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

OFFERING DOCUMENT

MEEZAN CAPITAL PROTECTED FUND - I **(MCPF- I)**

Pakistan's first Islamic Capital Protected Fund

Under Management of



IPO Dates: From May 19, 2008 till May 21, 2008 (both days inclusive)



OFFERING DOCUMENT

OF

MEEZAN CAPITAL PROTECTED FUND (“MCPF-I”)

MANAGED BY

AL MEEZAN INVESTMENT MANAGEMENT LIMITED

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

Date of Publication of Offering Document May 16, 2008

Initial Offering Period: May 19, 2008 to May 21, 2008 during banking hours

The Meezan Capital Protected Fund - I (the Fund/the Scheme/the Trust/MCPF-I) has been established through a Trust Deed entered into between Al Meezan Investment Management Limited (“Al Meezan Investments” or “Management Company”), the Asset Management Company and Central Depository Company of Pakistan Limited (“CDC”), the Trustee and is registered under the Non-Banking Finance Companies and Notified Entities Regulations 2007

PART I: REGULATORY APPROVAL AND CONSENT

1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan (“SECP” or “Commission”) has, vide its letter No. NBFC-II/AD-III/AMIML/186/2008 dated March 17, 2008, registered an open-ended scheme, under the name, “Meezan Capital Protected Fund - I”, under Regulation 61 of the Regulations. The Commission has approved this Offering Document, vide letter No. NBFC-II/AD/AMIML/365 dated May 16, 2008.

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

1.2 OFFERING DOCUMENT

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

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



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

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

1.3 DEFINITIONS

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

1.4 FILING OF THE OFFERING DOCUMENT

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

- Trust Deed, dated February 25, 2008, executed between Al Meezan Investments and the CDC, appointing the CDC as Trustee to the Fund;
- SECP's License No. NBFC-II/21/AMIML/AMS/13 dated April 28, 2008 licensing Al Meezan Investments as an Asset Management Company
- SECP letter No. NBFC-II/AD-III/AMIML/186/2008 dated March 17, 2008 registering MCPF-I;
- SECP letter No. NBFC-II/AD/AMIML/99/2008 dated February 22, 2008, approving the appointment of CDC as the Trustee of MCPF-I;
- Letter from A.F. Ferguson & Co Chartered Accountants, Auditors of MCPF-I, consenting to the issue of statements and reports;
- The SECP's letter No. NBFC-II/AD/AMIML/365 dated May 16, 2008 approving this Offering Document.



PART II: CONSTITUTION OF THE SCHEME

Meezan Capital Protected Fund - I is constituted by a Trust Deed entered into at Karachi on February 25, 2008 between:

(1) **Al Meezan Investment Management Limited** (“Al Meezan Investments” or “Management Company”), an unlisted public limited company incorporated under the Companies Ordinance, 1984 having its Registered Office at Ground Floor, Block B, Finance and Trade Centre (FTC) Shahrah-e-Faisal Karachi, of the One Part; and

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

2.1 TRUST DEED

The Trust Deed is subject to and governed by the laws of Pakistan, including the Ordinance, the Rules and the Regulations and all other applicable laws and regulations and shall be deemed for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules and the Regulations as a part and parcel hereof, and in the event of any conflict between the Deed and the provisions required to be contained in a trust deed by the Rules and the Regulations, the latter shall supersede and prevail over the provisions contained in the Deed. In the event of any conflict between the Offering Document and the Trust Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency.

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

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

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

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



2.2 DURATION

The duration of MCPF-I is 3 years and 6 weeks from the first day of Initial Public Offering. MCPF-I shall stand automatically dissolved after the said period of 3 years and 6 weeks. However it can be wound up earlier by SECP or by the Management Company on the occurrence of certain events as stated in Part XIII of this Offering Document under the heading "Termination of Trust".

2.3 OPEN-END FUND

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

2.4 UNITS

2.4.1 All Units and fractions thereof represent an undivided share in the Fund and rank *pari passu* as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in Fund, proportionate to the Units held by such Unit Holder.

2.4.2 The Management Company may issue any of the following classes of Units:

- (a) Class A Units that shall be Capital Protected Units which may be charged with a Front-end Load, if any and also subject to Back-end Load if any as detailed in Annexure A in case of redemption before the Minimum Period as detailed in Annexure A
- (b) Class B Units that shall be Capital Protected Units which may be charged with a Front-end Load that is less than Class A Units and also subject to Back-end Load, as detailed in Annexure A in case of redemption before the Minimum Period. Class B Units will be offered for subscription if and when Fund is reopened for subscription as detailed out in Clause 3.2.4 of this Offering Document.
- (c) Class C Units are the Bonus Units that may be issued to the Unit Holders in case of stock dividend announced from time to time; such units shall not have any capital protection and will also be subject to Back-end Load as detailed in Annexure A in case of redemption before the Minimum Period.

2.4.3 Irrespective of the different classes of Units as set out in this Clause, all Units issued from time to time shall rank *pari passu* inter se and shall have such rights as are set out in the Deed and this Offering Document, subject to the capital protection related characteristics mentioned in clause 2.4.2 above.

2.4.4 Core Units subscribed by the Core Investors shall be offered and issued at the Par Value. Rupees Fifty Million from that shall not be redeemable for a period of two



years from the date of issue. However, for capital protection to hold Minimum Period requirement would apply for these Core Investors and a Back-end Load as per the Offering Document would be applicable in case of early redemption. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Account Statement, Certificates or transfer instrument issued in respect of such Units.

- 2.4.5 Units offered and issued during the Initial Period of Offer shall be issued at par plus 3% front end load. The offer and issue of Units during the Initial Period of Offer shall remain open during the period specified in the Offering Document.
- 2.4.6 After the Initial Offer, the Offer Price shall be determined from time to time pursuant to Clause 15.1 of the Deed.
- 2.4.7 The Management Company may at any time with the approval of the Trustee and the Commission on giving not less than twenty-one days notice in writing to each Unit Holder subdivide or consolidate the whole or any part of the Units and the Unit Holder shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates have been issued, (who shall be bound accordingly) deliver up his Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such sub-division or consolidation. Such information shall be published in at least two daily newspapers having wide circulation in the country.

2.5 INITIAL PUBLIC OFFERING

The Initial Public Offering is for Type “A” Units. The Initial Public Offering shall start from commencement of banking hours on May 19, 2008 up to close of banking hours on May 21, 2008. Units with a value of Rs. 250 million (Rupees Two Hundred and Fifty million only) have been subscribed by the Core Investors. Please see Clause 4.5 for details of Core Investors. During the Initial Period, Units shall be offered at the Initial Price of Rs. 50/- plus Front-end Load of 3%. No Units will be redeemable during the Initial Period of Offer.

2.6 TRANSACTIONS IN UNITS AFTER THE INITIAL PUBLIC OFFER

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

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

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



PART III: INVESTMENT OBJECTIVE, INVESTMENT POLICY AND INVESTMENT RESTRICTIONS

3.1 Investment Objective

- 3.1.1 MCPF-I is a capital protected fund and has an objective to pay investors, with certain conditions, their Principal Investment plus Front End Sales Load paid by the Unit Holder over the term of its life in form of dividend or return of capital on its termination in a Shariah compliant manner.
- 3.1.2 The capital protection will be secured by placing assets of the Fund in a Murabaha placement with a Scheduled Islamic Bank having at least 'A' rating at the time of placement. This investment will be made through the Capital Protection Segment of the Fund. The Management Company will allocate an appropriate amount to the Capital Protection Segment depending upon the returns available.
- 3.1.3 The remaining assets of the Fund will be allocated to the Investment Segment and may be invested in high risk assets that have the potential to give a high return to investors.
- 3.1.4 The Management Company will allocate 76.97% of the initial fund size for Capital Protection Segment. Capital Protection Segment will be placed with Meezan Bank Limited under a Murabaha Structure. The Murabaha structure will ensure that these funds grow to become at least 100% of the total initial investment at the time of maturity.

3.2 Capital Protection

- 3.2.1 Capital protection is provided through the investment structure of the Fund as detailed in the Offering Document and not through an undertaking or guarantee by the Management Company or the Trustee;
- 3.2.2 Capital protection means that the Net Realizable Value of investment at the maturity of the Fund should not fall below the Principal Investment plus Front End Sales Load paid by the Unit Holder subject to clause 3.2.1 and if the investment is held for a minimum period as per the contractual terms laid down in the Offering Document.
- 3.2.3 Capital protection will not be valid if Units of the Fund are redeemed before the minimum period and a back end load may be charged as per details in clause 15.3 of the Trust Deed.
- 3.2.4 The Fund shall be closed from time to time and re-opened as and when determined by the Board of Directors of the Management Company, with prior approval of the Commission under intimation to the Trustee and by providing notice to investors in order to protect the interests of the Unit Holders of the Fund. The Management Company shall comply with the terms of approval specified by the Commission, to protect the interest of Unit Holders.
- 3.2.5 The capital of the Fund is protected only in terms of the base currency i.e. the Pakistani Rupee. In addition, the capital protection is only valid in terms of the current tax and legal environment of Pakistan and is subject to force majeure factors such as bankruptcy of an investment grade rated institution.

3.3 General Investment Policy



- 3.3.1 After the registration of the Trust Deed of the Scheme, the Trustee may on the recommendation of the Management Company enter into contracts with relevant parties to purchase/enter into Murabaha placements or such investments for the Capital Protection Segment so as to fulfill the requirements of clause 3.2 above.
- 3.3.2 All Investments of the Fund would be as per the guidelines of the Shariah Advisor of the Fund.
- 3.3.3 The Management Company may invest the Fund Property in Authorized Investments as per the Investment Policy described in clauses 3.4 and 3.5 below

3.4 Investment Policy for Capital Protection Segment

- 3.4.1 For the purpose of Capital Protection, the assets of the Fund may be placed in a Murabaha placement with a Scheduled Islamic Bank having at least ‘A’ rating such that it fulfills the requirement of capital protection as outlined in the Trust Deed and the Offering Document.
- 3.4.2 In case of maturity of Murabaha placement prior to the termination of the Fund, the Capital Protection Segment may again be placed in similar Murabaha structures or in bank accounts of Scheduled Islamic Banks or Islamic windows of Scheduled Commercial Banks only if such placement will, in the opinion of the Management Company, maintain the capital protection of the Fund.
- 3.4.3 In case the rating of the financial institution with which Murabaha placement has been made is reduced from investment grade or institution is placed on watch list, Management Company may at that time realize the investment at its discretion but only to reasonably protect the interest of the Unit Holders.
- 3.4.4 If the investments in a Capital Protection Segment are realized on a date close to but before the termination of the Fund, the funds so realized will be invested in short term instruments such as a bank account with a Scheduled Islamic Banks or Islamic windows of Scheduled Commercial Banks having minimum “A” grade rating.

3.5 Investment Policy of Investment Segment

- 3.5.1 Investment Segment will generally invest in high return/high risk Shariah Compliant investments with an objective of providing Unit Holders a higher return than the minimum protection provided by the Capital Protection Segment.
- 3.5.2 Investment avenues shall include fixed, floating, and hybrid investment instruments. The Fund would invest in the following instruments:
 - (a) Shares of companies listed on the stock exchanges or for whose listing an application has been filed in the stock exchanges.
 - (b) Certificates of Investment based on Shariah compliant structures
 - (c) Bank Deposits in licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks
 - (d) Placement of funds under Mudar abah, Murabaha and Musharikhah arrangements
 - (e) Placement of funds under Istisna‘ and Ijarah arrangements
 - (f) Spread Transactions as approved by the Shariah Advisor
 - (g) Secured and listed Shariah compliant securities including sukuks issued by Federal Government, Provincial Government, Local Government and Government Agencies



- (h) Secured and unlisted Shariah compliant securities including sukuk issued by Federal Government, Provincial Government, Local Government and Government Agencies
- (i) Secured and listed Shariah compliant securities including sukuk issued by public sector entities
- (j) Secured and unlisted Shariah compliant securities including sukuk issued by public sector entities
- (k) Secured and listed Shariah compliant securities including sukuk issued by private sector entities and/ or financial institutions.
- (l) Secured and unlisted Shariah compliant securities including sukuk issued by private sector entities and/ or financial institutions.
- (m) Unsecured and listed Shariah compliant securities including sukuk issued by Federal Government, Provincial Government, Local Government and Government Agencies
- (n) Unsecured and unlisted Shariah compliant securities including sukuk issued by Federal Government, Provincial Government, Local Government and Government Agencies
- (o) Unsecured and listed Shariah compliant securities including sukuk issued by public sector entities
- (p) Unsecured and unlisted Shariah compliant securities including sukuk issued by public sector entities
- (q) Unsecured and listed Shariah compliant securities including sukuk issued by private sector entities and/ or financial institutions.
- (r) Unsecured and unlisted Shariah compliant securities including sukuk issued by private sector entities and/ or financial institutions.
- (s) Any other Shariah compliant instrument that may be allowed by the Commission from time to time and is as per the guidelines of the Fund's Shariah Advisor.
- (t) International investments in instruments based on the structures mentioned in sub clauses (a) to (i) subject to the conditions laid down by the State Bank of Pakistan from time to time for such investments and with prior approval of the Commission

3.6 Investment Restrictions

- 3.6.1 The Management Company in managing the Fund shall abide by all the provisions of the Trust Deed, Rules and Regulations.
- 3.6.2 The Fund Property shall be subject to such exposure limits as are provided in the Trust Deed, the Rules and the Regulations (subject to any exemptions that may be specifically given to the Fund by the Commission). In the event, the exposure limits exceeds due to the relative movement in the market prices of the investments or any corporate actions (including bonus shares or right shares) or through any disinvestment or decrease in Net Assets of the Scheme due to redemptions, the Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.
- 3.6.3 If and so long as the value of the holding in a particular security shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such security. However this restriction on purchase shall not apply to any offer of right shares or any other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Fund.
- 3.6.4 The Fund will not at any time:
 - (a) Effect a short sale in a security whether listed or unlisted;
 - (b) Purchase any security in a forward contract;



- (c) Purchase any security on margin;
- (d) Apply any part of its asset to real estate, commodities or commodity contracts;
- (e) Acquire any security of which another asset management company managing a collective investment scheme is the issuer;
- (f) Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- (g) Invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively;
- (h) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (i) Borrow except with the approval of the Trustee for meeting redemption request and such borrowing shall not exceed fifteen per cent of the total net asset value of the Fund at the time of borrowing and shall be repayable within a period of ninety days.

3.7 Exemptions to Investment Restrictions

- 3.7.1 The Management Company subject to the approval of the Commission may invest the Capital Protection Segment in a single security or instrument that is sufficient to fulfill the capital protection provided in the Offering Document.
- 3.7.2 The Management Company subject to the approval of the Commission may invest the Investment Segment in a single security or instrument internationally. This investment would be further subject to the conditions laid down by the State Bank of Pakistan for such investments.

3.8 TRANSACTION WITH CONNECTED PERSONS

- 3.8.1 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent (5%) of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent (10%) of those securities collectively.
- 3.8.2 The Fund shall not without the prior approval of the Commission in writing, purchase from, or sell to, any connected person or employee of the Management Company or another collective investment scheme managed by the Management Company or a person who beneficially owns ten per cent or more of the equity securities of the Fund or the Management Company.

Provided however, the above clause would not be applicable to transactions related to Murabaha placement with the Scheduled Islamic Bank for the purpose of capital protection as mentioned in clause 3.4. The Commission vide its letter no NBFC-II/AD/AMIML/98/2008, dated February 22, 2008 has granted an exemption for such transaction.

- 3.8.3 For the purpose of Clause 3.8.2 above, the terms director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 3.8.4 Cash forming part of the property of the Scheme shall be placed as deposits with the Trustee or an institution licensed to accept deposits.



- 3.8.5 Money shall be borrowed from the Financial Institutions provided that the charges are not higher than the normal bank charges.
- 3.8.6 Subject to the Regulations, any transaction between the Trust and the Management Company or any of their respective Connected Persons (as defined in Regulations) as principal shall only be made with the prior written consent of the Trustee.

3.9 RISKS

Investment process requires disciplined risk management. Al Meezan Investments would incorporate adequate safeguards for controlling risks in the portfolio construction process of MCPF-I. The risk control process involves reducing risks through optimal portfolio diversification. Al Meezan Investments believes that this diversification would help achieve the desired level of consistency in returns.

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

Performance Risk

Performance risk is the uncertainty relating to the performance of the fund with respect to its ability to earn a return over an above Initial Investment as outlined in its investment objective. The NAV of the fund might go down.

Mitigant:

Al Meezan Investments presently has four mutual funds and a voluntary pension scheme under its management. All four funds and the voluntary pension scheme have performed reasonably well when compared to their relevant benchmarks (performance of these funds is outlined in Part IV of this Offering Document). The performance of these funds is an evidence of the fund management and risk management abilities of Al Meezan Investments' team.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.

Credit Risk

Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the Shariah compliant income and money market instruments including Sukuks etc:

- **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;



- **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of Shariah Compliant income and including money market instruments;

Capital Protection Risk:

If the investment in the Fund is not held to maturity, there is no capital protection. At maturity, the Capital Protection Level is 100% of the initial capital invested, through the investment structure

Events Risk:

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

Interest Rate Risk:

A rise in interest rates during the investment term may result in a reduced return in terms of opportunity cost.

Other Risks:

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

3.10 DISCLAIMER

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

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



PART IV- ORGANIZATION AND MANAGEMENT

4.1 MANAGEMENT COMPANY

Al Meezan Investment Management Limited (“Al Meezan Investments”) is an Investment Advisory and Asset Management Company licensed under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003. Al Meezan Investments was formed in 1995 and has a track record of over a decade of managing mutual funds.

Al Meezan Investments is the only Investment Advisory and Asset Management Company of Pakistan with a mandate to providing Shariah Compliant investment solutions. Keeping up with expectations Al Meezan Investments has been able to successfully launch and manage 4 mutual funds i.e. Al Meezan Mutual Fund (AMMF), Meezan Islamic Fund (MIF), Meezan Balanced Fund (MBF) and Meezan Islamic Income Fund (MIIF) along with a Pension Fund Meezan Tahaffuz Pension Fund (MTPF) under the Voluntary Pension Scheme Rules 2005. All these funds are among the best performing funds in their respective categories

Al Meezan Investments has been assigned Management Quality Rating of AM2 by JCR (VIS) Credit Rating Agency which is currently one of the highest management quality rating assigned to any asset management company in Pakistan.

4.1.1 SHAREHOLDING STRUCTURE

The current shareholding structure of Al Meezan Investments is as follows:

| Shareholding of Al Meezan Investments | % Shareholding | Paid up capital (Rs mn) |
|--|-----------------------|--------------------------------|
| Meezan Bank Limited | 65% | 276.25 |
| Pakistan Kuwait Investment Company | 30% | 127.5 |
| Employees | 5% | 21.25 |
| Total | 100% | 425.00 |

Al Meezan Investments enjoys a strong backing from its group companies i.e. Meezan Bank Limited, premier Islamic bank of Pakistan, and Pakistan Kuwait Investment Company (Pvt) Limited, the largest and the highest capitalized DFI of Pakistan.

4.1.1.1 MEEZAN BANK LIMITED

Meezan Bank Limited (MBL) is a publicly listed company, incorporated on January 27, 1997. It started operations as an investment bank in August of the same year. In January, 2002 in an historic initiative, MBL was granted the nation's first full-fledged commercial banking license dedicated to Islamic Banking, by the State Bank of Pakistan.



MBL stands today at a noteworthy point along the evolution of Islamic Banking in Pakistan. The banking sector is showing a significant paradigm shift away from traditional means of business and is catering to an increasingly astute and demanding financial consumer who is also becoming keenly aware of Islamic Banking. MBL bears the critical responsibility of leading the way forward in establishing a stable and dynamic Islamic Banking system replete with dynamic and cutting-edge products and services.

The Bank has made fundamental and significant progress forward, and in doing so has established a strong and credible management team comprised of experienced professionals. Bank has achieved a strong balance sheet with excellent operating profitability. Furthermore, the Bank has built a strong information technology and customer knowledge-based focus that continues to use state of the art technology and systems.

The Bank's Corporate and Investment Banking business unit is geared towards nurturing and developing a long-term relationship with clients by understanding their unique financing requirements and providing Shariah compliant financing solutions across the horizon of corporate banking and structured finance.

The Bank is also implementing robust and aggressive strategic and tactical initiatives on the consumer banking side. The Bank has a rapidly growing branch network across all major cities nation-wide. Providing the customers accessibility and convenience is a prime target, within an atmosphere and culture of dedicated service and recognition of their needs.

Financial Highlights

(PKR Millions)

| | FY 07 | FY06 | FY05 | FY04 | FY03 | FY02 | FY01 |
|---------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Paid-up Capital | 3,780 | 3,780 | 2,036 | 1,346 | 1,064 | 1,001 | 901 |
| Equity | 5,706 | 4,763 | 3,025 | 2,098 | 1,748 | 1,586 | 1,203 |
| Total Assets | 67,179 | 46,439 | 30,676 | 19,697 | 11,102 | 6,971 | 2,053 |
| Financings | 34,576 | 27,031 | 19,741 | 12,340 | 7,397 | 3,532 | 865 |
| Deposits | 54,582 | 34,449 | 22,769 | 13,770 | 7,757 | 5,079 | 637 |
| Profit / (Loss) after Tax | 964 | 604 | 419 | 224 | 214 | 223 | (54) |
| Earnings per Share (PKR) | 2.55 | 1.88 | 1.46 | 1.67 | 1.59 | 2.10 | (0.58) |

4.1.1.2 PAKISTAN KUWAIT INVESTMENT COMPANY (PVT.) LIMITED

Pakistan Kuwait Investment Company (Private) Limited (PKIC), a leading Financial Institution engaged in investment and development banking activities, is a joint venture between Governments of Pakistan and Kuwait. It is a progressive organization that provides attractive return on investment to its shareholders. The strength of the company lies in its strong business relationships within Pakistan and Gulf region.

PKIC sponsored Al Meezan Investment Bank Ltd. in 1997 to conduct investment banking on the basis of Shariah. In 2002 it received license to establish Meezan Bank Ltd; first



scheduled Islamic Commercial Bank of Pakistan. PKIC also played the lead role in establishing Al Meezan Investment Management Limited, which has floated four funds and a voluntary pension scheme; Al Meezan Mutual Fund Limited, Meezan Islamic Fund Meezan Balanced Fund, Meezan Islamic Income Fund and Meezan Tahaffuz Pension Fund. PKIC has launched the first ever Islamic General Insurance Company in Pakistan which has been set up in collaboration with leading Takaful and financial institutions of Malaysia, Saudi Arabia, Kuwait, Sri Lanka and Pakistan in the name of Pak Kuwait Takaful Company Limited. The driving force behind Pak Kuwait's success has been its organizational structure and professional excellence of management. The Government of Pakistan and the Government of Kuwait has provided its full support to the Company since its inception, which is a source of strength for the management to operate the company professionally on sound grounds.

Financial Highlights

(PKR Millions)

| | FY07* | FY06 | FY05 | FY04 | FY03 | FY02 | FY01 |
|-----------------------|--------|--------|-------|--------|--------|--------|--------|
| Paid-in-capital | 6,000 | 6,000 | 2,000 | 1,500 | 1,500 | 1,150 | 1,150 |
| Reserves | 5,712 | 4,784 | 8542 | 7,459 | 6,295 | 2,932 | 2,819 |
| Total Equity | 14,200 | 13,293 | 12975 | 10,730 | 9,318 | 7,132 | 4,082 |
| Total Assets | 25,765 | 30,322 | 25747 | 19,508 | 16,554 | 14,136 | 10,787 |
| Operating Profit | 1,030 | 1,627 | 2112 | 1,670 | 3,019 | 1,504 | 984 |
| Net Profit | 860 | 1,236 | 1897 | 1,585 | 2,830 | 2,127 | 314 |
| Total Dividends | - | 200 | - | 920 | 580 | 1,015 | 200 |
| Return on Equity (%) | 6 | 9 | 15 | 15 | 32 | 21 | 8 |
| Return on Capital (%) | 14 | 21 | 95 | 106 | 189 | 185 | 27 |

* Half Yearly Figures

Financial year for PKIC ends on December 31.



4.1.2 BOARD OF DIRECTORS AND MANAGEMENT

4.1.2.1 BOARD OF DIRECTORS

| NAME, ADDRESS AND OCCUPATION | PARTICULARS OF DIRECTORSHIP IN OTHER COMPANIES |
|--|--|
| Ariful Islam - Chairman Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi | Meezan Bank Limited Al Meezan Mutual Fund Limited Plexus (Pvt) Limited Fayzan Manufacturing Modaraba Faysal Management Services (Pvt) Limited Karachi Electric Supply Corporation |
| Mohammad Shoaib, CFA - Chief Executive Al Meezan Investment Management Limited Ground Floor, Block "B" FTC Building, Shahrah-e-Faisal, Karachi | Al Meezan Mutual Fund Limited CFA Association of Pakistan MOVE Mutual Fund Association of Pakistan |
| Ali Ansari (subject to SECP approval) Chief Executive Officer Dewan Drilling Limited Suite 12 B, Level 12, Executive Tower Dolmen City, Marine Drive, Clifton Karachi | Dewan Drilling Limited Colliers International Pakistan (Pvt) Limited The Karachi Stock Exchange (Guarantee) Limited National Clearing Company of Pakistan Limited |
| Rizwan Ata (subject to SECP approval) Regional Manager Central Meezan Bank Limited 60-Main Boulevard, Gulberg Lahore | Falcon Greenwood (Pvt) Limited Blue Water (Pvt) Limited |
| Tasnim -ul-Haq Farooqui - Senior Vice President Pak Kuwait Investment Company 4 th Floor, Block "C" FTC Building, Shahrah-e-Faisal, Karachi | Pak Kuwait Family Takaful Limited General Tyre and Rubber Company Limited Falcon Greenwood (Pvt) Limited |
| Syed Owais Wasti – CFO & Company Secretary Al Meezan Investment Management Limited Ground Floor, Block "B" FTC Building, Shahrah-e-Faisal, Karachi | Al Meezan Mutual Fund Limited |
| Mazhar Sharif - Senior Vice President Pak Kuwait Investment Company 4 th Floor, Block "C" FTC Building, Shahrah-e-Faisal, Karachi | None |

4.1.2.2 PARTICULARS OF DIRECTORS

ARIFUL ISLAM - CHAIRMAN

Mr. Ariful Islam is the Chief Operating Officer at Meezan Bank Limited. He is a Chartered Accountant from the Institute of Chartered Accountants of England and Wales. He is also a fellow member of the Institute of Chartered Accountants of Pakistan. Mr. Arif has held very senior positions prior to joining MBL. Previously he has served as Executive Vice President and Head of Southern Region, Faysal Bank and Senior Executive Vice President - Head of



Investment Banking Group, Muslim Commercial Bank. Before returning to Pakistan in 1985 he worked in the London office of KPMG where he had worked on special banking sector assignments. He was involved with the setting up of the first private sector open end fund in Pakistan and carries with him valuable asset management experience.

MOHAMMAD SHOAB , CFA - CHIEF EXECUTIVE

The management team of Al Meezan Investments is headed by Chief Executive Officer, Mr. Mohammad Shoaib. He has been associated with the company since its inception. He brings to this position extensive experience in fund management business in Pakistan and has an overall experience of 18 years in capital markets of the country.

Mr. Shoaib also has the distinction of being a CFA charter holder from CFA Institute of USA. Chartered Financial Analyst (CFA) charter is internationally recognized for high standards of professionalism in investment management and business ethics. He is the founder and first President of CFA Association of Pakistan (formerly Pakistan Society of Investment Professionals), which is the representative body of CFA charter holders in Pakistan. CFA Association of Pakistan is one of the 132 members of CFA Institute. He has also served as a member of the Asia Pacific Advocacy Committee of CFA Institute, which comprises of members of CFA Institute member societies and chapters across Asia Pacific Region. The Committee was responsible to review and respond to major new regulatory, legislative, and other developments in the Asia Pacific Region. He was also a member of the Global Corporate Governance Task Force of CFA Institute which was responsible of developing international standards of corporate governance.

Prior to joining Al Meezan Investments, Mr. Shoaib was Senior Vice President and Head of Department for Capital Markets Division at PKIC. He joined PKIC in 1990 as Deputy Manager and was instrumental in expanding PKIC equity portfolio from PKR 60 million to over PKR 3,000 million when he was deputed to Al Meezan Investments in 1995.

He completed his MBA from Institute of Business Administration, Karachi. He later completed his Diploma in Banking from Institute of Bankers in Pakistan securing overall second position.

Mr. Shoaib has also served as a non-member nominee director of SECP on the Board of Karachi Stock Exchange for the year 2002. He has also attended various courses, seminars and workshops on investment management in Asia, Australia, Europe and North America.

ALI ANSARI (Subject to approval of SECP)

Mr. Ali Ansari is the CEO of Dewan Drilling, Pakistan first Oil and Gas drilling company. He is also a director of Colliers International Pakistan, The Karachi Stock Exchange and Chairman of National Clearing Company of Pakistan.

He was formerly, the CEO of AKD Securities and has a number of firsts to his name in Pakistan, including the first venture capital incubator and fund, the first large domestic M&A deal, the first online trading service and the first securitization and distressed debt transactions. Ali has also been considerably involved in the securities market reform process and has served on a number of SEC committees. He has also served as a member of the PTCL R&D Fund.

Prior to joining AKD, Mr. Ansari was based in London with Credit Lyonnais Securities (CLS) as Chief Operating Officer (Emerging Europe, Middle East & Africa – EEMEA). He joined CLSA as Chief Executive Officer – CLSA Pakistan. Mr. Ansari started his career as an Investment Manager at Worldinvest / Bank of America in London.

As part of promoting entrepreneurship, Ali is a charter member of the Indus Entrepreneurs (TiE) and is President of its Karachi Chapter.

Mr. Ansari earned BA (Hons.), Business Administration & Economics majoring in Finance, from Richmond College (London, England) in 1985 and received Investment Management Program Certification from London Business School in 1988. His secondary schooling was at Seaford College (Petworth, England) and Karachi Grammar School (Karachi, Pakistan)



TASNIM-UL-HAQ FAROOQUI

Mr. Tasnim -ul-Haq Farooqui is working in Pak Kuwait Investment Company as Senior Vice President heading Law and Credit Administration Department and he has been the in charge of the legal department since inception of the company. He was also an active member in establishment of Al Meezan Mutual Fund. He was a nominee director and founder Company Secretary of Al Meezan Mutual Fund and Al Meezan Investment Management. He was also founder Company Secretary of Meezan Bank Limited. He has also been on the board of Pak Kuwait Takaful Company, a Modaraba and a Venture Capital Fund. Mr. Tasnim holds L.L.M. degree from Karachi University. He is a fellow member of Institute of Corporate Secretaries of Pakistan. He also holds Diploma in Banking from Institute of Bankers Pakistan.

SYED OWAIS WASTI

Mr. Owais is an associate member of Institute of Cost & Management Accountants of Pakistan (ICMA). Prior to joining Al Meezan Investments, Mr. Wasti was serving at JS Abamco Limited as Head of Operations & Company Secretary. He also worked with Jahangir Siddiqui & Co. Limited in Equity Operations. At Al Meezan Investments he heads the Accounts & Operations Department and is also its Company Secretary. Owais supervises the preparation of general accounts and other periodical reports of Al Meezan Investments and all the funds under its management.

RIZWAN ATA (Subject to approval of SECP)

Mr. Rizwan Ata is Regional Manager Central, Meezan Bank Limited. He is also the director of Falcon Greenwood (pvt) Limited and Blue Water (pvt) Limited. Formerly he was associated with Emirates Bank International. Mr. Ata completed his MBA from Clayton University St.Masorri USA (London Campus) in 1987, prior to which he completed his BA from Punjab University in 1985. He is currently pursuing an executive MBA from LUMS.

MAZHARSHARIF

Mr. Mazhar Sharif is an Associate Member of the Institute of Chartered Accountants of Pakistan. Currently he is associated with Pak Kuwait Investment Company as Senior Vice President – Accounts. He has also worked with A.F. Ferguson & Company in the Audit section where he worked with major clients like Faysal Bank Limited, Soneri bank Limited, Pakistan Petroleum Limited, Pak Suzuki Motor Company and Bank of Khyber. He is also a Trustee of the Pak Kuwait’s Gratuity and Provident Funds.

4.1.2.3 PARTICULARS OF MANAGEMENT

MOHAMMAD SHOAB , CFA – CHIEF EXECUTIVE

Please see background as explained above in particulars of Directors.

MUHAMMAD ASAD – CHIEF INVESTMENT OFFICER

Mr. Asad is primarily responsible for active asset allocation and investment strategy for the funds managed by Al Meezan Investments. He has more than 10 years of work experience in the financial sector working with leading local and multinational companies like State Life Insurance Corporation of Pakistan, Metropolitan Bank Limited, ANZ Grindlays Bank, and A.F. Ferguson & Company. He plays a critical role in the execution of the company’s investment strategy. Mr. Asad is required to use his expertise in management of mutual



funds managed by Al Meezan Investments, which essentially requires continuous monitoring of investments.

Mr. Asad is an MBA in Finance & Banking from IBA. He is also a Fellow of Life Management, Life Insurance (FLMI). He is currently pursuing the Chartered Financial Analyst Program and is a candidate for CFA Level II. He has also been a visiting faculty member at IBA and Bahria University.

Mr. Asad is serving as a nominee director on the board of Al Meezan Mutual Fund Limited. He is also a trustee of Al Meezan Investments' Provident Fund and Gratuity Fund. He is also an active member of Investment Committee.

ZAHERRUDDIN KHALID, CFA – HEAD OF RESEARCH & PRODUCT DEVELOPMENT

Mr. Zaheer heads the Research & Product Development Department at Al Meezan Investments. He has 6 years of experience in equity research and business development with over 2 years as head of research. Over the years he has been associated with First Capital Equities, AKD Securities and Elixir Securities analyzing and marketing Pakistani equities to local and foreign institutional clients. His areas of expertise had been market strategy, banking and fertilizer sectors. Alongside his equity research initiative, Mr. Zaheer worked as the head of valuation teams of Elixir on the IPO's of PPL and NBP and buy side advisory of HBL.

During the last two years, Mr. Zaheer has been involved in the asset management business. He was associated with First Capital Investments as Director Business Development where he was part of the team that revived the operations of the company's closed end fund and also successfully launched investment advisory services targeting institutional clients. In his last assignment prior to joining Al Meezan Investments he was involved in preparation of a business plan and feasibility study of asset management business for a large business group of Pakistan.

Mr. Zaheer holds an MBA degree from Institute of Business Administration, Karachi. He is also a CFA Charter holder and is currently serving as the Public Awareness Chair of CFA Association of Pakistan.

SYED OWAIS WASTI – CFO & COMPANY SECRETARY

Please see background as explained above in particulars of Directors.

SYED KHURRAM ALI NAQVI – HEAD OF INFORMATION TECHNOLOGY

Mr. Khurram holds a Masters Degree in Statistics and has internationally recognized certifications like CISA and MCSE. He has eight years' experience of working in the financial sector at Systems Administration and Management levels. His last assignment was at PICIC as IT Auditor and he has also been associated with Meezan Bank and Pak Kuwait Investment Company in the past.

At Al Meezan Investments he is responsible for overall management of IT department; he is also responsible for alignment of IT strategy with business direction, providing security architecture to maintain integrity of Al Meezan Investments' data, and responsible for designing of systems of internal control that provide reasonable assurance that any undesired event will be prevented or detected and corrected in a timely manner.

4.1.3 FUNDS UNDER MANAGEMENT OF AL MEEZAN INVESTMENTS

Al Meezan Investment Management Limited (Al Meezan Investments) is present in the capital markets of the country for last twelve years since the launch of Al Meezan Mutual Fund Limited (AMMF). Assets under management of Al Meezan



Investments have grown from PKR 275 million in 1996 to PKR 15,086 million as on December 31, 2007. Performance of all these funds is given below:

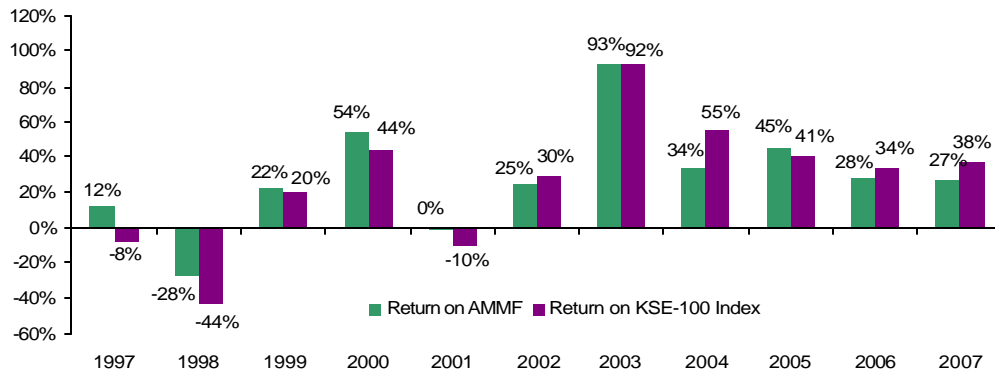
Al Meezan Mutual Fund (AMMF)

- AMMF is the first mutual fund that was launched from the platform of Al Meezan Investments. It is a closed end equity fund.
- It was launched in May 1996 with a paid up capital of PKR 250 million. Currently paid up capital of AMMF stands at PKR 1,375 million as on March 31, 2008
- Currently net assets of AMMF stand around PKR 2,212 million as of March 31, 2008
- AMMF is one of the best performing private sector closed-end funds. Launched in May 1996, AMMF has provided 842% cumulative return to its investors as on June 30, 2007 since inception which compares favorably with return of 708% on KSE-100 index during the same period.
- Over a five year horizon A MMF provided 48.4% return to its investors.
- In last three years return on AMMF was 45%.
- AMMF has provided 27.55% average annual return to its investors as compared to 21.62% average annual return provided by KSE-100 index.
- AMMF has a history of regular payouts. Since inception AMMF has paid PKR 1,137.94 million in dividends till June 30, 2007.

Following table and chart summarize the performance of A MMF since FY02.

| | FY08* | FY07 | FY06 | FY05 | FY04 | FY03 | FY02 |
|---------------------------------------|---------|--------|--------|--------|--------|--------|--------|
| Investment Income (PKR Million) | 329.432 | 277.60 | 567.42 | 380.87 | 274.15 | 151.93 | 51.049 |
| Profit / (Loss) (PKR Million) | 291.42 | 546.76 | 440.20 | 430.49 | 261.20 | 194.98 | 43.75 |
| Earnings Per Share (PKR) | 2.12 | 4.57 | 3.68 | 4.33 | 2.80 | 4.21 | 1.75 |
| Net Assets (PKR Million) | 2,212 | 2,233 | 2,029 | 1,671 | 1,205 | 466 | 267 |
| Total Return on AMMF (%) | 15.26 | 26.99 | 28.37 | 45.43 | 34.33 | 93.16 | 24.80 |
| Cash Dividend (%) | - | 25.00 | 30.00 | 17.50 | 10.00 | 20.00 | 16.00 |
| Stock Dividend (%) | - | 15.00 | - | 10.00 | 15.00 | 10.00 | - |
| Right Issue (%) (At PKR 10 per share) | - | - | - | 50 | - | 200 | - |

* Figures are for Nine Months ended March 31, 2008



Meezan Islamic Fund (MIF)

- MIF is an open end Shariah compliant equity fund
- It was started with seed capital of PKR 520 million in August 2003 and its public offering was in October 2003. Its offering price was PKR 50 per unit. NAV of MIF as on June 30, 2007 was 75.49. Currently net assets of MIF stand above PKR 5,900 million with over 2,200 investors as of March 31, 2008
- Investors of MIF include pension, provident and gratuity funds, private sector and public sector companies, banks from private and public sector and individuals
- Cumulative Return (Aug 2003 to March 31, 2008) is 233.06%. Annualized Return (Aug 2003 to March 31, 2008) is 31%.
- MIF is the Largest and the Best performing Shariah Compliant Fund in Pakistan for the year ended June 30, 2004, June 30, 2005, and June 30, 2007.
- MIF is assigned MFR 5-Star performance rating by PACRA which denotes superior performance vis-à-vis other Islamic funds.

Following table depicts the performance of MIF with payouts since its inception in August 2003.

| | FY08*** | FY07 | FY06 | FY05 | FY04* |
|---------------------------------|---------|----------|----------|--------|---------|
| Investment Income (PKR Million) | 451.83 | 571.21 | 790.68 | 655.02 | 283.73 |
| Profit / (Loss) (PKR Million) | 767.31 | 880.16 | 868.48 | 598.42 | 252.77 |
| Earnings per Unit (PKR) | 13.34 | 18.06 | 20.66 | 22.74 | 11.94 |
| Net Assets (PKR Million) | 5,900 | 3,679.30 | 3,199.55 | 2,006 | 1,311 |
| Total Return on MIF (%) | 15.16 | 28.78 | 29.65 | 39.99 | 26.65** |



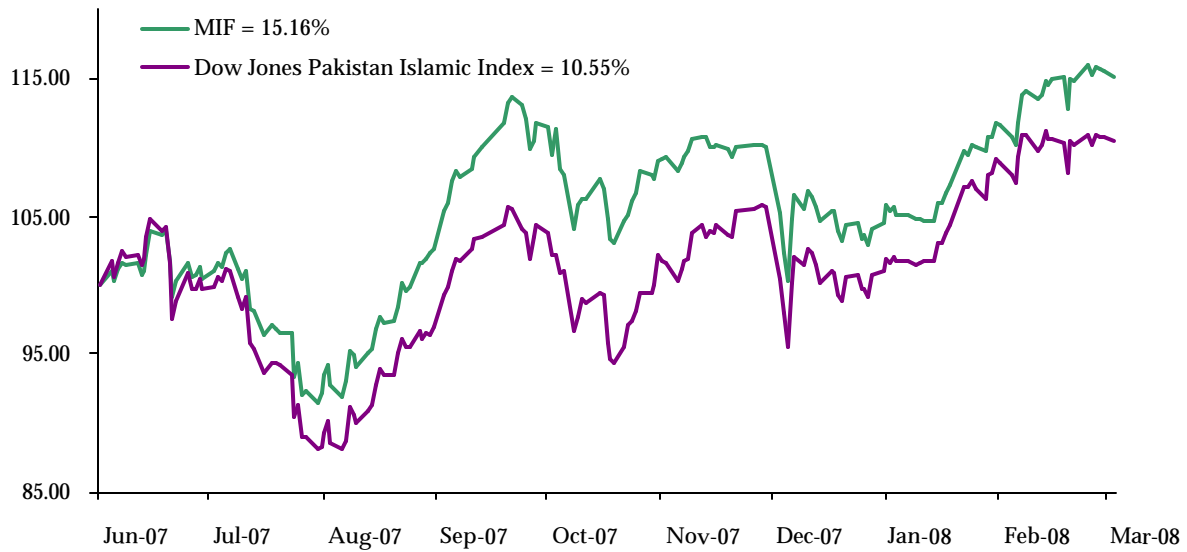
| | | | | | |
|----------------------------|---|-------|-------|-------|-------|
| Dividend – Bonus Units (%) | - | 26.61 | 35.00 | 35.00 | 15.00 |
|----------------------------|---|-------|-------|-------|-------|

* MIF was launched in August 2003.

** Annualized Return

*** Figures are for Nine Months ended March 31, 2008

Following charts compares the performance of MIF with KSE-100 index since inception.





Meezan Islamic Income Fund (MIIF)

- MIIF is the first Shariah compliant Income fund in Pakistan. The Fund was launched in January 2007.
- MIIF was launched with a seed capital of PKR 115 million
- Currently net assets of MIIF are above PKR 6,614 million as of March 31, 2008
- MIIF invests in Sukuks, Islamic bank deposits and other certificates of Islamic investment based on various structure

Meezan Balanced Fund (MBF)

- MBF is the only Shariah compliant Closed End balanced fund in Pakistan. The Fund was launched in December 2004.
- MBF was launched with a paid-up capital of PKR 1,200 million and the issue was oversubscribed.
- Currently net assets of MBF are above PKR 1,547 million as at March 31, 2008
- In first six months of its operations MBF announced 10% cash dividend and the return for the same period was 12%.
- Return on MBF as on March 31, 2008 since inception stands at 63%.
- MBF has a balanced investment strategy whereby 40-60% of net assets are invested in equities and remaining 60-40% are invested in Islamic income instruments (Musharakah, Modaraba, Murabahah, Ijarah, Spread Transactions etc.).

Following table depicts the performance of MBF since its inception in December 2004.

| | FY08*** | FY07 | FY06 | FY05* |
|---------------------------------|---------|--------|--------|---------|
| Investment Income (PKR Million) | 181.63 | 212.01 | 392.19 | 192.03 |
| Profit / (Loss) (PKR Million) | 141.29 | 342.96 | 286.57 | 146.64 |
| Earnings per Certificate (PKR) | 1.18 | 2.71 | 2.39 | 1.22 |
| Net Assets (PKR Million) | 1,547 | 1,598 | 1,513 | 1,227 |
| Total Return on MBF (%) | 10.27 | 21.49 | 23.39 | 21.00** |
| Cash Dividend (%) | - | 16.00 | 20.00 | 10.00 |

* MBF was launched in December 2004.

** Annualized Return

*** Figures are for Nine Months ended March 31, 2008



Performance of funds being managed by Al Meezan Investments is the proof of the fact that fund management team of Al Meezan Investments has enough expertise and skills to manage any portfolio regardless of its size.

4.1.4 DUTIES AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY

The Management Company shall comply with the provisions of the Rules, Regulations and the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Fund Property where such loss has been caused by its negligence, reckless or willful act and/or omission or by its officers, officials or agents.

The Management Company shall manage the Fund Property in the interest of the Unit Holders in good faith, to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in the Trust Deed and the Regulations. Any purchase or sale of investments made under any of the provisions of the Trust Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of the Trust Deed or the Regulations. The Management Company shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

The Management Company under intimation to the Trustee shall from time to time appoint, remove or replace one or more Distributor(s) for carrying out the Distribution Functions at one or more locations, on terms and conditions to be incorporated in the distribution agreement to be entered into between the Distributor(s) and the Management Company. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions.

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

The Management Company may from time to time under intimation to the Trustee appoint, remove or replace the Registrar/Transfer Agent who is responsible for performing Registrar Functions. The Transfer Agent shall perform the Registrar Functions, including maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities and any other role assigned to the Transfer Agent as per the transfer agent agreement.

The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and



the income and expenditure of the Scheme, and all other transactions for the account of the Scheme.

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

The Management Company shall within one month of the close of the first and third quarter, within two months of second quarter and within three months of end of Accounting Year prepare and transmit (physically or through electronic means or on the web subject to approval of the Commission) to the Unit Holders and the Commission and the Trustee, balance sheet as at the end of that Accounting Period, profit and loss account, cash flow statement and a statement of changes in equity for that Accounting Period of the Fund, whether audited or otherwise.

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

The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the Commission within three months of the close of the Accounting period, together with a Statement containing the following information, namely:

- (i) Total number of Unit Holders; and
- (ii) Particulars of the personnel (Executive, research and other) of the Management Company.

The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may require in respect of any matter relating to the Trust.

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

The Management Company shall, from time to time, advise the Trustee of the instructions relating to any transaction entered into by it on behalf of the Trust. The Trustee shall carry out the instructions in accordance with the dictates of the specific transactions provided they are in consonance with the provisions of the Trust Deed and the Regulations.



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

4.2 THE TRUSTEE

The Trustee for the Scheme is the Central Depository Company of Pakistan Limited (“CDC”), a company incorporated in 1993 under the Companies Ordinance, 1984 and registered with the Securities & Exchange Commission of Pakistan (SECP) as a Central Depository Company, with its registered office at CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan.

CDC was formed inter alia, for facilitating efficient, risk free and cost effective settlement of securities transactions in accordance with the international standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan. Given CDC’s significance, the legislature enacted a special law, known as Central Depositories Act, 1997 and the SECP has also approved the Regulations made pursuant to the said Act governing the operational and other aspects of the Central Depository System. The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and NBFC and Notified Entities Regulations 2007 allow a central depository company to act as the Trustee of Close-ended and Open-ended schemes set up under the Rules/Regulations.

4.2.1 DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

CDC is responsible for safeguarding the interests of the Unit Holders. In addition, the Trustee will have the following obligations:

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

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

The Trustee shall have all the obligations entrusted to it under the Regulations, the Trust Deed and the Offering Document.

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

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



The Trustee shall comply with the provisions of the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company.

Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by gross negligence or any reckless act and/or omission of the Trustee or any of its attorney (ies), or agents.

The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Trust Deed or the Regulations. Whenever pursuant to any provision of the Trust Deed, any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:

- (a) A document signed or purporting to be signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept.
- (b) Any instruction received online through the software solution adopted by the Management Company or the Trustee for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee or the Management Company as the case may be.

The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Fund property or safeguarding the interest of Unit Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses.

Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under the Trust Deed or the Regulations. For the avoidance of doubt, it is clarified that notwithstanding anything contained in the Trust Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Trust.

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



The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Trust.

The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company 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 Trust [save in the capacity of an intermediary].

Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust (save in the capacity of an intermediary) without prior written approval of the Commission

Any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall require the prior consent of the Trustee and shall only be made as permissible under the Regulations and the Trust Deed.

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Regulations and the Trust Deed, nor shall the Trustee be liable for any act or omission of the Management Company or for anything except its own negligence 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 Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder. The trustee shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

4.3 SHARIAH ADVISOR

Al Meezan Investments has appointed Meezan Bank Limited (“MBL”) as the Shariah Advisor for MCPF-I.

Meezan Bank Limited is the first Scheduled Islamic Bank of Pakistan and draws Shariah expertise from its world-renowned Shariah Board. MBL’s Shariah Board comprises of the following scholars:

1. Justice (Retd) Muhammad Taqi Usmani
2. Dr. Abdul Sattar Abu Ghuddah
3. Sheikh Essam M. Ishaq
4. Dr. Muhammad Imran Ashraf Usmani

4.3.1 DUTIES AND RESPONSIBILITIES OF SHARIAH ADVISOR

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



final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties related with the matter.

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

The Shariah Advisor vide its letter dated December 4, 2007 has certified that clause 13 of the Trust Deed relating to Investment Policy of the Trust is compliant with the requirements of Shariah. However, in case there is a requirement for any amendment, based on future research for purposes of increasing the Shariah acceptability of the Investment Policy, permission for necessary amendments of the Deed may be sought from the Commission.

At the end of each Accounting Date, the Shariah Advisor shall issue a certificate to be included in the Annual reports in respect of the Shariah compliance of the preceding year's operations of the Fund.

4.4 SHARIAH COMPLIANCE AUDITOR

The Auditors of the Fund will also act as Shariah Compliance Auditor, and shall complete Shariah compliance audit of the Trust for each Accounting Date within three months from the relevant Accounting Date, and will issue a Shariah compliance audit report.

The Shariah Compliance Auditor shall be competent to carry out the Shariah compliance audit, including that the audit firm should have requisite knowledge of conducting Shariah compliance audits and should have laid down systems and programs to carry out such audit. The Management Company shall, in consultation with the Trustee, determine the competence of the Auditor, from the list of approved Auditors issued by the Commission from time to time in this regard.

4.5 CORE INVESTORS

The following institutions have contributed towards the seed capital of the Fund.

| Name of Investor | Amount in Rupees Million |
|-------------------------|---------------------------------|
| Meezan Bank Limited | 250 |
| Total | 250 |

The seed capital of Rupees 250 million was received in total on May 8, 2008. The investor has been issued class A Units against subscription of seed capital. As investor in seed capital the investor has agreed to retain its investment for a minimum period of two (2) years during which its Units will not be redeemable. However, these Units are transferable with a condition that the Units may not be redeemable before the expiry of the first two years as mentioned herein.



4.6 TRANSFER AGENT

The Management Company has appointed Meezan Bank Limited (“MBL”), having its registered office at 3rd Floor, PNSC Building, MT Khan Road, Karachi, as the Transfer Agent of the Fund. MBL will be responsible for maintaining the Unit Holders' Register, preparing and issuing Account Statements, Unit Certificate(s) and dividend warrants, and providing related services to the Unit Holders. MBL is already providing these services for Al Meezan Investments' other open end funds,

4.7 AUDITORS

The auditors of the Fund are:

A.F.Ferguson & Co.

Chartered Accountants

State Life Building No 1-C

I.I. Chundrigarh Road P.O Box 4716

Karachi 74000

4.8 LEGAL ADVISORS

The Legal advisors of the Fund are:

Bawaney & Partners

404, 4th Floor, Beaumont Plaza,

6-c 1-10, Beaumont Road,

Civil lines, Karachi, Pakistan.

4.9 BANK ACCOUNTS

4.9.1 The Trustee shall open Bank accounts titled “CDC-Trustee Meezan Capital Protected Fund - I” at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authorities in Pakistan) as is required by the Management Company from time to time.

4.9.2 The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds that the Unit Holders wish to reinvest at a later stage.

4.9.3 The Management Company may also require the Trustee to open separate Bank Accounts for each dividend distribution out of the Fund.

4.9.4 Notwithstanding anything in the Trust Deed the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the Fund.



- 4.9.5 The amounts received from the Core Investors and other Pre-IPO Investors would be deposited in a separate Bank Account titled “CDC - Trustee Meezan Capital Protected Fund - I - Pre-IPO”. The Management Company may deposit/ invest this amount in bank account of a Scheduled Islamic Commercial Bank or Islamic window of a Scheduled Commercial Bank with minimum A rating

Income, profit etc. earned on the investments by the Core Investors and other Pre-IPO Investors upto the close of the Initial Period of Offer, shall after deducting all expenses that may be incurred by the Management Company, be paid to (upon receipt of such income, profit etc) the Core Investors and other Pre-IPO Investors in proportion to their respective investments in form of a stock dividend or a cash dividend. The remaining amount, after payment of Income, Profit etc. to Core Investors and other Pre-IPO Investors, will be transferred to the main Bank Account of the Fund upon the close of the Initial Period of Offer.



PART V: PRINCIPAL FEATURES

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

5.1 TYPE OF UNITS AND THEIR FEATURES

- (a) Class A Units that shall be Capital Protected Units which shall be charged with a Front-end Load, if any and also subject to Back-end Load as detailed in Annexure A, in case of redemption before the Minimum Period as detailed in Annexure A
- (b) Class B Units that shall be Capital Protected Units which shall be charged with a Front-end Load that is less than Class A Units and also be subject to Back-end Load, as detailed in Annexure A in case of redemption before the Minimum Period. Class B units will be offered for subscription if and when Fund is re-opened for subscription as detailed in clause 3.2.4 of this Offering Document.
- (c) Class C Units are the Bonus Units that may be issued to the Unit Holders in case of stock dividend announced from time to time; such units shall not have any capital protection and will also be subject to Back-end Load as detailed in Annexure A in case of redemption before the Minimum Period.

Units shall be accounted for in fractions up to four decimal places, with the fifth decimal place being rounded up if it has a value of five or higher, or rounded down if it has a value below five.

5.2 MINIMUM AMOUNT OF INVESTMENT

All the Units will have a Face Value of Rs 50/- with a minimum investment size of Rs.5,000/= (Rupees Five thousand only) and the minimum amount for adding to an existing Account is Rs. 1,000/= (Rupees One Thousand only) per transaction. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the unit holders. In the event the investment in any investor's Account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Transfer Agent to close such Account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

5.3 PURCHASE AND REDEMPTION OF UNITS

Units can be purchased and redeemed at the respective Offer and Redemption prices at any of the distribution outlets on any Dealing Day during banking hours. The maximum interval between receipt of a properly documented request for redemption of Units and the payment to the Unit Holder shall not exceed six (6) Business Days.

5.4 DETERMINATION OF PURCHASE(OFFER) PRICE

5.4.1 Units offered and issued during the Initial Offer shall be issued at par plus a front end load of 3%. The offer and issuance of Units during the Initial Offer shall remain open during the period specified in the Offering Document.

5.4.2 After the Initial Offer, the Purchase (Offer) Price for the Unit Holder shall be determined from time to time pursuant to the Clause 5.4.3 hereafter and shall be



calculated and announced by the Fund on dealing days during the period when the Fund is open for subscription.

- 5.4.3 The Purchase (Offer) Price shall be equal to the sum of:
- (a) The Net Asset Value as of the close of Business Day (Forward pricing);
 - (b) Any Front-end Load at the discretion of the Management Company but not exceeding five percent of the Net Asset Value;
 - (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges as defined in the Trust Deed and other levies, taxes etc; and
 - (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
- Such sum may be adjusted upward to the nearest paisa.

Unit Purchase Requests, complete in all respects, shall be priced at the Purchase Price so determined at the close of the Business Day when the said Unit Purchase Requests is received by the Distributor or subsequent Business Day if the day is not a Business Day. Units will be issued after realization of subscription money.

- 5.4.4 The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company during the business hours on the Business Day on which the completely and correctly filled purchase of Units application form is received. Any minor deficiencies in the Units application form need to be removed within seven (7) Business Days.
- 5.4.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to 15.1.3 (c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Fund Property).
- 5.4.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to 15.1.3 (c) of the Trust Deed exceeds the relevant amount of Duties and Charges, the Registrar shall issue additional Units or fractions thereof to the Unit Holders based on the price applicable to the Units issued against the relevant application
- 5.4.7 The Purchase (Offer) Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any one daily newspaper widely circulated in Pakistan.

5.5 PURCHASE PROCEDURE- ISSUE OF UNITS

5.5.1 WHO CAN APPLY?

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the issue of Units in the Fund. The onus for being so lies with the investor and the Management Company, nor does the Trustee, nor does the Registrar nor the Distributors nor the Facilitators accept any responsibility in this regard. Application



may be made pursuant to the procedures described in paragraphs below, including but not limited to:

- (a) Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- (b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such Investment is permitted under their respective memorandum and articles of association and/or bye-laws. In respect of trusts the trustees of such trust may make an application to buy the Units
- (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units shall be deemed to have warranted that he is duly authorized to purchase such Units.
- (d) Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- (e) Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- (f) Insurance companies under the Insurance Ordinance, 2000.
- (g) Non Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

5.5.2 HOW CAN UNITS BE PURCHASED?

The procedure herein below is designed for paper based transactions. The Management Company may at a later date introduce electronic/ Internet based options for the transactions.

- (a) Before purchasing Units of the Fund an investor must open an account with the Management Company using the Investors Account Opening Form attached with this Offering Document.
- (b) In case of individual applicants a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company will be required. Other documents required as per the options marked in the Investment Application Form will also be required.
- (c) In case of a body corporate or a registered society or a trust the following documents would be required,
 - (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations ;
 - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the Investment and;
 - (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.



- (d) In case of existing Unit Holders, if any of the documents have previously been submitted, fresh submission of documents will not be required provided that the submitted documents are acceptable to the Management Company and there have been no material changes in the status.
- (e) The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (f) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- (g) After opening an account an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.
- (h) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of “CDC - Trustee Meezan Capital Protected Fund-I” and crossed “Account Payee only”.
- (i) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (j) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.
- (k) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms, Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- (l) The Investor Account Opening Form and the Investment Application Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Investment Facilitators) is authorized to accept the forms or payment.



5.5.3 ALLOCATION/ISSUE OF UNITS

- (a) The Purchase Price determined at the end of the Dealing Day for Units of the Fund shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch during business hours on that Dealing Day. Any Investment Request Forms received after business hours will be transferred to the next Dealing Day.
- (b) Units will be allocated at the Purchase Price as determined in 5.5.3 (a) above. However, Units will be issued after realization of funds in the accounts of the Fund.

5.5.4 JOINT APPLICATION

- (a) Joint application can be made by up to four related groups of applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their Computerized National Identity Card (CNIC) or other identification document.
- (b) The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend or fractional payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligations.
- (c) In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend or fractional payments. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations.
- (d) Where Units are registered in the name of Joint Holders and subsequently additional Units are purchased by the same Joint Holders but the application is made in different order, such additional Units will be registered under a different account.

The Management Company may also notify from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it.

5.6 DETERMINATION OF REPURCHASE (REDEMPTION) PRICE

5.6.1 During the Initial Offer the Units shall not be redeemed.

5.6.2 After the Initial Offer the Repurchase (Redemption) Price shall be equal to the Net Asset Value as of the Business Day of announcement, less:

- (a) Any Back-end Load as per the details in the Offering Document but not exceeding five percent of the Net Asset Value, and;
- (b) Any amount applicable in respect of Zakat/ taxes imposed by the Government; and
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc; and
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;

Such sum may be adjusted downward to the nearest paisa



- 5.6.3 The Repurchase (Redemption) Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the business hours (as announced by the Management Company from time to time) on the Business Day on which a correctly and properly filled redemption application is received.
- 5.6.4 In the event that the amount paid as provision for payment of Duties and Charges is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Fund Property).
- 5.6.5 In the event that the provision for payment of Duties and Charges exceeds the relevant amount of Duties and Charges, the excess amount will form part of Fund Property.
- 5.6.6 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan.

5.7 REDEMPTION OF UNITS

- 5.7.1 The Trustee shall at any time during the life of the Fund, on the instructions of the Management Company, authorize redemption of Units out of the Fund Property through duly authorized Distributors.
- 5.7.2 In the event of redemption of Capital Protected Units before the Minimum Period, a Back-end Load, as per the Offering Document, shall be charged to the Unit Holders while determining Redemption Price.
- 5.7.3 An application for Redemption of Units shall be made by completing the prescribed Redemption Form and the same is received at the Authorized Branch or office of the Distributor on a Business Day during the business hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also be supplied to the Registrar, if so required by the Management Company. The Management Company may make arrangements at the satisfaction of Trustee to accept redemption requests through electronic, IVR (interactive voice response) or other means. The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate. In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the Investor Account Opening Form
- 5.7.4 The Trustee may at its discretion dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit



Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.

- 5.7.5 The Management Company shall announce the Offer and Redemption Price on a daily basis on all Subscription Days. The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company under the terms of the Deed. However, if the event in Clause 6.3 or Clause 6.4 hereunder comes into application, the redemption value shall be determined in accordance with the procedure laid out in these clauses.
- 5.7.6 The amount payable on redemption shall be paid to the Unit Holders or first named joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder by transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form within six Business Days from the date of presentation of the duly completed redemption application, electronic or otherwise, at the Authorized Branch or office of the Distributor or Registrar.
- 5.7.7 The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities or Credit Card facilities, under prior arrangement with the Trustee.
- 5.7.8 The receipt of the Unit Holders for any moneys payable in respect of the Units shall be a good discharge to the Trustee and the Management Company and in case of joint Unit Holders any one of them may give effectual receipt for any such moneys.
- 5.7.9 Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Business Days. Where redemption requests on any one Business Day exceed ten (10) percent of either the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the Clause 5.12.
- 5.7.10 The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions the Unit Holder's user ID and password will authenticate his identity.
- 5.7.11 A redemption request shall deem to have been made in accordance with the provisions of the Offering Document if such documents prescribe automatic redemption under certain circumstances.
- 5.7.12 Where lien/ pledge/ charge is recorded in the Register, the Management Company and Trustee may concur to make payment to the pledgee, if a request is received from the pledgee or through an order of a competent court and on receipt of such indemnification as Management Company or Trustee may require.

5.8 PROCEDURE FOR TRANSFER OF UNITS

5.8.1 APPLICATION PROCEDURE



The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic/Internet-based alternatives for the transactions at the satisfaction of the Trustee.

(a) Unit Holder can transfer Units held by him by:

- 1) Completing a Transfer Application Form to be signed by the transferor and the transferee; and
- 2) Paying any application Duties and Charges; and
- 3) Submitting to any Authorized Branches of the relevant Distribution Company the Transfer Application Form and relevant Certificate, if issued.

(b) Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Unit Holder or the survivors of Joint Unit Holder shall be registered as the Unit Holder or Joint Unit Holder as the case may be upon:

- 1) Paying any applicable Duties and Charges; and
- 2) Submitting to any Authorized Branches of the relevant Distribution Company the duly completed Transfer Application Form and relevant Certificate, if issued, with such evidence, which may prove his entitlement to the Units.

(c) Application for Transfer can be submitted on any Business Day during banking hours.

5.8.2 PARTIAL TRANSFER

Partial transfer of the Units covered by a single Certificate is not permitted. However Unit Holders may apply for the splitting of the Certificate before applying for transfer.

5.8.3 VERIFICATION OF THE TRANSFER APPLICATION FORM

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

5.9 CLOSURE OF THE REGISTER

The Management Company may close the Register by giving at least fourteen days notice to Unit Holders and for period not exceeding forty-five days in a calendar year and not exceeding thirty days at a time. During the period the Register is closed, transfer applications will not be received.

5.10 FREQUENCY OF VALUATION AND DEALING, INCLUDING DAYS

- a) For Offer and Redemption Prices during the Initial Public Offering, please refer to the Clause 2.5
- b) No Units will be redeemed during the Initial Offering Period.
- c) After the Initial Public Offering the Management Company will announce the Offer and Redemption Prices on each Dealing Day during the period that the Fund is open for subscription.



- d) Offer Price will be determined on each Dealing Day as per Clause 5.4 of this Offering Document.
- e) Redemption Price will be determined on each Dealing Day as per Clause 5.6 of this Offering Document.
- f) NAV and Redemption Price of the Fund will be announced on each Dealing Day during the period when Fund is not open for subscription subsequent to the Initial Public Offering.



Part VI: DEALING, SUSPENSION AND DEFERRAL OF DEALING

6.1 TEMPORARY CHANGE IN THE METHOD OF DEALING

Under the circumstances mentioned in Clause 6.2, Subject to compliance with Regulation (having regard to the interests of unit holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

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

6.2 SUSPENSION OF ISSUE AND REDEMPTION OF UNITS

(a) The Fund shall be closed from time to time and re-opened as and when determined by the Board of Directors of the Management Company, with prior approval of the Commission under intimation to the Trustee and by providing notice to investors in order to protect the interests of the Unit Holders of the Fund. The Management Company shall comply with the terms of approval specified by the Commission, to protect the interest of Unit Holders.

(b) The Management Company may suspend the issue of Units at any time for an indefinite period with prior approval of the Commission and intimation to the Trustee:

- (i) If the Net Asset Value of the Fund falls below the Par Value of Units in Issue
- (ii) Any other reason deemed appropriate by the Management Company.

(c) In exceptional circumstances, redemption or sale in Units may be suspended in order to protect the interests of Unit Holders. In such a case, the Management Company shall immediately notify the Commission and Trustee and it shall also publish a notice in this regard immediately following such decision in the newspaper in which the Scheme's Offer and Redemption Prices are normally published. The exceptional circumstances may include:

- (i) Any period when the Stock Exchange on which any of the Investment for the time being is listed or dealt in is closed or when dealings in such Investment are restricted or suspended;
- (ii) The existence of any state of affairs or force majeure which in the opinion of the Management Company constitute an emergency as a result of which disposal of any of the Investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or the Unit Holders;
- (iii) Any breakdown in the means of communication normally employed in determining the price of any Investment or the current price thereof on any Stock Exchange or when for any reason the price of any such Investment cannot be promptly and accurately ascertained;
- (iv) Any period when remittance of money which will or may be involved in the realization of such Investment or in the payment for such Investment cannot in the opinion of the Management Company be carried out in reasonable time;
- (v) If the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value;



- (vi) If the Management Company is of the view that investment of inflow of substantial fund will be difficult, it may decline the application in full or in part for issue of Units at its discretion from investors:
- (vii) Extraordinary circumstances including closure of one or more Banks, in which the Fund's Bank Accounts are maintained.

- (d) Suspension of Issue of Units may however not affect existing subscribers, the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission and the Trustee if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in any one of the newspapers in which the Fund's prices are normally published.

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

6.3 QUEUE SYSTEM

- 6.4.1 In the event redemption requests on any Business Day exceed ten (10) percent of the Units outstanding, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten (10) percent of the Units outstanding.

- 6.4.2 The Management Company shall proceed to sell adequate assets of the Fund and/or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action.

- 6.4.3 Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests.

- 6.4.4 The requests in excess of the ten (10) percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests.

- 6.4.5 If the carried over requests and the fresh requests received on the next Business Day still exceed ten (10) percent of the Units outstanding, these shall once again be treated on first-come-first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten (10) percent of the Units then outstanding.



6.4 WINDING UP IN VIEW OF MAJOR REDEMPTIONS

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

If the Management Company is of the view that investment of inflow of substantial fund will be difficult, it may decline at its discretion, the application in full or in part for issue of Units from Investors.



PART VII: DISTRIBUTION POLICY

7.1 DECLARATION OF DIVIDEND

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

7.2 DETERMINATION OF DISTRIBUTABLE INCOME

The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:

- (a) The total income earned on the Fund Property during such Accounting Period including all amounts received in respect of dividend, markup, profit, etc.;
- (b) Net realized appreciation as set out in the paragraph below, from which shall be deducted expenses as set out in clause 7.2.1 and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Regulations and the provisions of the Income Tax Ordinance and the rules there under.

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

7.2.1 EXPENSES

The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:

- (a) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (b) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (c) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders.
- (d) Bank charges and borrowing/financial costs;
- (e) Auditors' Fees and related expenses.
- (f) Any printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports etc.
- (g) Fund rating fee payable to approved rating agency.
- (h) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (i) Any fee payable to the Commission.



- (j) Taxes, fees, cess, duties if any, applicable to the Fund and on its income, turnover and/or its properties.
- (k) Charges and levies of stock exchanges, national clearing and settlement company, Commission charges, CDC charges, CVT and Fund dividend/redemption of Units transfer charges as payable to Bank at time of transfer of funds to Unit Holders and such other levies and charges.
- (l) Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity in accordance with the decision of the Shariah Advisor.
- (m) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission

7.3 REINVESTMENT OF DIVIDEND

- 7.3.1 The Management Company shall give the Unit Holders the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option.
- 7.3.2 In case of distribution in the form of bonus Units on each distribution date the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same.
- 7.3.3 After the fixation of rate of bonus entitlement per Unit, the Management Company shall instruct the Registrar to credit the respective Unit Holders' accounts with the designated number of Units calculated on the basis of the rate of distribution determined above against the number of Units held by them on the date of Register Closure.
- 7.3.4 The Management Company shall give the Unit Holder(s) the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to encash bonus Units. In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the ex-dividend NAV as calculated on the Business Day immediately preceding the first day of the book closure announced for such purpose and proceeds shall be credited in accordance with the normal procedure already detailed above for Redemption of Units.
- 7.3.5 The Unit Holders shall be entitled to change such options by filling the relevant form.

7.4 PAYMENT OF DIVIDEND

Payment for cash dividend shall be made by cheque by the Trustee in favor of the Unit Holder or to the first named Joint Unit Holder and sent through the registered post at his/her registered address. Every cheque shall be made payable to the order of the person to whom it is delivered.

7.5 PAYMENT OF DIVIDEND/ REDEMPTION PROCEEDS THROUGH BANK

Where an instruction has been received in such form as by the Management Company shall be considered sufficient, payment of dividend of the total number of Units held by the Unit Holder can be arranged to the banker. The Units purchased under one Account folio cannot



be split for part only payment of dividend through bank. The applicants are advised to maintain two Account folios under these circumstances. For payment of redemption proceeds through bank account, instruction to this effect shall be given at the time of redemption application by indicating in the application for Redemption Form.

7.6 DISPATCH OF DIVIDEND WARRANT

Dividend Warrant shall be dispatched within thirty days after the declaration of dividend.



PART VIII: FEES AND CHARGES

8.1 REMUNERATION OF THE MANAGEMENT COMPANY

- 8.1.1 The Management Company shall be entitled to be paid monthly in arrears of the accrued remuneration of an amount equal to 3% of the average annual net assets (calculated on a monthly basis) of the Investment Segment of the total investment and an amount equal to 1% of the average annual net assets (calculated on a monthly basis) of the Capital Protected Segment.
- 8.1.2 The remuneration due to the Management Company shall be paid within thirty (30) Business Days after the close of each month,
- 8.1.3 Management Company shall be responsible for the payment of all expenses incurred by it from time to time in connection with its responsibilities as the asset management company to the Fund. The Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and the Trust Deed to be payable out of Fund Property.
- 8.1.4 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provision of the Trust Deed.
- 8.1.5 The remuneration shall begin to accrue from the first day subsequent to the close of Initial Offer. In respect of any period other than a full calendar year, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the accounting year concerned.

8.2 REMUNERATION OF THE TRUSTEE

- 8.2.1 The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure "B"), which shall be applied to the average daily Net Assets during such calendar month. This may be amended from time to time.
- 8.2.2 The remuneration shall begin to accrue from the first day subsequent to the close of Initial Offer. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.
- 8.2.3 Such remuneration shall be paid to the Trustee in arrears within thirty Business Days after the end of each calendar month.
- 8.2.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, provided in accordance with the provisions of the Trust Deed.



- 8.2.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission.
- 8.2.6 The Trustee shall however not make any further material charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulation and the Deed to be payable out of Fund Property.

8.3 AMORTIZATION OF FORMATION COSTS

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

8.4 OTHER FEES AND CHARGES PAYABLE OUT OF THE PROPERTY OF THE SCHEME

The following charges shall also be payable out of the Fund Property

- (a) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (b) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (c) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders.
- (d) Bank charges and borrowing/financial costs;
- (e) Auditors' Fees and related expenses.
- (f) Any printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports
- (g) Fund rating fee payable to approved rating agency.
- (h) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (i) Any fee payable to the Commission.
- (j) Taxes, fees, cess, duties if any, applicable to the Fund and on its income, turnover and/or its properties.
- (k) Charges and levies of stock exchanges, national clearing and settlement company, Commission charges, CDC charges, CVT and Fund dividend/redemption of Units transfer charges as payable to Bank at time of transfer of funds to Unit Holders and such other levies and charges.
- (l) Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity in accordance with the decision of the Shariah Advisor.
- (m) Any other expenses as permissible under the Rules and Regulations from time to time and/ or permitted by the Commission
- (n) Remuneration of both local and International custodian.



8.5 ALLOCATION OF FRONT-END SALES LOAD

The remuneration of Distributors and Investment Facilitators shall be paid from any Front-end Load. It will be paid to the Management Company for onward distribution to Distributors or Investment Facilitators or paid directly to the Distributors and/ or Investment Facilitators by the Trustee on the instruction of the Management Company. Management Company may retain a share of the Load after distributing the shares of the Distributors and/ or Investment Facilitators. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.

Such payments may be made to the Distributors and Investment Facilitators and the Management Company by the Trustee on the instructions of the Management Company on monthly basis in arrears within thirty days of the end of the calendar month.

A Distributor located outside Pakistan may if so authorized by the Management Company and the Trustee retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

Management Company may also issue Units at a reduced or no Sales and Processing Charge. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any sales or processing charge.

Units issued to an existing Accountholder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value plus the Front End Load applicable on that date plus a processing charge not exceeding one-half of one percent of investment amount

Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.



PART IX: TAXATION

9.1 TAXATION ON INCOME OF MCPF-I

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

9.2 LIABILITY FOR INCOME TAX OF THE FUND

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

The income of MCPF-I will accordingly be taxed at the following rates:

1. Dividend income at 10%;
2. Capital gains arising on sale of securities listed on any stock exchange in Pakistan is exempt from tax upto June 30, 2008; and
3. Return from all other sources / instruments are taxable at the rate applicable to a public company which currently stands at 35%.

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

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

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

9.4 WITHHOLDING TAX

All income, namely, dividend from Shariah compliant term finance certificates, Sukuks, return on Riba free deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments issued on the principles of Istisna, Modaraba, Murabahah and Musharaka will not be subject to any withholding tax.

9.5 CAPITAL VALUE TAX

Under Finance Act, 1989 (V of 1989) as amended by Finance Act, 2004 (II of 2004), read with Circular No. 06 of 2004 dated July 01, 2004 a Capital Value Tax (CVT) at the rate of 0.01% of the purchase value of Modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan was levied on purchase of the same. Subsequently the rate of CVT was increased from 0.01% to 0.02% through Finance Bill, 2006. This tax will be collected by the stock exchange concerned.



9.6 ZAKAT

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

9.7 TAXATION OF UNIT HOLDER AND LIABILITY OF ZAKAT

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

9.8 WITHHOLDING TAX ON DIVIDENDS

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

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

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

9.9 CAPITAL GAINS

Capital Gains on disposition of Units in the MCPF-I will be subject to capital gains tax at the applicable tax. Currently, the profit on disposal of Units shall be exempt from capital gains tax upto Tax Year June 30, 2008.

9.10 TAX CREDIT

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



PART X: SERVICE TO UNITHOLDERS

10.1 AVAILABILITY OF FORMS

All the Forms included and/or mentioned in this Offering Document will be available at all Authorized Branches of Distribution Company and the head office of the Management Company.

10.2 TRANSFER OF ACCOUNTS

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

10.3 REGISTER OF UNIT HOLDERS

- a) A register of Unit Holders shall be maintained by Meezan Bank Limited in their capacity as the Transfer Agent, having registered office, which is currently located at 3rd Floor, PNSC Building, MT Khan Road, Karachi.
- b) Every Unit Holder will have a separate account identification number. Such account number shall be used for recording various types of Units held by the Unit Holder. Such account number will reflect all the transactions in that account held by such Unit Holder. However the Management Company may allocate a separate account number to the same Unit Holder for different types of Units in certain circumstances.
- c) The Management Company shall ensure that the Transfer Agent 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 charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of the Deed, the Register shall, subject to such restrictions as may be notified by management company from time to time, be open for a period of at least two hours in each Business Day to the inspection of any Unit Holder without charge. Unit Holder will be entitled to ask for copies of his folio from the Register on any Business Day by applying to the Transfer Agent in writing. The statement shall be dispatched to Unit Holder at the



address mentioned in the Register within 7 Business Days of the receipt of the request.

10.4 INFORMATION IN THE REGISTER

The Register will contain the following information:

10.4.1 About Unit Holder

- (a) Name of the Unit Holder / Joint Unit Holders;
- (b) Address of Unit Holder / first named Joint Unit Holder;
- (c) Computerized National Identity Card Number(s) or Passport No.(s) of Unit Holder / Joint Unit Holders;
- (d) Father's / Husband's name of Unit Holder / Joint Unit Holders;
- (e) Taxability code;
- (f) Bank details;
- (g) Whether Zakat deductible or not;
- (h) Record of signature of Unit Holder / Joint Unit Holder;
- (i) Nominee in case of single individual Unit Holder.

10.4.2 About Units

- (a) Type;
- (b) Distinctive numbers;
- (c) Certificate number, if applicable;
- (d) Date of purchase / redemption / transfer and the reference number if any;
- (e) Number of Units held; and
- (f) Record of verification of transfer forms/Redemption

10.4.3 Instructions

- (a) Instruction about payment or reinvestment of dividend in Type "C" Units or the encashment of bonus Units;
- (b) Instructions if redemption application is to be signed by first named Joint Unit Holder only;
- (c) Information and instruction about pledge of Units; and
- (d) Information and instruction about nominees in case of death of Unit Holder.

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



10.5 ACCOUNT STATEMENT

Transfer Agent will send directly to each Unit Holder a non transferable account statement each time there is transaction in the folio, i.e., Units are (1) issued/subscribed, (2) redeemed (3) transferred in favor of third person (4) transferred from third person in favor of Unit Holder (5) consolidated / split and (6) additional Units are issued against reinvestment of dividend. An account statement will be posted within 7 Business Days after each relevant transaction.

10.6 CLOSURE OF REGISTER

The Management Company may close the Register by giving at least fourteen days notice to Holders and for period not exceeding forty-five days in a calendar year. During this period the Register is closed, sale, redemption or transfer applications will not be entertained.

10.7 CERTIFICATES

- (a) Unit Certificates will be issued only if requested by the Unit Holder.
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of Rs. 50/- per Certificate or any other amount as determined by the Management Company from time to time.
- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.
- (d) The Certificate will be available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) Each Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

10.8 REPLACEMENT OF THE CERTIFICATES

- (a) Certificates which are defaced, mutilated, lost or destroyed may be replaced by the Management Company on application submitted by the relevant Unit Holder to the relevant Distribution Company and on payment of all costs, and on such terms as to evidence, indemnity security and issuance of public notice, as may be required by the Trustee, Management Company or the relevant Distribution Company. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- (b) The Unit Holder on application on prescribed form is entitled to exchange upon surrender of existing Certificates, new Certificates of different denomination, subject to the availability of such denominations of Certificates.
- (c) Each new issue of Certificate will require payment of Rs. 50 per Certificate.



10.9 PLEDGE OF UNITS

Any Unit Holder or all joint Unit Holders may request the Registrar to record a pledge/ lien of all or any of his/their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a pledge/ lien on any Units in favor of any third party with the specific authority of the Management Company. Any charges, duties, levies etc applicable on such Pledge/Lien will be borne by the Pledgor.

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

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

10.10 NOMINATION

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

10.10 FINANCIAL REPORTING

The Management Company shall:

- (a) Within three months of closing of the Accounting Period, prepare and transmit the annual report of the Fund together with a copy of the balance sheet, income and expenditure account, together with the Auditor's report and Trustee Report for the Accounting Period, to the Commission and Unit Holders in accordance with the Regulations ;
- (b) Within two months after the close of the first half of its year of accounts, prepare and transmit to the Unit Holders, and the Commission, a profit and loss account for and balance sheet of the Fund as at the end of that half year, whether audited or otherwise, in accordance with the Regulations;
- (c) Within a month after the close of the first and the third quarter, prepare and transmit quarterly report to the Unit Holders, the Trustee and the Commission, along with a Balance Sheet and Income and Expenditure Account of the Fund as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Regulations ;

The regularity of reporting will change if so required by the SECP or under the Regulations and the Ordinance.



10.11 ACCOUNTING PERIOD

- (a) The Annual Accounting Period shall commence on 1st July and shall end on 30th June of the succeeding calendar year
- (b) Accounting Date shall be the 30th day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and under intimation to the Commission, change such date to any other date.
- (c) Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the any amount is first transferred to the Fund Property and in any other case from the next day of the end of the preceding Accounting Period



PART XI: FINANCIAL INFORMATION

11.1 AUDITORS' CERTIFICATE OF SUBSCRIPTION MONEY RECEIVED FROM CORE



**11.2 AUDITORS' CERTIFICATE OF NET ASSET VALUE OF UNITS OF MEEZAN
CAPITAL PROTECTED FUND – 1**



PART XII: WARNING AND DISCLAIMER

WARNING

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

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

DISCLAIMER

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

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



PART XIII: GENERAL INFORMATION

13.1 INSPECTION OF CONSTITUTIVE DOCUMENTS

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

13.2 DATE OF PUBLICATION OF OFFERING DOCUMENT

The Offering Document has been published on May 16, 2008

13.3 RESPONSIBILITY OF MANAGEMENT COMPANY FOR INFORMATION GIVEN IN THIS DOCUMENT

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

13.4 EARLY MATURITY

The Management Company, with the consent of the Trustee and the approval of the Commission may terminate the scheme before the maturity by liquidating the Assets of the Fund and paying the liabilities and any fees and charges such as management fees, Trustee fees, bank charges and any other such charge which may have accrued by that time. This liquidation will only be done if the Management Company feels that the liquidated funds will be enough to meet the Capital Protection obligation and a reasonable return can be provided to the Unit Holders.

13.5 TERMINATION OF TRUST

The Management Company may terminate the Fund by giving three months notice in writing to the Unit Holders and shall disclose the grounds of its decision. Subject to the Regulations, the Management Company may announce winding up of the Trust without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund Property to meet such redemptions would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Trust be wound up.

The Trust may also be terminated by the Commission on the grounds given in the Regulations.

This Deed may be terminated in accordance with the conditions specified in the Regulations if there is a material breach of the provisions of this Deed or other agreement or



arrangement entered into between the Trustee and Management Company regarding the Fund

13.6 ARBITRATION

In the event of any disputes arising out of Trust Deed or Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and conditions of Trust Deed and/or the Offering Document relating to the Unit Trust, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst senior partners of renowned firms of chartered accountants, or senior partners of renowned Law Firms, or senior bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.



PART XIV: DEFINITIONS

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

- 14.1** “Accounting Date” means 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after intimation to the Commission, change such date to any other date.
- 14.2** “Accounting Period” means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the first day subsequent to the end of the preceding Accounting Period.
- 14.3** “Auditors” means a firm of chartered accountants that is appointed by the Management Company, with the consent of Trustee, from the approved list of auditors circulated by the Commission from time to time, as the auditor for the Fund, who shall be from the approved list circulated by the Commission and independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Rules and Regulations.
- 14.4** “Authorized Branch or Branches” means those branches of the Distributors authorized by the Management Company to perform distribution functions. It also includes offices of the Management Company.
- 14.5** “Authorized Investments” means the instruments in which the Fund will be invested. These will comply with the guidelines of Shariah Advisor of the Fund. These include:
- (a) Shares of companies listed on the stock exchanges or for whose listing an application has been filed in the stock exchanges.
 - (b) Certificates of Investment based on Shariah compliant structures
 - (c) Bank Deposits in licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks
 - (d) Placement of funds under Mudarabah, Murabaha and Musharikah arrangements
 - (e) Placement of funds under Istisna’ and Ijarah arrangements
 - (f) Spread Transactions as approved by the Shariah Advisor
 - (g) Secured and listed Shariah compliant securities including sukuks issued by Federal Government, Provincial Government, Local Government and Government Agencies
 - (h) Secured and unlisted Shariah compliant securities including sukuks issued by Federal Government, Provincial Government, Local Government and Government Agencies
 - (i) Secured and listed Shariah compliant securities including sukuks issued by public sector entities
 - (j) Secured and unlisted Shariah compliant securities including sukuks issued by public sector entities
 - (k) Secured and listed Shariah compliant securities including sukuks issued by private sector entities and/ or financial institutions.
 - (l) Secured and unlisted Shariah compliant securities including sukuks issued by private sector entities and/ or financial institutions.
 - (m) Unsecured and listed Shariah compliant securities including sukuks issued by Federal Government, Provincial Government, Local Government and Government Agencies
 - (n) Unsecured and unlisted Shariah compliant securities including sukuks issue by Federal Government, Provincial Government, Local Government and Government Agencies
 - (o) Unsecured and listed Shariah compliant securities including sukuks issued by public sector entities



- (p) Unsecured and unlisted Shariah compliant securities including sukuks issued by public sector entities
 - (q) Unsecured and listed Shariah compliant securities including sukuks issued by private sector entities and/ or financial institutions.
 - (r) Unsecured and unlisted Shariah compliant securities including sukuks issued by private sector entities and/ or financial institutions.
 - (s) Any other Shariah compliant instrument that may be allowed by the Commission from time to time and is as per the guidelines of the Fund’s Shariah Advisor.
 - (t) International investments in instruments based on the structures mentioned in sub clauses (a) to (i) subject to the conditions laid down by the State Bank of Pakistan from time to time for such investments and with prior approval of the Commission.
- 14.6** “Back-end Load” means sales charge or commission, not exceeding five (5) percent of the Net Asset Value, deducted from the Net Asset Value in determining the Redemption Price and shall form part of the Fund Property.
- 14.7** “Bank” means any Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.
- 14.8** “Bank Accounts” means those account(s) opened and maintained for the Fund by the Trustee at the instruction of the Management Company at Banks, the beneficial ownerships in which shall vest in the Unit Holders.
- 14.9** “Business Day/Dealing Day” means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which the Stock Exchanges or banks in Pakistan are closed for business.
- 14.10** “Capital Protected Segment” means that part of the Fund Property which will be invested in such a way that it grows to the level of Principal Investment upon maturity of the Fund.
- 14.11** “Capital Protected Unit” means the type of Units of the Fund that will be eligible for Capital Protection as outlined in clause 3.2 of this Offering Document.
- 14.12** “Certificate” means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder(s) issued at the request of the Unit Holder(s) pursuant to the provisions of the Trust Deed.
- 14.13** “Charity” means amount paid by Trustee upon instruction of Management Company out of the income of the Trust to a charitable/welfare organization which is not related to nor a connected person of the Shariah Advisor, Management Company or any of their employees, in consultation with Shariah Advisor, representing income, which is Haram.
- 14.14** “Commission” means Securities and Exchange Commission of Pakistan.
- 14.15** “Connected Person” shall have the same meaning as assigned in the Rules and Regulations.
- 14.16** “Constitutive Document” means the governing document(s) of Fund and is in accordance with the requirements set out in Schedule VI of the Regulations.
- 14.17** “Core Investors” means such initial investor(s) of the Fund whose subscription shall in aggregate be in compliance of the requirements of Regulation 61(2) (e) of the Regulations. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Fund.
- 14.18** “Core Units” means such Units of the Fund that are issued to Core Investors at the Par Value with the condition that upto Rupees Fifty Million worth of these Units at Par Value are not redeemable for a period of two years from the date of close of the Initial Offer. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units,



during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.

- 14.19** “Custodian” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), or a trust company which is a subsidiary of such bank or a central depository company approved by the Commission or an NBFC carrying out investment finance services provided it has been approved by the Commission to act as a custodian or such other company as may be approved by Commission to act as custodian.
- 14.20** “Cut-off time” means any time as may be determined by the Management Company and communicated to the Trustee and the Unit Holders before which unit transactions on a Dealing Day will be allowed.
- 14.21** “Deed” or “Trust Deed” means this Trust Deed and any supplemental hereto, which is the principal document governing the formation, management or/ and operation of the Fund.
- 14.22** “Distribution Account” means the account (which may be a current or PLS deposit account) maintained by the Trustee on instruction from the Management Company with a Scheduled Islamic Bank or a licensed Islamic branch of a Scheduled Commercial Bank, or a current account with a Scheduled Commercial Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund Property for the benefit of the Unit Holders.
- 14.23** “Distributor(s)” means Company (ies), Firm(s), or Bank(s) appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions.
- 14.24** “Distribution Functions” means the functions with regard to:
- (a) Receiving applications for issue of Units together with aggregate Offer Price for Units applied for by the applicants;
 - (b) Interfacing with and providing services to the Unit Holders including receiving Redemption, Transfer and Pledge applications and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate;
 - (c) Acknowledging receipt by delivering customer copy in respect of (a) and (b) above; and
 - (d) Accounting to the Management Company for (i) monies received from the applicants when they purchase Units; (ii) payments made to the Unit Holders on Redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
- 14.25** “Duties and Charges” means in relation to any particular transaction or dealing, bank charges, brokerage, registration fee, all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the Issue, Sale, Transfer, Redemption or Purchase of Units or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distributor or any Front-end or Back-end Load or commission payable to agents on Sale and Redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 14.26** “Financial Institution” means a Bank, development finance institution, Non Banking Finance Company or Modaraba companies.



- 14.27** “Formation Cost” means all preliminary and floatation expenses of the Fund subject to the limits prescribed in the Regulations including expenses in connection with authorization of the Scheme and its application fee payable to the Commission, execution and registration of the Trust Deed, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund and inviting investment therein for the Initial Offer and all expenses incurred during the period leading up to the Initial Offer.
- 14.28** “Front-end Load” means the sales charge or commission, not exceeding five percent (5%) of the NAV payable to the Management Company, which are included in the Offer Price of Units.
- 14.29** “Fund” means Meezan Capital Protected Fund - I or “Scheme”, “Trust” or “Unit Trust.” or “MCPF-I” constituted by the Trust Deed.
- 14.30** “Fund Property” means the aggregate proceeds of the sale of all Units at Purchase (Offer) Price and any Transaction Costs recovered in the Purchase (Offer) or Repurchase (Redemption) Price after deducting there from or providing there against the value of Redemption, Front-end Load, Duties and Charges (if included in the Purchase (Offer) Price or Repurchase (Redemption) Price applicable to the Purchase or Redemption of Units) and any expenses chargeable to the Fund; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable and other assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed and shall include the income, profit etc earned on the amount credited to the Distribution Account, but shall not include the amount standing to the credit to the Distribution Account (except income or profit earned thereon). Any early redemption charges in the form of Back-end Load, shall constitute part of the Fund Property.
- 14.31** “Haram” means anything prohibited by the Shariah as advised by the Shariah Advisor.
- 14.32** “Holder(s)” or “Unit Holder(s)” means the investor(s) for the time being entered in the Register as owner(s) of Unit(s) or fraction(s) thereof including investor(s) jointly so registered pursuant to the provisions of the Trust Deed and supplemental hereto.
- 14.33** “Ijarah” means the usufructs of assets and properties or 'to transfer the usufruct of a particular property to another person in exchange for a rent claimed from him.'
- 14.34** “Initial Offer” means the issuance of Units during the Initial Period of Offer.
- 14.35** “Initial Offer Price” or “Initial Price” means the price of Rs. 50 per Unit during the Initial Offering Period.
- 14.36** “Initial Period of Offer” means the same as "Initial Offering Period" and "Initial Public Offer" which means the period during which first offer of Units shall be made, which is indicated in this Offering Document. This period shall not exceed a period of ten days (provided that this period may be extended with the prior approval of the Commission and the Trustee).
- 14.37** "Investment" means any Authorized Investment forming part of the Fund Property.
- 14.38** "Investment Facilitator" or “Facilitator” means an Individual, Firm, Corporate or other Entity appointed by the Management Company, at its sole responsibility, to identify solicit and assist investors in investing in the Scheme.
- 14.39** “Investment Policy” means the investment policy outlined in Clause 3 of this Offering Document.
- 14.40** “Investment Segment” means the portion of Fund Property that will be invested in high risk assets in order to generate high returns to the Unit Holders.



- 14.41** "Istisna" means a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery.
- 14.42** "MCPF-I" means Meezan Capital Protected Fund - I.
- 14.43** "Minimum Period" means the remaining period from the date of issue of Units till the end of life of the Fund as per the terms in the Offering Document.
- 14.44** "Mudarabah" means a form of partnership where one partner provides funds, while other provides expertise and management.
- 14.45** "Murabaha" means a sale on mutually agreed profit. Technically it is a contract of sale in which the seller declares his cost and profit. As a financing technique, it involves a request by the client to the financier to purchase certain item for him, which is then sold to the client at a mutually agreed price.
- 14.46** "Mushar ikah" means a relationship established under a contract by the mutual consent of the parties for sharing of profits and losses arising from a joint enterprise or venture. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions.
- 14.47** "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the Rules and Regulations.
- 14.48** "Net Asset Value" or "NAV" means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 14.49** "Net Realizable Value" means the proceeds to the Unit Holder at the time of redemption which is net of all charges.
- 14.50** "Offer Price" or "Purchase Price" means the sum to be paid by the investor for the purchase of one Unit, such price to be determined pursuant to the Offering Document and the Trust Deed.
- 14.51** "Offering Document" means a published document(s) containing information of the Fund to invite the public for purchase Units of the Fund. Any supplemental offering document will also constitute part of Offering Document.
- 14.52** "Ordinance" means Companies Ordinance 1984.
- 14.53** "Par Value" means initial price of Unit which is set at Rupees Fifty per Unit.
- 14.54** "Pre-IPO Investors" mean such initial investors in the Fund that invest prior to the Initial Public Offer of the Fund. These include but are not limited to the Core Investors of the Fund.
- 14.55** "Principal Investment" means amount determined by multiplying the par value of the Units with the number of Capital Protected Units purchased by the Unit Holders.
- 14.56** "Redemption Price" or "Repurchase Price" means the amount to be paid to the relevant Holder of a Unit upon Redemption of that Unit, such amount to be determined pursuant to Clause 5.6 of this Offering Document.
- 14.57** "Register" means the Register of the Unit Holders kept and maintained pursuant to the Rules, Regulations and this Trust Deed.
- 14.58** "Registrar" means an organization that the Management Company may appoint for performing the Registrar Functions and may include a department of the Management Company. The term and definition of "Transfer Agent" is also covered within the definition of a Registrar.
- 14.59** "Registrar Functions" means the functions with regard to:
- (a) Maintaining the Register;
 - (b) Processing requests for Purchase (Offer), Repurchase (Redemption), Transfer, Switching, Conversion, Transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holder(s);
 - (c) Issuing Account Statements to the Unit Holders;
 - (d) Issuing Certificates to the Unit Holders if required;



- (e) Dispatching income distribution advice and/or bank transfer intimations;
 - (f) Canceling old Certificates on Redemption or Replacement; and
 - (g) Other functions to be performed as per Transfer Agent Agreement.
- 14.60** “Regulations” mean the Non-Banking Finance Companies and Notified Entities Regulations, 2007
- 14.61** "Rules" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 14.62** "Sales Load" means the sales charge or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Net Asset Value. The Management Company may, at its discretion, charge different levels of the load to different investors from time to time.
- 14.63** "Shariah" means divine guidance as given by the Holy Qur'an and the Sunnah of Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles.
- 14.64** "Shariah Advisor" means Meezan Bank Limited or any other Institution or a body of Islamic scholars, appointed in its place by the Management Company with the approval of the Commission and intimation to the Trustee and Unit Holders, having knowledge of Islamic finance, to supervise and monitor the activities of the Fund to ensure that all its activities comply with Shariah.
- 14.65** “Shariah Compliant” means any activity that is in accordance with the Islamic Shariah and/or as per the guidelines of the Shariah Advisor
- 14.66** "Stock Exchange" means Karachi Stock Exchange, Lahore Stock Exchange or Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969 and shall also include a Stock exchange in an offshore country.
- 14.67** “Sukuk” means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.
- 14.68** "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, Brokerage, Trustee charges, Taxes or Levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or be deducted from the NAV in determining the Repurchase (Redemption) Price. The Transaction Costs may not normally be applied in determining these prices; however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may with intimation to the Trustee in writing and to the Unit Holders, apply such charge either to the Offer or the Redemption Price.
- 14.69** “Trustee” means Central Depository Company of Pakistan Limited (CDC) or any other company appointed with approval of the Commission from time to time.
- 14.70** “Trusts Act” means Trusts Act 1882.
- 14.71** "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.
- 14.72** "Zakat" has the same meaning as in Zakat and Ushr Ordinance (XVIII of 1980), 1980.

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



ANNEXURE A

Current Level of Front-end and Back-end Loads

A maximum of 5% of NAV can be charged as Front End Sales Load. Current level of Front End Load as decided by the Management Company is as follows:

Class “A” Units

Front-end Load: 3%;

Class “B” Units

Front-end Load: 2%

Class “A”, Class “B” and Class “C” Units

Back-end Load:

| Year | Back End Load |
|-------------|----------------------|
| 1 | 5% |
| 2 | 4% |
| 3 | 3% |

Sales Load is intended to cover the cost of providing distribution, transfer and redemption related services to the Unit Holders.

Any change in the load structure shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, as and how the SECP may direct.



ANNEXURE B

Tariff structure of the Trustee

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

Rs. 0.7 million or 0.13% p.a. of NAV, whichever is higher



ANNEXURE C

Management Company and Distribution Company

Management Company

Management Company of the Fund is Al Meezan Investment Management Limited. Forms and other information of the Fund can be collected from the following address of the Management Company or from the branches of the Distribution Company.

Al Meezan Investment Management Limited

Ground Floor, Block-B, Finance & Trade Center

Shahrah -e-Faisal

Karachi, Pakistan

UAN: +92 21 111-MEEZAN (111-633-926)

URL: www.almeezangroup.com Email: marketing@almeezangroup.com

Distribution Company

Al Meezan Investments has appointed Meezan Bank Limited as the Distribution Company for the Fund. Forms and other information of the Fund can be collected from all the branches of Meezan Bank Limited.