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**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 3.8, disclaimer in Clause 3.9 and Warnings in Part XII before making any investment decision.

Category of CIS	Risk Profile	Risk of Principal Erosion
Islamic Index Tracker	High	Principal at high risk

## **OFFERING DOCUMENT**

# **KSE MEEZAN INDEX FUND** **(KMIF)** **(Index Tracker Scheme)**

Under Management of



**Al Meezan**  
Investment Management Ltd

**Last updated through Second Supplemental dated  
December 04, 2017**

**IPO Dates: From May 23, 2012 till May 25, 2012 (both days inclusive)**

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## **OFFERING DOCUMENT**

**OF**

**KSE MEEZAN INDEX FUND (“KMIF”)**

**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 10, 2012**

**Initial Offering Period: May 23, 2012 to May 25, 2012 during banking hours**

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KSE Meezan Index Fund (the Fund/the Scheme/the Trust/KMIF) 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 as a Notified Entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the Regulations)

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## **PART I: REGULATORY APPROVAL AND CONSENT**

### **1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION PAKISTAN**

The Securities and Exchange Commission of Pakistan (“SECP” or “Commission”) has, vide its letter no: SCD/AMCW/KMIF/115/2012, registered an open-ended scheme, under the name, “KSE Meezan Index Fund”, under Regulation 44 of the Regulations. The Commission has approved this Offering Document, vide letter no. SCD/AMCW/KMIF/134/2012 dated May 9, 2012.

**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 KSE Meezan Index Fund (the “Fund”, the “Scheme” or “KMIF”). 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 3.8, disclaimers 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 March 13, 2012 executed between Al Meezan Investments as the Management Company and the CDC as the Trustee.
- SECP’s Letter No. No. NBFC-II/24/AMIM/AMS/12/2011 dated June 3, 2011 licensing Al Meezan Investments as an Asset Management Company
- SECP letter No SCD/KMIF/115/2012 dated April 16, 2012, registering KMIF;
- SECP letter No. SCD/AMCW/KMIF/ 63/ 2012 dated February 27, 2012, approving the appointment of CDC as the Trustee of KMIF;
- Letter from A.F. Ferguson & Co Chartered Accountants, Auditors of KMIF, consenting to the issue of statements and reports;
- The SECP’s letter No. SCD/AMCW/KMIF/134/2012 dated May 9, 2012 approving this Offering Document.



## **PART II: CONSTITUTION OF THE SCHEME**

KSE Meezan Index Fund is constituted by Trust Deed entered into at Karachi on March 13, 2012

(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 GOVERNING LAW**

This Offering Document and the Trust Deed (the Deed) are 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.

### **MODIFICATIONS TO THE CONSTITUTIVE DOCUMENTS**

The Trustee and the Management Company, acting together with the approval of the Commission, and with prior notice to the Unit Holders, 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 OPEN-END FUND**

KSE Meezan Index Fund shall be an open-end Shariah Compliant (Islamic) Index Tracker Scheme. It shall offer Units on a continuous basis during and after 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, may be issued at the request of the Unit Holder subject to terms herein at a nominal charge. An electronic account statement may also be provided to the Unit Holders by the Management Company in the future.

## **2.3 UNITS**

2.3.1 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.

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

- (a) Class A Units shall be issued to Pre-IPO and IPO Investors with no Front-end Load.
- (b) Class B Units shall be issued after the IPO period and may be charged with applicable Front-end Load as per Annexure A of this Offering Document

The following types of Units may be Offered by the Management Company through a Supplemental Offering Document:

- c) Class "C" Units will carry a Back-end Load as disclosed in any Supplemental Offering Document of the Fund.
- d) Class "D" Units will carry a Contingent Load applicable on the NAV according to the schedule disclosed in any Supplemental Offering Document of the Fund.

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

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.



- 2.3.3 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
- 2.3.4 Pre-IPO Units subscribed by the Pre-IPO Investors shall be offered and issued at the Par Value. No less than Rupees One Hundred (100) Million in value terms of these Units shall be invested in the Fund at all times or for any other duration, as prescribed by the Commission from time to time.
- 2.3.5 Units offered and issued during the Initial Period of Offer shall be issued at the Initial Price. The offer and issue of Units during the Initial Period of Offer shall remain open during the period specified in this Offering Document.
- 2.3.6 After the Initial Offer, the Offer Price shall be determined from time to time pursuant to Clause 5.5 of this document and clause 15.2 of the Trust Deed of the Fund.
- 2.3.7 The Management Company may at any time with the approval of the Commission on giving not less than twenty-one day's notice in writing to the Trustee and 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.
- 2.3.8 In case the amendments are proposed in the fundamental attribute of the Constitutive Documents of the Fund, including category of scheme, investment objective and policy, increase in management fee and increase in contingent or back end load, the Management Company must give at least ninety days prior notice to each Unit Holder about the proposed change and the Unit Holders shall be given an option to exit at the applicable Net Asset Value without charge of any exit load.

## **2.4 TYPES OF UNITS**

- 2.4.1 An investor shall, at the time of opening an account, select the type(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Unit and/ or Income Unit.
- 2.4.2 **Growth Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders shall receive distribution income in the form of bonus units if any distribution announced by the Fund. Bonus Units issued shall be growth Units.
- 2.4.3 **Income Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders shall receive distribution income in the form of cash, if any distribution announced by the Fund.
- 2.4.4 Unit Holders can switch from one type of Units to other at any time by filling out the required application form available at all distribution points as per Annexure C



## **2.5 ADMINISTRATIVE ARRANGEMENTS**

- 2.5.1 The management company may offer any Administrative Arrangement over KMIF which shall be governed by the Rules, Regulations, Deed and this Offering Document or any supplemental Deed or supplemental Offering Document.
- 2.5.2 Details of any Administrative arrangement launched over this Fund shall after prior consent of the Trustee, Shariah Advisor, and approval of the Commission be disclosed through a supplementary offering document

## **2.6 INITIAL PUBLIC OFFERING**

The Initial Public Offering is for Class “B” Units. The Initial Public Offering shall start from commencement of banking hours on May 23, 2012 up to close of banking hours on May 25, 2012. Units with a value of Rs. 100 million (Rupees One Hundred million only) have been subscribed by Pre-IPO Investors. Please see Clause 4.8 for details of Investors. During the Initial Period, Units shall be offered at the Initial Price. No Units will be redeemable during the Initial Period of Offer.

## **2.7 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. NAV will be published on the Management Company’s and MUFAP’s website.

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 KSE Meezan Index Fund (KMIF) is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.

### **3.2 INVESTMENT POLICY**

- 3.2.1 The Fund shall strive to remain fully invested in accordance with the stated index; however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index during the year based on monthly average investment calculated on daily basis. The un-invested amount shall be kept in Cash and/ or near cash instruments where near cash instruments include cash in Islamic bank accounts or Islamic Banking windows (excluding TDRs);
- 3.2.2 The Trustee shall hold the Fund Property on deposit in a separate account with a Bank of minimum investment grade rating as approved by the Management Company. All Fund Property, except in so far as such cash may, in the opinion of the Management Company, be required for transfer to the Distribution Account or to be kept for meeting the redemption requirements, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of the Deed, this Offering Document, and the Regulations) be directed by the Management Company.
- 3.2.3 Any Investment may at any time be disinvested at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorized Investments or to provide funds required for the purpose of any provision of the Deed or in order to retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid. Any Investment, which ceases to be an Authorized Investment, would be disinvested within such period as the Management Company and the Trustee determine to be in the best interest of the Unit Holders after attaining approval of the Commission.
- 3.2.4 The Fund Property shall be subject to such exposure limits as are provided in the Regulations or relevant Commission's circulars and notifications.
- 3.2.5 In case the rating of a Bank is reduced or institution is placed on watch list, investment may at any time be realized, within the time period stipulated in the Regulations, at the discretion of the Management Company but only to reasonably protect the interest of the Unit Holders.
- 3.2.6 The Fund is categorized as an Index Scheme/ Index Tracker Scheme and would be subject to the relevant exposure limits as specified in the Commission's Circular No. 7 of 2009 dated March 6, 2009 as elaborated in clause 3.2.1 or any such direction or circular issued by the Commission from time to time.



- 3.2.7 In the event of discontinuation of Index, the Fund shall begin to follow any other index representing a suitable Islamic benchmark in consultation with Trustee and with approval of the Commission after giving due notice to Unit Holders and disclosed in the Offering Document.
- 3.2.8 The Fund will invest in the KMI-30 equity stock in order to achieve the investment objective. The fund manager would monitor the performance of the Fund and the benchmark index on a continuous basis. Upon Rebalancing of the Index, the Management Company may also rebalance the portfolio within 30 Days with the objective to minimize, before expenses, the tracking error of the Fund.

### **3.3 DISPOSAL OF HARAM INCOME**

- 3.3.1 Where some haram income accrues to the Fund, it will be donated to a charity in order to purify the Fund's income. This will be done in accordance with the guidelines issued by the Shariah Advisor from time to time.
- 3.3.2 The list of charitable/welfare organizations to whom charity amount in excess of Rs. 200,000 is paid in any Financial Year shall be disclosed in the annual report.

### **3.4 BENCHMARK**

- 3.4.1 The benchmark of the fund is the average return on the KMI-30

### **3.5 INVESTMENT RESTRICTIONS**

- 3.5.1 The Management Company in managing the Fund shall abide by all the provisions of the Deed, this Offering Document, Regulations and any directive/circular issued by the Commission from time to time.
- 3.5.2 The Fund Property shall be subject to such Exposure limits as are provided in the Deed, this Offering Document, and the Regulations (subject to any exemptions that may be specifically given to the Fund by the Commission).
- 3.5.3 The Management Company, with prior approval of the Commission and the Trustee, and in consultation with the Shariah Advisor, may take an exposure in any unauthorized investment due to the recovery of default proceedings of any counter-party of an authorized investment.
- 3.5.4 No single broker shall account for fifteen (15) percent or more of the Fund's brokerage or commission in any one Financial Year, or as prescribed in the Regulations from time to time.
- 3.5.5 The Management Company on behalf of the Scheme shall not:
- (a) Affect 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 or commodities;
  - (e) Take Exposure in any other Collective Investment Scheme except for overseas investments



- (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) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (h) Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company;
- (i) Apply for de-listing from the stock exchange unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
- (j) Invest in securities of the Management Company;
- (k) Acquire any security of which another asset management company, managing a collective investment scheme is the issuer;
- (l) Make investments in unlisted securities unless an application for listing of such securities have been accepted by the pertinent Stock Exchange, provided the Scheme may make total investments in pre-initial public offering of a security up to fifteen (15) percent of the Net Assets of the Scheme, subject to other investment limits prescribed by the Regulations;
- (m) Issue Units in consideration other than cash unless permitted by the Commission;
- (n) Acquire twenty-five (25) per cent or more of the voting rights or a control of a company;
- (o) Exposure to equity securities of a company shall not exceed ten (10) percent of the issued capital of that company
- (p) At any time, rollover the investments, if in the opinion of Trustee, the Fund would not be able to issue payment instruments for the redemption money to the Unit Holder within time period stipulated in the Regulations;
- (q) Net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund;
- (r)
- (s) Make any Investment in a non Shariah Compliant instrument against the guidelines of the Shariah Advisor.

### **3.6 BORROWING/FINANCING ARRANGEMENTS**

- 3.6.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may make arrangements with Islamic Banks or Financial Institutions, or Islamic windows of conventional Banks or Financial Institutions for arranging financing/borrowing for account of the Scheme, after due consultation with the Trustee, from Banks, Financial Institutions, non-banking finance companies or collective investment schemes. The borrowing/financing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety (90) days and such borrowing shall not exceed fifteen (15) per cent of the Net Asset of the Scheme at the time of borrowing or such other limit as specified by the Commission.
- 3.6.2 If borrowing/financing for the account of the Fund is made within the maximum limit applicable thereof at the time of the borrowing/financing but subsequent to such borrowing/financing the value of the total Net Assets has reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, then in such case the Management Company or the Trustee shall not be under any obligation to reduce such borrowing/financing so as to bring it within the revised limit applicable thereto.



- 3.6.3 The charges payable to any Bank or institution against borrowing/financing on account of the Fund as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.
- 3.6.4 Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowing/financing from Banks and Financial Institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.
- 3.6.5 For the purposes of securing any such borrowing/financing the Trustee may upon instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations.
- 3.6.6 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing/financing arrangement made hereunder provided that the borrowing/financing has been done in good faith and without gross negligence.

### **3.7 TRANSACTION WITH CONNECTED PERSONS**

- 3.7.1 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.
- 3.7.2 The Management Company on behalf of the Scheme shall not without the approval of its Board of Director in writing and consent of Trustee, purchase from, or sell and security to, any Connected Person or employee of the Management Company.
- 3.7.3 For the purpose of Clause 3.7.1 and 3.7.2 above, the terms director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 3.7.4 The Management Company on behalf of the Scheme shall not take Exposure of more than 10% of Net Assets of the Scheme in listed group companies of the Management Company and such Exposure shall only be made through the secondary market..
- 3.7.5 Where cash forming part of the assets of the Fund is deposited with the Trustee or the Custodian that is banking company or an NBFC, a return on the deposit shall be paid by the Trustee or such Custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar amount and maturity.
- 3.7.6 All transaction with Connected Persons carried out by the Management Company on behalf of the Fund shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the annual report of the Fund.
- 3.7.7 Money can be borrowed/financed from the Financial Institutions which is a Connected Person provided that the charges are not higher than the normal bank charges.





3.7.8 The Trustee shall not invest in the Fund.

### 3.8 RISKS

#### Passive Investments

The Fund may be affected by a general decline in the markets relating to its Underlying Index. The Fund invests in the securities included in its Underlying Index regardless of their investment merit. The fund manager does not attempt to individually select stocks or to take defensive positions in declining markets.

#### Performance Risk

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

#### 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 these 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;

#### 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.

#### Equity Risk:

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

#### Tracking Error Risk





Tracking error is the difference between the performance of a fund and the performance of its underlying index. Tracking errors may cause the Scheme to generate returns which are not in line with the performance of the underlying index

**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.

**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.

**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.

**Sovereign Risk:** Payment of bonds/ notes may be effected 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.

### **3.9 DISCLAIMER**

**The Units of KMIF are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by the SECP, any Government Agency, Trustee or the Management Company (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 Investors or any other bank or financial institution. The portfolio of KMIF is subject to market risks and risks inherent in all such investments.**

**KMIF's target return/ dividend range cannot be guaranteed. KMIF'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.**

**Disclosure: "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 noncompliance 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 Scheme, if any, is not in compliance with the minimum investment criteria of the assigned category.**



## 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.

As a Shariah Compliant investment solutions provider, Al Meezan Investments has kept up with expectations. Al Meezan Investments has been able to successfully launch and manage 8 mutual funds and a Pension Fund. The Mutual Funds currently under management include. Al Meezan Mutual Fund (AMMF), Meezan Islamic Fund (MIF), Meezan Balanced Fund (MBF), Meezan Islamic Income Fund (MIIF), Meezan Capital Protected Fund-II (MCPF-II), Meezan Cash Fund (MCF) and Meezan Sovereign Fund (MSF), while the Pension Fund is Meezan Tahaffuz Pension Fund (MTPF).). 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:

Share holding of Al Meezan Investments	% Shareholding	Paid up capital (Rs Mn)
Meezan Bank Limited	65%	325.00
Pakistan Kuwait Investment Company	30%	150.00
Employees	5%	25.00
<b>Total</b>	<b>100%</b>	<b>500.00</b>

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.

##### 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.



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 PERFORMANCE

(PKR in Million)

	CY11	CY10	CY09	CY 08	CY07	CY06	CY05
<b>Paid-up Capital</b>	8,030	6,983	6,650	4,925	3,780	3,780	2,037
<b>Equity</b>	13,329	10,740	9,091	6,341	5,720	4,763	3,025
<b>Total Assets</b>	200,550	154,752	124,169	85,276	67,179	46,439	30,676
<b>Deposits</b>	170,030	131,070	100,333	70,234	54,582	34,449	22,769
<b>Net Profit</b>	3,391	1,649	1,025	621	963	604	419
<b>Earnings per Share (PKR)</b>	4.22	2.05	1.62	1.22	1.96	1.88	1.46

#### 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 eight funds including a voluntary pension scheme. 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 PERFORMANCE**

(PKR in Million)

	CY11	CY10	CY09	CY08	CY07	CY06	CY05
<b>Paid-in-capital</b>	6,000	6,000	6,000	6,000	6,000	6,000	2,000
<b>Reserves</b>	3,115	2,992	2,885	6,447	5,791	4,784	7,339
<b>Total Equity</b>	9,584	9,618	9,061	8,309	12,991	13,293	13,175
<b>Total Assets</b>	20,807	22,898	24,206	15,468	24,406	30,322	25,747
<b>Net Profit</b>	1,042	537	(3,563)	(4,102)	1,449	1,210	1,897



#### 4.1.2 BOARD OF DIRECTORS AND MANAGEMENT

##### 4.1.2.1 BOARD OF DIRECTORS

Name of Director	Directorship in other Companies
Mr. Ariful Islam, Chairman	Meezan Bank Limited
Mr. Mohammad Shoab, CFA	Mutual Funds Association of Pakistan (Vice Chairman) Pakistan Institute of Capital Markets
Mr. Mazhar Sharif	The General Tyre & Rubber Co. of Pakistan Limited
Mr. P. Ahmed	Pak Qatar Family Takaful Limited The Guidance Institute (Private) Limited
Mr. Salman Sarwar Butt	None
Syed Amir Ali	Haleeb Foods Limited Falcon Greenwood (Pvt) Limited Blue Water (Pvt) Limited
Mr. Tasnimul Haq Farooqui	None
Mr. Amir Ali Zaidi	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 a number of 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

Mr. Mohammad Shoab, CFA is the Chief Executive of Al Meezan Investment Management Ltd. He has played a key role in setting up the company and has been associated with it since inception. He is a highly qualified and seasoned professional with 20 year's experience in capital markets. He has to his credit many accolades and awards, the most significant of them being the "Most Influential CFA charter holder" awarded by CFA Institute in 2006.



Mr. Shoaib holds an MBA degree from IBA besides being a Chartered Financial Analyst (CFA) charter holder. He has to his credit the honor of being the founder and first president of CFA Association of Pakistan, a member society of CFA Institute. In addition, he has been a past member of CFA Institute’s Asia Pacific Advocacy Committee Global Corporate Governance Task Force which has developed a manual for investors on Corporate Governance. Mr. Shoaib is currently Presidents’ Council Representative (PCR) for Asia Pacific region elected by 15 societies in the region. In this capacity he represents, over 12,000 CFA charter holders residing in countries including Japan, Korea, Singapore, Hong Kong, China, Pakistan, India, Sri Lanka, Indonesia, Malaysia, Thailand, Philippines, Taiwan, Australia and New Zealand.

Prior to joining Al Meezan Investments, Mr. Shoaib was the 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. 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.

**MAZHAR SHARIF**

Mr. Mazhar Sharif is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He has more than 14 years of work experience in the financial sector. Currently he is associated with Pakistan Kuwait Investment Company Pvt. Ltd. as Executive Vice President & Head of Internal Audit. He has also worked with A.F. Ferguson & Co – Chartered Accountants – a member firm of the PwC network in the Audit section in various capacities. During his association with AFF & Co, he has worked on various assignments for some 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.

**P. AHMED**

Mr. P. Ahmed is one of the Independent Directors on the Board of Al Meezan Investments. He is the Director & Chief Executive Officer of Pak Qatar Family Takaful Limited since 2007. He launched Pakistan’s first Family Takaful Company and was instrumental in establishing its infrastructure with the state of the art technology in Penta Takaful. He has vast experience of working in the Insurance Industry with leading institutions such as State Life Insurance Corporation of Pakistan, American Life Assurance Company Limited and NJI Life Insurance Company Limited, besides these he has also worked with leading training and consultancy firm.

Mr. Ahmed is an MBA in Finance & Marketing and also holds a Post Graduate Diploma in Islamic Banking and Finance. He is also a fellow member of Life Management Institute and Associate Customer Services of Life Office Management Association (“LOMA”), USA.

**SALMAN SARWAR BUTT**

Mr. Salman Sarwar Butt is a founding member and partner of Green Cherry Solutions. He was previously associated with Royal Bank of Scotland, Hong Kong, where he served as the Senior Vice President. He has over 19 years of experience in the banking sector during which he has served both in Pakistan and abroad. He graduated from Oberlin College, Ohio with a Bachelors in Economics.

**SYED AMIR ALI**

Syed Amir Ali is a Chartered Accountant holding three gold medals from the Institute of Chartered Accountants of Pakistan. He also holds a charter from the Association of Chartered



Certified Accountants (UK), the CFA Institute (USA) along with holding a Master’s degree with a gold medal in Business Administration.

Syed Amir Ali joined Meezan Bank in late 2006 and it was under his vision that the Management decided to set up a dedicated Investment Banking department at Meezan Bank. As Head of Investment Banking, Syed Amir Ali has been the driving force in devising complex structures for Investment Banking transactions. His remarkable knowledge of accounting & financial concepts, corporate & tax laws and Shariah advisory are the core elements behind the Investment Banking department’s landmark performance. It was under his vision that the first Islamic Project financing transaction was executed in the country.

Prior to joining Meezan Bank, he was serving as the Head of Treasury and then as Financial Controller at Pakistan Refinery Limited. He has also had the opportunity to work as a Business Control Analyst for Shell Companies Limited, Pacific Islands.

**TASNIM UL HAQ FAROOQUI**

Mr. Farooqui is L.L.M. (1986) from Karachi University. He is also DAIBP, Member Sindh Bar Council, and Fellow of Institute of Corporate Secretaries of Pakistan.

Mr. Farooqui served in Habib Bank Limited for a period of around three years. Later he joined Pak Kuwait Investment Company (Pvt) Ltd. in March 1980. His last designation with Pak Kuwait in 2009 was SVP/Head of Credit Administration Department.

**AMIR ALI ZAIDI**

Mr. Amir Ali Zaidi is presently working at Pakistan Kuwait Investment Company as Senior Vice President in the Capital Markets Department. He brings more than 23 years of experience mostly related to capital markets. Mr. Amir has done MBA from College of Business Management “CBM” in Finance and Human Resources. In addition, he holds the bachelor’s degree at law (LLB). Prior to joining Pakistan Kuwait Investment Company, Mr. Amir has worked at Taurus Securities Limited as a Group Chief and at A.F. Ferguson, Chartered Accountants as a Supervising Senior.

**4.1.2.3 PARTICULARS OF MANAGEMENT**

**MOHAMMAD SHOAB, CFA –CHIEF EXECUTIVE**

Please see background given 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 16 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 as well as clearing CFA Level II. He is also a Fellow of Life Management, Life Insurance (FLMI). He has also been a visiting faculty member at IBA and Bahria University.

Mr. Asad also served 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.





**SYED OWAIS WASTI – CFO & COMPANY SECRETARY**

Mr. Owais is an associate member of Institute of Cost & Management Accountants of Pakistan (ICMA). Prior to joining Al Meezan Investments, Mr. Wasti also served at JS Investments Limited (formerly JS Abamco Limited) as Chief Financial Officer and Company Secretary. He also worked with Jahangir Siddiqui & Co. Limited in Equity Operations. At Al Meezan Investments, he is the Chief Financial Officer and heads the Accounts & Operations Department and is also its Company Secretary.

**ABDUL RUB KHAN, (HEAD OF HUMAN RESOURCES)**

Mr. Abdul Rub is responsible for developing and implementing effective HR management strategies. He holds an MBA degree in the field and also possesses a Diploma in Management Sciences from the United Kingdom. He has over 9 years of experience in Human Resource management with leading local and multinational companies.

**JASEEM AHMED KHAN, (HEAD OF COMPLIANCE & INTERNAL AUDIT)**

Mr. Jaseem Ahmed Khan is a member of the Institute of Chartered Accountants of Pakistan (ICAP). He has over 12 years of diverse experience in the fields of Finance, Audit, Tax and Risk Management with leading institutions like A. F. Ferguson and Co., Pakistan State Oil Company and ORIX Leasing.

**MUHAMMAD FAISAL HAFEEZ – HEAD OF OPERATIONS**

Mr. Faisal Hafeez is our Head of Operations. He is a member of the Institute of Chartered Accountants of Pakistan (ICAP). He has over 9 years of diverse experience in the fields of Audit, Tax and Finance with leading institutions like A. F. Fergusons and Co. Pak Kuwait Takaful Company Limited and KPMG Taseer Hadi & Co.

**SANAM ALI ZAIB, – HEAD OF RESEARCH & PRODUCT DEVELOPMENT**

Mrs. Sanam heads the Research as a Vice President at Al Meezan Investment Management Limited. She has over 7 years of experience in supervising equity research team and doing financial analysis of sectors assigned to her. Her area of expertise had been market strategy, energy, cement, and fertilizer sectors.

Mrs. Sanam holds an MBA degree from Institute of Business Administration Karachi. She has also cleared CFA level-II from CFA Institute of USA.

**SHAHID GUL MOTIWALA – NATIONAL SALES MANAGER**

Shahid Motiwala has over 8 years of experience in Sales and Business development and over 3 years in mutual fund industry. He has been associated in the past with UBL Fund managers and Gul Ahmed Group. He has been involved in overall Business development, Sales Planning and coordination with marketing and other departments for achievement of sales targets for both Retail and institutional clients. He is also responsible for hiring retaining and managing sales team to help perform at their required levels. Mr. Gul holds an MBA degree from IBA.

**SYED KHURRAM ALI NAQVI – HEAD OF INFORMATION TECHNOLOGY**

Mr. Khurram holds a Master's 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.

#### 4.1.2.4 PERFORMANCE OF PUBLIC LISTED COMPANIES WHERE DIRECTORS HAVE SIMILAR OFFICES

##### 4.1.2.4.1 MEEZAN BANK LIMITED

(Rupees in Millions)	2011	2010	2009	2008	2007
Profit before tax	4,356	2,126	1,740	992	1,269
Profit after tax	3,391	1,649	1,025	621	963
Paid up Capital	8,030	6,983	6,650	4,926	3,780
Shareholders' Equity	13,329	10,740	9,091	6,341	5,720
Total Assets	200,550	154,752	124,169	85,276	67,179
Earnings per share (Rs.)	4.22	2.05	1.62	1.22	1.96

##### 4.1.2.4.2 GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED

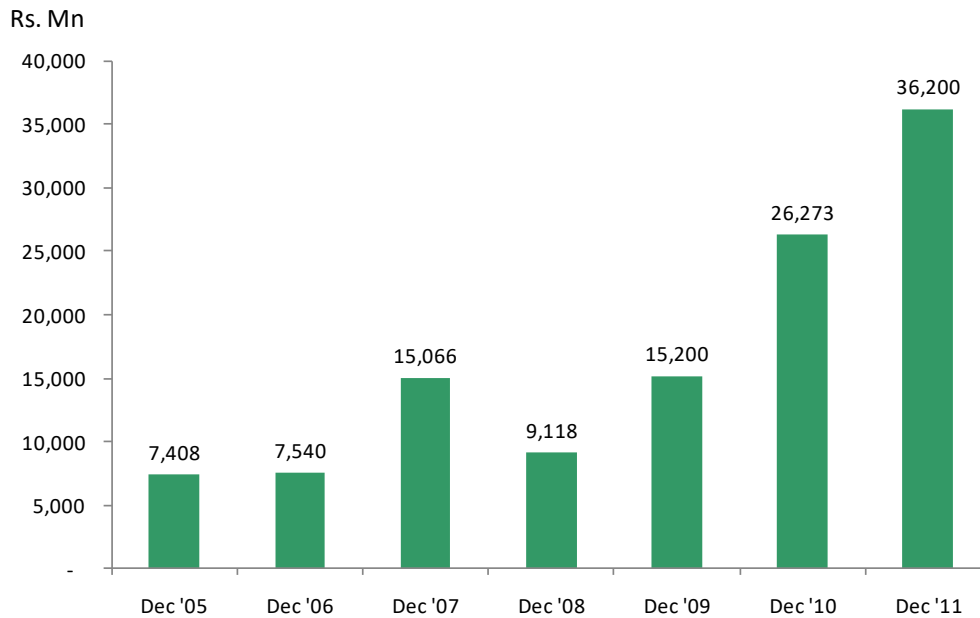
(Rupees in Millions)	2011	2010	2009	2008	2007
Profit before tax	395	409	(142)	7	106
Profit after tax	259	218	(110)	(17)	63
Paid up Capital	598	598	598	598	598
Shareholders' Equity	1,470	1,331	1,112	1,222	1,239
Total Assets	1,835	1,890	N/A	N/A	N/A
Earnings per share (Rs.)	4.33	3.65	N/A	N/A	N/A

#### 4.1.2.5 FUNDS UNDER MANAGEMENT OF AL MEEZAN INVESTMENTS

Al Meezan Investment Management Limited is one of the largest Asset Management Company in the private sector with assets under management amounting to over Rs.35.08 billion as on December 31, 2011. During the last year, Al Meezan Investments launched Meezan Capital Protected Fund-II after the maturity of Meezan Capital Protected Fund-I, and successfully converted one close ended fund, Al Meezan Mutual Fund, to an open end fund. Its eight funds under management include 1 closed end fund, 6 open end funds and 1 voluntary pension



scheme. At present, Al Meezan Investments is managing the largest open end Equity fund in the private sector.



A snapshot of the financial performance of Al Meezan Investments is as follows:

(PKR in Million)

	1HFY12	FY11	FY10	FY09	FY08	FY07	FY06
<b>Paid-up-capital</b>	500	500	425	425	425	250	100
<b>Reserves</b>	682	642	436	203	410	385	369
<b>Total Equity</b>	1182	1,142	861	628	835	635	469
<b>Total Assets</b>	1582	1,543	1,101	818	1,155	754	567
<b>Net Profit</b>	111	410	203	(102)	192	162	134
<b>EPS (PKR)</b>	22.11	82	41	(24)	45	38	134

## PERFORMANCE OF EXISTING FUNDS

### AL MEEZAN MUTUAL FUND (AMMF)

- (a)
- (b) AMMF is the first mutual fund that was launched in May 1996 from the platform of Al Meezan Investments as a close ended fund with a paid up capital of PKR 250 million.
- (c) The Fund was successfully converted from closed end fund to open end fund on August 5<sup>th</sup> 2011.
- (d) As of 31 December 2011, the net assets of AMMF stood around PKR 1,406 million.



- (e) AMMF was one of the best performing private sector closed-end funds. AMMF has provided 885% cumulative NAV based return to its investors since inception (as on December 31, 2011).
- (f) AMMF has provided an annual return of -4.08 % to its investors as compared to an annual return of -5.61% provided by KSE-100 index (as on December 31, 2011.)

The performance of AMMF is summarized as follows:

	1HFY12	FY11	FY10	FY09	FY08	FY07	FY06
<b>Investment Income (PKR Million)</b>	79.86	393.29	397.39	(543.56)	38.615	594.674	497.046
<b>Profit / (Loss) (PKR Million)</b>	35.6	359.73	356.11	(575.18)	(11.53)	546.76	440.20
<b>Earnings/ (Loss) Per Share (PKR)</b>	0.25	2.62	2.59	(4.18)	(0.08)	3.98	3.68
<b>Net Assets (PKR Million)</b>	1,409	1,707	1,403	1,174	1,906	2,219	2,029
<b>Total Return on AMMF (%)</b>	-4.08	37.37	31.23	(31.67)	(0.59)	26.99	28.37
<b>Benchmark (%)</b>	-3.81	43.66	36.87	-35.44	0.92	17.16	25.39
<b>Cash Dividend (%)</b>	2.5	21	18.5	-	10.00	25.00	30.00
<b>Stock Dividend (%)</b>		-	-	-	-	15.00	-
<b>Right Issue (%) (At PKR 10 per share)</b>		-	-	-	-	-	-

**MEEZAN ISLAMIC FUND (MIF)**

- (a) MIF is the largest open end equity fund in the private sector. It is a Shariah compliant equity fund.
- (b) It was started with seed capital of PKR 520 million in August 2003 and its public offering was in October 2003 with an offering price of PKR 50 per unit. NAV of MIF was 39.89 while net assets of MIF stood at PKR 4,330 million as on December 31, 2011.
- (c) Investors of MIF include pension, provident and gratuity funds, private sector and public sector companies, banks from private and public sector and individuals
- (d) MIF's return for 1HFY12 is -4.03% while cumulative return since inception is 257%.
- (e) MIF is assigned MFR 3-Star (Long-Term) performance rating by JCR-VIS which denotes superior performance vis-à-vis other Islamic funds.

The performance of MIF is summarized as follows:

	1HFY12	FY11	FY10	FY09	FY08	FY07	FY06
<b>Investment Income (PKR Million)</b>	161,742	1262	1,243	(1,675)	107	1,053	748



<b>Profit / (Loss) (PKR Million)</b>	15.6	1,077	1,230	(1,564)	528	880	868
<b>Net Assets (PKR Million)</b>	4,346	4,497	3,966	3,737	6,034	3,679	3,200
<b>Total Return on MIF (%)</b>	-4.03	39	30.87	(29.51)	0.27	28.78	29.65
<b>Benchmark (%)</b>	-3.81	43.66	36.87	-35.44	0.92	17.16	25.39
<b>Dividend – Bonus Units (%)</b>	26.90	20.00	18.00	-	20.00	31.20	35.00

**MEEZAN ISLAMIC INCOME FUND (MIIF)**

- (a) MIIF was the first Shariah compliant Income fund in Pakistan. The Fund was launched in January 2007.
- (b) MIIF was launched with a seed capital of PKR 115 million.
- (c) Net assets of MIIF as at December 31, 2012 amount to PKR 1,718million.
- (d) The fund provided a return of 2.78% in 1HFY12.
- (e) MIIF invests in Sukuks, Islamic bank deposits and other certificates of Islamic investment based on various structures.
- (f) The fund has been assigned a rating of A(f) by JCR-VIS.

	1HFY12	FY11	FY10	FY09	FY08	FY07
<b>Investment Income (PKR Million)</b>	51	367	421	539	594	93
<b>Profit / (Loss) (PKR Million)</b>	24	309	289	493	558	135
<b>Net Assets (PKR Million)</b>	1,718	2,542	3,394	4,873	5,737	3,123
<b>Total Return on MIIF (%)</b>	2.78	11.8	7.31	10.15	9.28	10.07
<b>Benchmark (%)</b>	5.99	5.90	5.75	6.54	5.75	4.66
<b>Dividend – Bonus Units (%)</b>	-	12.35	6.27	9.54	9.20	4.40

**MEEZAN CASH FUND (MCF)**

- a) MCF is the first Shariah compliant Money Market fund in Pakistan. The Fund was launched in June 2009.
- b) MCF was launched with a seed capital of PKR 100 million
- c) Net assets of MCF as at December 31, 2011 amount to PKR 6,601 million.
- d) The fund provided an annualized return of 11.47% in 1HFY12.
- e) MCF invests in government securities and double A (AA) and above rated instruments with maximum maturity of 6 months.
- f) The fund has been assigned a rating of AA (f) by JCR-VIS

	1HFY12	FY11	FY10	FY09
<b>Investment Income (PKR Million)</b>	388	720	373	2
<b>Profit / (Loss) (PKR Million)</b>	352	623	419	2
<b>Net Assets (PKR Million)</b>	6,601	5,956	5,224	624



<b>Total Return on MCF (%)</b>	11.47	11.0	10.10	8.08
<b>Benchmark (%)</b>	8.30	8.20	7.48	7.60
<b>Dividend – Bonus Units (%)</b>	2.58	10.51	9.88	0.30

**MEEZAN SOVEREIGN FUND (MSF)**

- MSF is a Shariah Compliant (Islami) Income Fund. The Fund was launched in February 2010.
- MSF seeks maximum possible preservation of capital and a reasonable rate of return via investing primarily in Government Securities.
- Net assets of MSF as at December 31, 2011 amount to PKR 18,798 million.
- MSF earned a return of 12.14% during 1HFY12.
- MSF invests in high grade and liquid avenues with minimum 70% investment in government backed /issued AAA securities as well as placement in top rated banks.
- The fund has been assigned a rating of AA by JCR-VIS

	1HFY12	FY11	FY10
<b>Investment Income (PKR Million)</b>	960	784	24
<b>Profit / (Loss) (PKR Million)</b>	909	884	34
<b>Net Assets (PKR Million)</b>	18,798	12,546	971
<b>Total Return on MSF (%)</b>	12.14	11.50	9.76
<b>Benchmark (%)</b>	8.30	8.20	7.48
<b>Dividend – Bonus Units (%)</b>	5.2	11.45	9.76

**MEEZAN CAPITAL PROTECTED FUND –II (MCPF –II)**

- MCPF II is a Shariah Compliant Capital Protected Fund. It was launched on July 05, 2011 after the successful maturity of MCPF I.
- Net assets of MCPF –II as at December 31, 2011 amounted to PKR 408 million.
- The Fund earned a return of 3.28% during 1HFY12.
- MCPF –II seeks to provide its investors 100% protection of their capital while offering competitive returns by participating in the equity market.

	1HFY12
<b>Investment Income (PKR Million)</b>	17
<b>Profit / (Loss) (PKR Million)</b>	13
<b>Net Assets (PKR Million)</b>	408
<b>Total Return on MCPF (II) (%)</b>	3.28%
<b>Dividend – Bonus Units (%)</b>	N/A

**MEEZAN TAHAFUZZ PENSION FUND (MTPF)**

- MTPF is a Shariah Compliant Pension Fund. The Fund was launched in June 2007.



- b) MTPF seeks to provide participants with a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living.
- c) Net Assets of MTPF as at December 31, 2011 amount to PKR 476 million.
- d) The sub funds recorded the following returns in the 1HFY11:
  - i. Equity sub fund recorded a gain of -4.55%
  - ii. Debt sub fund posted a return of 8.57%
  - iii. Money market sub fund posted a return of 11.59%

	1HFY12	FY11	FY10	FY09	FY08
<b>Investment Income (PKR Million)</b>	41	86	43	-5	15
<b>Profit / (Loss) (PKR Million)</b>	38	80	38	-8	11
<b>Net Assets (PKR Million)</b>	476	416	277	193	181
<b>Total Return on MTPF – Equity (%)</b>	-4.55	36.0	31.5	25.8	3.10
<b>MTPF – Debt (%)</b>	8.57	10.90	8.50	10.20	8.30
<b>MTPF – MMKT (%)</b>	11.59	10.70	8.50	11.10	7.70

**MEEZAN BALANCED FUND (MBF)**

- (a) MBF is a Shariah compliant balanced fund in Pakistan. The Fund was launched in December 2004.
- (b) MBF was launched with a paid-up capital of PKR 1,200 million.
- (c) Net assets of MBF as at December 31, 2011 amount to PKR1,327 million
- (d) The fund provided a return of 0.99% in 1HFY12.
- (e) 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 )

The table summarizes the performance of MBF as follows:

	1HFY12	FY11	FY10	FY09	FY08	FY07	FY06
<b>Investment Income (PKR Million)</b>	104.782	254.04	289.3	(117)	71	381	353
<b>Profit / (Loss) (PKR Million)</b>	72.7	226.02	248.3	156	17.51	324.96	286.57
<b>Earnings per Certificate (PKR)</b>	0.61	1.88	2.07	(1.30)	0.15	2.71	2.39
<b>Net Assets (PKR Million)</b>	1,327	1,523	1,277	1,143	1,424	1,598	1,513
<b>Total Return on MBF (%)</b>	0.99	25.38	22.73	(10.79)	1.19	26	23.39
<b>BenchMark (%)</b>	-0.66	25	21	-14	3	11	15



<b>Cash Dividend (%)</b>	0	5.5	0	-	10.00	16.00	20.00
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Performance of funds being managed by Al Meezan Investments is proof of the fact that the fund management team of Al Meezan Investments has enough expertise and skills to manage any portfolio whatever the size it is.

## **4.2 DUTIES AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY**

### **4.2.1 Establishment and Administration of the Scheme**

The Management Company shall establish, manage, operate and administer the Trust in terms of the provisions contained and stipulated in the Deed, this Offering Document, the Rules and Regulations (as amended or replaced from time to time) and the conditions, if any, which may be imposed by the Commission from time to time;

### **4.2.2 Compliance with Rules, Regulations and the Deed**

The Management Company shall comply with the provisions of the Rules, Regulations and Constitutive Document(s) 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 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 the Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as 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.

### **4.2.3 Fund Manager and Investment Committee**

The Management Company shall appoint a qualified fund manager and has constituted an investment committee in accordance with the provisions of the NBFC Regulations to assist in investing and managing the assets of the Fund or to invest and manage part or whole of the assets of the Fund both locally and abroad at its own cost and discretion.

### **4.2.4 Fund Management**

The Management Company has the responsibility to make all investment decisions through an investment committee constituted within the framework of the NBFC Regulations and any amendment thereto and the Constitutive Documents and the rulings of Shariah as directed by the Shariah Advisor..

### **4.2.5 Investors Services**

The Management Company has the responsibility to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receivings and processing applications in this regard.

### **4.2.6 Management of Fund Property**



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

The Management Company may in consultation with the Trustee further appoint legal, financial advisors and professionals in offshore countries for determining and ensuring compliance with the requisite legal and regulatory requirements to be fulfilled by the Fund, by the Management Company and by the Trustee and their respective obligations in relation thereto.

#### **4.2.7 Appointment of Distributors**

The Management Company at its own expense under intimation to the Trustee shall from time to time appoint, remove or replace one or more Distributor(s) at its own expense for carrying out the Distribution Functions at one or more locations. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions.

The Management Company shall ensure, where it delegates the Distribution Function, that;

- (i) the Distributors to whom it delegates, have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the SECP and are abiding by the code of conduct prescribed by the association(s) and;
- (ii) The written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

#### **4.2.8 Appointment of Investment Facilitators**

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

#### **4.2.9 Appointment of Registrar/Transfer Agent**

The Management Company may from time to time and at its own expense and responsibility under intimation to the Trustee, appoint, remove or replace the Registrar/Transfer Agent who shall be responsible for performing Registrar Functions.

#### **4.2.10 Record Keeping**

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 maintain the books of accounts and other records of the Scheme for a period of not less than ten years.





#### 4.2.11 Principal office, records and Submission of Accounts

4.2.11.1 The Management Company shall maintain at its principal office, complete and proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme, amounts received by the Scheme in respect of issue of Units, payment made by the Scheme on redemption of the Units and by way of distributions and payment made from at the termination of the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

4.2.11.2 The Management Company shall within one month of the closing of the first and third quarter and within two months of the closing of the second quarter of each Accounting Period of the Trust, or such extended period permissible under the Rules, prepare as per Rules and Regulations and circulate (physically or through electronic means or on the web subject to SECP approval) to the Unit Holder(s), the Trustee and the SECP and Stock Exchange(s) (on which the Units of the Scheme are listed), whether audited or otherwise:

- (i) balance sheet as at the end of that quarter;
- (ii) income statement;
- (iii) cash flow statement;
- (iv) the Auditor's report of the Scheme (only for the second quarter accounts);
- (v) the Trustee's Report (only for the second quarter accounts);
- (vi) statement of movement in Unit Holders' fund or Net Assets or reserves;
- (v) statement showing the securities owned at the beginning of the relevant period, securities purchased or sold during such period, and the securities held at the end of such period together with the value (at carrying and at market) and the percentage in relation to Net Assets of the Scheme and the issued capital of the person whose securities are owned for that quarter;

Provided that the Commission, subject to any conditions it may impose, may allow the Management Company to transmit the said quarterly accounts to the Unit Holders by placing them on the Management Company's website ([www.almeezangroup.com](http://www.almeezangroup.com)). However, if the investor requests the financials shall be provided to them within seven days free of charge.

4.2.11.3 The Management Company shall, within four months of closing of the Annual Accounting Period of the Scheme, transmit to the Unit Holders, the Trustee, the SECP and Stock Exchange(s) (on which the Units of the Scheme are listed) the annual report as per the requirements set out in Schedule V of the Regulations, including:

- (i) copy of the balance sheet and income statement;
- (ii) cash flow statement;
- (iii) statement of movement in Unit Holders' fund or Net Assets or reserves; and
- (iv) the Auditor's report of the Scheme
- (v) the Trustee's Report

Provided that the Commission, subject to any conditions it may impose, may allow the Management Company to transmit the said Annual Accounts to the Unit Holders by placing them on the Management Company's website ([www.almeezangroup.com](http://www.almeezangroup.com)). However, if the investor requests the financials shall be provided to them within seven days free of charge.



#### **4.2.12 Appointment of Auditors**

The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, an Auditor who shall be a chartered accountant from the list of auditors approved or circulated by the Commission from time to time, and independent of the auditors of the Management Company and the Trustee and such Auditors shall not be appointed for more than five (5) consecutive years and the contents of Auditor's report shall be in accordance with the provisions of Schedule V of the Regulations.

#### **4.2.13 Submission of information to Trustee**

The Management Company shall be obliged to provide such information and record to the Trustee as may be necessary to the Trustee to discharge its obligations under the Regulations.

#### **4.2.14 Liabilities of the Management Company**

The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the Rules, Regulations and/or the Deed or this Offering Document 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 gross negligence or willful breach of duty and the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed, the Management Company shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

#### **4.2.15 Instructions to Trustee**

The Management Company shall, from time to time, advise the Trustee on a timely basis of the instructions relating to any transaction entered into by it on behalf of the Trust.

#### **4.2.16 Performance of Duties as per Rules and Regulations**

The Management Company shall perform any other duties as may be required by the Commission in accordance with the Rules and Regulations and in exercise of the powers conferred to it.

#### **4.2.17 Protection of Unit Holders' interest**

The Management Company shall if it considers necessary request the Trustee, for protection of Fund Property or safeguarding the interest of the Unit Holders, to 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.

#### **4.2.18 Delisting of Units**

The Management Company shall not apply for the delisting of the Units from a Stock Exchange (if applicable) unless it has obtained prior approval of the Commission in writing to such delisting.

#### **4.2.19 Rating of the Scheme**



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

The Asset Management Company on behalf of the Fund shall not at any time net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.

#### **4.2.20 Date and Time Stamping Mechanism and Cut -Off Timing**

The Management Company shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc of Units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.

The Management Company shall clearly specify Cut-off time for acceptance of application forms of issuance, redemption, conversion etc of Units of the Scheme in the Offering Document on its website and designated points.

Cut Off Timing for receiving application forms:

<b>Day</b>	<b>Time</b>
Monday to Friday	09:00 am to 01:00 pm

All forms shall be received at the registered address of the Management Company, or at the authorized branch of the Management Company, or the distributor during the above mentioned time. Provided however that the Management Company may change the Cut-Off Time under prior intimation to the Unit Holders and the Trustee.

#### **4.2.21 Other Responsibilities of the Management Company**

4.2.21.1 The Management Company shall ensure that no entry and exit to the Scheme (including redemption and reissuance of Units to the same Unit Holders on different NAVs) shall be allowed other than cash settled transactions based on the formal issuance and redemption request, unless permitted otherwise by the Commission under the Regulations

4.2.21.2 The Management Company shall not use flipping mechanism (i.e. redemption and re-issuance of units to the same unit holders based on different applicable prices without cash settlement). Further the Management Company on behalf of the Fund shall not at any time net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.

4.2.21.3 The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker.

4.2.21.4 The Management Company shall bear all expenditure in respect of the secretarial and office space of the Management Company and its professional management, including all administrative and accounting expenses;



### **4.3 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.

### **4.4 DUTIES AND RESPONSIBILITIES OF THE TRUSTEE**

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

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

#### **4.4.2 Custody of Assets**

The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Fund on behalf of the beneficial owners (the Unit Holders), within the framework of the Regulations, the Trust Deed and Offering Document issued for the Fund. Cash and registerable assets shall be registered in the name of or to the order of the Trustee.

#### **4.4.3 Obligations under Regulations and Constitutive Document**

The Trustee shall perform all the obligations imposed on it under the Regulations, the Deed and this Offering Document and discharge all its duties in accordance with the Rules, Regulations, the Trust Deed and this Offering Document.

#### **4.4.4 Nomination of Attorney**

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.

#### **4.4.5 Appointment of Sub-Custodian**

The Trustee, in consultation with the Management Company, may appoint, 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.

#### **4.4.6 Compliance with the Deed**

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

#### **4.4.7 Protection of Unit Holders' interest**

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 performance of its duties under the Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the provisions of the Deed or the Regulations. Whenever pursuant to any provision of the 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 have been 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 Fund to the satisfaction of the Trustee or the Management Company as the case may be.

#### **4.4.8 Actions to protect Unit Holders' interest**

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 negligence or breach of its duties in connection with the Trust under the Deed or the Rules, Regulations. For the avoidance of doubt, it is clarified that notwithstanding anything contained in the Constitutive Documents, 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, not arising from negligence by the Trustee and/or the Management Company, 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.

#### **4.4.9 Carrying out instructions of the Management Company**

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



#### **4.4.10 Availability of information to Management Company**

The Trustee shall make available or ensure that there is made available to the Management Company such information and/ or reports as the Management Company may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Fund. The Trustee shall arrange to make available to the Management Company daily statements of all the Bank Accounts being operated by the Trustee for the Fund.

#### **4.4.11 Trustee’s Report to the Unit Holders**

The Trustee shall report to the Unit Holders in accordance with the Regulations, including a report as to whether in its opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of the Regulations, the Deed and this Offering Document and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

#### **4.4.12 Entitlement to require the Auditors to provide reports**

The Trustee shall be entitled to require the Auditors to provide such reports as may be required by the Trustee under Rules and Regulations 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.

#### **4.4.13 Liabilities of the Trustee**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and/or the Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Fund Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder. 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 of Force Majeure.

#### **4.4.14 Performance parameters**

The Trustee shall forward to the Management Company within two Business Days of the receipt of any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profit, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or any other exchange or any other party having any connection with the transaction. The Trustee shall promptly act on any instruction of the Management Company in all such matters relating to recovery of the Fund Property.

### **4.5 OTHER RESPONSIBILITIES OF THE TRUSTEE**



- 4.5.1 The Trustee shall ensure that the sale, issue, repurchase, redemption, transfer and cancellation of Units are carried out in accordance with the provisions of the Deed, this Offering Document and supplemental thereto and the Regulations.
- 4.5.2 The Trustee shall ensure that the methodology and procedure adopted by the Management Company in calculating the value of Units is adequate and the pricing and valuation for sale, issue, repurchase, redemption and cancellation are carried out in accordance with the provisions of the Constitutive Documents and regulatory requirements.
- 4.5.3 The Trustee shall ensure that the Management Company has specified the criteria in writing to provide for a diverse panel of brokers at the time of offering of Scheme and shall also ensure that the Management Company has been diligent in appointing the brokers to avoid undue concentration with any broker.
- 4.5.4 The Trustee shall ensure that the investment and borrowing limitations set out under the Deed, this Offering Document and the Regulations and the conditions under which the Scheme was registered are complied with.
- 4.5.5 The Trustee shall inform the Commission immediately if any action of the Management Company in relation to and / or on behalf of Collective Investment Scheme contravenes the Ordinance, the Rules, the Regulations, the Constitutive Documents, guidelines, circulars, directives or any other applicable laws along with details of remedial action taken by the Trustee where applicable.
- 4.5.6 The Trustee shall comply with the directions of the Commission given in the interest of the Unit Holder(s).
- 4.5.7 The Trustee shall arrange for an annual system audit and provide the report to this effect to the Commission and the Management Company, within four (4) months of the close of the financial year.
- 4.5.8 The Trustee shall not be liable for any loss caused to the Scheme or to the Fund Property due to any elements or circumstances of Force Majeure.
- 4.5.9 The Trustee shall ensure that the Units of the Scheme have been issued after realization of subscription money.
- 4.5.10 The Trustee shall call a meeting of the unit holders in circumstances specified in the Regulations.
- 4.5.11 The Trustee shall not invest in the units of the Scheme.
- 4.5.12 The Trustee shall obtain and maintain duplicate of all the records of register of Unit Holders maintained by the Management Company or the Registrar and shall update the record on a fortnightly basis.

#### **4.6 SHARIAH ADVISOR**

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





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

#### **4.7 DUTIES AND RESPONSIBILITIES OF SHARIAH ADVISOR**

- 4.6.1 All activities of the Fund shall be undertaken in accordance with the Islamic Shariah as per the guidelines given by Shariah Advisor.
- 4.6.2 The Management Company shall appoint a Shariah Advisor from time to time that shall advise the Management Company regarding Shariah.
- 4.6.3 The Management Company may, with prior notice to the Trustee, terminate its agreement with the Shariah Advisor(s) and appoint a new Shariah Advisor to the Fund under intimation to the Commission and the Trustee.
- 4.6.4 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 subject to clause 13.6 of this Offering Document, the Management Company, the Unit Holders and other parties related with the matter.
- 4.6.5 The Shariah Advisor shall provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust into a Shariah Compliant Investment.
- 4.6.6 The Shariah Advisor vide its letter dated March 1, 2012 has certified that the Trust Deed 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 Trust Deed subject to clause 23 of the Deed, permission for necessary amendments of the Deed may be sought from the Commission.
- 4.6.7 At the end of first Annual Accounting Period and thereafter for every Annual Accounting Period, the Shariah Advisor shall issue a certificate to be included in the financial reports in respect of the Shariah compliance of the preceding year's operations of the Fund. Cost of the Shariah Advisor would be borne by the Management Company.
- 4.6.8 The Shariah Advisor will determine the proportion of Haram income earned from the investments and this income will be given to charity.

#### **4.8 PRE-IPO INVESTORS**

The following institutions have contributed towards the Pre-IPO capital of the Fund.





Name of Investor	Amount in Rupees Million
Al Meezan Investment Management Limited	100
<b>Total</b>	<b>100</b>

The Pre-IPO Funds of Rupees One Hundred million was received in total on May 18, 2012. The investor has been issued class A Units against subscription of Pre-IPO Funds. The total minimum amount of investment in the fund at any given time should not be less than Rs.100 million.

#### 4.9 TRANSFER AGENT/REGISTRAR

The Management Company has appointed Meezan Bank Limited (“MBL”), having its registered office at Meezan House C-25 Estate Avenue, SITE, 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,

#### 4.10 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

#### 4.11 LEGAL ADVISORS

The Legal advisors of the Fund are:

**Bawaney & Partners**

404, 4th Floor, Beaumont Plaza,

6-c1-10, Beaumont Road,

Civil lines, Karachi, Pakistan.

#### 4.12 BANK ACCOUNTS

4.12.1 The Trustee, at the instruction of the Management Company, shall open Bank Accounts titled “**CDC -Trustee KSE Meezan Index Fund**” or “**CDC –Trustee Meezan Funds**” at designated Bank(s) in Pakistan and outside Pakistan with minimum rating A-(A minus) as per Rules, Regulations and directives issued by the Commission after obtaining all necessary approvals from the relevant regulatory authorities and the Board of Directors of the Management Company.



The minimum rating of any bank or DFI with which funds are placed should not be lower of A- (A-minus) or the minimum rating specified for the Index Tracker category by the Commission from time to time

- 4.12.2 The Management Company may also require the Trustee to open Bank Accounts as Distribution Account(s) for dividend distribution out of the Fund.
- 4.12.3 The Trustee shall, if requested by the Management Company open Bank Accounts titled "**CDC – Trustee KSE Meezan Index Fund**" or "**CDC –Trustee Meezan Funds**" in offshore countries where the Investments are made on account of the Fund, if such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign if required and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and brokerage accounts with such Banks, custodians, sub-custodians, and brokers, as may be required to be appointed for offshore Investments of the Fund. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and brokerage services accounts in offshore countries shall always be subject to the approval of the State Bank of Pakistan and the exchange control regulations, as well as any directives of the State Bank of Pakistan and/or the SECP.
- 4.12.4 The Management Company while exercising due caution and diligence in appointing and arranging of such Bank, brokerage houses and custodian/ sub-custodian in offshore countries. The Management Company and the Trustee shall not incur any personal liability for any consequences that may arise in the opening and operation of such Bank Accounts, brokerage accounts and/or custodial/sub-custodial services accounts. The Management Company and the Trustee shall be indemnified out of the Fund Property for any losses, costs and expenses that may be suffered, sustained or incurred by the Management Company /Trustee and against all consequences arising from and out of (1) the execution by the Management Company /Trustee of the account opening forms/ documents with all particulars as may be required by such Bank(s), Financial Institution(s), custodian(s)/sub-custodian(s) and brokerage house(s), (2) the opening of such account(s) with the offshore Bank(s),Financial Institution(s), custodian(s)/ sub custodian(s) and brokerage house(s), (3) the Investments made in offshore countries on account of the Trust, (4) the appointment of Bank(s), Financial Institution(s), broker(s) and/or custodian(s)/sub-custodian(s) for the Funds' Investments, securities and other assets internationally and (5) all other related or incidental activities of the Management Company / Trustee in relation to the above. Provided that such indemnity shall not be available to the Management Company and/or the Trustee, if such loss, cost or expense is sustained or incurred due to wilful or negligence on their respective part. For the purpose of making arrangements in offshore countries, the Management Company may in consultation with the trustee retain the services of advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee.
- 4.12.5 Any opening and closing of Bank Account would require an approval from the Board of Management Company, or as prescribed in rules and regulations.
- 4.12.6 For the purpose of making investments in offshore countries and for opening, maintaining and operating accounts mentioned in clause 4.12.3, the Management Company may in consultation with the Trustee retain the services of legal, financial and other advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee, as provided in Clause 4.12.3



- 4.12.7 All income, interest/markup, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the existing Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 4.12.8 Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the Fund.

#### **4.13 Investment of Pre-IPO Funds**

- 4.13.1 The amounts received from Pre-IPO Investors would be deposited in a separate Bank Account titled “**CDC - Trustee KSE Meezan Index Fund –Pre-IPO**”. The Management Company may deposit/ invest this amount in Bank Account with Scheduled Islamic Commercial Bank or Islamic window of a Scheduled Commercial Bank having rating ‘A Minus’ (A-) or above.
- 4.13.2 Income, profit etc. earned on the investments by the Pre-IPO Investors up to the close of the Initial Period of Offer, shall after deducting all expenses that may be incurred by the Management Company, be paid (upon receipt of such income/profit) to the Pre-IPO Investors in proportion to their respective investments. The remaining amount, other than amount for payment of Income, Profit etc. to Pre-IPO Investors, may be transferred to the main Bank Account of the Fund upon the beginning of the Initial Period of Offer.
- 4.13.3 Pursuant to clause 4.13.2 above, the Management Company may issue additional Units to the Pre-IPO investors at the Offer Price for an amount equivalent to the Income, profit, etc earned on their investment up to the close of the Initial Period of Offer and until such time the earnings shall not form part of the Fund Property.
- 4.13.4 The minimum rating of any bank or DFI with which funds are placed should not be lower of A- (A-minus) or the minimum rating specified for the Index Tracker category by the Commission from time to time.



## **PART V: PRINCIPAL FEATURES**

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

### **5.1 MINIMUM AMOUNT OF INVESTMENT**

All the Units will have a Par 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 herein above after giving thirty days prior notice to the Unit Holders.

### **5.2 VARIOUS CLASSES OF UNITS TO BE OFFERED AND THEIR FEATURES**

a) Class "A" Units have been offered to Pre-IPO investors. These Units carry no Load. During the initial public offering, Class "A" Units will be offered to investors which will carry no load. After the IPO, there will be no public sale of Class "A" Units. However, Unit Holders will have the option to convert their dividend amount into Class "A" Units.

After the IPO, Class "B" shall be offered.

b) Class "B" Units will carry a Front-end Load as disclosed in Annexure A of this Offering Document

The following types of Units may be Offered by the Management Company through a Supplemental Offering Document:

- a) Class "C" Units will carry a Back-end Load as disclosed in any Supplemental Offering Document of the Fund.
- b) Class "D" Units will carry a Contingent Load applicable on the NAV according to the schedule disclosed in any Supplemental Offering Document of this Fund.

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

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.

### **5.3 PURCHASE AND REDEMPTION OF UNITS**

Units can be purchased and redeemed at the respective Offer and Redemption prices at any of the distribution outlets as per Annexure C on any Dealing Day during Business 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. The valuation and pricing of the Fund Property shall be in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and/or modified by the Commission from time to time.



#### **5.4 DETERMINATION OF PURCHASE (OFFER) PRICE**

- 5.4.1 The valuation and pricing of the Trust Property shall be in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and/or modified by the Commission from time to time.
- 5.4.2 Units offered during the Initial Period of Offer shall be issued at Initial Price.
- 5.4.3 After the Initial Offer, the Offer Price for the Unit Holder shall be determined from time to time pursuant to the Clause 5.4.4 hereafter and shall be calculated and announced by the Management Company on every Business Day.
- 5.4.4 The Purchase (Offer) Price shall be equal to the sum of:
- (a) The Net Asset Value as of the close of the Business Day (Forward pricing);
  - (b) Any Front-end Load as per Annexure A of this Offering Document;
  - (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such sum shall be adjusted upward to the nearest paisa.

- 5.4.5 Unit Purchase Requests, complete in all respects received during the Business Hours, 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.
- 5.4.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to 5.4.4 (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.
- 5.4.7 Subject to the Regulations, after the Initial Period, the Offer Price and Redemption Price shall be calculated and announced by the Management Company on a daily basis within the stipulated time as directed by the Commission from time to time. The Offer Price and Redemption Price would be published on the Company's website namely, [www.almeezangroup.com](http://www.almeezangroup.com).

#### **5.5 ALLOCATION OF FRONT-END LOAD**

- 5.5.1 The remuneration of Distributors and Investment Facilitators shall be paid from any Front-end Load received against dealings in Units. If the Front-end Load 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 and no charges shall be made against the Fund Property or the Distribution Account in this respect.
- 5.5.2 Such payments may be made to the Distributors and Investment Facilitators by the Management Company upon the receipt from the Trustee or may be made by the



Trustee directly on the instructions of the Management Company on monthly basis in arrears within thirty (30) days of the end of the calendar month.

5.5.3 The Management Company may at its discretion charge different levels of Load on different kinds of Units. However, Front-end Load plus Back-end Load shall not exceed 5% in any case and various levels of Front-end and Back-end Loads shall be disclosed in the Fund's Offering Document. In such an instance the Management Company may instruct the Registrar to issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant applications. However, the Trustee will not accept any amount which is less than the amount based on the Net Asset Value for that day.

5.5.4 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.

## **5.6 PURCHASE PROCEDURE- ISSUE OF UNITS**

### **5.6.1 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.



## **5.6.2 HOW CAN UNITS BE PURCHASED?**

### **Application procedure**

The procedure herein below is designed for paper-based transactions. A request for purchase of Units may also be made through the use of electronic means such as Internet or ATM facilities or Debit Card or Credit Card facilities,, the arrangements for which would be decided amongst the Management Company and the Trustee from time to time followed by the approval of the Commission.

- (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 KSE Meezan Index Fund**” or “**CDC –Trustee Meezan Funds**” 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.

### **5.6.3 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) In the event payment has been accepted by cheque, the payment shall be deemed to be complete on the date the cheque is received by the Management Company. NAV shall be locked at the time of receipt of cheque and Units will be issued upon realization of funds. If the cheque is returned, no Units shall be issued. Cheque should be received with a condition that it should not be postdated and should be drawn on a bank in local town of the Distributor or the investment center. Timely deposit of the cheque shall be the responsibility of the Distributor.

### **5.6.4 JOINT APPLICATION**

- (a) Joint application can be made by a group comprising up to four applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the account opening form and submit a copy of 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 Management Company and 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 with a different Principal Unit Holder, such additional Units will be registered under a different account.

## **5.7 DETERMINATION OF REPURCHASE (REDEMPTION) PRICE**

- 5.7.1 During the Initial Offer the Units shall not be redeemed.
- 5.7.2 After the Initial Offer the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day to be announced on daily basis as per direction of the Commission from time to time, less:
  - (a) Any Back-end Load as per Annexure A of this Offering Document but not exceeding five percent of the Net Asset Value, and;
  - (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;

Such sum shall be adjusted downward to the nearest paisa
- 5.7.3 Any and all bank charges pertaining to online transfer (if levied) shall be intimated to the Unit Holder and borne by him.
- 5.7.4 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.
- 5.7.5 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.
- 5.7.6 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.
- 5.7.7 The Redemption Price determined by the Management Company shall be made available to the public at all the designated outlets as per Annexure C and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and on its website [www.almeezangroup.com](http://www.almeezangroup.com).



## **5.8 REDEMPTION OF UNITS**

The procedure herein below is designed for paper-based transactions. A request for transfer of Units may also be made through the use of electronic means such as Internet or ATM facilities or IVR (interactive voice response) or other means.

- 5.8.1 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.
- 5.8.2 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 to accept redemption requests through electronic, IVR (interactive voice response) or other means upon satisfaction of the Trustee. The Management Company shall not redeem part of the Units comprised in a Certificate. Units in a Certificate can only be redeemed after surrendering the Certificate. In case of partial redemption, Units requested for redemption will be redeemed after surrendering of Certificate and a new Certificate for balance Units may be issued. In the case where Certificate is not issued any number of Units can 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.
- 5.8.3 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.
- 5.8.4 The Management Company shall announce the Offer and Redemption Price on a daily basis on all Subscription Days as per the direction of the Commission from time to time. 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 6.4 or Clause 6.5 hereunder comes into application, the redemption value shall be determined in accordance with the procedure laid out in these clauses.
- 5.8.5 The amount payable on redemption shall be paid to the Unit Holders or first named joint Unit Holder by dispatching a cheque/ bank draft 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 (6) 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.
- 5.8.6 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, upon satisfaction of the Trustee.

- 5.8.7 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 Principal Unit Holder shall give effectual receipt for any such moneys.
- 5.8.8 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 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 6.4.
- 5.8.9 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.
- 5.8.10 A redemption request shall deem to have been made in accordance with the provisions of this Offering Document if such documents prescribe automatic redemption under certain circumstances.
- 5.8.11 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.
- 5.8.12 In case of redemption through ATM services, where the investor receives redemption proceeds immediately before processing the redemption request, the Trustee will release the redemption proceeds in favor of Management Company.
- 5.8.13 The Management Company shall announce the Offer and Redemption Price on a daily basis, on its website [www.ameezangroup.com](http://www.ameezangroup.com), on all Subscription Days as per the direction of the Commission from time to time. 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 6.4 or Clause 6.5 hereunder comes into application, the redemption value shall be determined in accordance with the procedure laid out in these clauses.
- 5.8.14 The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.

## **5.9 PROCEDURE FOR TRANSFER AND CONVERSION OF UNITS**

### **5.9.1 APPLICATION PROCEDURE**

#### **Application procedure**

The procedure herein below is designed for paper-based transactions. A request for redemption of Units may also be made through the use of electronic means such as



Internet or ATM facilities or IVR (interactive voice response) or other means upon satisfaction of the Trustee followed by the approval of the Commission.

- 5.9.2** Every Unit Holder(s) shall be entitled to transfer the Units held by him by an instrument, i.e. the service request form, in such form as the Management Company may prescribe from time to time.
- 5.9.3** Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register in respect thereof.
- 5.9.4** A certificate shall be transferable only in its entirety.
- 5.9.5** Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value, if applicable. where certificates have been issued the Trustee may dispense with the production of any certificate where the certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in the Deed or as required by the Registrar.
- 5.9.6** All instruments of transfer shall be retained by the Registrar subject to the following sub-clause.
- 5.9.7** The Registrar/Transfer Agent with the prior approval of the Management Company and the Trustee shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of ten years from the date of registration thereof and all certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the trust at any time after the expiration of six years from termination of the trust. the Trustee or the Management Company or the Distributors or Registrar shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Distributors or Registrar that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the trustee or the Management Company or the Distributor or Registrar and that every certificate so destroyed was a valid certificate duly and properly cancelled, provided always that:
- (a) The provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant;
  - (b) Nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Distributor or Registrar any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (a) above are not fulfilled; and
  - (c) Reference herein to the destruction of any document includes reference to the disposal thereof in any manner.



### **5.9.8 CONVERSION OF UNITS**

Conversion of Units means redemption of Units from a collective investment scheme and simultaneous investment in any other collective investment scheme managed by Al Meezan Investment Management Limited. In order that Units of this Fund can be converted-in or converted-out by submitting the duly filled Conversion Application Form, or any other Form as designated by the Management Company for the purpose of conversion of Units from time to time, to the Authorized Branch of the Management Company together with any certificate/document required. Certificates, if issued, must accompany the form. In case of conversion-in from this Fund, the procedures of sale of Units shall be undertaken and in case of conversion-out from this Fund the procedures of redemptions of Units shall be undertaken.

### **5.9.9 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.

### **5.9.10 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.

### **5.10 CLOSURE OF THE REGISTER**

The Management Company may close the Register by giving at least seven day's notice to Unit Holders and for period not exceeding forty-five days in a Financial Year and not exceeding Six (6) working days at a time. During the period the Register is closed, transfer applications will not be received.

### **5.11 PAYMENTS TO UNIT HOLDERS**

Any payment made to Unit Holders in respect of dividend, redemption or any other payment shall not be paid to any intermediary or another person apart from the Unit Holder or his authorized representative.

### **5.12 FREQUENCY OF VALUATION AND DEALING, INCLUDING DAYS**

- a) For Offer and Redemption Prices during the Initial Public Offering, please refer to the Clause 5.4.
- 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 its website, and on the website of MUFAP on each Dealing Day by 1830 or any other time as required by the commission from time to time
- d) Offer Price will be determined on each Dealing Day as per Clause 5.5 of this Offering Document.
- e) Redemption Price will be determined on each Dealing Day as per Clause 5.8 of this Offering Document.
- f) NAV and Redemption Price of the Fund will be announced on each Dealing Day as per the direction of the Commission from time to time.



- g) The method for determining the value of the assets and liabilities and the net asset value would be as mentioned in the Regulations and Trust Deed.

Subsequent to the Initial Period, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices for every Subscription Day as per the direction of the SECP from time to time, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be such that the Trustee is satisfied regarding the accurate calculation of prices.



## 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 and the Commission.

### 6.2 SUSPENSION OF ISSUE AND REDEMPTION OF UNITS

6.2.1 In exceptional circumstances the Management Company may suspend the issue and redemption of Units at any time for an indefinite period as defined in 6.2.2 below.

6.2.2 In exceptional circumstances, in case of suspension of redemption of Units the issuance of fresh units shall also be kept suspended until and unless redemption of Units is resumed. 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 as well as on the website of the Management Company. The exceptional circumstances may include:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) Extraordinary circumstances including closure of one or more Banks, in which the Fund's Bank Accounts are maintained.

6.2.3 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.

- 6.2.4 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 newspaper in which prices of the Fund are normally published.

### **6.3 DATE AND TIME STAMPING MECHANISM**

The Management Company and / or authorized distributors shall formally forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within 24 hours of the receipt of such requests.

### **6.4 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. . When it is not practical to determine the chronological ranking of any request in comparison to others received on the same Business Day, such request shall be processed on a pro-rate basis to the size of total request for the day.
- 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 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.
- 6.4.4 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.
- 6.4.5 The Asset Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of Trustee, the Fund would not be able to issue payment instrument for the redemption money to the Unit Holder within time period stipulated in the Regulations.





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

#### **6.5 WINDING UP IN VIEW OF MAJOR REDEMPTIONS**

In the event the Management Company is of the view that the quantum of redemption requests that have built up 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 exist 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.

#### **6.6 EXTINGUISHING OF THE FUND**

The Fund may be extinguished by the occurrence of any of the following events in such manner as specified in the Regulation and/ or circular issued by the Commission;-

- a. where the AMC is unable to remove the suspension of redemption of units of the Fund within the fifteen working days of suspension and the unit holders representing at least three fourth in value of total outstanding units of the concerned scheme pass a resolution or have given consent in writing that the scheme be revoked;
- b. where the Asset Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license ;
- c. in the opinion of the Asset Management Company the scheme is not commercially viable or the purpose of the scheme cannot be accomplished subject to the consent of trustee;
- d. on occurrence of any event or circumstances which, in the opinion of the trustee, requires the Scheme to be revoked; and
- e. where the Commission deems it necessary to revoke the fund so directs either trustee or Asset Management Company in the interest of unit holders;

**No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.**



## PART VII: DISTRIBUTION POLICY

### 7.1 DIVIDEND DISTRIBUTION AND DETERMINATION OF DISTRIBUTABLE INCOME

The Management Company shall decide as soon as possible but not later than forty-five (45) days after the Accounting Date whether to distribute among Unit Holders, profits, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit.

- 7.1.1 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, mark-up, profit and fee
  - (b) Entire net realized appreciation, 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.
- 7.1.2 The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditors 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 out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company after consulting the Auditors to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account.
- 7.1.3 The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting all such expenses and costs as mentioned in Part VIII.
- 7.1.4 The income qualifying for distribution in respect of the relevant period may be adjusted as under:
- (a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit or mark-up;
  - (b) adjustment if considered necessary by the Management Company to reflect the diminution in value of Fund Property in consultation with the Trustee.
  - (c) addition of a sum representing amounts included in the price of Units for income accrued prior to the date of issue and deduction of a sum representing income distributed upon redemption of Units during the relevant period.
- 7.1.5 The Management Company may, from time to time, pay to the Unit Holders such interim dividends as in their judgment position of the Fund justifies.
- 7.1.6 The Management Company, on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the Unit Holders, not less than ninety percent of the accounting income of the Scheme received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Scheme under the Regulations.



## **7.2 DISTRIBUTION POLICY AND DATE OF DISTRIBUTION**

- 7.2.1 The Management Company shall decide as soon as possible but not later than forty-five (45) 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.
- 7.2.2 In case of cash dividend, for each profit distribution the Management Company may instruct the Trustee to issue payment instruments for cash dividend or transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of the Deed be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided. However, any amount standing to the credit of the Distribution Account being profit would be treated as Fund Property and would be transferred to the Fund's Bank Account from time to time.
- 7.2.3 After the fixation of the rate of distribution per Unit, distribution payments shall be made by the Trustee through transfer to the Unit Holders' designated bank accounts as mentioned in the Investor Account Opening Form to be prescribed in this Offering Document or through any other mode(s) of payment and such payment shall be subject to the Regulations.
- 7.2.4 Before making any distribution payment (such as bonus Units, cash dividend etc.) in respect of a Unit the Management Company may make such deductions as may be required by law in respect of any zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holders the certificate/ advice in respect of such deductions in the prescribed form or in a form approved by the concerned authorities.
- 7.2.5 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 and no Front-end Load shall be charged.
- 7.2.6 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.
- 7.2.7 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.
- 7.2.8 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 last 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. No Back-end Load will be charged upon redemption of bonus units.

- 7.2.9 The Unit Holders shall be entitled to change such options by filling out the required forms at any of the distribution point listed out in Annexure C
- 7.2.10 Where Units are placed under pledge/ lien the payment of dividends will be made in accordance with Clause 34 of the Trust Deed.

### **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 at any time at a later stage.
- 7.3.2 The Unit Holders shall be entitled to change such options by filling the relevant form.

### **7.4 PAYMENT OF DIVIDEND**

Payment for cash dividend may be made by cheque/dividend warrant/ online transfer by the Trustee at the instruction of the Management Company 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 DISPATCH OF DIVIDEND WARRANT**

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



## PART VIII: FEES AND CHARGES

### 8.1 FRONT-END LOAD

- 8.1.1 The Front-end Load means Sales Load which may be included in the Offer Price of the Units.
- 8.1.2 Current level of Front-end Load is disclosed in Annexure A
- 8.1.3 Any change in the maximum limit for Front-end Load will be communicated to the Unit Holders at least thirty (30) Days prior to the application of that decision subject to approval from the Commission, under intimation to the Trustee.
- 8.1.4 The Management Company may at its discretion charge different levels of Load as disclosed in the Offering Document. However, any change in current level of Front-end Load and/or Back-end Load shall be done through an addendum to the Offering Document. Any increase in Loads and/or management fee will require approval of the Commission.<sup>1</sup>
- 8.1.5 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.
- 8.1.6 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.

### 8.2 REMUNERATION OF THE MANAGEMENT COMPANY

- 8.2.1 The Management Company shall be entitled to be paid monthly in arrears of the accrued remuneration of an amount not more than 3% of the average annual net assets (calculated on a monthly basis) for the first five years of the Scheme and 2% of the average annual net assets (calculated on a monthly basis) thereon.
- 8.2.2 Current level of Management fee is disclosed in Annexure A
- 8.2.3 The remuneration due to the Management Company shall be paid within thirty (30) Business Days after the close of each month,
- 8.2.4 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.

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<sup>1</sup> Amended through Second Supplemental dated December 04, 2017



- 8.2.5 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.
- 8.2.6 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.

### **8.3 REMUNERATION OF THE TRUSTEE**

- 8.3.1 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.
- 8.3.2 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.
- 8.3.3 Such remuneration shall be paid to the Trustee in arrears within thirty Business Days after the end of each calendar month.
- 8.3.4 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.
- 8.3.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission. However, any decrease in the remuneration of the Trustee shall not require approval of the Commission.
- 8.3.6 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.

### **8.4 AMORTIZATION OF FORMATION COSTS**

- 8.3.7 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 Units is completed. One-time advertisement cost for launching of Fund may be charged to Fund
- 8.3.8 All expenses incurred in connection with incorporation, establishment and registration of the Scheme shall be reimbursable by the Fund to the Management Company subject to audit of expenses and as allowed under the Regulations.
- 8.3.9 Formation Cost will be amortized over a period not less than five years.



- 8.3.10 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 Units is completed.
- 8.3.11 Formation Cost shall be charged to the Scheme and shall not exceed one (1%) percent of Pre-IPO Capital of the fund or five million rupees, whichever is lower.

## **8.5 OTHER FEES AND CHARGES PAYABLE OUT OF THE FUND PROPERTY OF THE SCHEME**

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

- (a) remuneration of the Management Company ;
- (b) remuneration of both Trustee and/or Custodian ;
- (c) listing fee payable to the Stock Exchange(s) including renewals;
- (d) charges and levies of Stock Exchange(s), national clearing and settlement company and Central Depository Company;
- (e) rating fee for the Scheme payable to approved rating agency;
- (f) Auditors' fees and out of pocket expense billed by them ;
- (g) fees payable to the Commission;
- (h) formation cost of the Scheme not exceeding one percent of pre-initial public offering capital or rupees five million whichever is lower;
- (i) brokerage and transaction costs related to investing and disinvesting of the assets of the Scheme;
- (j) expenses incurred by Trustee in effecting registration of all registerable assets in the name of the Trustee;
- (k) legal and related costs incurred in protecting or enhancing the interests of the Unit Holders of the Scheme;
- (l) Bank charges and borrowing, financing and financial costs;
- (m) hedging costs as permitted by the Shariah Advisor;
- (n) printing costs and related expenses for issuing the Scheme's quarterly, half-yearly and annual reports;
- (o) taxes, fees, duties and other charges applicable to the Scheme on its income or its properties, including taxes, fees, duties and other charges levied by foreign jurisdiction on investments outside Pakistan;
- (p) Any amount which is Haram/impermissible, and to be paid into charity, according to the guidelines of the Shariah Advisor; and
- (q) any other expenses or charge as may be allowed by the Commission

Any cost associated with sales, marketing and advertisement of the Scheme shall not be charged to the Scheme. However, one time advertising cost of launching of Fund shall be charged to the Fund as Formation Cost.



## **PART IX: TAXATION AND ZAKAT**

### **9.1 TAXATION ON INCOME OF KMIF**

The following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of KMIF. 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. KMIF will be regarded as a public company liable to a tax rate applicable to a public company.

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

1. Dividend income at 10%;
2. Capital Gains Tax as applicable according to the relevant law
3. Return from all other sources / instruments are taxable at the rate applicable to a public company.

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

Notwithstanding the tax rate given above, the income from KMIF 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.

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

### **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 ZAKAT**

KMIF 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.

Exemption: Unit Holder(s) may submit Zakat Declaration for exemption from deduction of Zakat.





## 9.6 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 KMIF.**

## 9.7 WITHHOLDING TAX ON DIVIDENDS

Unless exempt from such taxation by applicable law or international agreement, the withholding tax on profit distribution by KMIF 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.

## 9.8 CAPITAL GAINS

Capital Gains on disposition of Units in the KMIF will be subject to capital gains tax at the applicable tax rates.

## 9.9 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) fifteen percent of the taxable income of the Unit Holder or (c) Rupees Five Hundred Thousand and will be calculated by applying the rate of tax determined by dividing the amount of tax assessed to the unit holder for the tax year before allowance of any tax credit under part X of chapter III of Income Tax Ordinance 2001 by the unit holder's taxable income for the tax year. If the Units so acquired are disposed within thirty six months, the amount of tax payable for the tax year shall be increased by the amount of credit allowed.

***Disclaimer: The above information in Part IX is based on the current tax laws as at the date of the issuance of this Offering Document and may change from time to time.***



## 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 designated outlets of the Management Company, as well as on the authorized branches of the appointed Distribution Company and on the website 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 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 Meezan House, C-25 Estate Avenue, SITE, Karachi.
- b) Every Unit Holder will have a separate account identification number. Such account number shall be used for recording various classes 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 classes 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 Management Company/Transfer Agent in writing. The Management Company/Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account 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 (6) additional Units are issued against reinvestment of dividend and (7) Conversion. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders within 07 Business Days of the receipt of the request. <sup>2</sup>

#### **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) or NTN 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) Class;
- (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 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.

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<sup>2</sup> Amended through First Supplemental dated July 19, 2013



## **10.5 ACCOUNT STATEMENT**

The Management Company/Transfer Agent will send directly to each Unit Holder a non-transferable electronic account statement or report 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 (6) additional Units are issued against reinvestment of dividend and (7) Conversion. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders within 07 Business Days of the transaction.<sup>3</sup>

## **10.6 BOOK CLOSURE**

The Register may be closed with intimation to the Trustee for not more than six (6) working days at a time as the Management Company may from time to time required and after giving at least seven days' notice to Unit Holder(s), provided that it is not closed for more than forty-five days in any Financial Year.

## **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) A 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.

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<sup>3</sup> Amended through First Supplemental dated July 19, 2013



- (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.

### **10.11 FINANCIAL REPORTING**

The Management Company shall:

- (a) Within four months of closing of the Accounting Period, prepare and transmit to the Unit Holders, the Trustee, and the Commission; 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 2<sup>nd</sup> quarter of its year of accounts, prepare and transmit to the Unit Holders, the Trustee, and the Commission; a profit and loss account, the Trustee Report and balance sheet of the Fund as at the end of the second quarter, 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.

#### **10.12 ACCOUNTING PERIOD**

- (a) The Annual Accounting Period shall commence on 1st July and shall end on 30<sup>th</sup> 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 PRE-IPO INVESTORS**



## **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 provisions of the Trust Deed, the Rules and the Regulations govern this Offering Document. This Offering Document sets out the arrangements covering the basis of the Fund Units. It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund. Prospective Investors should consult one or more from amongst their legal adviser, stockbroker, bank manager, or other financial adviser.**

**The Units of KMIF 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 Pre-IPO Investors or any other bank or financial institution. The portfolio of KMIF is subject to market risks and risks inherent in all such investments.**

**KMIF's target return/ dividend range cannot be guaranteed. KMIF'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 Document 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 10, 2012

### **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 TERMINATION OF TRUST**

#### **13.4.1 By the Management Company**

The Management Company may terminate the Fund by giving three month's notice in writing to the Unit Holders and the Trustee 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.

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.

#### **13.4.2 By the Securities & Exchange Commission of Pakistan (SECP)**

If in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the trustee to transfer the Fund to another Asset Management Company acceptable to the Commission. Further, the Fund may be extinguished where the Commission deems it necessary to revoke the Fund so directs either Trustee or Management Company in the interest of Unit Holders.

The Trust Deed may be terminated in accordance with the conditions specified in the Rules and the Regulations if there is a material breach of the provisions of the Trust



Deed or other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust.

#### **13.4.3 Winding Up**

In case of the termination of KMIF, the Management Company shall be required to wind-up KMIF and refund the proceeds to the Unit Holders in such a manner and within such time as may be specified by the SECP.

Upon the Trust being terminated the Management Company shall suspend the sale and Redemption of Units forthwith and proceed to sell all the Investments then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing affected by Trust together with any markup or profit remaining unpaid. In case of any shortfall, neither the Trustee, nor the Management Company will be liable for the same.

#### **13.5 DISTRIBUTION OF PROCEEDS ON TERMINATION OF THE SCHEME**

Upon the Trust being revoked, the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing effected by the Trust together with any profit remaining unpaid and the bank charges, if any.

The Trustee, on the instruction of the Management Company, shall from time to time, distribute to the Unit Holders pro rata to the number of Units held by them, respectively, all net cash proceeds derived from the realization of the Fund Property after making payment as mentioned above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case of any surplus, the same shall be distributed proportionately among the Unit Holders, provided neither the Trustee nor the Management Company shall be liable for any shortfall.

In case the Trust is terminated by the Commission on the grounds given in the Regulations, the Commission may appoint a liquidator in consultation with the Trustee.

#### **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 this 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 approval to the Commission and the Commissioner of Income Tax, 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 “Administrative Arrangement” means any investment plan(s) offered by the Management Company where such plans allow Unit Holders a focused investment strategy in any one or a combination of Collective Investment Schemes managed by the Management Company and for which CDC is appointed as the Trustee.
- 14.4 “Annual Accounting Period” or “Financial Year” means the period shall commence on 1st July and shall end on 30th June of the succeeding calendar year.
- 14.5 “Auditors” means a firm of chartered accountants that is appointed by the Management Company from the approved list of auditors circulated by the Commission, with the consent of Trustee, as the Auditor for the Fund, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Regulations.
- 14.6 “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.
- 14.7 “Authorized Investments” means Investments transacted, issued, traded or listed inside or outside Pakistan. These will comply with the guidelines of Shariah Advisor of the Fund, subject to such exposure limits and minimum ratings as per directives of the Commission and specified in this Offering Document.
- ~~14.8~~<sup>4</sup>
- 14.9 “Bank” means any Scheduled Bank, as defined under the Banking Companies Ordinance 1962 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.
- 14.10 “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 of which shall vest in the Unit Holders.

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<sup>4</sup> Deleted through Second Supplemental dated December 04, 2017



- 14.11 “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 Exchange is closed.
- 14.12 “Business Hours” means the day time for dealing in Units as specified by the Management Company in Annexure A of this Offering Document.
- 14.13 "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.
- 14.14 "Charity" means amount paid by Trustee upon instruction of Management Company out of the Haram income of the Trust to charitable/welfare organizations in consultation with Shariah Advisor, representing income which is Haram.
- 14.15 “Commission” or “SECP” means Securities and Exchange Commission of Pakistan.
- 14.16 “Connected Person” shall have the same meaning as assigned in the Rules.
- 14.17 “Constitutive Document(s)” means the Trust Deed, Offering Document and other principal documents governing the formation of the Scheme, including all related material agreements. Any supplemental to the Trust Deed and/or Offering Documents shall also come under the definition of the Constitutive Documents.
- 14.18 “Contingent Load” means Back-Load that shall be deducted by the Management Company from the Net Asset Value in determining the Redemption Price of a certain class of Units. It is payable on redemption of Units within a certain number of years from the date of purchase or a rate declining for every year Units are Contingent Load held. The contingent load shall form part of Fund Property. The level of Contingent Load is disclosed in Annexure A of this Offering Document.
- 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 “Deed” or “Trust Deed” means the Trust Deed and any supplemental hereto, which is the principal document governing the formation, management or/ and operation of the Fund.
- 14.21 “Distribution Account” means the account(s) (which may be a current or PLS deposit account) maintained by the Trustee 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 may 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.
- 14.22 “Distributor(s)” or “Distribution Company” or Authorized “Authorized Distributor means company(ies), firm(s) Depository Company(ies), Bank(s) individual(s) or any



other legal or natural person(s) appointed by the Management Company at its own expense, having registered with MUFAP for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions. Such Distributors shall have proper date and time stamping facility.

14.23 “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) issuing receipts in respect of the above clause;
- c) 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;
- d) Acknowledging receipt by delivering customer copy in respect of (a) and (b) above; and
- e) Accounting to the Management Company for (i) payment instruments received from the applicants when they purchase Units; (ii) payment instruments delivered to the Unit Holders on Redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions

14.24 “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 Bank 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.

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

14.26 “Financial Institutions” includes:

- a) a company or an institution, whether established under any special enactment and operating within or outside Pakistan, which transacts the business of banking or any associated or ancillary business through its branches;
- b) a modaraba, leasing company, investment bank, venture capital company, financing company, housing finance company, a non-banking finance company; and
- c) such other institution or companies authorized by law to undertake any similar business as the Federal Government may, by notification in the official Gazette, specify for the purpose



- 14.27 “Force Majeure” means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of the Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of the Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.
- 14.28 “Formation Cost” means all preliminary and floatation expenses of the Fund subject to the limits prescribed in the Regulations including expenses in connection with registration 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 and all expenses incurred during the period leading up to the Initial Offer which shall not exceed one percent of the pre-Initial Public Offering capital of the Scheme. Marketing expense shall not be charged to the Fund however one time advertisement cost for launching of Fund may be charged to Fund..
- 14.29 “Front-end Load/Sales Load” means the sales and processing charges (excluding Duties and Charges) that is received by the Management Company and/ or its Distributors that may be included in the Initial Price or Offer Price of the Units The details of the Front-end Load shall be specified in Annexure A of this document.<sup>5</sup>
- 14.30 “Fund” or “Scheme”, or “Trust” or “Unit Trust.” or “KMIF” means KSE Meezan Index Fund constituted by the Deed.
- 14.31 “Fund Property” means the aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, and after deducting there from any applicable Front-end Load, shall constitute part of the Fund Property and includes the Investment and all income, profit and other benefits arising wherefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed but does not include any amount available for distribution in the Distribution Account. Back-end Load, Contingent Load, and any profit on the Distribution Account shall also form part of the Fund Property.
- 14.32 “Haram” means anything prohibited by the Shariah as advised by the Shariah Advisor.
- 14.33 “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 Deed and supplemental hereto.

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<sup>5</sup> Amended through Second Supplemental dated December 04, 2017



- 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 Par Value plus Front-end Load if any 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 shall be indicated in the Offering Document. This period shall not exceed a period of thirty working 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 3.2 of the Deed.
- 14.40 “KMI Index” or “KMI” or “KMI-30” or “Index” means KSE-Meezan Index 30.
- 14.41 "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the Regulations.
- 14.42 "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.
- 14.43 “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 clause 5.5 of this Offering Document.
- 14.44 "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.
- 14.45 "Ordinance" means Companies Ordinance 1984.
- 14.46 "Par Value" means the face value of a Unit that shall be Rupees Fifty.
- 14.47 “Pre-IPO Investors” mean such initial investors in the Fund that invest prior to the Initial Public Offer of the Fund.
- 14.48 “Pre-IPO Units” means the Units issued to the Pre-IPO investors.
- 14.49 “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 5.8 of the Offering Document.
- 14.50 "Register" means the Register of the Unit Holders kept and maintained pursuant to the Regulations and the Trust Deed.





- 14.51 "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.
- 14.52 "Registrar Functions" means the functions with regard to:
- a) Maintaining the Register;
  - b) Processing requests for Purchase (Offer), Repurchase (Redemption), Transfer, 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 requested;
  - 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.
- 14.53 "Regulations" mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Schedules and Forms attached to it, as amended from time to time.
- 14.54 "Rules" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 14.55 "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 as per the interpretation of the Shariah Advisor.
- 14.56 "Shariah Advisor" means Meezan Bank Limited or any other Institution or a body of Islamic scholars, appointed in its place by the Management Company under intimation to the Commission and the Trustee, having knowledge of Islamic finance, to supervise and monitor the activities of the Fund in order to ensure that all its activities comply with Shariah.
- 14.57 "Shariah Compliant" means any activity that is in accordance with the Islamic Shariah as advised by the Shariah Advisor.
- 14.58 "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.
- 14.59 "Service Request Form" means the prescribed form, which is to be stated in the Offering Document.
- 14.60 "Sukuk" means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.



- 14.61 "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs 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 through website, apply such charge either to the Offer or the Redemption Price. Transaction costs shall form part of the Fund Property.
- 14.62 "Trustee" means Central Depository Company of Pakistan Limited (CDC) or any other company appointed with approval of the Commission from time to time.
- 14.63 "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.
- 14.64 "Zakat" has the same meaning as in Zakat and Ushr Ordinance 1980 (XVIII of 1980).

Words and expressions used but not defined herein shall have the meanings assigned to them in the Ordinance, the Rules and the 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, Back-end Load and Management Fee

Current level of Front-end and Back-end Load as decided by the Management Company is as follows:

#### Class “A” Units

Front-end Load: 0% ;  
Back-end Load; 0%

#### Class “B” Units

Front-end Load: 0- 2%  
Back-end Load; 0%

Note: Where transactions are done online or through a website, sales load would be maximum of 1.5% or as Commission may direct from time to time.<sup>6</sup>

**Current Level of Management Fee:** 1% of average annual net assets calculated on a daily basis

#### Business Hours & Cut-Off Timing

The day time on a Dealing Day for dealing in Units is from 9:00AM till 1:00PM

#### Note:

any **increase** in Management Fee and increase in Contingent or Back-end Load, must be given at least ninety days prior notice to each Unit Holder about the proposed change and the Unit Holders shall be given an option to exit at the applicable NAV without effect of proposed change. However, any other change in the load structure, Business Hours/Cut-off Time and/or Management Fee shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper and web site of the Management Company, as and how the SECP may direct.

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<sup>6</sup> Amended through Second Supplemental dated December 04, 2017



## ANNEXURE B

### Tariff structure of the Trustee

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

NET ASSETS (Rupees in million)		TARIFF
From	To	
1	1,000	Rs. 0.7 million* or 0.20% p.a. of NAV, whichever is higher.
>1,000	& Above	Rs. 2.0 million plus 0.10% p.a. of NAV, on amount exceeding Rs.1,000 million.

\* There will be no minimum fee for the initial one year from the date of launching of the fund.



## ANNEXURE C

### Designated Outlets

#### 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 address of the Management Company available on [www.almeezangroup.com](http://www.almeezangroup.com) or from the branches of the Distribution Company (available on the URL given below).

#### 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](http://www.almeezangroup.com) Email: [marketing@almeezangroup.com](mailto:marketing@almeezangroup.com)

#### Branch Offices:

**Lahore:** Office No 1, Ground Floor, Leads Centre, Gulberg III, Main Boulevard, Lahore, Ph: 92-42-5783606-12, Fax: 92-425784091

**Faisalabad:** First Floor, Taj Plaza, Kotwali Road, Faisalabad

### MEEZAN BANK LIMITED

All branches of Meezan Bank Limited across Pakistan are authorized as Distribution Company. Updated contact details and addresses of the branches may be obtained from (021) 111-331-331 or [www.meezanbank.com](http://www.meezanbank.com)