

# Eighth Supplemental Offering Document of Meezan Daily Income Fund (MDIF)

<b>Name of Previous Plans</b>	<b>Risk Profile</b>	<b>Risk of Principal Erosion</b>
Meezan Daily Income Plan - I	Moderate	Principal at Moderate risk
Meezan Mahana Munafa Plan	Low	Principal at Low risk
Meezan Sehl Account Plan	Low	Principal at Low risk
Meezan Munafa Plan - I	Moderate	Principal at Moderate risk

## Meezan Super Saver Plan (MSSP)

<b>Category of CIS</b>	<b>Risk Profile</b>	<b>Risk of Principal Erosion</b>
Open End Shariah Compliant Income Scheme	Moderate	Principal at Moderate risk

Duly vetted by Shariah Advisor namely Dr. Imran Usmani

*The Board of Directors of Al Meezan in its meeting dated February 9, 2024 has approved the launch of Meezan Super Saver Plan.*

**Eighth Supplemental Offering Document of  
Meezan Daily Income Fund (MDIF)  
Meezan Super Saver Plan (MSSP)**

**MANAGED BY**

**AL MEEZAN INVESTMENT MANAGEMENT LIMITED**

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

---

The **Meezan Daily Income Fund** (the Fund/the Scheme/the Trust/the Unit Trust/MDIF) has been established through a Trust Deed (the Deed) dated **October 26, 2020** under the Trust Act, 1882 entered into and between **Al Meezan Investment Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules") and Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("Regulations").

---

**1. Introduction:**

Under Meezan Daily Income Fund (MDIF), Al Meezan Investment Management Limited (Al Meezan) shall provide a new Investment Plan, namely Meezan Super Saver Plan (MSSP). Al Meezan may primarily aim to sell this plan to customers of Meezan Bank Limited (MEBL) who desire to seek competitive rate of returns. This product shall be offered to both corporate and individual customers of MEBL.

**2.** Al Meezan shall be the Fund Manager of the Plan and the Plan may also be marketed to clients through third party distributors like Meezan Bank Ltd.

**3. Investment Objective of the Plan:**

The Investment Objective of the Plan is to provide Investors with a competitive rate of return.

**4. Investment Policy of the Plan:**

The Investment Plan will be actively allocated between Shariah Compliant authorized investable avenue as mentioned in the authorized investments table below. The plan shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time.

**5. Dividend Policy:**

The dividend policy as laid out in the Offering Document of MDIF shall apply to MSSP except as mentioned below:

It is understood that this plan shall not provide daily dividend. Under this case, **redemption of Units of the Plan will be subject to capital gain tax at the applicable tax rate as mentioned in the Income Tax Ordinance 2001.** Furthermore, clause pertaining to payment of under clause 5.2 and clause 5.3 in the Offering Document of MDIF shall also not apply to this plan.

#### **4.1 Declaration of Dividend**

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

The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the Unit Holder's, not less than ninety per cent of the accounting income of the Plan received or derived from sources other than capital gains as reduced by such expenses as are chargeable to the Scheme under the Regulations.

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

Provided that for the purpose of determining distribution of at least ninety percent of accounting income, the income distributed through bonus units shall not be taken into account.

#### **4.2 Determination of Distributable Income**

*The Management Company on behalf of the scheme shall, for every accounting year/period, distribute by way of dividend to the Unit Holder's, not less than ninety percent of the accounting income of the Scheme received or derived from sources other than capital gains as reduced by such expenses as are chargeable to the Scheme.*

*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 plan property during such Accounting Period including all amounts received in respect of dividend, mark up, profit and fee
- (b) Whole or part of the realized and/or unrealized appreciation of Investment Assets, at the option of the Management Company.
- (c) From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine as stated in Clause 6.2 to 6.4 of the Offering Document.

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 Plan 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 realized and/or unrealized appreciation of investment assets, and may be distributable to the Unit Holder’s by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Plan Property.

**4.3 Payment of Dividend**

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

An AMC shall ensure that dividend is paid to the Unit Holder of the respective investment plan(s) of the Collective investment Scheme within 10 working days from the date of announcement of dividend.

**4.4 Reinvestment of Dividend**

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

**6. Changes in Investment Policy:**

The investment policy will be governed by the directives of the Shariah Advisor and the Regulations and/or SECP directives, issued from time to time. Any fundamental change in the Investment Policy will be implemented only after obtaining prior approval from Shariah Advisor and SECP and giving 30 days prior notice to the Unit Holders or as specified in the Regulations.

**7. Authorized Investments:**

The Authorized Investments are as follows:

Description	Entity / Instruments Rating	Maximum Exposure	Minimum Exposure
A. Shariah Compliant GOP issued/guaranteed Securities	N/A	75%	0%
B. Cash at Bank (excluding TDRs) with licensed Islamic Banks or Islamic Branches/Windows of	A+	100%	25%

Conventional Banks, Shariah Compliant Government Securities including GoP Ijarah Sukuk not exceeding 90 days remaining maturity.			
C. Non-traded securities including bank deposits, Certificate of Investment (COI), Certificate of Musharaka (COM), and anything over six months' maturity which is not a marketable security.	A+ (Banks) AA (Others)	15%	0%
D. Authorized Shariah Compliant debt Investments outside Pakistan shall be subject to prior approvals and guidelines (if any) of the SECP, SBP and Shariah Advisor	-	As allowed by SECP	0%
E. Any other Shariah Compliant debt instruments/securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time.	-	As allowed by SECP	0%

**Note:**

1. Investments may be made as per the authorized investment limits given above and may include the following mode of Shariah Transaction such as; principles of Bai'-Mu'ajjal, Bai'-Mussawwama, Bai'-Salam, Istisna'a, Mudaraba, Murabaha and Musharakah or any other structure as approved by the Shariah Advisor from time to time.
2. The AMC shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of net assets of that CIS with all microfinance banks, non-bank finance companies and Modarabas.
3. Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AA.
4. Rating of any bank with which funds are placed should not be lower than A+.
5. Rating of any DFI with which funds are placed should not be lower than AA.
6. Rating of any long-term security in the portfolio shall not be lower than investment grade (BBB minus)
7. Rating of any short-term security in the portfolio shall not be lower than A3 (A Three).
8. Considering the moderate risk profile of the plan, weighted average duration of portfolio of securities shall not exceed 2 years.
9. Weighted average time to maturity of the plan shall not exceed 04 years and this condition shall not apply to securities issued by the Federal Government.

**8. Benchmark of the Plan:**

Six (6) months average deposit rate of three (3) A rated scheduled Islamic Banks or Islamic windows of conventional banks as selected by MUFAP.

**9. Duration:**

The duration of the Plan shall be limited to 5 years. However, SECP or the Management Company may wind or revoke it, on the occurrence of certain events as specified in the Regulations or the Offering document of MDIF.

**10. Minimum Initial Investment & Minimum Subsequent Investment:**

The minimum initial investment and minimum subsequent investment shall be Rs.200,000.

### **11. Redemption Process:**

Same day redemptions may be allowed subject to conditions highlighted in clause 12 below.

### **12. Pricing Mechanism:**

Forward Pricing with realization-based approach.

### **13. Terms and Condition for facilitation of Same Day redemption:**

To receive payment within the same Business Day, duly completed redemption form(s) must be received by the Management Company before 10.00 am, failing which the redemption request(s) may be carried over to the next Business day.

Every Investor submitting the redemption form will be given an acknowledgement of the application that shall carry time and date. The Cut-off Time may be altered by the Management Company from time to time with consent of the Trustee and prior approval of the SECP.

Payment shall be dispatched the same business day where the mode of payment is through cheque/draft/pay order; OR

Payment instructions shall be initiated before the end of banking hours on the same business day to the respective account of the accountholder where the mode of payment is through on-line transfers. (Depending on bank timing of designated bank(s) which may vary from bank to bank).

All bank charges (for online transfer, if levied), may be charged to the Unit Holder(s) as per actual expenses incurred against this online transfer, for the protection of interest of remaining Unit Holders.

It has to be clarified here that the Management Company will not be responsible for any acts or omissions on the part of the bank in concern and delays that may emanate due to their internal or external clearing systems.

Cut-off timings for receiving applications of issuance, redemption, conversion, transfer and Pledge shall be 3:00 PM on any Business Day. However, the Management Company shall accept same day redemption applications based on last announced NAV if such applications are received before 10:00 AM on any Business Day (except for Saturdays The Cut-Off Time may vary from time to time as may be determined by the Management Company subject to the consent of trustee and the same shall be communicated to the Unit Holders' before which unit transactions shall be effectuated.)

The Management Company will endeavor on a best efforts basis to honor same day redemption, if redemption requests are received in accordance with this clause and would depend upon the monetary limit for same day clearing as imposed by the State Bank of Pakistan from time to time.

#### **14. Administrative Arrangement (monthly payout option):**

Unitholders of the Plan may opt for an administrative arrangement at any time to attain periodic income, corresponding to net of tax profit earned on investment in the reference period, to support their liquidity requirements. Unit Holders can receive payments against their investment in this Plan through an 'Auto' Redemption Feature. To opt for this feature, investors shall need to select unit plan category with title "S".

On 25<sup>th</sup> of each month, all the units credited in unit holder's account since last date of auto redemption / submission of form shall be redeemed automatically and payment will be made to the unit holder accordingly – 'Auto' Redemption Feature. (If 25<sup>th</sup> is not a business day, the Units shall be redeemed on the next business day). Units credited before opting this facility will not be redeemed automatically. The maximum interval between date of NAV applied for auto redemption and the issuance of payment instrument to the Unit Holder shall not exceed six (6) Business Days.

#### **15. Level of Loads & Management Fee:**

The Plan shall not charge any Front end or Back end load.

The Plan shall charge a Management Fee of up to 1% per annum.

#### **16. Bank Accounts:**

Clause 3.13.1 of the Offering Document of MDIF pertaining to 'Bank Accounts' apply to this Plan except for following clauses:

Clause 3.13.1 (a) which shall apply as under:

The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "**CDC Trustee – Meezan Daily Income Fund – Meezan Super Saver Plan (MSSP)**" at designated Islamic Bank(s) or Islamic windows of conventional Bank(s) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust's Funds.

Clause 3.13.1 (f) which shall apply as under:

The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for

the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them. Such accounts shall be in the title of: **“CDC Trustee – Meezan Daily Income Fund – Meezan Super Saver Plan (MSSP).”**

#### **17. Purchase of Units:**

Clause 4.5.4 of the Offering Document of MDIF pertaining to ‘Purchase of Units’ shall not apply to this Plan except for following clauses:

Clause 4.5.4 (b) which shall apply as under:

Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of Trustee Bank Account and crossed “Account Payee only” as specified below:

- Demand draft or Pay order in favor of: **CDC Trustee – Meezan Daily Income Fund – Meezan Super Saver Plan (MSSP)**
- Online transfer to Bank Account(s) of **CDC Trustee – Meezan Daily Income Fund – Meezan Super Saver Plan (MSSP)**.
- Cheque (account payee only marked in favor of): **CDC Trustee – Meezan Daily Income Fund – Meezan Super Saver Plan (MSSP)**

#### **18. Transfer, Transmission and Systematic Conversion Procedure**

Unit Holder may, subject to the law, transfer any Units of fund/investment plan(s) held by them either in case of succession (Transmission) or as a gift (blood relation or spouse). The transfer as a gift shall be carried out after the Management Company/Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with.

#### **19. Risk Control in Investment Process:**

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



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

## **20. Taxation and Zakat for Unit Holder:**

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

## **21. Risk Disclosure:**

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

1. **Sovereign Risk** - Payment of bonds/ notes (sukuks) may be affected by the economic and political events in the country of the relevant issuer. The occurrence of a sovereign risk event could result in the loss of all or a portion of the principal invested, as a result of any economic or political circumstance.
2. **Credit Risk** - Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc.:
  - **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
  - **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk-free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;
3. **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund's performance etc.

4. **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
5. **Interest Rate Risk** - A rise or decline in interest rates during the investment term may result in a change in return provided to the investors.
6. **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
7. **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.
8. **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
9. **Country or Political Risk** - This is the uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as break down of law and order, war, natural disasters, etc. and any governmental actions, legislative changes or court orders restraining payment of principal or income.
10. **Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
11. **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within the stipulated time or six working days of receiving a request for redemption from the investor.
12. **Distribution Risk** - Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by fund and not out of the profits earned by each unitholder. Unitholders who invest in a fund before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.
13. **Shariah non-compliance Risk**- The risk associated with employing funds in investments that are not consistent with the Shariah as defined in the glossary section of this offering document.

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

## 22. Warning & Disclaimer:

### Warning:

- If you are in any doubt about the contents of this Offering Document, you should consult your Shariah scholar/consultant, 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 the Fund are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by SECP, any Government Agency, Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Pre-IPO Investors or any other bank or financial institution. The portfolio of the Fund is subject to market risks and risks inherent in all such investments.
- Fund's target return/ dividend range cannot be guaranteed. Fund's Unit price is neither guaranteed nor administered/ managed; it is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets and profit rates.

## 23. Definitions:

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

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

**"Bank"** means institution(s) providing banking services under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.

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

**“Distributor / Distribution Company”** means Company(ies), Firm(s), Sole Proprietorship concern(s), individual(s), Banks or any other Financial Institution appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and who are registered with MUFAP as Registered Service Providers. The Management Company may itself also performs the Distribution Function.

**“Front-end Load”** means the Sales load which may be included in the offering price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as determined by the Management Company.

**“Investment Plans”** mean the allocation plans as defined in the trust deed.

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

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

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

**“Shariah”** means divine guidance as given by the Holy Qur’an and the Sunnah of Holy Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles as per the interpretation of the Shariah Advisor of the fund.

Any word used herein for which the definition is not listed in Clause: 18 above shall be defined in the same way as defined in the Offering Document of Meezan Daily Income Fund/ the Rules, the Regulations, the Directives issued by SECP & SBP.