the account of the Pension Fund or any underpaid amount shall be paid to the Trustee out of the Trust Property.
- 7.6.3 In consideration of the foregoing, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as trustee of the Trust. The Trustee shall not make any charge against the Participants or against the Trust Property or against any Individual Pension Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Rules and the Trust Deed.
- 7.6.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, and administrative services provided in accordance with the provisions of the Trust Deed.
- 7.6.5 Any change in the remuneration of the Trustee agreed to by the Pension Fund Manager shall require the prior approval of the Commission.

## **8. INVESTMENT POLICY AND RESTRICTIONS**

### **8.1 Trust Property**

- 8.1.1 The Trust Property initially shall be constituted out of the proceeds of the Seed Capital Units issued to the Seed Investors.
- 8.1.2 All cheques, drafts, pay orders and other instruments of payment received on account of the Contributions to the Pension Fund from time to time shall be forthwith delivered by the Distribution Companies to the Trustee in accordance with the instructions given by the Pension Fund Manager from time to time.
- 8.1.3 The net proceeds after deduction of any Front-end Fee and insurance premia, wherever applicable shall constitute Trust Property vested in the Sub-Funds of the Pension Fund.
- 8.1.4 The Trustee shall take the Trust Property into its custody or under its control, either directly or through a Custodian and hold it in trust for the benefit of the Participants in accordance with the provisions of the Rules and the Trust Deed. The Trust Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Pension Fund. All registerable Investments shall be registered in the name of the Trustee or to the order of the Trustee and shall remain so registered until disposed of pursuant to the provisions of the Trust Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Trust Property.
- 8.1.5 All cash forming part of the Trust Property shall be deposited by the Trustee in separate account(s) to be opened in the name of the Trustee, as a nominee of the Pension Fund, with schedule commercial Banks having at least the minimum rating by a credit rating agency as specified by the Commission,. Such Banks shall be required to allow profit thereon in accordance with the rules prescribed by such Banks for sharing of profits or mark-up on deposits maintained in such accounts or under any other arrangement approved by the Pension Fund Manager at rate that are not lower than rates offered by such Banks to other depositors for deposits of similar maturity.
- 8.1.6 Save as herein expressly provided, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens, or any other encumbrances whatsoever and the Trustee, the Pension Fund Manager or a Custodian shall not, except for the purpose of the Pension Fund, create or purport to create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation, whether actual or contingent, on the Trust Property.
- 8.1.7 The Trustee shall have the sole responsibility for the safekeeping of the Trust Property. In the event of any loss caused through act or omission on the part of the Trustee, the Trustee shall forthwith replace the lost Investment with similar investment of the same class and issue together with all rights and privileges appertaining thereto or compensate the Pension Fund to the extent of

such loss.

- 8.1.8 Remuneration of the Pension Fund Manager, remuneration of the Trustee and all other expenses pursuant to Clause 7.4 shall be payable out of the Trust Property.
- 8.1.9 Formation Costs, including expenditure incurred in connection with the establishment and authorization of the Pension Fund, shall be borne by the Pension Fund, paid to the Pension Fund Manager within the first three (3) months of complete receipt of proceeds against Seed Capital Units subscribed by the Seed Investors and amortized over a period of three (3) years.

## **8.2 Investment Policy of the Pension Fund**

- 8.2.1 The Pension Fund Manager shall make investment of the Pension Fund in a transparent, efficacious, prudent and sound manner. The Pension Fund will initially consist of three Sub-Funds.
- 8.2.2 Prior to the Launch Date the Trustee shall hold the Trust Property in respect of each Sub-Fund in cash in a separate account for each Sub-Fund with a Bank having at least the minimum rating by a credit rating agency as specified by the Commission or shall invest such cash in short term money market investments, as advised by the Pension Fund Manager. Any income from such investments shall accrue to the Sub-Fund to which it pertains. After the Launch Date all cash shall be invested by the Trustee strictly in compliance with the Investment Policy at the direction of the Pension Fund Manager, in Authorized Investments or in cash (including foreign currencies).
- 8.2.3 A PFM shall carry out necessary due diligence for executing investment and disinvestment decision(s) in a security. Rating of an issue or the issuer, wherever mentioned herein below, shall be only one of the factors to be considered by a PFM and it shall in no way be construed as a recommendation or permission of the Commission to any PFM to invest in any security solely on the basis of rating. However, a PFM shall ensure that the security and the issuer meet the minimum rating scale referred in the Investment Policy to stay qualified for continued investment.<sup>10</sup>

## **8.3 Investment Objective and Investment Policy of the HBL PF Equity Sub-Fund<sup>11</sup>**

- 8.3.1 The Investment Objective of the Equity Sub-Fund of the Pension Fund is to earn returns from investments in Pakistani Equity Markets.
- 8.3.2 The Investment Policy of the Equity Sub-Fund is determined by the Commission. The current Investment Policy for equity sub-funds generally is determined by the Commission as stated below, and will be followed by the Pension Fund Manager in relation to the Equity Sub-Fund:

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<sup>10</sup> Replaced and amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

<sup>11</sup> Replaced and amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

- a) Assets of an equity sub-fund shall be invested in equity securities which are listed on a Stock Exchange or for the listing of which an application has been approved by a Stock Exchange and Equity sub-fund shall be eligible to invest in units of Real Estate Investment Trusts and Exchange Traded Funds provided that entity/sector/group exposure limits as prescribed are complied with;
- b) At least ninety percent (90 %) of net assets of an equity sub- fund shall remain invested in listed equity securities during the year based on rolling average investment of last Ninety (90) days calculated on a daily basis;
- c) Investment in equity securities of any single company shall not exceed ten percent (10%) of net assets of an equity sub-fund or paid-up capital of that single company, whichever is lower
- d) The Pension Fund Manager of the equity sub-fund may invest up to thirty per cent (30%) or the index weight, whichever is higher, subject to maximum of thirty five percent (35%) of net assets of equity sub-fund in equity securities of companies belonging to a single sector as classified by Stock Exchanges.
- e) PFM may invest any surplus (un-invested) funds in government securities having less than one year to maturity or keep as deposits with scheduled commercial banks which are rated not less than “A”;
- f) A Pension Fund Manager may make investment maximum up to 5% of net assets of the equity sub-fund in units of Private Equity and Venture Capital Funds registered under Private Funds Regulations 2015;
- g) A pension fund manager may make investment maximum up to 10% of net assets of Equity Sub-Fund in public offering and pre-initial public offering of equity securities;
- h) A PFM shall ensure that the investment in equity securities of the following companies shall not exceed 10% of the net assets of the equity sub-fund on monthly average basis:
  - i. Securities which are not eligible for Central Depository System;
  - ii. Company is not traded on regular trading counter of the Pakistan Stock Exchange;
  - iii. The minimum free float of the company is less than 15% or 50,000,000 shares whichever is less;
  - iv. The securities of the company are traded less than 50% of the total trading days during the last six months or from the date of listing as the case may be;
  - v. Company’s paid up capital is fully eroded owing to accumulated losses as per the annual audited account or half yearly limited scoped reviewed accounts whichever is latest;
  - vi. There are major non-compliances issues i.e. holding of annual general meeting, finalization of annual audited accounts, appointment of board of directors and non- compliance with any specific direction (s) of the Commission except those companies that have obtained relaxation or extension to comply with such regulatory requirements from the Commission. For the purpose of this clause. The word “specific direction” shall

- mean an explicit direction issued to a particular company in a certain matter;
- vii. Auditor's report is qualified with respect to company's ability as going concern or contains adverse opinion or disclaimer of opinion; or
  - viii. Winding up proceedings have been initiated against the company.

#### **8.4 Investment Objective and Investment Policy of the HBL PF Debt Sub-Fund <sup>12</sup>**

8.4.1 The investment objective of the Debt Sub-Fund is to earn returns from investments in debt markets of Pakistan, thus incurring a relatively lower risk than equity investments.

8.4.2 The investment policy of the Debt Sub-Fund is determined by the Commission. The current Investment Policy for debt sub-funds generally is determined by the Commission as stated below, and will be followed by the Pension Fund Manager in relation to the Debt Sub-Fund:

- a) The Debt Sub-Fund shall consist of government securities, cash in bank account, money market placement, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, commercial papers, TFC/Sukuks or any other Islamic mode of placement, reverse repo, deposits/placements with Microfinance Banks and other approved debt/money market security issued from time to time;
- b) The weighted average time to maturity of a Debt-Sub Fund shall not exceed five (5) years and this condition shall not apply to securities issued by the Federal Government;
- c) Exposure to securities issued by entities of single sector shall not exceed twenty five percent (25%) of net assets of Debt Sub-Fund; Investment in all other securities including those issued by provincial governments, city governments, government corporations and by corporate entities shall be subject to the following conditions:
  - d) Rating of any security in the portfolio shall not be lower than A+;
  - e) Rating of any bank and DFI with which funds are placed should not be lower than A+;
  - f) Rating of any NBFC and Modarabas with which funds are place should not be lower than AA;
  - g) At least 25% of the net assets shall be invested in deposit with scheduled commercial bank (excluding TDRs) or government securities not exceeding 90 days' maturity;
  - h) Exposure to any single entity shall not exceed 10% of net assets for debt sub fund;
  - i) Exposure in debt security of an entity shall not exceed 10% of net assets for debt sub fund or 10% of size of the issue of that debt security, whichever is lower;
  - j) The limits specified in clause (h) and (i) above are applicable to all securities mentioned other than the securities issued by Federal Government;

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<sup>12</sup> Replaced and amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

- k) A pension fund manager shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of net assets of sub-funds with all microfinance banks, non-bank finance companies and Modarabas;
- l) Rating of any Microfinance Bank with which funds are placed should not be lower than A+.

## **8.5 Investment Objective and Investment Policy of the HBL PF Money Market Sub-Fund <sup>13</sup>**

8.5.1 The Investment Objective of the Money Market Sub-Fund is to earn returns from investments in Money Markets of Pakistan, thus incurring a relatively lower risk than debt investments.

8.5.2 The Investment Policy of the Money Market Sub-Fund is determined by the Commission. The current Investment Policy for money market sub-funds generally is determined by the Commission as stated below, and will be followed by the Pension Fund Manager in relation to the Money Market Sub-Fund

- a) Investment avenues – government securities, cash and near cash instruments, which include cash in bank accounts (excluding TDRs), treasury bills, money market placements, deposits, certificate of musharakas (COM) or any other Islamic mode of placement, TDRs, commercial papers, reverse repo;
- b) The weighted average time to maturity of assets of the money market sub-fund shall not exceed ninety (90) days;
- c) Time to maturity of any asset in the portfolio of the money market sub-fund shall not exceed six (6) months;
- d) Rating of any security in the portfolio shall not be lower than AA;
- e) Rating of any bank and DFI with which funds are placed should not be lower than AA;
- f) Rating of any NBFC and Modaraba with which funds are placed should not be lower than AAA;
- g) At least 10% of the net assets shall be invested in deposit with scheduled commercial bank (excluding TDRs) or government securities not exceeding 90 days' maturity;
- h) Exposure to any single entity shall not exceed 10% of net assets for money market sub fund;
- i) Exposure in security of an entity shall not exceed 10% of net assets or 10% of issue size of the issue of that security.
- j) The limits specified in clause (h) and (i) above are applicable to all securities mentioned other than the securities issued by Federal Government;
- k) Exposure to securities issued by entities of single sector shall not exceed twenty five percent (25%) of net assets of money market Sub-Fund;

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<sup>13</sup> Replaced and amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

- l) A pension fund manager shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of net assets of money market sub-funds with all microfinance banks, non-bank finance companies and Modarabas;

**8.6** The Pension Fund Manager, after successfully managing the Equity, Debt and Money Market Sub-Funds of the Pension Fund shall be authorized to apply to the Commission for establishment of additional Sub-Funds for investments in other classes of assets. If the Commission allows the establishment of such Sub-Funds, taking into account the policy of the Federal Government, the Pension Fund Manager may, at its discretion, proceed to establish such additional Sub-Funds on such terms and conditions as may be prescribed by the Commission.

**8.7** Any investment made in a security for any of the Sub-Funds in a security for which any Connected Person of the Pension Fund Manager is, or has been, involved, during the past twelve months, as an arranger, manager, advisor, consultant or underwriter, will be reported to the Commission within six (6) working days of entering into such transaction. The Pension Fund Manager will also provide full justification for such investment. The Commission may, after giving the Pension Fund Manager an opportunity of being heard, direct it to dispose of such investments and such directive, if any, will be implemented.

## **8.8 Investment Restrictions**

The Pension Fund Manager shall not at any time on behalf of the Pension Fund:

- (a) a PFM on behalf of a pension fund shall not take exposure of more than 20% of net assets in any single group and the term “group” means persons having at least 30% or more shareholding in any other company, as per publicly disclosed information. <sup>14</sup>
- (b) invest in securities of a company if equity is less than paid-up capital of the company, irrespective of the limits stated in the Investment Policy.
- (c) invest or deposit or place assets of the Pension Fund if the issuer or the Bank or the security does not fulfill the minimum rating specified in the investment policy or has not been assigned a stable or positive outlook.
- (d) enter into a short sale transaction in any security, whether listed or unlisted;
- (e) purchase from or sell to any Connected Person any security;
- (f) enter into transactions with any single Broker, who is a Connected Person, that account for ten per cent (10%) or more of the Pension Fund’s brokerage commissions in any one Accounting Period, except that the Pension Fund Manager has requested the Commission to exempt the Pension Fund from this requirement for the first Accounting Period if that Accounting Period is of less than ten (10) months.

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<sup>14</sup> Amended through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

- (g) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person; *provided that* investment in sale and repurchase transactions involving Government Securities or such listed securities which are regulated by the stock exchanges shall not be prohibited under this paragraph (i) subject to the condition that risk management parameters are disclosed in the Offering Document;
- (h) borrow any funds except for meeting withdrawal requests or transfer of funds to other pension fund managers in relation to the Pension Fund and such borrowing shall not exceed fifteen per cent (15%) of the total Net Asset Value of the Pension Fund at any time and shall be repayable within a period of ninety (90) days; *provided that* any such borrowing shall be immediately communicated to the Commission with details of amount and payback plan;
- (i) invest in any security of a company if any director or officer of the Pension Fund Manager owns more than five per cent (5%) of the total nominal amount of the securities issued or collectively the directors and officers of the Pension Fund Manager own more than ten per cent (10%) of those securities; or
- (j) except where it is necessary to protect its investment, seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest which would give it primary responsibility for management.
- (k) The pension fund manager shall adhere to the limits stipulated in the investment policy above; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in net assets resulting from fluctuation in price of equity securities, the pension fund manager shall regularize the deviation within four (4) months of the breach.<sup>15</sup>

## 8.9 Participant's Rights in Terms of Investment Choice

The Pension Fund Manager is responsible for the investment and disinvestment of the property of the Pension Fund. However, every Participant will decide about their investment in the Units of the Sub-Funds by using their preference for the selection of the Allocation Schemes offered by the Pension Fund. Each Participant will select ***any one of the approved Allocation Schemes as provided in clause 6.6***, for allocation of their contributions between the Sub-Funds. Thus Contributions from the Participants will be allocated between the Sub-Funds in accordance with the particular Allocation Scheme selected by the Participants.

## 8.10 Risk Disclosures

All investments in the Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such

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<sup>15</sup> Inserted through 4<sup>th</sup> Supplemental Offering Document dated 2<sup>nd</sup> July 2021

investments. Investors should read this Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decision. As per the Voluntary Pension System Rules, 2005 and the Income Tax Ordinance, 2001, withdrawals from the Pension Fund before the retirement age are subject to tax.

The Pension Fund will be investing in equity securities listed on the Stock Exchanges and also in fixed income securities including deposits with Banks. Such investments are subject to varying degree of risks that include, but are not limited to:

**(a) Business Risk**

This is the uncertainty of income flows caused by the nature of a firm's business. It includes: (i) changes in business cycles affecting the business of the company in which the investment is made; (ii) changes in business circumstances of the company, its business sector, industry and/or the economy in general; and (iii) mismanagement of the investee company, third party liability through class action or occurrence of other events such as strikes, fraud etc., in the company in which the investment was made.

**(b) Equity Risk**

Investment in equity securities are subject to price risk, which is dependent on a multiple of factors, including the profitability/ performance of investee companies, technological development, which may render the processes of investee companies obsolete, government regulations, economic and political situation within the country, region and internationally. As a result of these factors, the dividend income and the share price of equity securities may go up as well as down.

**(c) Volatility in Market Price Risk**

Volatility in prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the NAV based price of the Unit.

**(d) Liquidity Risk**

Some securities listed at the Stock Exchanges are illiquid and difficult to sell. Liquidity Risk is the uncertainty introduced by the secondary market for an investment and assesses: 1) how long it takes to convert the investment into cash and 2) how certain is the price to be received. It is affected by:

- (i) volatility in shares prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the shares and the liquidity in the market; and
- (ii) increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase of the underlying inflation rate.

**(e) Credit Risk**

This includes default risk, credit spread risk, and down grade risk. These risks are associated with

fixed income securities. Default risk will involve possibility of non- payment of mark up or principal. Credit spread risk will involve increase in difference of markup rate of an issuer and Government Securities. Such increase is due to macro-economic factors in local as well as global markets. Increase in spread will result in decrease in value of fixed income securities. Down grade risk means lower rating by credit rating agencies and will result in decrease in value of fixed income securities.

**(f) Financial Leverage Risk**

This is the uncertainty induced by the method by which the firm finances its investments. If a firm borrows money to finance investments, it must pay fixed financing charges (in the form of interest to creditors) prior to providing income to the common stockholders. This risk includes: (i) senior rights of creditors over shareholders of the company in the event of winding up; (ii) the inability of the issuer of the of the instrument, the relevant financial institution or the counter party in the case of a reverse purchase or other arrangements to fulfill their obligations; and (iii) the possibility of defaults by participants or failure of Stock Exchanges, the depositories, the settlement or clearing system.

**(g) Interest Rate Risk**

This arises due to increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase in the underlying inflation rate. An increase in the interest rates will result in decrease in value of fixed income securities, including Government Securities.

**(h) 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.

**(i) Purchasing Power Risk**

This is the risk of loss in the value of capital due to inflation.

**(j) Inflation Risk**

This is the possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of a currency. Inflation causes money to decrease in value at some rate, and does so whether the money is invested or not. It is the risk associated with the return from an investment not covering the loss in purchasing power caused by inflation.

**Capital invested in the stock market could, in extreme circumstances, lose its entire value.**

**However, studies show that diversification of the investment reduces the risk associated with investing in the stock market.**

**Disclaimers**

- a) **Investment Risks and Tax Implication:** All investments in the Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read this Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax advisors before making any investment decision.
- b) Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001 and the Rules.
- c) The Units of the Sub-Funds of the Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the investors of the Seed Capital Units or any other Bank or financial institution.
- d) The target return of the Sub-Funds cannot be guaranteed. It should be clearly understood that the portfolio of the Sub-Funds is subject to market fluctuations and risks inherent in all such investments.
- e) It should be noted that the value/price of Units of the Sub-Funds can fall as well as rise.
- f) It should be noted that under certain circumstances the withdrawal from the Pension Fund may be restricted or subject to tax penalties.
- g) It should be noted that there will be no dividend distribution by the Sub-Funds.

**9. CHANGE OF THE PENSION FUND MANAGER**

- 9.1 Participants shall be entitled to transfer in accordance with the terms of the Trust Deed the whole or any part of their Individual Pension Account with the HBL Pension Fund to a pension fund managed by another pension fund manager.
- 9.2 No charge, whatsoever called, shall be deducted for any transfer of a Participant's Individual Pension Account to a pension fund managed by another pension fund manager.

- 9.3 The Pension Fund Manager shall use any cleared funds received for the account of a Participant's Individual Pension Account from a pension fund managed by another pension fund manager to purchase such number of Units of the relevant Sub-Funds as is determined in accordance with the Trust Deed and this Offering Document. The Units shall be purchased at Net Asset Value notified at the close of the Business Day on which such cleared funds are received by the Trustee at percentages according to the respective prescribed Allocation Scheme selected by the Participant.
- 9.4 If a Participant desires to transfer his Individual Pension Account, the Participant shall specify in an application given to the Pension Fund Manager the name of the new pension fund manager, the name of the new pension fund, the individual pension account number with the new pension fund manager and the percentage of Units held in the Participant's Individual Pension Account to be transferred. The application shall be given in a form prescribed by the Pension Fund Manager in this Offering Document.
- 9.5 Where an application in accordance with the requirements of Clause 9.4 is received by the Pension Fund Manager from or on behalf of any Participant at least thirty (30) days prior to any anniversary date of opening of the Participant's Individual Pension Account or as may be prescribed in the Rules or by the Commission, the Pension Fund Manager shall, on the anniversary date or, if the anniversary date is not a Business Day, on the first Business Day following the anniversary date, redeem the percentage of Units to be transferred held in the Individual Pension Fund Account at Net Asset Value of the Units notified at the close of the redemption date and shall on the first Business Day following the redemption date transfer the proceeds of the redemption to the pension fund nominated by the Participant; *provided that* where the Units held in the Participant's Individual Pension Account are held in two or more Sub-Funds, Units shall be redeemed from each of the Sub-Funds on the basis of the percentage specified by the Participant.  
In case the Rules or any other applicable laws relating to the change of Pension Fund Manager by Participant are amended or substituted, the amended Rules or other applicable laws, as the case may be, shall be deemed to become part of this Offering Document without the need to execute a Supplemental Offering Document.
- 9.6 On receiving the transfer application mentioned in clause 9.4, complete in all respects, the Pension Fund Manager will proceed as follows:
- a) Redeem Units of the Sub-Funds of the Participant at the close of first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account of the Participant. Such redemption shall be of all or of such number of the Units as are required to be redeemed to give effect to the transfer request made by the Participant.
  - b) Advise the respective Participant to open a pension account with the pension fund manager where the Participant intends to transfer his entire Individual Pension Account or part thereof from the Pension Fund.
  - c) As soon as the Participant completes the formalities for the opening of the individual pension account with the other pension fund manager, such pension fund manager shall inform the Pension Fund manager of the pension account details of the Participant.

- d) After receiving the confirmation that the other pension fund manager has opened a pension account of the Participant, the Pension Fund Manager shall immediately arrange transfer of the requisite redemption amount to the pension fund managed by the other pension fund manager
- e) The Pension Fund Manager shall close the Individual Pension Account of the Participant, if the Participant has transferred his entire account held with the Pension Fund.

9.7 In the event the Commission cancels the registration of the Pension Fund Manager as a pension fund manager or discontinues the authorization of the Pension Fund, in each case in accordance with the Rules and other Applicable Laws, the Pension Fund Manager shall, as soon as practicably possible thereafter, transfer the Individual Pension Accounts of the Participants to pension funds managed by other pension fund managers as selected by the Participants, under this Clause 9, or as directed by the Commission.

9.8 Participants having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001) and issued by Life Insurance Companies before 30 June 2005 are eligible to redeem their units and transfer the balance to their Individual Pension Account, subject to the Rules.

## **10 SAFEGUARD OF MONEY**

No contribution should be paid to an intermediary, except to the Pension Fund Manager or its authorized representatives as prescribed. Contributions should be in the form of “Account Payee Only” cheques, payment orders or demand drafts or direct bank transfers to the account of “**CDC - Trustee HBL Pension Fund**”. **No contribution should be made in the form of cash or any bearer instrument.**

## **11. DISTRIBUTION RESTRICTION POLICY**

No distribution of Income or dividend shall be allowed from any of the sub-funds. Any income earned shall be accumulated and retained in the respective sub-funds.

## **12. TAXATION**

### **12.1 Tax Credit for Contributions to the Pension Fund**

An eligible person, as defined in sub-section (19A) of section 2 of the Income Tax Ordinance, 2001, deriving income chargeable to tax under the head “Salary” or the head “Income from Business”, will be entitled to a Tax Credit for a Tax Year in respect of any contribution or premium paid in the year by the person to the Pension Fund under the VPS Rules, 2005.

The amount of a person’s Tax Credit allowed under Sub-section (1) for a Tax Year shall be computed according to the following formula, namely: –

**(A/B) x C**

*Where:*

**A** is the amount of tax assessed to the person for the Tax Year, before allowance of any Tax Credit under this Part;

**B** is the person's taxable income for the tax year; and

**C** is the lesser of –

(i) the total contribution or premium referred to in sub-section (1) paid by the person in the year; or

(ii) twenty per cent (20%) of the person's taxable income for the relevant Tax Year Provided that a person joining the Pension Fund at the age of forty-one (41) years or above, during the first ten (10) years of the notification of the VPS, 2005 Rules, shall be allowed additional contribution of two per cent (2%) per annum for each year of age exceeding forty years. Provided, further, that the total contribution allowed to such person shall not exceed fifty per cent (50%) of the total taxable income of the preceding year; or

### **12.2 Tax Exemptions**

Exemptions under Clause (57) sub Clause (3) (viii) of Part-I of the Second Schedule of the Income Tax Ordinance, 2001:

(a) Total income of the Pension Fund.

(b) Profit or gain or benefit derived by the Pension Fund Manager on redemption of the seed capital invested in the Pension Fund.

### **12.3 Withholding Tax**

The Pension Fund Manager will deduct tax as per Tax Rules if any amount is withdrawn

- i. before the retirement age, or
- ii. in excess of fifty per cent (50%) of the individual's accumulated balance at or after retirement age

The rate of tax used for this purpose shall be calculated as follows:

Rate = Total tax paid or payable by the individual for the three (3) preceding tax years

Individual's total taxable income for the three (3) preceding tax years

The above tax will not be deducted if the balance in the individual's Individual Pension Account is:

- a) transferred to an Approved Income Payment Plan of a Pension Fund Manager or
- b) paid to a life insurance company for the purchase of an approved Annuity Plan or
- c) transferred to another individual pension account of the taxpayer maintained with any other Pension Fund Manager under change of Pension Fund Manager as specified in the Rules.

## **12.4 Zakat**

Units held by resident Pakistani Participants shall be subject to Zakat at two and a half per cent (2.5%) of the par value of Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from redemption / withdrawal payment, and paid into the Government Treasury.

## **Disclaimer**

**The tax and Zakat information given above is based on the Pension Fund Manager's interpretation of the law which, to the best of the Pension Fund Manager's understanding, is correct but Participants are requested to seek independent advice from their tax advisors so as to determine the taxability arising from their Contributions to the Pension Fund.**

## **13. REPORTS AND ACCOUNTS**

### **13.1 Accounting Period of the Pension Fund**

13.1.1 Accounting Period means a period ending on and including an Accounting Date or, if nearer, on and including the day on which the Net Assets of all the Sub-Funds becomes zero and commencing from and including the date of establishment of the Pension Fund or, if nearer, from and including the day after the last Accounting Date.

13.1.2 Accounting Date means the date 30th June in each year and any interim dates at which the financial statements of the Pension Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date.

### **13.2 Fund Accounts**

13.2.1 The Pension Fund Manager shall prepare financial accounts and reports required under the Rules for each Sub-Fund of the Pension Fund as prescribed by the Commission, from time to time.

### **13.3 Reports**

13.3.1 The Pension Fund Manager shall:

- a. Within the stipulated terms as specified by the commission from time to time at closing of the Accounting Period, prepare and transmit the annual report together-with a copy of the balance sheet, income and expenditure Account together-with the Auditor's Report for the Accounting Period, in respect of each Sub-Fund, to the Commission and Participants, in accordance with the Rules.
- b. Within the stipulated terms as specified by the commission from time to time at the close of the first half of its Accounting Year of account, prepare and transmit to the Participants

and the Commission a profit and loss account for and a balance sheet as at the end of that half year, whether audited or otherwise, in respect of each Sub-Fund, in accordance with the Rules.

- c. Within a month of the close of the first and the third quarter, prepare and transmit a quarterly report to the Participants, the Trustee and the Commission, along with a profit and loss account and balance sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules.

## **14. SERVICE TO PARTICIPANTS**

### **14.1 Availability of Forms**

All forms mentioned and/or included in this Offering Document will be available at all the Authorized Branches of the Distribution Companies, the Pension Fund Manager's web site and may also be requested via post. Sales Agents will also have limited stocks of such forms.

### **14.2 Register of Participants**

14.2.1 The Pension Fund Manager shall perform the Registrar Functions directly or it may appoint a Registrar for such purpose, but in each case the responsibility for performing the Registrar Functions shall be that of the Pension Fund Manager itself. Where the Pension Fund Manager appoints a Registrar for performing the Registrar Functions, the Pension Fund Manager shall ensure that the Registrar complies with all relevant provisions of the Trust Deed and the Rules.

14.2.2 The Pension Fund Manager or, as the case may be, the Registrar shall maintain the Register at their respective registered office.

14.2.3 The Register shall be maintained in electronic form and be password protected. The Pension Fund Manager shall provide access or shall ensure that access is provided to the Register to all the Participants for viewing information pertaining to the Participants themselves. The Pension Fund Manager shall ensure that the record keeping system employed for maintaining the Register contains a computerized transaction log which records changes to each Participant's Individual Pension Account, who made them and when they were made. The Pension Fund Manager shall make or shall ensure that the Registrar shall make sufficient provision for taking regular back ups of the Register and for back up storage at an off-site location.

14.2.4 The Pension Fund Manager shall ensure that the Registrar shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without any charge. With the prior written approval of the Commission and under intimation to the Pension Fund Manager, the Trustee or its representative may remove the Register to a different location or make any entries therein or alterations thereto.

14.2.5 The Registrar shall, within three (3) working days of receiving a written request from any

Participant, give to such Participant (whether by post, courier or through electronic means) details of such Participant's account in the Register. Such service shall be provided free of charge to any Participant so requesting once in any financial year. The Pension Fund Manager may, with the approval of the Commission, prescribe charges for servicing any additional requests. The details of charges, if any, shall be disclosed in the Offering Document or in any Supplementary Offering Document from time to time.

14.2.6 The Register shall, in respect of each Participant, contain the information required by or under the Rules and shall, at the minimum, contain the following information:

- (a) registration number;
- (b) Individual Pension Account number;
- (c) full name, father's name, residency status, CNIC number (in respect of Pakistan nationals) or NICOP number (in respect of overseas Pakistanis), National Tax Number and addresses of Participant;
- (d) if the Participant is registered through an employer:
  - (i) employer's name;
  - (ii) registered address;
  - (iii) National Tax Number;
  - (iv) number of employees contributing in VPS; and
  - (v) employer's contact details;
- (e) date of birth and sex of the Participant;
- (f) complete record of the amount and date of each Contribution paid by the Participant;
- (g) complete record of the amount and date of each Contributions paid on behalf of the Participant by the employer;
- (h) date and amount of incoming and outgoing transfers to and from the Participant's Individual Pension Account;
- (i) the number of Sub-Fund Units allocated and held in the name of the Participant in the Individual Pension Account or balance of the Participant's Approved Income Payment Plan;
- (j) the date on which the name of the Participant was entered in respect of the Sub- Fund Units standing in his name;
- (k) tax/ Zakat status of the Participant;
- (l) nominee(s) of the Participant;
- (m) record of specimen signatures of the Participant and his nominee(s);
- (n) information on retirement of the Participant and the payments made or to be made thereupon or thereafter;
- (o) information on death of Participant and transfers made to the Participant's heirs; and
- (p) such other information as may be specified by the Commission or required by the Pension Fund Manager.

14.2.7 The Register shall be conclusive evidence as to the Units of Sub-Funds held in a Participant's

Individual Pension Account or balances of the Participant's Approved Income Payment Plan.

- 14.2.8 Any change of address or status of any Participant shall forthwith be notified in writing to the Registrar who, upon being satisfied with the supporting evidence provided therefor, shall update the Register with the change.
- 14.2.9 The Participant or his nominee (in case of death of the Participant), as the case may be, shall be the only persons to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to the Units held by the Participant and the Trustee. The Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction.
- 14.2.10 Upon being satisfied that any Contribution has been received by the Trustee in cleared funds from any Participant, the Registrar shall, within one week (seven days) of the receipt of the Contribution, issue a receipt therefor together with an Account Statement that shall constitute evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan balances registered in the name of the Participant and shall contain such other information as may be prescribed by the Commission from time to time.
- 14.2.11 While making payment of the benefits from the Pension Fund to any Participant, the Pension Fund Manager shall ensure that adequate description of the reasons for the payment (for example, retirement, disability, death benefit) is mentioned in the Register.
- 14.2.12 The Pension Fund Manager shall ensure that the information on the Register shall remain accessible for three (3) years after the last amount in relation to the Pension Fund payable to the Participant, to any other pension fund manager nominated by the Participant to which the Individual Pension Account has been transferred or to any heirs or nominated survivors of the Participant, has been paid.

### **14.3 Statement of Accounts**

Upon being satisfied that the Contribution to the Fund has been received, in full, from the Participants, the Registrar will send directly to each Participant Account Statement that will constitute evidence of the number of Sub-Fund Units or Individual Pension Account or periodic payment account balances registered in the name of the Participant.

The Registrar will issue an Account Statement, each time there is a transaction in the Individual Pension Account and it will be posted to the Participant within six (6) Business Days of each transaction.

## **15. FINANCIAL INFORMATION**

(Auditors certificate on Investment of Seed Capital)

(Auditors certificate on NAV of each fund)

## 16. WARNINGS

**INVESTMENT RISKS AND TAX IMPLICATION:** All investments in HBL Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Participants should read the Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decisions. Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001.

## 17. COMPLAINTS

If any complaint or dispute arises between a Participant and the Pension Fund Manager under the VPS Rules, it shall be referred to the Insurance Ombudsman appointed under Section 125 of the Insurance Ordinance, 2000. (XXXIX of 2000). The Insurance Ombudsman shall have all the powers and shall follow the procedures as required under PART XVI of the Insurance Ordinance, 2000.

### 17.1 Procedure for lodging a complaint with the Insurance Ombudsman

The procedure for lodging a complaint with the Insurance Ombudsman shall be as provided in Section 129 of the Insurance Ordinance, 2000 and reproduced below:

- (a) A complaint shall be made in writing, addressed to the Insurance Ombudsman. The complaint shall set out the full particulars of the transaction complained of and the name and address of the Participant (complainant).
- (b) Prior to making a complaint, the Participant (complainant) shall intimate in writing to the Pension Fund Manager his intention of filing a complaint and if the Pension Fund Manager either fails to respond, or makes a reply which is unsatisfactory to the complainant, within a period of one month, the Participant (complainant) may file a complaint, at any time thereafter, within a further period of three (3) months:

Provided that the Insurance Ombudsman may, if satisfied that there were reasonable grounds for the delay in filing the complaint, condone the delay and entertain the complaint.

- (c) The Insurance Ombudsman may adopt any procedure he considers appropriate for investigating a complaint.  
Provided that he shall not pass any order against the Pension Fund Manager without first giving it a notice and an opportunity to be heard.
- (d) Subject to Section 128, the Insurance Ombudsman shall not have any power to issue an order in the nature of a stay order or to entertain any complaints if the matter is pending before a Court, Tribunal or other legal forum.
- (e) The Insurance Ombudsman may reject a complaint summarily or he may accept the same or pass any other order he deems fit.

Provided that in each case he shall pass a reasoned order for his decision.

- (f) The Federal Government may further prescribe rules for the conduct of proceedings in relation to complaints brought before the Insurance Ombudsman.

## **17.2 Contact Details of Office of Insurance Ombudsman**

The Present Insurance Ombudsman and his contact details are as follows:

Mr. Justice(R) Syed Ali Aslam Jafri  
Federal Insurance Ombudsman Office  
6th Floor, State Life Building No. 2,  
Wallace Road, off I.I Chundrigar Road,  
Karachi.  
Phone: 021-9211674; 021-9211698  
Fax: 021-9213278-9

## **18. TRANSACTIONS WITH CONNECTED PERSONS**

- 18.1.1 The Pension Fund Manager, on behalf of the Pension Fund, will not purchase from or sell any security to any of the Connected Persons.
- 18.1.2 No single connected stockbroker will account for ten per cent (10%) or more of the Pension Fund's brokerage or commission in any one financial year of the Pension Fund, except if permitted in writing by the Commission.
- 18.1.3 If cash forming part of the Pension Fund's assets is deposited with the Trustee or the Custodian, which is a banking company, return will be paid on the deposit by such Trustee or Custodian at a rate that is not lower than the rate offered by the said banking company to depositors of similar duration.

## **19. GENERAL INFORMATION**

### **19.1 The Constitutive Documents of HBL Pension Fund are:**

- (1) Trust Deed, dated August 17, 2011, executed between The Pension Fund Manager and the Trustee, constituting the Pension Fund and appointing the Trustee as trustee to the Pension Fund;
- (2) Letter dated KA-AQ-729 dated December 1, 2011 from the Auditors confirming the subscription to the Seed Capital Units of HBL PF the Pension Fund by the Seed investors thereof.
- (3) Consents of the Auditors, Legal Advisors and Trustee to their respective appointments and having being named and described as such in this Offering Document.
- (4) Letter No. SECP/PW/Reg-06/HBL dated May 06 2011 from the Commission registering the Pension Fund Manager as a pension fund manager under the Voluntary Pension System Rules.

- (5) Letter No. 9 (1) SEC/SCD/PW-HBLAM/106 dated July 27, 2011 from the Commission to the Pension Fund Manager, approving the Trustee to act as trustee of the Pension Fund under the Rules.
- (6) Letter No. 9 (1) SEC/SCD/PW-HBL-01/133 dated October 5, 2011 from the Commission to the Pension Fund Manager, authorizing Pension Fund under the Rules.
- (7) Letter No. 22 (1) SEC/SCD/PW-HBL-01/2011/164 dated December 02, 2011 from the Commission to the Pension Fund Manager approving this Offering Document under the Rules.

The Constitutive Documents concerning the HBL Pension Fund may be inspected at the registered office of the Pension Fund Manager at 8B, 8<sup>th</sup> Floor, Executive Tower, Dolmen City Building, Block 4, Clifton, Karachi, or at any other address which may be notified by the Pension Fund Manager to the general public through news papers.

## **19.2 Date of publication of this Offering Document**

The date of publication of this Offering Document is December 12, 2011.

## **19.3 Statement of Responsibility**

**HBL ASSET MANAGEMENT LIMITED ACCEPTS RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION HEREIN CONTAINED AS OF THE DATE OF PUBLICATION.**

## **20. TERMINATION OF THE PENSION FUND**

### **20.1 Termination and Liquidation of the Trust**

- 20.1.1 HBL AMC, subject to conditions of the Rules, the Trust Deed and approval of the Commission, may terminate the Pension Fund by giving at least three (03) months' notice, in writing, to the Participants, the Trustee and the Commission.
- 20.1.2 The Trust may also be terminated by the Commission on the grounds provided in the Rules.
- 20.1.3 The Trust Deed of the Pension Fund may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and the Pension Fund Manager regarding the Pension Fund. Both parties shall act in a manner that causes the least degree of inconvenience to the Participants and is the most cost efficient for the Pension Fund and the Pension Fund Manager.
- 20.1.4 Upon the Trust being terminated, The Pension Fund Manager will suspend the acceptance of registration, Contribution(s) and withdrawals, forthwith, and proceed to transfer all assets and liabilities and records of the Pension Fund and each Sub-Fund to another pension fund manager

under a scheme of arrangement to be approved by the Commission.

- 20.1.5 The Pension Fund Manager shall ensure that accounts of the Pension Fund, till the day of the transfer to the new Pension Fund Manager, are audited by the Auditors of the Fund and the Audit and Trustee Report is submitted, within one month from the date of such appointment, to the Commission, the new pension fund manager and the Trustee. HBL AMC, with the approval of the Commission, will decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.
- 20.1.6 The Trustee, subject to clauses 20.1.4 and 20.1.5, on the recommendation of HBL AMC and approval of the Commission, shall transfer all the assets and liabilities and records of the Pension Fund and each Sub-Fund, including Individual Pension Accounts of Participants, to the other Pension Fund managed by the other Pension Fund Manager.
- 20.1.7 Thereafter, the Pension Fund Manager shall proceed to dissolve the Pension Fund under the relevant law and in the court of jurisdiction.

## **21 GENERAL**

- 21.1.1 Any notice required to be served upon a Participant shall be deemed to have been duly given if sent by post or courier service to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.
- 21.1.2 In case a general notice is required to be served upon all the Participants, the Trustee or the Pension Fund Manager shall advertise any such notice in any leading daily newspapers in Pakistan having primary circulation in Karachi, Lahore and Islamabad. *The cost of issuing and publishing a general notice shall be charged to the Trust.*
- 21.1.3 Service of a notice or document on any employer shall be deemed effective service on all the Participants registered through that employer unless the Participant has given notice to the Pension Fund Manager that he is no longer in the employ of that employer.
- 21.1.4 Any notice or document sent by post or courier service to or left at the registered address of a Participant shall notwithstanding that such Participant be then dead or bankrupt and whether or not the Trustee or the Pension Fund Manager have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units registered in favour of that Participant.
- 21.1.5 A copy of this Offering Document, Trust Deed and of any deed supplemental hereto shall be

made available for inspection at the respective head offices of the Trustee and the Pension Fund Manager at all times during usual Business Hours and shall be supplied by the Pension Fund Manager to any person on application at a charge disclosed in the Offering Document.

## 22. DEFINITIONS

Unless the context requires otherwise, in this Offering Document (including in its Recitals) the following words or expressions shall have the meaning respectively assigned to them below.:

- 22.1 **“Accounting Date”** means 30th June in each year; provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date;
- 22.2 **“Accounting Period”** means the period ending on and including an Accounting Date or, if nearer, on and including the day on which the Net Assets of all the Sub-Funds becomes zero and commencing from and including the date of establishment of the Pension Fund or, if nearer, from and including the day after the last Accounting Date;
- 22.3 **“Account Statement”** means statement of transactions in Units of each Sub-fund in the Individual Pension Account of the Participant, containing such information as may be prescribed by the Commission from time to time;
- 22.4 **“Allocation Schemes”** means the allocation schemes offered by the Pension Fund Manager from time to time in conformity with the Prescribed Allocation Policy issued by the Commission
- 22.5 **“Annuity”** means a series of payments of set frequency, sold primarily by Life Insurance Companies, with a primary goal to supplement retirement savings.
- 22.6 **“Anniversary Date”** means the Business Day following the completion of one full year from the opening of the Individual Pension Account with the Pension Fund Manager and thereafter the Business Day following completion of subsequent one full year.
- 22.7 **“Applicable Law”** means any common or customary law, constitutional law, any statute, regulation, resolution, rule, ordinance, enactment, judgment, order, code, decree, directive, notification, clarification, guideline, policy, requirement or other governmental restriction and any form or decision of or determination by or interpretation of any of the foregoing (whether or not having the force of law) by any Authority, now or hereafter in effect, in each case as amended, re-enacted or replaced to the extent applicable;
- 22.8 **“Approval”** means any consent, registration, filing, notarization, certificate, licence, approval (including foreign exchange control approval), permit, authority, confirmation or exemption from or by or with any national, supranational or regional government or administrative, fiscal, judicial or governmental body, commission, agency, authority, central bank or similar entity and all corporate, creditors’, shareholders’ and directors’ approvals or consents required for execution of this Offering Document and performance of the transactions contemplated herein;

- 22.9 **“Approved Annuity Plan”** has the meaning ascribed to it by Section 2(3A) of the Income Tax Ordinance, 2001;
- 22.10 **“Approved Employment Pension or Annuity Scheme”** means any employment related retirement scheme approved under the Income Tax Ordinance, 2001 which makes periodical payment to a beneficiary, i.e. pension or annuity such as approved superannuation fund, public sector pension scheme and Employees Old-Age Benefit Scheme.
- 22.11 **“Approved Income Payment Plan”** has the meaning ascribed to it by Section 2(3B) of the Income Tax Ordinance, 2001
- 22.12 **“Auditor”** means the person or firm appointed to be the auditor of the Pension Fund by the Pension Fund Manager with the consent of the Trustee, in accordance with the Trust Deed and the Rules and qualified under the provisions of Section 254 of the Companies Ordinance, 1984;
- 22.13 **“Authority”** means any governmental or judicial or quasi governmental or judicial authority empowered to administer, enforce, adjudicate or ensure compliance with Applicable Law;
- 22.14 **“Authorized Branch”** means those branches of the Distributors that from time to time have been authorized by the Pension Fund Manager under intimation to the Trustee to perform the Distribution Function, and whose addresses have been given in the Offering Document, or on the website of the Pension Fund Manager.
- 22.15 **“Authorized Investments”** means investments, whether listed or otherwise, transacted, issued or traded inside or outside Pakistan and as permissible under the Rules or under the Investment Policy prescribed by the Commission;
- 22.16 **“Bank”** means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force or an institution providing banking services under the banking laws of Pakistan or, if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan and having such minimum entity rating as may be prescribed by the Commission from time to time.
- 22.17 **“Bank Accounts”** means the collection and disbursement account(s) in which the Contributions are received and payments are made from and the account(s) of each Sub-Fund, the beneficial ownership of which vests in the relevant Participants and for which the Trustee has been appointed as trustee under the Trust Deed;
- 22.18 **“Business Day”** means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which day State Bank of Pakistan is closed for business in Pakistan.
- 22.19 **“Business Hours”** means such dealing periods on each Business Day, as may be determined by the Pension Fund Manager.
- 22.20 **“Commission”** means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997 (Act No.XLII of 1997);
- 22.21 **“Connected Person”** means each of the following in relation to the Pension Fund Manager:

- (a) any person or company beneficially owning, directly or indirectly, ten per cent (10%) or more of ordinary share capital of the Pension Fund Manager, or being able to exercise, directly or indirectly, ten per cent (10%) or more of the total voting power in the Pension Fund Manager;
- (b) any person or company controlled by a Connected Person under the meaning of sub-clause (a);
- (c) any member of the group of which the Pension Fund Manager forms part; or
- (d) any director, officer and employee of the Pension Fund Manager or of any of their Connected Persons as specified in sub-Clauses (a), (b) and (c) or any body providing service or exercising power of the Pension Fund Manager;

*provided that* the words “director”, “officer” and “employee” shall include their spouse, lineal ascendants and descendants, brothers and sisters;

- 22.22 **“Constitutive Document”** means the principal document governing the formation of the Pension Fund, and includes the Trust Deed, this Offering Document and all material agreements;
- 22.23 **“Contribution”** means an amount as may be voluntarily determined by a Participant or prospective Participant, payable annually, semi-annually, quarterly, monthly or with any other frequency to the Pension Fund and held in one or more Individual Pension Accounts of the Participant;
- 22.24 **“Contribution Date”** has the meaning ascribed to it in Clause 7.2.2;
- 22.25 **“Custodian”** means a Bank, a central depository company or any other depository for the time being appointed by the Trustee to hold and protect the Trust Property or any part thereof as custodian or nominee on behalf of the Trustee; provided that the Trustee may also itself provide custodial services for the Fund;
- 22.26 **“Dealing Day”** means every Business Day on which dealing in the Pension Fund is conducted as disclosed in the Offering Document, provided that the Pension Fund Manager may with the prior written consent of the Trustee and upon giving not less than seven days notice in the newspapers declare any particular Business Day not to be a Dealing Day;
- 22.27 **“Deed” or “Trust Deed”** means the trust deed, signed between the Pension Fund Manager and the Trustee.
- 22.28 **“Default Allocation Scheme”** means the default asset allocation scheme as determined by the Pension Fund Manager in conformity with the Prescribed Allocation Policy for allocating between the Sub-Funds the Contributions received from Participants who have not themselves selected any Allocation Scheme;
- 22.29 **“Distributor” or “Distribution Company”** means a company, firm or bank appointed by the Pension Fund Manager under intimation to the Trustee for performing any or all of the Distribution Functions, and shall include the Pension Fund Manager itself, if it performs the

Distribution Function ;

- 22.30 **“Distribution Function”** means the functions with regard to:
- (a) receiving applications and payment instruments for the issue of Units, in the name of the Trustee, from the Participants;
  - (b) issuing receipts in respect of (a) above;
  - (c) interfacing with and providing services to the Participants including receiving withdrawal / transfer to / from other Pension Fund Manager(s), applications for redemption, forwarding transfer applications and applications for change of address or any other status, instructions, in writing, of any kind or any other information for immediate transmission to the Pension Fund Manager or the Registrar, as appropriate; and
  - (d) accounting to the Pension Fund Manager for (i) Payment instruments received from Participants for issuance of Units in a Sub-Fund; and (ii) payments instruments delivered to the Participants on redemption of Units in the sub-fund.
- 22.31 **“Eligible Person”** means any person who qualifies the eligibility criteria under the Rules in respect of persons who can make contributions to pension funds authorized under the Rules;
- 22.32 **“Formation Costs”** means all preliminary and floatation expenses of the Pension Fund and shall include expenses in connection with authorization of the Pension Fund, execution and registration of the Constitutive Documents, issue, circulation and publication of the Offering Document and legal costs but shall not include any marketing, sales, promotion, education, communication or any form of advertisement costs; and shall not exceed 0.5% of the Seed Capital of each Sub-Fund or Rs.750, 000/- in total which ever is less.
- 22.33 **“Front-end Fee”** means the front-end fee payable to the Pension Fund Manager from the Contributions received, before allocation of Units of the Sub-funds, as remuneration, as per the Trust Deed and the Offering Document;
- 22.34 **“Guidelines”** means various guidelines, including instructions and handouts issued by the Commission to be followed or implemented by the Pension Fund Manager, the Trustee and other persons connected with the Fund in relation to various matters under the Rules;
- 22.35 **“Income Payment Plan”** means a plan constituting an agreement with the Pension Fund Manager after retirement enabling withdrawal of the remaining amount in any Individual Pension Account in monthly installments till the age of seventy-five (75) years or as allowed under the Rules;
- 22.36 **“Individual Pension Account”** means a distinct account being maintained in the name of each Participant by the Pension Fund Manager to record the Participant’s investment in the Pension Fund and the Units of the Sub-Funds issued thereagainst, including appreciations thereof;
- 22.37 **“Investment”** means any Authorized Investment forming part of the Trust Property of any Sub-

fund;

- 22.38 **“Investment Policy”** means the investment policy from time to time determined by the Commission under the Rules;
- 22.39 **“Launch Date”** means the date, as may be determined by the Pension Fund Manager, from which the HBL Pension Fund shall be offered to the Participants for continual Contribution dealing.
- 22.40 **“Life Insurance Company”** means a company registered under the Insurance Ordinance, 2000 (XXXIX of 2000), to transact life insurance business, and includes the State Life Insurance Corporation of Pakistan;
- 22.41 **“Net Assets”** means, in relation to a Sub-Fund, the excess of assets over liabilities of the Sub-Fund, such excess being computed in the manner specified in the Rules or as may be specified by the Commission from time to time;
- 22.42 **“Net Asset Value” or “NAV”** means, in relation to Units of a Sub-Fund, per Unit value of the Sub-Fund, arrived at by dividing the Net Assets of the Sub-Fund by the number of outstanding Units of the Sub-Fund, on the basis indicated in the Rules or as may be specified by the Commission from time to time, which shall constitute the price at which the Units of each Sub-fund shall be issued and the price at which the Units of each Sub-fund shall be redeemed;
- 22.43 **“Offering Document”** means the prospectus or other document issued by the Pension Fund Manager with consent of the Trustee and approved by the Commission, which contains the investment and allocation policies and all other information in respect of the Pension Fund as required by the Rules and the Trust Deed and which is circulated to invite offers by the public to contribute to the Pension Fund;
- 22.44 **“Ordinance”** means the Companies Ordinance, 1984;
- 22.45 **“Participant”** means any Eligible Person who opens an Individual Pension Account with the Pension Fund Manager and who makes one or more Contributions or on whose behalf one or more Contributions are made into the Pension Fund;
- 22.46 **“Pension Fund”** means the same as is defined in VPS Rules 2005.
- 22.47 **“Pension Fund Manager”** means HBL Asset Management Limited or any pension fund manager, duly authorized by the Commission to efficaciously manage the Contributions made by or on behalf of Participants in Pension Fund under Clause 9, and includes the successors-in-interest and assigns of the Pension Fund Manager;
- 22.48 **“Prescribed Allocation Policy”** means the allocation policy as prescribed by the Commission from time to time under the Rules;
- 22.49 **“Prescribed Application Form”** means a form approved by the Commission from time to time for opening an Individual Pension Account and collecting other information from Participants;
- 22.50 **“Records”** include ledgers, day books, cash books and all other manuals or magnetic records

used in the business of a Pension Fund Manager;

- 22.51 **“Register”** means the register of Participants kept pursuant to the Rules and the Trust Deed;
- 22.52 **“Registrar”** means an organization that the Pension Fund Manager appoints for performing the Registrar Functions and, if no such organization is performing such functions, it shall mean the Pension Fund Manager;
- 22.53 **“Registrar Functions”** means the functions with regard to:
- (a) maintaining the Register as per the Rules, the Trust Deed or as may be prescribed by the Commission from time to time;
  - (b) processing requests for opening of Individual Pension Account, issue, withdrawal, transfer and transmission of Units and requests for recording changes in data / information / particulars with regard to the Participants or that of their survivors or nominees;
  - (c) issuing statements of account in respect of Individual Pension Account to Participant;
  - (d) such other functions as may be required under the Rules with respect to record keeping; and
  - (e) such other functions as are required under the Trust Deed to be carried out by the Registrar;
- 22.54 **“Retirement Age”** means any age between sixty and seventy years or such age as may be prescribed in the Rules from time to time, which the Participant selects for retirement, in accordance with the provisions of the Rules;
- 22.55 **“Retirement Date”** means the date on which the retirement of a Participant from the Pension Fund becomes effective;
- 22.56 **“Rules”** means the Voluntary Pension System Rules, 2005, and includes all Guidelines issued, directions given, regulations and interpretations made and conditions imposed (either specifically in relation to the Pension Fund or generally) by the Commission thereunder from time to time;
- 22.57 **“Sales Agent”** means an individual, firm, corporate or other entity appointed by the Pension Fund Manager to identify, solicit and assist Eligible Persons to become Participants and make Contributions. The Pension Fund Manager shall compensate Sales Agents out of the Front-end Fee received by the Pension Fund Manager;
- 22.58 **“Seed Capital Units”** shall mean such Units of any Sub-Fund that are issued to the Seed Investors with the condition that they are not redeemable, transferable or tradable for a period of three (3) years from the date of issue or as may be determined by the Commission. Save for this restriction, Seed Capital Units shall all rank pari passu with all other Units;
- 22.59 **“Seed Investors”** of the Pension Fund shall be such initial investors, which may include the Pension Fund Manager, whose subscription shall in aggregate be in compliance of the requirements of Rule 9(3) (b) of the Rules. The Seed Investors shall be issued with Seed Capital

Units representing their subscription;

- 22.60 **“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance, 1969;
- 22.61 **“Sub-Fund”** means a collective investment sub-scheme of a specified investment class and / or Investment Policy set up under and as part of the Pension Fund in accordance with Clause 6.6 and shall include the three initial Sub-Funds named therein and any new Sub-Fund launched as per the Rules. Trust Property shall be accounted for and segregated with respect to each Sub-Fund;
- 22.62 **“Supplementary Offering Document”** means a document issued by the Pension Fund Manager, in consultation with the Trustee after obtaining the approval of the Commission, describing the special features of the Pension Fund including any Sub-Funds and inviting Contributions in the Pension Fund;
- 22.63 **“Supplementary Trust Deed”** means a supplemental deed executed between the Pension Fund Manager and the Trustee, with the approval of the Commission, describing any amendments made to the Trust Deed. Such Supplementary Trust Deed shall be binding on each Participant, as if he is party to it and so to be bound by its provisions;
- 22.64 **“Tax”** means all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of Pakistan or any other jurisdiction and any penalty, fine, surcharge, interest, charges or costs relating thereto;
- 22.65 **“Tax Year”** shall have the same meaning as ascribed under the Income Tax Ordinance, 2001 (Ordinance No.XLIX of 2001);
- 22.66 **“Trust Deed”** means the Trust Deed described in Clause 1, as amended from time to time by any Supplementary Trust Deed;
- 22.67 **“Trust Property”** means the aggregate proceeds credited in the Pension Fund including the Contributions and seed capital received from Seed Investors of each Sub-Fund after deducting therefrom or providing thereout any applicable Front-end Fee and any other expenses chargeable to the Pension Fund including each Sub-Fund and includes the Investments and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets, movable or immovable, and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Participants pursuant to the Trust Deed and this Offering Document;
- 22.68 **“Trustee”** means Central Depository Company of Pakistan Limited or any new trustee appointed as per the Trust Deed and the VPS Rules and includes the successors-in-interest and assigns of the Trustee;
- 22.69 **“HBL Pension Fund”, “Pension Fund”, “HBL PF” or “Trust”** means the pension fund constituted under the Trust Deed and the Rules and made up of the Sub-Funds;
- 22.70 **“Unit”** means one undivided share in the Sub-Fund to which the share pertains, and where the

context so indicates, includes a fraction of a Unit; and

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

## 23 INTERPRETATION

In this Offering Document, unless the context shall otherwise require:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a company, firm, trust, Authority or government and vice versa;
- (d) a reference to any gender includes all genders;
- (e) a reference to a Recital, Clause or Annexure is to a Recital, Clause or Annexure of or to this Offering Document;
- (f) a Recital or Annexure forms part of this Offering Document;
- (g) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time;
- (h) a reference to any party to this Offering Document or any other document or arrangement includes that party’s executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns;
- (i) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning;
- (j) a reference to any “Account” or “account” includes any renewal, redenomination, redesignation or sub-account thereof;
- (k) “include”, “includes” and “including” shall be respectively construed as “include without limitation”, “includes without limitation” and “including without limitation”, and all derivative terms shall be construed accordingly; and
- (l) words “written” or “in writing” include printing, engraving, lithography, or other means of visible reproduction.

**24 HEADINGS**

In this Offering Document, headings are for convenience of reference only and do not affect interpretation.

**Annexure A**

“Certificate of Registration as Pension Fund Manager”

**Annexure B**

“Authorization”

## **Annexure C**

“Letter from the SECP, Approving the appointment of the Trustee”

## **Annexure D**

“Letter from the SECP, authorizing the Pension Fund Manager to register the Trust Deed”

## **Annexure E**

“Distribution Details”

**Annexure F**  
“Registration Form”

## **Annexure G**

“Employer and 3<sup>rd</sup> Party Contributor Form”

**Annexure H**

“Pension Contribution Slip”

**Annexure I**

“Withdrawal and Transfer Form”

**Annexure J**

“Account update form”

## **Annexure K**

“Trustee tariff of Charges”

## Supplementary Offering Document of HBL Pension Fund

### HBL MONTHLY PENSION PLAN An Income Payment Plan under HBL Pension Fund Managed by HBL Asset Management Limited

#### 1. INTRODUCTION

- 1.1 The HBL Monthly Pension Plan is a plan offered by HBL Asset Management Limited (Pension Fund Manager) to the participants of HBL Pension Fund or any other approved pension fund, effective at the retirement of investors.
- 1.2 The HBL Monthly Pension Plan intends to provide investors a monthly income stream from outstanding balance in his/her individual pension account on retirement.
- 1.3 The monthly income commences from the participant's chosen retirement date up to the age of 75 years or earlier, or as allowed under the VPS Rules from time to time. The monthly income will comprise of part repayment of outstanding balance in the participant's individual pension account and return earned on the outstanding balance.
- 1.4 All transactions under this arrangement are governed by the Trust Deed and Offering Document of HBL Pension Fund (HBL-PF) as amended from time to time. Unless specifically altered by this document, all the terms and conditions of the Trust Deed and Offering Document (as amended from time to time) of HBL-PF shall apply to the HBL Monthly Pension Plan. A complete list of the relevant constitutive documents is provided in Para 15.
- 1.5 Words and expressions used but not defined in this document shall have the same meaning unless contrary to the context as assigned to them in the Trust Deed and Offering Document of HBL Pension Fund.

#### 2. OPTIONS AT RETIREMENT

- 2.1 **Retirement Age:** The participants may choose their age of retirement between sixty and seventy years (or in case of disability, as per the procedure laid down in Trust Deed/ Offering Document of HBL Pension Fund) or as may be allowed by the Commission under the VPS Rules.
- 2.2 **Date of Retirement:** The participant is required to send a notice to the Pension Fund Manager by submission of the relevant Form, in writing or in such other form which may be acceptable to the Pension Fund Manager, at least thirty days before the chosen date of retirement, stating the selected Retirement Date, chosen mode of benefits to be received from the Scheme and such other details as may be required by the Pension Fund Manager, from time to time.

2.3 **Benefits on Retirement:** At retirement, the participants shall be required to fill a Form, stating their requirement of lump sum withdrawal and their choice of investing the balance amount after withdrawals, either in annuity offered by a life insurance/assurance company or Income Payment Plan offered by a pension fund manager, approved by the Commission. The participant will therefore have the following options to choose from:

- a. To withdraw part of the accumulated amount as allowed under the VPS Rules, 2005 and Income Tax Ordinance, in his/her individual pension account, tax-free as cash;  
  
The participant can use this amount for any personal expenditure or may invest the amount in any other mode, as desired.
- b. To use the remaining amount to purchase an annuity from a Life Insurance Company of his/her choice. Such payment shall be made directly by the trustee of the pension fund to the Life Insurance/ Takaful Company; or
- c. To enter into an arrangement with the pension fund manager of his/her choice to transfer (credit) the remaining amount from his/her Individual Pension Account to an Approved Income Payment Plan offered by a pension fund manager and approved by the Commission from which payment comprising of repayment of accumulated balance and income earned will be made in monthly installments till the age of seventy-five years or earlier or as specified in the Rules.

2.4 HBL Monthly Pension Plan - An Income Payment Plan: On choosing the HBL Monthly Pension Plan on retirement, the participant has the following options, namely:

- a. The participant can withdraw up to fifty percent (50%) of the total accumulated amount as per clause (a) of paragraph 2.3 above, and use the remaining balance to enter into the HBL Monthly Pension Plan (as per clause (c) of paragraph 2.3 above);
- b. The participant can withdraw more than fifty percent (50%) of the accumulated balance and use the remaining balance to enter into the HBL Monthly Pension Plan. However any withdrawal in excess of fifty percent (50%) shall be subject to withholding tax as per Income Tax Ordinance, 2001. (Details regarding taxation are provided under Section 13 on 'Taxation').

### 3. **ELIGIBILITY**

3.1 The HBL Monthly Pension Plan is offered to the participants of the HBL Pension Fund on reaching their retirement age, as provided in the application form.

3.2 The HBL Monthly Pension Plan is also offered to the participants of the other approved pension schemes, offered by pension fund managers on reaching their retirement age.

**4. PROCEDURE TO JOIN HBL MONTHLY PENSION PLAN**

- 4.1 For joining the HBL Monthly Pension Plan, the investor must fill the ‘HBL Monthly Pension Plan Registration Form’, which will contain the investor’s personal details, invested amount, selection of allocation scheme and nomination details. The investor will be required to attach along with this form, copies of his/her CNIC/NICOP, Zakat Affidavit (if applicable) and copies of his/her nominees CNIC/NICOP/B-Form.
- 4.2 In case of existing participants of HBL-PF, the investor will be required to provide his/her HBL-PF account details in the HBL Monthly Pension Plan Registration Form for transfer of balance from his/her Individual Pension Account to Individual Income.
- 4.3 Payment Account under HBL Monthly Pension Plan.

4.4 In case of participants of other approved pension schemes, the investor will be required to provide the details of his/her approved pension fund manager and Individual Pension Account in HBL Monthly Pension Plan Registration for transfer of balance from his/her Individual Pension Account to the bank account of HBL Monthly Pension Plan.

4.5 The investor shall submit the completed HBL Monthly Pension Plan Registration Form to any of the authorized branches of the Distribution Companies or send directly to HBL Asset Management Limited. Only the Pension Fund Manager and authorized branches of Distribution Companies are authorized to collect Registration Forms for HBL Monthly Pension Plan.

**5. FEATURES OF THE HBL MONTHLY PENSION PLAN**

5.1 Each investor entering into the HBL Monthly Pension Plan shall be assigned a new Individual Income Payment Account with a distinct identification number.

5.2 Under the Income Payment Plan, the balance of the investor shall be invested in the units of sub-funds of HBL Pension Fund. At the time of entering the Income Payment plan, the participant may decide to set aside certain portion of his total balance with an objective to redeem at the end of the Plan. The return generated/appreciation on such units will be accumulated during the life of the Plan. At the end of the investor’s HBL Monthly Pension Plan, these remaining units standing to the account of the investor shall be redeemed at the prevailing NAV at the time of such redemption.

5.3 **Monthly Payment:** Under the HBL Monthly Pension Plan, the value of the balance, taking account of any portion set aside under clause 5.2 above, shall be divided into the remaining number of months till the age of 75 years or earlier, or as allowed under VPS Rules from time to time. This exercise shall be undertaken at the end of each year.

**5.4 Allocation:**

The total balance will be invested according to the investor’s desired risk exposure, within the prescribed allocation limits. The allocation options available under the plan are:

Age	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
Between 60-65 years	0%-10%	0%-35%	65%-100%
Between 65-70 years	0%-5%	0%-25%	75%-100%
Between 70-75 years	0%	0%-20%	80%-100%

5.5 The investors may choose to alter their chosen asset allocation within the limit prescribed once in a year or as allowed under the VPS Rules from time to time. Such request must be received at least thirty days before the relevant date. The Pension Fund Manager may waive any delay in submission, provided it is received before the date on which the asset allocation is requested to be changed. On the relevant date, the Units shall be reallocated in accordance with the new Allocation Scheme.

- 5.6 At the expiry of the HBL Monthly Pension Plan, the investor shall have to use the outstanding balance in his/her Individual Pension Account (if any) to purchase an Approved Annuity Plan from a Life Insurance Company of his/her choice or any other Plan as may be allowed by the Commission as per sub clause (2) of clause 18 of the Voluntary Pension System Rules, 2005.
- 5.7 The investor may withdraw the outstanding balance in his/her Individual Income Payment Account during the tenor/at the expiry of the HBL Monthly Pension Plan, as allowed under the VPS Rules and subject to relevant tax laws under the Income Tax Ordinance, 2001.
- 5.8 **Payment of Pension:** The payment of pension under the HBL Monthly Pension Plan will commence from the very next month on entering into the HBL Monthly Pension Plan. The pension will be distributed to the investor by redeeming the units of the respective Funds, equal in value to the pension for the month in accordance with the chosen asset allocation scheme of the investor and at the prevailing NAV of the respective Funds at the close of the last Business Day of each month.
- 5.9 However, in case of any exceptional circumstances, which may arise due to major law and order situation, closure of one or more Stock Exchanges on which any of the securities invested in by the Funds are listed, closure of the banking system, strikes or other events that render the Pension Fund Manager or Trustee of HBL-PF and other Funds unable to function, or the existence of a state of affairs as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the investors, the Pension Fund Manager may redeem such units at the close of the next Business Day when the said circumstances have ceased to exist. For details of exceptional circumstances, please refer to the sub-paragraph 6.16(2) of the Offering Document of HBL- PF.
- 5.10 The amount of pension will be credited to the investor's account within six Business Days of every subsequent month until the end of HBL Monthly Pension Plan"
- 5.11 The Pension Fund Manager may also make arrangements for payment of monthly pension through other electronic means such as but not limited to ATMs.
- 5.12 **Term of the Plan:** The HBL Monthly Pension Plan can be joined at or after retirement between the age of 60 to 70 years and the investor may continue to receive pension under the plan up to the age of 75 years or earlier, or as allowed under the VPS Rules from time to time.
- 5.13 The investor can choose to withdraw from the HBL Monthly Pension Plan, partially or totally as and when he/she may decide, subject to the applicable taxes as per the Income Tax Ordinance.
- 5.14 **Transfer of Funds:** The HBL Monthly Pension Plan allows investors the option of transferring their balance to any other income payment plan offered by any pension fund manager or approved annuity plan offered by a Life Insurance Company/ Takaful Company. Conversely, the investors can also transfer their balance from any other income payment plan to the HBL Monthly Pension Plan.

**6. INVESTMENT POLICY**

- 6.1 The investment in the sub-funds of HBL Pension Fund under the HBL Monthly Pension Plan will be in accordance with the Investment Policy prescribed by the SECP as per the Voluntary Pension System Rules, 2005 as amended or substituted from time to time.
- 6.2 The investment in sub-funds of HBL Pension Fund shall be subject to the Trust Deed, Supplementary Trust Deeds, Offering Document and Supplementary Offering Documents of HBL Pension Fund and Rules, Regulations, Circulars, Notices and Directives issued by SECP.

**7. FEES AND CHARGES**

- 7.1 No front end load shall be charged for transfer of accumulated balance from the Individual Pension Account of the investor to the HBL Monthly Pension Plan. Front-end load shall also not be applicable on investor on transferring their balance from any other approved pension fund. There will also be no charges on the withdrawal/ payment of monthly pension.
- 7.2 The Pension Fund Manager shall not be entitled to an additional annual management fee.

**8. DEATH OF AN INVESTOR**

- 8.1 <sup>6</sup>In the unfortunate event of the death of any investor, the legal heir(s) in accordance with succession certificate shall be the only person recognized as having any entitlement to the remaining balance of the deceased investor. The Registrar, Pension Fund Manager or the Trustee shall request the legal heir(s) to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary under the law or under the prevailing circumstances, including disputes that may arise among the legal heir(s) or legal representatives of the deceased investor.
- 8.2 <sup>7</sup>Succession certificate holder(s) of the deceased investor shall be the person(s) recognized as having entitlement to the outstanding balance of the deceased participant.

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<sup>6</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

<sup>7</sup> Inserted through 5th Supplemental Offering Document dated 18th July 2022 & effective dated 1<sup>st</sup> Sep, 2022

**9. ROLE OF TRUSTEE OF HBL PENSION FUND**

- 9.1 The balance of the investors joining HBL Monthly Pension Plan will be invested in the sub funds of HBL Pension Fund and all the assets of the Sub Funds will be under the custody of the Trustee of HBL Pension Fund.
- 9.2 The Trustee of HBL Pension Fund shall ensure that units of the sub funds allotted to the investors joining HBL Monthly Pension Plan are allocated at the prevailing NAV of the respective sub funds at the day end on which the balance of the investor is credited into the bank account of HBL Monthly Pension Plan. In case of existing participants of HBL-PF joining HBL Monthly Pension Plan the units will be issued at the prevailing NAV of the sub funds of the HBL-PF as of the close of the Business Day on which the participant opted for HBL Monthly Pension Plan. Similarly, the Trustee of HBL Pension Fund shall also ensure that for the payment of monthly pension units are redeemed at the prevailing NAV of respective Sub Funds at the close of the last Business Day of each month. However in case of exceptional circumstances the units will be redeemed at the prevailing NAV as of the close of the next Business Day when the exceptional circumstances have ceased to exist.
- 9.3 Since the amounts of the investors joining HBL Monthly Pension Plan will be invested in HBL Pension Fund, the role and duties of the Trustee of the HBL Pension Fund, as mentioned under the relevant clause(s) of the Constitutive Documents of the Fund and as defined under the Voluntary Pension System Rules, 2005, shall also apply to the investors joining HBL Monthly Pension Plan.

**10. SERVICES TO THE INVESTORS:**

***10.1 Availability of the Forms***

All the forms relating to the Income Payment Plan will be available at all the Authorized Branches of all Distribution Companies as well as from the Pension Fund Manager and from its web site i.e. **www.hblasset.com**

***10.2 Register of the Investors***

- i. A Register of the investors shall be maintained by the Pension Fund Manager at its place of business. The Register will contain at least such minimum information as required as per the guidelines of the Commission. Such Register shall also be accessible by the Trustee.
- ii. The Register shall be conclusive evidence as to the HBL Monthly Plan Account balances held by each investor.
- iii. The Register shall be maintained in electronic form and be password protected. The Pension Fund Manager may grant access to all the investors to view their respective account information online or to inspect their record in the Register and request copies thereof on any Dealing Day from 10.00 A.M. to 1.00 P.M., with the prior arrangement with the Pension Fund Manager or the Registrar.

- iv. The investor shall notify, in writing, or in any such form as may be acceptable to the Pension Fund Manager, any change of name or address or any other particular to the relevant Authorized Branch of the Distribution Office, or to the Pension Fund Manager. The Distribution Office will forward such application to Pension Fund Manager, who on being satisfied therewith and on compliance with such formalities shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Account Statement to such investors, subject to fulfillment of formalities evidencing change of name satisfactory to the Registrar.
- v. The investor shall be the only person to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to such Units held in his/her name in each sub-fund of the HBL-PF, and the Trustee, the Pension Fund Manager and the Registrar may recognize the investor as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust except where required by competent authority or a any court of competent jurisdiction.

### ***10.3 Accounts Statement***

The Pension Fund Manager shall send an Account Statement, as at 30th June and 31st December each year, within thirty days thereafter to each investor, confirming the aggregated transactions for that six month period. The investor shall, however, be entitled to receive any information, in respect of his/her Individual Income Payment Account, at any time on written application. The Registrar shall, within 7 working days of receiving a written request from any investor, post (or send by courier or through electronic means) to such investor details of the investor's Individual Income Payment Account being maintained in the Register.

The Pension Fund Manager may also make arrangements to have such details accessible on its website through a personalized PIN code for each Individual Income Payment Account, **with the** approval of the Commission.

### ***10.4 Instructions from the Investors***

All the instructions received from a investor or his/her nominees or survivors with regard to the Individual Income Payment Account held under the HBL Monthly Pension Plan shall be in writing, unless the Pension Fund Manager, with the approval of the Commission and satisfaction of the Trustee, has made other arrangements, as mentioned in this Offering Document or on its website from time to time.

## **11. DISCONTINUATION OF THE HBL MONTHLY PENSION PLAN**

- 11.1 In case of discontinuation of the HBL Monthly Pension Plan, the investor shall have the option to redeem the Units standing to his/her credit in the sub funds of HBL Pension Fund (subject to relevant tax laws) or to transfer the outstanding balance in his/her Individual Income Payment Account to any other Approved Income Payment Plan offered by any other pension fund manager or an Approved Annuity Plan offered by Life Insurance Company or Takaful Company

- 11.2 In case of winding up of the HBL Pension Fund, the units standing to the investor's credit in the Sub Funds of HBL Pension Fund under the HBL Monthly Pension Plan shall be redeemed(subject to the relevant tax laws) or the balance can be transferred to any other Approved Income Payment Plan offered by any other pension fund manager or an Approved Annuity Plan offered by Life Insurance Company or Takaful Company

## **12. VALIDITY OF THE TERMS OF THE HBL MONTHLY PENSION PLAN**

- 12.1 The terms and conditions of the HBL Monthly Pension Plan may vary as per changes in the Income Tax Ordinance and/or due to any directives given by the Securities and Exchange Commission of Pakistan (SECP) from time to time.

## **13. TAXATION**

- 13.1 The information given below is accurate as of the date of the publication of this document. The taxability and tax rates are subject to change from time to time, as may be announced by the Government. The following statements do not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to participate in the HBL Monthly Pension Plan or to subscribe to the Units of the HBL- PF and may not apply equally to all persons. It is recommended that the investors of HBL Monthly Pension Plan should seek professional tax advice regarding their own personal circumstances.
- i. The transfer of any accumulated balance in the investor's Individual Pension Account to HBL Monthly Pension Plan, offered by the Pension Fund Manager shall not be subject to withholding tax (Note: A)
  - ii. On retirement, the participant can withdraw up to fifty percent (50%) of the accumulated amount in his/her pension account tax-free (Note: B)
  - iii. Any lump sum withdrawals in excess of 50% on retirement shall be taxable at the last 3 years' average tax rate of the participant (Note: A)
  - iv. The amount received by an investor under the HBL Monthly Pension Plan, shall be included in the taxable income of the investor (Note: C). The income shall be classified as other income and shall be taxed at his/her respective tax rate for the year as given under Clause 1 of Part 1 of the First Schedule in case of non-salaried tax payer and under Clause 1A of Part I of First Schedule in case of salaried (who receives more than 50% of his/her total taxable income under the head salary) tax payer. The monthly payments received from HBL Monthly Pension Plan shall be exempt from tax provided that accumulated balance is invested for a period of at least 10 years (Note: D).
  - v. If the investor has reached the age of 60 or more on the first day of the tax year and his/her taxable income (other than income on which tax is final), including pension payment from HBL Monthly Pension Plan does not exceed Rs.1,000,000, the tax liability of the investor shall be reduced by 50%. (Note: E)
  - vi. The payment made by Pension Fund Manager under HBL Monthly Pension Plan shall not be subject to any withholding tax.

Notes:

- a. Section 156 B (1) (b) of the Income Tax Ordinance, 2001
- b. Clause 23A of Part I of Second Schedule of the Income Tax Ordinance, 2001
- c. Clause (1) of sub-section (1) of Section 39 of the Income Tax Ordinance, 2001
- d. Clause 23B of Part I of Second Schedule of the Income Tax Ordinance, 2001
- e. Clause 1A of Part III of Second Schedule of the Income Tax Ordinance, 2001

## **14. RISK DISCLAIMER**

14.1 The investments under HBL Monthly Pension Plan will be in the sub funds of HBL Pension Fund. The sub funds of HBL Pension Fund will be investing in equity securities and also in fixed income securities including deposits with approved banks. Such investments are subject to varying degree of risks that include but are not limited to:

- (a) **Business Risk:** This is the uncertainty of income flows caused by the nature of a firm's business. It includes:
  - (i) Change in business cycles affecting the business of the company in which the investment is made;
  - (ii) Change in business circumstances of the company, its business sector, industry and/or the economy in general; and
  - (iii) Mismanagement of the invested company, third party liability through class action or occurrence of other events such as strikes, fraud etc., in the company in which the investment was made.
- (b) **Equity Risk:** Investment in equity securities are subject to price risk, which is dependent on a multiple of factors, including the profitability/ performance of investee companies, technological development, which may render the processes of investee companies obsolete, Government regulations, economic and political situation within the country, region and internationally. As a result of these factors, the dividend income and the share price of equity securities may go up as well as down.
- (c) **Volatility in Market Price Risk:** Volatility in prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the NAV based price of the Unit.
- (d) **Liquidity Risk:** Some securities listed at the Stock Exchanges are illiquid and difficult to sell. Liquidity Risk is the uncertainty introduced by the secondary market for an investment and assesses: 1) How long it takes to convert the investment into cash? 2) How certain is the price to be received? It is effected by:
  - (i) Volatility in shares prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the shares and the liquidity in the market; and;
  - (ii) Increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase of the underlying inflation rate.
- (e) **Credit Risk:** These include default risk, credit spread risk, and down grade risk. These

risks are associated with fixed income securities. Default risk will involve possibility of nonpayment of mark up or principal. Credit spread risk will involve increase in difference of markup rate of an issuer and Government Securities. Such increase is due to macro-economic factors in local as well as global markets. Increase in spread will result in decrease in value of fixed income securities. Down grade risk means lower rating by credit rating agencies and will result in decrease in value of fixed income securities.

- (f) **Financial Leverage Risk:** This is the uncertainty introduced by the method by which the firm finances its investments. If a firm borrows money to finance investments, it must pay fixed financing charges (in the form of interest to creditors) prior to providing income to the common stockholders. It includes:
    - (i) Senior rights of creditors over shareholders of the company in the event of winding up;
    - (ii) The inability of the issuer of the instrument, the relevant financial institution or the counter party in the case of reverse repurchase or other arrangements to fulfill their obligations; and
    - (iii) The possibility of defaults by investors or failure of stock exchanges, the depositories, the settlement or clearing system.
  - (g) **Interest Rate Risk:** This arises due to increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase in the underlying inflation rate. An increase in the interest rates will result in decrease in value of fixed income securities, including Government Securities.
  - (h) **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.
  - (i) **Purchasing Power Risk:** This is the risk of loss in the value of capital due to inflation.
  - (j) **Inflation Risk:** This is the possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of a currency. Inflation causes money to decrease in value at some rate, and does so whether the money is invested or not. It is the risk associated with the return from an investment not covering the loss in purchasing power caused by inflation.
- 14.2 The return of the HBL Monthly Pension Plan may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various markets related factors and trading volumes, settlement periods and transfer procedures.
- 14.3 The liquidity of the HBL Monthly Pension Plan's investments is inherently restricted by the trading volumes in the securities in which the HBL Pension Fund invest.
- 14.4 Investors of the Plan are not offered any guaranteed returns.

14.5 The HBL Pension Fund is subject to being wound up under certain circumstances as explained in the respective Offering Document. In the event of the HBL Pension Fund being wound up, the HBL Monthly Pension Plan shall be discontinued and the Units standing to the credit of the investor shall be redeemed subject to applicable taxes or may be transferred to another income payment plan or annuity.

**14.6 Disclaimer:**

All investments through HBL Monthly Pension Plan are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read the Offering Documents of HBL Pension Fund carefully to understand the investment policies, risks and tax implication and should consult their legal, financial or tax adviser before making any investment decisions.

14.7 The tax information given in this document is based on the Pension Fund Manager's interpretation of the law. However, you are advised to seek independent advice from your tax advisors to determine the tax related issues arising from your investment through HBL Monthly Pension Plan.

**15. LIST OF RELEVANT CONSTITUTIVE DOCUMENTS:**

List of all the relevant constitutive documents governing the HBL Monthly Pension Plan, as referred in paragraph 1.4, is given as under:

Trust Deed of HBL Pension Fund dated \_\_\_\_\_

Offering Document of HBL Pension Fund dated \_\_\_\_\_