

**Risk Disclaimer: All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2, Risk Factors mentioned in clause 2.4, Taxation Policies mentioned in Clause 7 and Warnings and Disclaimer mentioned in Clause 9 before making any investment decision.**

Category of CIS	Risk Profile	Risk of Principal Erosion
Islamic Income	Medium	Principal at medium risk

## **REPLACEMENT OFFERING DOCUMENT OF**

### **Meezan Islamic Income Fund (MIIF)**

(Wakalatul Istithmar based Mutual Fund)

**(Open end Shariah Compliant Income Scheme)**

**Duly vetted by Shariah Advisor  
namely Dr. Imran Usmani for and on behalf  
of Meezan Bank Limited**

**MANAGED BY**

**Al Meezan Investment Management  
Limited**

**Replacement OD Approved Through  
Sixth Supplemental OD dated October 16,  
2017**

**Last updated through Tenth  
Supplemental dated December 20, 2022**

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## **REPLACEMENT OFFERING DOCUMENT OF**

### **Meezan Islamic Income Fund (MIIF) Open end Shariah Compliant Income Scheme**

#### **MANAGED BY**

#### **Al Meezan Investment Management Ltd**

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

**Date of Publication of Offering Document: 19<sup>th</sup> October 2017**

**Initial Offering Period: Jan 15, 2007 to Jan 17, 2007**

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The **Meezan Islamic Income Fund** (the Fund/the Scheme/the Trust/the Unit Trust/MIIF) Shariah Compliant Fund has been established through a Trust Deed (the Deed) dated September 13, 2006 under the Trusts Act, 1882 entered into and between **Al Meezan Investment Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules") and Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("Regulations").

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## **REGULATORY APPROVAL AND CONSENT**

### **Approval of the Securities and Exchange Commission of Pakistan**

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of **Meezan Islamic Income Fund** and has registered MIF as a notified entity under Regulation 44 vide letter No: NBFC–II/AD-III/AMIML/742 dated October 13, 2006, SECP has approved this Offering Document, under Regulation 54.

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

This Offering Document is in replacement of the Offering Document published on 8<sup>th</sup> Jan 2007, which stands superseded by this Offering Document of the Open-end Scheme

### **Offering Document**

This Offering Document sets out the arrangements covering the basic structure of the **Meezan Islamic Income Fund** (the "Fund", the "Scheme", the "Trust", the "Unit Trust", "MIIF"). It sets forth information about the Fund that a prospective investor should know before investing in any class of Unit of the Fund. The provisions of the Trust Deed, the Rules, the Regulations, *the Shariah guidelines* and circulars and directives issued by the SECP, as specified hereafter govern this Offering Document.

### **Confirmation of vetting by Shariah Advisor**

This document has been reviewed and vetted by the Shariah Advisor namely Dr. Imran Usmani for and on behalf of Meezan Bank Limited.

All Investments of the Fund shall be in adherence to the principles of Shariah.

**It is possible that adherence to the principles of Shariah will cause the Fund to perform differently from Funds with similar objectives, but that are not subject to the requirements of Shariah.)**

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

**Investors must recognize that the investments involve varying levels of risk. The portfolio of the Fund consists of investments, listed as well as unlisted (other than equity funds) that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is, or can be, assured. Investors are requested to read the Risk Disclosure and Warnings and Disclaimer statement contained in Clause 2.4 and Clause 9 respectively in this Offering Document.**

## **Filing of the Offering Document**

The Management Company has filed a copy of the Offering Document signed by the Chief Executive along with the Trust Deed with SECP. Copies of the following documents can be inspected at the registered office of the Management Company or the place of business of the Trustee:

- (1) License No. **AMCW/11/AMIML/AM/07/2017** dated **April 19, 2017** granted by SECP to Al Meezan Investment Management Ltd to carry out Asset Management Services and Investment Advisor;
- (2) SECP's Letter No. **NBFC-II/JE/AMIML/554** dated **August 18, 2006** approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of the Fund;
- (3) Trust Deed (the Deed) of the Fund;
- (4) SECP's Letter No. **NBFC-II/AD-III/AMIML/742** dated **October 13, 2006** registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (5) Letters No. **XXXXXXXX** dated **XXXXXXXX** from **XXXXXXXXXX** Auditors of the Fund , consenting to the issue of statements and reports;
- (6) Letters No. **XXXXXXXX** dated **XXXXXX** from **XXXXXX**, Legal Advisers of the Fund, consenting to act as adviser;
- (7) Letter dated **August 25, 2017** from Shariah Adviser of the Fund , consenting to act as Shariah adviser of the Meezan Islamic Fund and consenting on the contents of the offering document;
- (8) SECP's letter No: **SCD/AMCW/MIIF/105/2017** dated **Oct 16, 2017** approving this Offering Document.

## **1. CONSTITUTION OF THE SCHEME**

### **1.1 Constitution**

The Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on September 13, 2006 between:

**Al Meezan Investment Management Limited**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 and licensed by SECP to undertake asset management services, with its principal place of business at Ground Floor, Block B, Finance and Trade Centre (FTC), Shahrah-e-Faisal, Karachi, as the Management Company; and

**Central Depository Company of Pakistan Limited** incorporated in Pakistan under the Companies Ordinance, 1984, and registered by SECP to act as a Trustee of the Collective Investment Scheme, having its registered office at CDC House, 99-B Block 'B' S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, as the Trustee.

## **1.2 Trust Deed (the "Deed")**

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities and Exchange Ordinance 1969, Companies Ordinance 1984 and all other applicable laws and regulations including Shariah Advisor's directives and guidelines. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed in so far the same do not conflict with the Islamic Shariah.

Furthermore, all Investments of the Fund Property shall be in accordance with the principles of 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.

## **1.3 Modification of Trust Deed**

The Trustee and the Management Company, acting together and with the approval of SECP and the Shariah Advisor, shall be entitled by supplemental deed(s) to modify, alter or add to the

provisions of the Deed to such extent as may be required to ensure compliance with any applicable laws, Rules and Regulations and Shariah guidelines.

Where the Deed has been altered or supplemented, the Management Company shall duly notify to the Unit Holders and post the same on its official website.

#### **1.4 Duration**

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up or revoke it on the occurrence of certain events, as specified in the Regulations or **clause 10.4** of this document.

#### **1.5 Fund Property**

The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs and any applicable Sales Load, shall constitute part of the Fund Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed but does not include any amount payable to the Unit Holders as distribution. However, any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Fund Property.

#### **1.6 Initial Offer and Initial Period**

Initial Offer was made during the Initial Period for two Business Day(s) and begins at the start of the banking hours on **Jan 15, 2007** and ended at the close of the banking hours on **to Jan 17, 2007**. On the first day, the Units were as per **clause 4.6.5** and subsequently at the price calculated and announced by the Management Company for every Dealing Day.

#### **1.7 Transaction in Units after Initial Offering Period**

Subsequently to the Initial Offering Period, Units will be offered at the Offer Price and redeemed at the Redemption Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices for every Dealing Day on the



basis of the Net Asset Value (NAV). The NAV based price shall be fixed after adjusting for the Sales Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in **Clause 4.8** and **10.4** of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Dealing Day.

## **1.8 Offering Document**

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

## **1.9 Modification of Offering Document**

This Offering Document will be updated to take account of any relevant material changes relating to the Fund. Such changes shall be subject to prior consent of the Trustee and approval from the Securities and Exchange Commission of Pakistan (SECP), the Shariah Advisor and shall be circulated to all Unit Holders and/or publicly notified by advertisements in the newspapers subject to the provisions of the Rules and the Regulations and duly posted on official website of the Management Company.

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

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

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

### **2.1 Investment Objective**

The Fund’s primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide the investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term, high quality Islamic income Instruments.

### **2.2 Investment Policy**

The purpose of launching an Islamic Income Fund is to provide investors with a safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns.

The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalize on exceptional returns if available at any given point in time. The portfolio shall be geared towards maximizing annual income to the extent consistent with preservation of capital. The portfolio shall comprise of short-term, medium-term and long-term investments.

#### **2.2.1 Authorized Investments**

<b>Instruments/Securities</b>	<b>Maximum Exposure (% of Net Assets)</b>	<b>Minimum Exposure (% of Net Assets)</b>	<b>Minimum Ratings</b>
Shariah Compliant GOP Ijara Securities	75%	0%	N/A
Cash at Bank (excluding TDRs) with licensed Islamic Banks or Islamic Branches/Windows of Conventional Banks, Shariah Compliant Government Securities including GoP Ijarah Sukuk not exceeding 90 days maturity.	100%	25%	A-
Shariah compliant non-traded securities with maturity not exceeding six (6) months, including but not limited to Bank deposits with licensed Islamic banks and/or Islamic branches/windows of Conventional banks	75%	0%	A-

Shariah compliant non-traded securities with maturity not exceeding six (6) months, including but not limited to placement of funds with Islamic Microfinance Bank, NBFC and Modarabas.	25%	0%	A-
Spread Transactions as approved by the Shariah Advisors	40%	0%	N/A
Secured and/or unsecured, listed and/or privately placed Shariah Compliant debt securities/Commercial Papers/Sukuks issued by Corporate entities and/or Financial Institutions.	75%	0%	A-
Shariah Complaint Secured and/or Unsecured, listed and/or privately placed debt securities issued by Government or governmental agencies/bodies	75%	0%	N/A
Shariah compliant non-traded securities with maturity exceeding six (6) months, including but not limited to Bank deposits with licensed Islamic banks and/or Islamic branches/windows of Conventional Banks and placement of funds with Islamic Financial Institutions	15%	0%	A-
Authorized Shariah Compliant Investments outside Pakistan including Islamic Income mutual funds shall be subject to prior approvals and guidelines (if any) of the SECP, SBP and Shariah Advisor	As allowed by SECP	0%	-
Any other Shariah Compliant instruments/securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time	75%	0%	-

*Note:*

Investments shall be made as per the authorized investment limits given above and shall be made according to the following mode of Shariah Transaction such as; principles of Bai'-Mu'ajjal, Bai'-Mussawwama, Bai'-Salam, Istisna'a, Mudaraba, Murabaha and Musharakah or any other structure as approved by the Shariah Advisor from time to time.

Weighted average time to maturity of the net assets shall not exceed 4 years and this condition shall not apply to securities by the Federal Government.

### **2.2.2 Benchmark**

Six (6) months average deposit rates of three (3) A rated scheduled Islamic Banks or Islamic windows of conventional bank as Selected by MUFAP.

### **2.2.3 Authorized Investments**

The Fund, in light of its investment objective and investment policy, shall exclusively invest in Shariah Compliant investments transacted, traded or listed in Pakistan.

Any investment made outside Pakistan shall be subject to prior approval of the State Bank of Pakistan and SECP

### **2.2.4 Risk Control in the Investment Process**

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

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

### **2.2.5 Management Company Can Alter Investment Mix**

The Management Company can from time to time alter the weightings, subject to the specified limits as per clause 2.2 between the various types of investments if it is of the view that market conditions so warrant. The funds not invested in the foregoing avenues shall be placed as deposit with scheduled Islamic banks / Islamic Divisions of conventional banks.

## **2.2. Changes in Investment Policy**

The investment policy will be governed by directives of the Shariah Advisor and Regulations and/or SECP directives. Any Fundamental change in the Investment Policy will be implemented only after obtaining prior approval from SECP and Shariah Advisor giving 90 days prior notice to the Unit Holders as specified in the Regulations.

## **2.3. Investment Restrictions**

(a) The Fund Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this Offering Document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.

(b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

Transactions relating to money market instruments and debt securities do not fall under this clause.

(c) The Management Company on behalf of the Scheme shall not:

- i. Make Investments in Non-Shariah compliant instruments and against the guidelines of Shariah Advisor of the Fund.
- ii. Purchase or sell -
  - a. Bearer securities;
  - b. Securities on margin;
  - c. Real estate, commodities or commodity contracts;
  - d. Securities which result in assumption of unlimited liability (actual or contingent);
  - e. Anything other than Authorized Investments as allowed by SECP from time to time for the scheme;
- iii. Participate in a joint account with others in any transaction;
- iv. Take exposure to equities
- v. Affect a short sale in a security whether listed or unlisted;
- vi. Purchase any security in a forward contract;
- vii. Take exposure in any other CIS (except in the case of ETFs or international Mutual funds) subject to Shari'ah Advisor's approval;
- viii. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulations;
- ix. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company;
- x. Invest in securities of the Management Company;
- xi. Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission and the Shariah Advisor;
- xii. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission;

- xiii. Sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
- xiv. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
- xv. Invest the subscription money until the closure of initial offering period.
- xvi. Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xvii. Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xviii. Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xix. Accept deposits
- xx. Make a loan or advance money to any person from the assets of the Scheme
- xxi. Exposure in any single entity, other than government securities issued by Federal Government, shall not exceed an amount equal to 15% of the total net assets of the scheme, subject to maximum exposure to any debt issue of a company shall not exceed 15% of that issue;
- xxii. Invest more than 35% of total net assets in securities, other than government securities issued by Federal Government, of any one sector as per classification of the stock exchange.
- xxiii. Take exposure of more than 35% of its net assets in a single Group and more than 10% of its net assets in listed group companies of Management companies and such exposure shall be taken through secondary market.

- (d) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.
- (e) The Management Company on behalf of the Fund shall maintain minimum cash and near cash instruments which includes cash in bank accounts (excluding TDRS) subject to applicable Regulations, Circulars or Directives issued by the Commission. The present limit for the Fund is provided in clause 2.2.1 above.

### **Exemption to Investment Restrictions**

In order to protect the right of the Unit Holders, the Management Company may take an Exposure in any Shariah compliant unauthorized investment due to recovery of any default proceeding of any counter party of any Authorized Investment with the approval of the Commission and Shariah advisor.

#### **2.4.1 Shariah Compliant Financing Arrangements**

- (a) Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange Shariah compliant financing for account of the Scheme, with the approval of the Trustee, from Banks, Financial Institutions, or such other companies as specified by the Commission from time to time and approved by the Shariah Advisor. The financing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such financing shall not exceed fifteen (15) percent of the net Assets or such other limit as specified by the Commission of the scheme at the time of financing.

If subsequent to such financing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such financing.

- (b) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own



assets for securing such financings from banks, financial institutions and non-banking finance companies. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for payment of such financings.

- (c) For the purposes of securing any such financing, the Trustee may on the 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 and/or any law for the time being in force.
- (d) Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.

#### **2.4.2 Restriction of Transactions with Connected Persons**

- (a) The Management Company in relation to the Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively subject to exemption provided in the Regulations.
- (b) The Management Company on behalf of the Scheme shall not without the approval of its Board of Directors in writing and consent of the Trustee, purchase or sell any security from or to any Connected Person or employee of the Management Company.

Provided that above shall not be applicable on sale or redemptions of Units.

- (c) For the purpose of sub-paragraphs (a) and (b) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- (d) All transactions carried out by or on behalf of the Scheme with connected person(s) shall be made as provided in the

Constitutive Documents, and shall be disclosed in the Scheme's annual reports.

## 2.4. Risk Disclosure

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

- (1) **Interest Rate Risk** - A rise or decline in interest rates during the investment term may result in a change in return provided to the investors
- (2) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) **Country or Political Risk** - This is the uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as break down of law and order, war, natural disasters, etc. and any governmental actions, legislative changes or court orders restraining payment of principal or income
- (4) **Credit Risk** - Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc:
  - **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
  - **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit

spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;

- (5) Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.
- (6) Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- (7) Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund’s performance etc.
- (8) Reinvestment Rate Risk** – In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
- (9) Sovereign Risk** - Payment of bonds/ notes may be 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
- (10) Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
- (11) Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.
- (12) Distribution Risk** - Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by fund and not out of the profits earned by each unitholder. Unitholders who invest in a fund before

distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.

- (13) **Shariah non-compliance Risk:** The risk associated with employing funds in investments that are not consistent with the Shariah as defined in the glossary section of this offering document.
- (14) **Large Investor Risk:** Any significant transaction made by any investor could significantly impact a Funds cash flow. If the third party buys large amounts of Units of the Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of Units of the Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment.
- (15) **Scheme Specific Risk(s)** – The Scheme is subject to the following risks:
- (i) The performance of the Fund may be affected by changes in risk associated with trading volumes, liquidity and settlement systems in equity and debt markets.
  - (ii) MIIF is a Shariah Compliant Open end Mutual Fund and, Unit Holders are not being offered any guaranteed returns.

## **2.5. Disclaimer**

The Units of the Trust are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by SECP, any Government agency, the Trustee (except to the extent specifically stated in this Offering Document and the Deed) or any of the shareholders of the Management Company or any other bank or financial institution.

**Sindh Workers' Welfare Fund liability (SWWF)** may be applicable to the Fund. The Fund may or may not make

provisions against this liability. For details investors are advised to refer to the latest Financial Statements of the Fund

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

### **3. OPERATORS AND PRINCIPALS**

#### **3.1 Management Company**

##### **3.1.1. Organization**

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 successful track record of two decades 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 13 mutual funds including 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 Cash Fund (MCF), Meezan Sovereign Fund (MSF), KSE Meezan Index Fund (KMIF), Meezan Financial Planning Fund of Funds (MFPF), Meezan Gold Fund (MGF), Meezan Asset Allocation Fund (MAAF), Meezan Strategic Allocation Fund (MSAF) and recently launched Meezan Energy Fund (MEF) 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 **AM1** by JCR (VIS) Credit Rating Agency which denotes ‘High Management Quality’ rating.

### **Principal Shareholders**

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

<b>Shareholding of Al Meezan Investments</b>	<b>Shareholding (%)</b>	<b>Paid up capital (Rs Mn)</b>
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, the premier Islamic bank of Pakistan, and Pakistan Kuwait Investment Company (Pvt.) Limited.

### **3.2. Board of Directors of the Management Company**

<b>S.No.</b>	<b>Name of Director</b>	<b>Directorship in other Companies</b>
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1.	Mr. Ariful Islam, Chairman	Atlas Battery Limited Meezan Bank Limited
2.	Mr. Mohammad Shoaib, CFA	None
3.	Mr. P. Ahmed	None
4.	Mr. Tasnimul Haq Farooqui	None
5.	Mr. Mazhar Sharif	The General Tyre & Rubber Co. of Pakistan Limited Pak-Kuwait Takaful Company Limited
6.	Syed Amir Ali	None
7.	Syed Amir Ali Zaidi	None
8.	Mr. Moin M. Fudda	Wyeth Pakistan Limited (listed) Pakistan Stock Exchange Central Depository Company of Pakistan Limited IT Minds Limited Pakistan Institute of Corporate Governance
9.	Mr. Atif Azeem	None
10.	Mr. Abdullah Ahmed Mohammad	None

**Mr. Ariful Islam – Chairman**

Mr. Ariful Islam has been a Director of Meezan Bank since 1999 when he joined the bank as its first Chief Operating Officer. He is presently the Bank's Deputy CEO and an Executive Board member. He is a member of the Risk Management Committee of the Board as well as a member of several Management Committees of the Bank.

Mr. Ariful Islam is an Associate Member of the Institute of Chartered Accountants in England and Wales as well as a Fellow Member of the Institute of Chartered Accountants in Pakistan. He has over 30 years of banking experience and has held several senior management positions including Executive Vice President & Regional Manager South at Faysal Bank Limited and Senior

Executive Vice President & Head of Investment Banking at MCB Bank Limited.

**Mr. P. Ahmed**

Mr. Ahmed has valuable experience in the Insurance sector having worked with State Life Insurance Corporation of Pakistan, American Life Assurance Company Limited and NJI Life insurance Company Limited. During his association at PQTL, 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 is currently an Executive Director at Indus Hospital, Karachi. Mr. Ahmed did his MBA with major in Finance and Marketing and also holds a Post Graduate Diploma in Islamic Banking and Finance.

**Mr. Abdullah Ahmed Muhammad**

Mr. Muhammad Abdullah Ahmed joined Meezan Bank in July 2005. He has over 20 years of banking & treasury dealing room experience. Joining Bank of America NA, Pakistan in 1995 as a trainee trader, he quickly rose to the post of Assistant Vice President, treasury in 1999. Consequently, he moved over to National Bank of Pakistan, where he was responsible for the restructuring of the inter-bank FX desk; his last position being Chief Inter-bank FX Trader. His previous assignment before joining Meezan Bank was as Treasurer of KASB Bank Ltd.

Mr. Abdullah has a bachelors (major-finance) and masters (major-marketing) in business administration from the Institute of Business Administration, University of Karachi. He obtained his fellowship from the Association Cambiste International (Financial Markets Association) Institute, Paris in financial markets trading, with specialization in futures, options, and repos in 1999. He is also a certified Financial Risk Manager (FRM) from the Global Association of Risk Professionals (GARP), USA.

Mr. Abdullah is an active member of the local Financial Markets Association of Pakistan (FMAP). He was elected to the executive committee as office bearer in 2000, 2008 and 2009; his last office being the General Secretary of the FMAP for the year 2009-2012. He is currently member of the Pakistan Banks Association (PBA) sub-committee on Treasury and Capital Markets since 2010 and



the technical committee of the Financial Markets Association of Pakistan since 2012.

**Syed Amir Ali**

Mr. Amir Ali is a Chartered Accountant holding three gold medals from the Institute of Chartered Accountants of Pakistan. He also holds charter from the Institute of Chartered Accountants in England & Wales (UK), the Association of Chartered Certified Accountants (UK), and the CFA Institute (USA) along with holding a Master's degree with a gold medal in Business Administration.

Amir joined Meezan Bank in late 2006 and it was under his leadership that the Management decided to set up a dedicated Investment Banking department at Meezan Bank. As Head of Investment Banking, Amir has been the driving force in devising complex structures for Investment Banking transactions. His remarkable knowledge of finance & accounting, corporate & tax laws and Shariah principles are the core elements behind the Investment Banking department's landmark performance. Amir has assumed the office of Head of Corporate & Investment Banking Group in March 2013.

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 Pacific Islands Limited.

**Mr. Atif Azim**

Mr. Atif Azim is currently Chief Executive Officer of VentureDive Pvt. Ltd since January 2014. He is also Co-Founder and was part of Executive Board of the same company. Before VentureDive Pvt. Ltd, Mr. Atif Azim has an extensive experience of working abroad in companies such as Cisco Systems and Brience Inc. He was also Co-Founder of Perfigo, San Francisco which was later acquired by Cisco Systems. He also served as a Senior Consultant in KPMG Consulting, San Francisco in 2000-01.

Mr. Atif Azim did his B.Sc. Electrical Engineering from Imperial College of Science and Technology, London and M.Sc. Electrical Engineering and Computer Science from Stanford University, USA.

**Mr. 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.

He joined Meezan Bank in January, 2010 as Head of Legal and was co-opted as Company Secretary by the Board of Meezan Bank in October, 2010. He also serves as Director of the Board at al-Meezan Investment Management Ltd.

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 Dept.

**Mr. Moin M. Fudda**

Mr. Fudda is the Honorary Consul General of New Zealand in Pakistan. Prior to joining CIPE, Mr. Fudda served as Managing Director of the Karachi Stock Exchange. During that period, he also served simultaneously as Chairman, National Clearing and Settlement Company, Director, Central Depository Company and National Commodity Exchange. He was also elected as Chairman of the Task Force on Corporate Governance for the Federation of European and Asian Stock Exchanges (FEAS). Currently he serves as Director of Pakistan Stock Exchange Limited, Central Depository Company of Pakistan Limited, Wyeth Pakistan Limited, IT Minds Limited and Pakistan Institute of Corporate Governance. Mr. Fudda holds an MBA in Insurance and Risk Management from the prestigious St. Jones University, New York and a B.S. in Insurance and Economics from The RCD College of Insurance – Tehran

**Mr. Mazhar Sharif**

Mr. Mazhar, Head of Compliance at PKIC, is FCA, a Fellow Member of the Institute of Chartered Accountant of Pakistan and has more than 14 years of work experience in the financial sector. He has also worked with A.F. Ferguson & Co – Chartered Accountants. Mr. Mazhar has been representing PKIC on various forums, and boards as nominee director.

**Syed Amir Ali Zaidi**

Mr. Zaidi has over 20 years' experience in Capital Markets and currently serves as Senior Vice President in Capital Markets Department of Pak Kuwait Investment Company (Pvt.) Limited. He has previously worked with Taurus Securities Limited and A. F. Ferguson and Co., Chartered Accountants. Mr. Zaidi has an MBA from IBA (Institute of Business Administration) in Human Resources & Finance and also holds a LLB (Bachelor of Laws) degree.

**Mr. Mohammad Shoaib, CFA – Chief Executive**

Mr. Shoaib has over 25 years' experience of managing investment portfolios and is a founding member of the CFA Association of Pakistan (CFAAP). He was the first president of the aforementioned organization. He currently serves on some of the global committees of CFA Institute including Executive Committee of GIPS and CFA Institute Annual Conference Committee. Outside CFA Institute, he has been on several committees for the State Bank, SECP, Institute of Capital Markets in Pakistan and served as the Chairman and Director on the Board of Mutual Funds Association of Pakistan (MUFAP).

### **3.2.1. Profile of the Management**

**Mr. Mohammad Shoaib, CFA – Chief Executive**

Please see background given above in particulars of Directors

**Mr. 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 21 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 while he was also the trustee of Al Meezan Investments' Provident Fund and Gratuity Fund. He is also an active member of Investment Committee.

**Mr. 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. He has an overall experience of over 23 years. At Al Meezan Investments, he is the Chief Financial Officer & Company Secretary.

**Mr. Syed Hussain A. Naqvi- Head of Special Projects**

Mr. Hussain A. Naqvi, carries over 18 years of familiarity with Mutual Fund Industry, where he has imparted his services to the leading Asset Management Companies of Pakistan.

Prior to joining Al Meezan Investment Management Limited as Executive Vice President-Special Projects, he was functional with NBP Fullerton Asset Management Limited as Chief Operating Officer. He also served as Chief Executive Officer of PICIC Asset Management Limited after taking over the same by NIB Bank Limited.

Prior to this, he has been associated with the companies like Atlas Asset Management Limited and National Investment Trust Limited, where he has served on higher management position and was nominated as the director on the board of various listed companies.

Mr. Naqvi also served as Assistant Manager Audit and has been associated with Ernst & Young Chartered Accountants.

**Mr. Muhammad Rashid Zafer - Head of Internal Audit & Compliance**

Mr. Muhammad Rashid Zafer is a chartered accountant from the Institute of Chartered Accountants of Pakistan and has also done Post Graduate Diploma in Islamic banking and finance. He joined Al Meezan Investment Management Limited in June 2014, as Head of Internal Audit and Compliance. He has previously worked with Sui Southern Gas Company Limited, Central Depository Company of Pakistan Limited and A.F.Ferguson & Co. He has over 11 years of post-qualification experience in the areas of financial reporting, operations, compliance and internal controls.

**Mr. 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 12 years of experience in Human Resource management with leading local and multinational companies.

**Mr. 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 17 years of diverse experience in the fields of Audit, Tax and Finance with leading institutions like A. F. Ferguson and Co. Pak Kuwait Takaful Company Limited and KPMG Taseer Hadi & Co.

**Mr. Syed Khurram Ali Naqvi – Head of Information Technology**

Mr. Khurram holds a Master's Degree in Statistics and has earned Claritas Investments Certificate by CFA Institute USA, ITIL V3 Foundation, Certified Information System Auditor (CISA) and Microsoft Certified Systems Engineer (MCSE). He has 15 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.

**Mr. Talha Anwar - Head of Sales & Marketing**

Mr. Talha is our Sales & Marketing Head. He is responsible for developing and implementing the sales and marketing strategies. He has over 15 years of experience in Sales and Marketing Prior to joining Al Meezan Investments, Mr. Talha has worked with leading advertising agencies and other financial institutions. He holds an MBA (Marketing) along with M.Com and has done certifications like CIBE (Certificate of Islamic Banking & Finance) and CFA Claritus Investment Certificate.

**3.2.2. Profile of the Shariah Advisor:**

Meezan Bank is providing Shariah Advisory Services to Al Meezan and has appointed Dr Imran Usmani sb to represent it as the Shariah Advisor on behalf of Meezan Bank.

Meezan Bank is the 8th largest bank in Pakistan and the leading Islamic bank of the country. The Bank provides a comprehensive range of Islamic banking products and services through a retail banking network of more than 570 branches supported by a countrywide network of over 545 ATMs, Visa & MasterCard Debit cards, a 24/7 Call Center, Internet Banking and Mobile Banking facility.

Meezan Bank has consistently been recognized as the Best Islamic Bank in Pakistan by numerous local and international institutions, which is a testimony of the Bank's commitment to excellence. These institutions include Islamic Finance News - Malaysia, Global Finance magazine - New York, Asset AAA - Hong Kong, Asia money – Hong Kong, The Banker – United Kingdom, South Asian Federation of Accountants, Islamic Finance Forum of South Asian Awards, Pakistan Banking Awards – Dawn & IBP Pakistan, Employers Federation of Pakistan and CFA Association - Pakistan.

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has reaffirmed the Bank's

long-term entity rating of AA (Double A) and short-term rating at A1+ (A One Plus) with stable outlook. The rating indicates sound performance indicators of the Bank. Meezan Bank is the only Islamic bank with AA credit rating in the Islamic banking industry in Pakistan.

### 3.2.3. Performance of Listed Associated Companies

#### MEEZAN BANK LIMITED

	CY16	CY15	CY14	CY13	CY12	CY11	CY10
<b>Paid-up Capital (PKR Million)</b>	10,027	10,027	10,027	10,027	9,034	8,030	6,983
<b>Equity (PKR Million)</b>	28,149	25,557	23,275	17,908	15,494	13,324	10,740
<b>Total Assets (PKR Million)</b>	657,767	531,850	437,510	329,725	274,437	200,550	154,752
<b>Deposits (PKR Million)</b>	564,024	471,821	380,422	289,811	230,426	170,030	131,070
<b>Net Profit (PKR Million)</b>	5,562	5,023	4,570	3,957	3,508	3,391	1,649
<b>Earnings per Share (PKR)</b>	5.55	5.01	4.56	3.95	3.5	3.75	2.05

#### PAKISTAN KUWAIT INVESTMENT COMPANY (PVT.) LIMITED

	CY16	CY15	CY 14	CY 13	CY12	CY11	CY10
<b>Paid-in-capital (PKR Million)</b>	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>Reserves (PKR Million)</b>	6,876	5,749	5,200	3,553	4,170	3,675	3,422
<b>Total Equity (PKR Million)</b>	22,822	19,727	18,512	15,680	10,170	9,675	9,422
<b>Total Assets (PKR Million)</b>	28,941	28,367	24,634	22,291	26,626	20,807	22,898
<b>Net Profit After Tax (PKR Million)</b>	3,452	1,829	2,678	2,359	856	613	537

#### THE GENERAL TYRE & RUBBER CO. OF PAKISTAN LIMITED

	CY16	CY15	CY 14	CY 13	CY12	CY11	CY10
<b>Share capital (Rs. million)</b>	598	598	598	598	598	598	
<b>Un-appropriated profit (Rs. million)</b>	2,352	1,760	1,433	1,196	926	872	733
<b>Shareholders' equity (Rs. million)</b>	2,950	2,358	2,031	1,794	1,524	1,470	1,331
<b>Operating Fixed assets - at cost (Rs. million)</b>	4,759	4,197	4,003	3,894	3,585	3,578	3,444
<b>Profit/ (Loss) after taxation (Rs. million)</b>	1,032	733	514	396	203	259	218

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

#### **AL MEEZAN MUTUAL FUND (AMMF)**

- a) 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.
- b) The Fund was successfully converted from closed end fund to open end fund on August 5th 2011.

The performance of AMMF is summarized as follows:

	HY 17	FY 16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06
<b>Investment Income (PKR Million)</b>	1,309	866	611	716	792	357	393.29	397.39	(543.56)	38.615	594.674	497.046
<b>Profit / (Loss) (PKR Million)</b>	1,321	741	562	652	711	315	359.73	356.11	(575.18)	(11.53)	546.76	440.20
<b>Earnings/ (Loss) Per Unit (PKR)</b>	8,176	2.46	2.28	3.18	5.22	2.37	2.62	2.59	(4.18)	(0.08)	4.57	3.68
<b>Net Assets (PKR Million)</b>	25	5,418	4,007	2,847	2,190	1,681	1,707	1,403	1,174	1,906	2,219	2,029
<b>Total Return on AMMF (%)</b>	24	16	22	30	51	19	38	31.23	(31.67)	(0.59)	26.99	28.37
<b>Benchmark (%)</b>	-	16	20	30	54	13.57	43.66	36.87	-35.44	0.92	17.16	25.39
<b>Cash Dividend (%)</b>	-	8.2	6.8				21	18.5	-	10.00	25.00	30.00
<b>Stock Dividend (%)</b>		-	-	24	35	20	5	10	-	15	15.00	-

#### **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) MIF was launched with a seed capital of PKR 520 million in August 2003.

The performance of MIF is summarized as follows:

	<b>HY17</b>	<b>FY16</b>	<b>FY15</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>	<b>FY11</b>	<b>FY10</b>	<b>FY09</b>	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>
<b>Investment Income (PKR Million)</b>	8,739	5,329	3,920	3,155	3,161	1148	1262	1,243	(1,675)	107	1,053	748
<b>Profit / (Loss) (PKR Million)</b>	8,742	4,836	3,879	3,178	3,204	1,015	1,077	1,212	(1,564)	528	880	868
<b>Net Assets (PKR Million)</b>	46,924	32,554	27,403	16,622	9,476	5,343	4,497	3,966	3,737	6,034	3,679	3,200
<b>Total Return on MIF (%)</b>	26	17	22	29	51.00	19	39	31	(30)	0	29	30
<b>Benchmark (%)</b>	24	16	20	30	54.00	14	44	37	-35	1	17	25
<b>Cash Dividend / Bonus Units (%)</b>	-	5.90	4.40	15.3	35.00	16.5	20.00	18.00	-	20.00	31.20	35.00

#### **KSE MEEZAN INDEX FUND (KMIF)**

- a) KMIF is the only Shariah compliant index tracker fund in Pakistan.
- b) It was started with Pre-IPO capital of PKR 201 million in May 2012 with an offering price of PKR 50 per unit.
- c) KMIF tracks the KSE Meezan Index 30 (KMI 30).

	<b>HY17</b>	<b>FY16</b>	<b>FY15</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>
<b>Investment Income/(Loss) (PKR Million)</b>	209	118	218	253	182	(4.73)
<b>Profit / (Loss) (PKR Million)</b>	200	105	169	222	299	(6.9)
<b>Net Assets (PKR Million)</b>	1,097	881	1,159	1,176	901	289
<b>Total Return on KMIF (%)</b>	22.3	13.0	17.10	26.5	49.64	-2.34
<b>Benchmark (%)</b>	23.6	15.5	20.10	29.9	54.4	-1.9
<b>Cash Dividend / Bonus Units (%)</b>	-	4.70	3.70	19.60	31	

#### **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) MIIF invests in Sukuks, Islamic bank deposits and other certificates of Islamic investment based on various structures.
- d) MIIF has a fund stability rating of A-(f) assigned by JCRVIS Credit Rating Agency.

	HY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07
<b>Investment Income (PKR Million)</b>	384	648	638	510	269	169	367	421	539	594	93
<b>Profit / (Loss) (PKR Million)</b>	238	321	321	485	289	92	308	289	493	558	135
<b>Net Assets (PKR Million)</b>	9,436	9,051	4,263	4,918	2,645	1,209	2,542	3,394	4,873	5,737	3,123
<b>Total Return on MIIF (%)</b>	5.13	5.76	8.15	11.90	14.45	7.81	11.8	7.31	10.15	9.28	10.07
<b>Benchmark (%)</b>	2.90	3.49	5.04	5.38	5.54	6	5.90	5.75	6.54	5.75	4.66
<b>Cash Dividend / Bonus Units (%)</b>	-	5.00	6.80	11.56	13.50	7.94	12.50	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) MCF invests in government securities and double A (AA) and above rated instruments with maximum maturity of 6 months.
- d) MCF has a fund stability rating of AA (f) assigned by JCRVIS Credit Rating Agency.

	HY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Investment Income (PKR Million)</b>	102	301	350	481	676	826	720	373	2
<b>Profit / (Loss) (PKR Million)</b>	82	102	236	380	569	708	623	419	2
<b>Net Assets (PKR Million)</b>	3,607	3432	7,618	3,049	6511	7,419	5,956	5,224	624
<b>Total Return on MCF (%)</b>	4.63	4.59	7.46	7.08	8.78	10.55	11.03	10.10	8.08
<b>Benchmark (%)</b>	3.23	4.49	6.24	6.55	6.91	8.13	8.24	7.50	7.60
<b>Cash Dividend / Bonus Units (%)</b>	-	2.25	7.4	6.84	8.48	10.14	10.51	9.88	0.30

#### **MEEZAN SOVEREIGN FUND (MSF)**

- a) MSF is a Shariah Compliant (Islamic) Income Fund. The Fund was launched in February 2010.
- b) MSF seeks maximum possible preservation of capital and a reasonable rate of return via investing primarily in Government Securities.
- c) 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.
- d) MSF has a fund stability rating of AA (f) assigned by JCRVIS Credit Rating Agency.

	HY 17	FY 16	FY15	FY14	FY13	FY12	FY11	FY10
<b>Investment Income (PKR Million)</b>	392	610	1,097	1,981	2,011	2,090	784	24
<b>Profit / (Loss) (PKR Million)</b>	317	375	559	1,630	1,700	1,860	884	34
<b>Net Assets (PKR Million)</b>	9,169	7,945	8,657	20,281	19,654	19,710	12,546	971
<b>Total Return on MSF (%)</b>	7.12	5.12	6.81	8.5	9.11	11.18	11.50	9.94
<b>Benchmark (%)</b>	4.35	4.49	6.24	6.55	6.91	8.1	8.20	7.45
<b>Dividend – Bonus Units (%)</b>	-	-	-	7.38	8.80	10.72	11.03	3.6
<b>Cash Dividend (%)</b>	-	4.5	6.8					

#### **MEEZAN TAHAFUZZ PENSION FUND (MTPF)**

- a) 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.

	HY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
<b>Investment Income (PKR Million)</b>	1,218	796	670	431	298	83	86	43	-5	15
<b>Profit / (Loss) (PKR Million)</b>	1,133	731	684	469	356	96	80	38	-8	11
<b>Net Assets (PKR Million)</b>	8,254	6,550	4,477	2,883	1,747	868	416	277	193	181
<b>Total Return on MTPF – Equity (%)</b>	24.4	18.10	26.6	32.4	54.9	16.8	36.0	31.66	-25.77	3.20
<b>MTPF – Debt (%)</b>	5.9	4.5	6.4	7.7	8.3	9.5	10.87	9.08	10.15	8.56
<b>MTPF – MMKT (%)</b>	4.7	4.0	6.9	6.9	7.8	10.9	10.73	8.22	11.11	7.94
<b>MTPF – Gold (%)*</b>	-11.9	-	-	-	-	-	-	-	-	-

*\*Performance start date of August 04, 2016*

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS (MFPF)**

- a) MFPF is an open-end Shariah Compliant Fund of Funds. The Fund was launched in April 2013.
- b) MFPF aims to generate return on investment as per the respective allocation plan by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with the risk tolerance of the Investor.

	<b>HY17</b>	<b>FY16</b>	<b>FY15</b>	<b>FY14</b>	<b>FY13 (80 DAYS)</b>
<b>Investment Income (PKR Million)</b>	1,824	1,068	249	131	27
<b>Profit / (Loss) (PKR Million)</b>	1,821	1,061	239	138	41
<b>Net Assets (PKR Million)</b>	13,874	11,332	5,586	926	699
<b>Total Return on MFPF – AGG (%)</b>	18.70	13.30	16.50	22.10	9.00
<b>Total Return on MFPF – CON (%)</b>	8.60	8.70	10.10	12.60	3.80
<b>Total Return on MFPF – MOD (%)</b>	13.50	11.30	13.60	17.30	6.50
<b>Total Return on MFPF – MAAP I (%)</b>	21.40	11.70	-	-	-
<b>Total Return on MFPF - MAAP II (%)</b>	20.60	14.80	-	-	-
<b>Total Return on MFPF - MAAP III (%)</b>	20.70	13.50	-	-	-
<b>Total Return on MFPF - MAAP IV (%)</b>	18.90	0.70	-	-	-
<b>Bench Mark of MFPF - AGG (%)</b>	16.10	11.7	15.10	21.70	7.90
<b>Bench Mark of MFPF – CON (%)</b>	6.50	6.70	8.60	11.20	3.60
<b>Bench Mark of MFPF – MOD (%)</b>	12.90	10.0	12.90	18.20	6.20
<b>Bench Mark of MFPF - MAAP I (%)</b>	20.40	14.90	-	-	-
<b>Bench Mark of MFPF - MAAP II (%)</b>	19.80	18.30	-	-	-
<b>Bench Mark of MFPF - MAAP III (%)</b>	20.00	17.10	-	-	-
<b>Bench Mark of MFPF - MAAP IV (%)</b>	18.30	0.20	-	-	-
<b>Dividend (cash/Bonus) MFPF - AGG (%)</b>	-	12.00	-	8.50	3.40
<b>Dividend (cash/Bonus) MFPF – CON (%)</b>	-	12.50	-	4.10	1.20
<b>Dividend (cash/Bonus) MFPF – MOD (%)</b>	-	11.80	-	7.80	3.30
<b>Dividend (cash/Bonus) MFPF - MAAP I (%)</b>	-	3.60	-	-	-
<b>Dividend (cash/Bonus) MFPF - MAAP II (%)</b>	-	5.30	-	-	-
<b>Dividend (cash/Bonus) MFPF - MAAP III (%)</b>	-	5.40	-	-	-
<b>Dividend (cash/Bonus) MFPF - MAAP IV (%)</b>	-	3.90	-	-	-

**MEEZAN BALANCED FUND (MBF)**

- a) MBF was the leading Islamic closed end balanced scheme, which converted into open ended scheme on July 01, 2013.
- b) MBF aims to provide investors, RIBA Free, stable and regular income from a diversified portfolio of equity securities and Islamic income instruments.

<b>MBF</b>	<b>HY17</b>	<b>FY16</b>	<b>FY15</b>	<b>FY14</b>	<b>FY13</b>
<b>Investment Income (PKR Million)</b>	898	638	439	450	388
<b>Profit / (Loss) (PKR Million)</b>	893	515	434	407	323
<b>Net Assets (PKR Million)</b>	7,092	4,708	3,383	1,930	1,747
<b>Total Return on MBF (%)</b>	15%	12%	16%	20	32%
<b>Benchmark (%)</b>	14%	10%	13%	18	30%
<b>Cash Dividend (%)</b>	-	6%	8%	-	15%
<b>Stock Dividend (%)</b>	-	-	-	22.50%	-

### **MEEZAN GOLD FUND (MGF)**

- a) MGF was launched on August 13, 2015.
- b) MGF aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX).

<b>MGF</b>	<b>HY17</b>	<b>FY16</b>
<b>Investment Income (PKR Million)</b>	(38)	24
<b>Profit / (Loss) (PKR Million)</b>	(42)	26
<b>Net Assets (PKR Million)</b>	378	321
<b>Total Return on MGF (%)</b>	-10.1	10.5
<b>Benchmark (%)</b>	-6.2	16.0
<b>Cash Dividend / Bonus Units (%)</b>	-	1.4

- *Performance start date of August 13, 2015*

### **MEEZAN ASSET ALLOCATION FUND (MAAF)**

- a) MAAF was launched on April 18, 2016.
- b) The objective of MAAF is to earn a potentially high return through asset allocation between Shariah Complaint Equity Instruments, Shariah Complaint Fixed Income Instruments, Shariah Complaint Money Market Instruments and any other Shariah Complaint Instruments as permitted by the SECP and Shariah Advisor.

<b>MAAF</b>	<b>HF17</b>	<b>FY16</b>
<b>Investment Income (PKR Million)</b>	152	11
<b>Profit / (Loss) (PKR Million)</b>	157	12
<b>Net Assets (PKR Million)</b>	934	460
<b>Total Return on MAAF (%)</b>	20.3	2.8
<b>Benchmark (%)</b>	19.1	5.0
<b>Cash Dividend / Bonus Units (%)</b>	-	0.64

*Performance start date of April 18, 2016*

## **MEEZAN ENERGY FUND (MEF)**

- a) MEF was launched on November 30, 2016.
- b) The objective of MEF is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector/ segment / industry, as defined in the constitutive documents.

<b>MEF</b>	<b>HY17</b>
<b>Investment Income (PKR Million)</b>	42
<b>Profit / (Loss) (PKR Million)</b>	47
<b>Net Assets (PKR Million)</b>	633
<b>Total Return on MAAF (%)</b>	8.1
<b>Benchmark (%)</b>	13.8
<b>Cash Dividend / Bonus Units (%)</b>	-

*Performance start date of November 30, 2016*

## **MEEZAN STRATEGIC ALLOCATION FUND (MSAF)**

- a) MSAF is an open-end Shariah Compliant Fund of Funds. The Fund was launched in October 19, 2016.
- b) The objective of MSAF is to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income / Money Market and Equity based Collective Investment Schemes.

	<b>HY17</b>
<b>Investment Income (PKR Million)</b>	221
<b>Profit / (Loss) (PKR Million)</b>	273
<b>Net Assets (PKR Million)</b>	3,305
<b>Total Return on MSAP- I (%) *</b>	10.8
<b>Total Return on MSAP- II (%) **</b>	0.6
<b>Bench Mark of MSAP- I (%)</b>	11.6
<b>Bench Mark of MSAP- II (%)</b>	0.1
<b>Dividend (cash/Bonus) MSAP- I (%)</b>	-
<b>Dividend (cash/Bonus) MSAP- II (%)</b>	-

\* *Performance start date of October 19, 2016*

\*\* *Performance start date of December 22, 2016*

### **3.4. Role and Responsibilities of the Management Company**

The Management Company shall manage, operate and administer the Scheme in accordance with the Rules, the Regulations and directives, circulars and guidelines issued by SECP, Shariah Advisor and the Deed and this Offering Document.

The Fund is based on the Shariah principals of “Wakala”, in which the Management Company shall manage, operate and administer the Scheme and Fund Property in the interest of the Principal (Unit Holders) in good faith, and to the best of its ability.

#### **3.4.1. Administration of the Scheme**

The Management Company shall administer the Scheme in accordance with the Rules, the Regulations, the Deed and this Offering Document, directives of the Shariah Advisor and the conditions (if any), which may be imposed by the Commission from time to time.

### **3.4.2. Management of Fund Property**

The Management Company shall manage the Fund Property in a manner that ensures Shariah compliance and good faith 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 the Regulations. Any purchase or sale of investments made under any of the provisions of the Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of the Deed or the Rules and Regulations. The Management Company shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to elements or circumstances beyond its reasonable control.

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

### **3.4.3. Appointment of Distributors**

The Management Company, shall from time to time under intimation to the Trustee appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s) locally or internationally. The Management Company may also itself act as a Distributor for carrying on Distribution Functions and updated list of distributors would be available on official website of the



Management Company.

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

- (a) the Distributors to whom it delegates, have acquired registration with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the Code of Qualification and Conduct and the Code of Ethics for Registered Service Providers introduced by MUFAP, as amended from time to time; and
- (b) the written contracts with the Distributors clearly state the terms and conditions for avoidance of frauds and sales based upon misleading information.

#### **3.4.4. Appointment of Investment Facilitator**

The Management Company may, at its own responsibility & cost, from time to time appoint Investment Facilitators to assist it in promoting sales of Units. An update list of Investment Facilitators appointed by the Management Company shall be made available at all times on the websites of the Management Company.

The Management Company shall ensure, where it appoints the Investment Facilitator, that:

- a. the Investment Facilitator have acquired registration with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the Code of Qualification and Conduct and the Code of Ethics for Registered Service Providers introduced by MUFAP, as amended from time to time; and
- b. the written contract with the Investment facilitator clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information

#### **3.4.5. Maintenance of Accounts and Records**

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

### **3.5. Maintenance of Unit Holders Register**

**3.5.1.** A Register of Unit Holders may be maintained by the Management Company itself or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

**3.5.2.** The office of the Transfer Agent is located at Meezan House, C-25, Estate Avenue, SITE, Karachi, where Register of Unit Holder will be maintained.

**3.5.3.** Every Unit Holder will have a separate Registration Number. The Management Company shall use such Registration Number for recording Units held by the Unit Holder. Unit Holder's account identified by the registration number will reflect all the transactions in that account held by such Unit Holder.

### **3.5.4. Disclaimer**

The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and the Constitutive Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross negligence or willful breach of duty and the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive

Documents, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.6. Role of the Trustee**

- The trustee shall perform its role as specified in the Rules, the Regulation and directives issued there under, this Deed and the Offering Document.
- The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this 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, this Offering Document or the Rules and Regulations. Whenever pursuant to any provision of this Offering Document, any instruction, certificate, notice, direction or other communication is required to be given by the Management Company, the Trustee may accept as sufficient evidence thereof:
  - a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Committee to accept; and
  - any Instructions received online through the software solution adopted by the Management Company/Trustee in consultation with each other shall be deemed to be instructions from the authorized representative(s)
- The Trustee shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances of Force Majeure
- In the event of any loss caused due to any gross negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges

pertaining thereto or compensate the Trust to the extent of such loss. However, the trustee shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.6.1. Obligations under Regulations and Constitutive Document**

The Trustee shall perform all the obligations entrusted to it under the Regulations, circulars, directives, the Deed and this Offering Document and discharge all its duties in accordance with the Rules, Regulations, the Trust Deed and this Offering Document. Such duties may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company. Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by negligence or any reckless willful act or omission of the Trustee or any of its attorney (ies), or agents.

### **3.6.2. Custody of Assets**

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

### **3.6.3. Investment of Fund Property at direction of Management Company**

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

### **3.6.4. Carrying out instructions of the Management Company**

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

### **3.6.5. Liabilities of the Trustee**

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

### **3.6.6. Disclaimer**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and the Regulations and the Deed nor shall the Trustee be liable for any act or omission of the Management Company nor for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the 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 therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.7. Shariah Advisor**

Management Company has appointed **Meezan Bank Ltd** as the Shariah Advisor for the Fund. Profile of the Shariah Advisor is detailed in **clause 3.2.2** of this Offering Document.

The Shariah Advisor will be appointed under intimation to the Trustee for a period of five years but may be reappointed on completion of the term. The Management Company may at any time, with prior notice to the Trustee and intimation to the Commission, terminate the Agreement with the Shariah Advisor by giving a notice as per the Agreement with the Shariah Advisor, before the completion of the term, and fill the vacancy under intimation to the Commission and the Trustee. Furthermore, the Agreement entered into for the appointment of the Shariah Advisor shall be furnished to the Commission.

#### **3.7.1. Duties and Responsibilities of Shariah Advisor**

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

The Shariah Adviser shall do the research as appropriate on the criteria followed by Islamic Unit Trusts all over the world for the purpose of screening of investments. The Shariah Advisor will then decide as to which screening criteria are relevant to be used in the context of Pakistan's capital markets and the instruments available therein, and which need to be modified/added/deleted.

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

The Shariah Advisor has certified that Investment Policy of the Trust is compliant with the requirements of Shariah. However, in

case there is a requirement for any amendment, based on future research for purposes of increasing the Shariah acceptability of the Investment Policy, permission for necessary amendments of the Deed may be sought from the Commission.

The Management company shall determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and get it approved by the Shariah Advisor. All such sums shall be donated after approval from the Shariah Advisor, subject to the condition that such charity organization is not related to the, Management Company or any of their employees.

At the end of each Annual Accounting Period or such other interval as the Commission may require, the Shariah Advisor shall issue a Shariah compliance certificate to the effect that all the business activities, investments and operations of the preceding year's or past operations of the Fund are in conformity with principles of Shariah. This report shall be included in the Annual reports or such other required reports of the Fund.

### **3.8. Transfer Agent**

The Management Company has appointed Meezan Bank Limited ("MBL"), having its office at Meezan House, C-25, Estate Avenue, SITE, Karachi as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### **3.9. Custodian**

Central Depository Company of Pakistan Limited, the Trustee will also be performing the functions of the custodian of the Fund Property. The salient features of the custodial function are:

- (a) Segregating all property of the Fund from Custodian's own property and that of its other clients.
- (b) Assuring the smooth inflow/outflow of dematerialized

securities and such other instruments as required.

- (c) Ensuring that the benefits due on investments are received and credited to the Fund's account.

The Trustee may, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and agreed by the Management Company for the safe keeping of any portion of the Fund Property.

### **3.10. Distributors/Facilitators**

**3.10.1.** Parties detailed in Annexure C of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in Annexure C of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may, from time to time, appoint additional Distributors (if they fulfill the requirement of regulations) or terminate the arrangement with any Distributor and intimate the Trustee and Commission accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

**3.10.2.** The Distributors will be responsible for receiving applications for Purchase, Redemption, Conversion or Transfer of Units etc. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address or other particulars or applications for issuance of duplicate certificates, requests for income tax exemption or Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The Management Company shall remunerate the Distributors out of its resources and/or from Sales Load.

**3.10.3.** The Management Company may, at its sole discretion, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in



investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources and/or from Front-end Load.

### **3.11. Auditors**

M/s Taseer Hadi and Co. Chartered Accountants

- 3.11.1.** They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Ordinance, as amended from time to time. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and the Regulations.
- 3.11.2.** The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.11.3.** The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 3.11.4.** The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.
- 3.11.5.** The contents of the Auditors report shall be as mentioned in the Regulations.

### **3.12. Legal Advisors:**

Bawanay & Partners (advocate and investment & corporate advisors)

### **3.13. Bankers**

1. Meezan Bank Ltd.
2. Al-Baraka Islamic Bank
3. Bank Islami Pakistan Ltd.
4. Dubai Islamic Bank
5. Askari Commercial Bank Ltd. (IBD)
6. Bank Al-Habib (IBD)
7. Bank Al-Falah Ltd. (IBD)
8. Bank of Khyber (IBD)
9. Faysal Bank - Barkat (IBD)
10. Habib Bank Ltd. (IBD)
11. Habib Metropolitan Bank (IBD)
12. MCB Bank (IBD)
13. National Bank of Pakistan (IBD)
14. Silk Bank - Emaan (IBD)
15. UBL - Ameen (IBD)
16. Summit Bank Limited (IBD)

\*List of Bankers to the Fund may change from time to time as per the discretion of the Management Company and with the approval of the Shariah Advisor.

#### **3.13.1. Bank Accounts**

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "**CDC Trustee - Meezan Islamic Income Fund** " or any other account(s) as deemed necessary, with abbreviated/facilitated titles for the Unit Trust at designated Islamic Bank(s) or Islamic Window(s) of Conventional Bank(s) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust's funds.

- (b) The Management Company may also require the Trustee to open Shariah compliant Bank Account(s) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, 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 Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (e) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account of the Fund and any income, profit etc earned and/or accrued on the investments of that amount upto and including the day before the opening of Initial Period shall not form part of the Fund Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Offering Period, either in cash or in additional Units as selected by those Investors, in proportion of their investments.
- (f) The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them, such accounts shall be in the title of "**CDC Trustee - Meezan Islamic Income Fund** " or **CDC Trustee – Meezan Funds**".

### **3.14. Rating of the Scheme**

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

### **3.15 Minimum Fund Size**

The minimum size of the Scheme shall be one hundred million rupees at all times during the life of the scheme. In case of after the Initial Offering Period or subsequently at any time if the size of the Scheme falls below that minimum size of one hundred million rupees, the Management Company shall ensure compliance with the minimum fund size within three (3) months of its breach and if the fund size remains below the minimum fund size limit for conservative ninety (90) days, the Management Company shall immediately intimate the grounds to the Commission upon which it believes that the Scheme is still commercially viable and its objective can still be achieved.

## **4. CHARACTERISTICS OF UNITS**

### **4.1. Units**

All Units and fractions thereof represent an undivided share in the 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 the Fund proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time, after seeking prior approval of the Commission and amending this Offering Document.

### **4.2. Classes of Units**

- (a) **Class "A" (Pre-IPO Units)**, which were offered to core investors for seed capital and also offered to Pre-IPO and IPO investors and may be charged a Front-end Load, at the

discretion of the Management Company. These Units may also subject to a Back-end Load, as specified in Annexure B of this Offering Document.

After the IPO, there will be no public sale of Type "A" Units.

- (b) **Class "B"** shall be issued to investors at the Offer Price, after the Initial Offering Period, and may also subject to Sales Load, as specified in Annexure B of this Offering Document.
- (c) **Class "C"** shall be issued to investors at the Offer Price, after the Initial Offering Period, and may also subject to Contingent Load only if units are redeemed within 12 months from the date of investments, as specified in Annexure B of this Offering Document.

These Units shall only be issued to investors, either Institutional or Individual, who opt for the same in the prescribed form. Further, any Contingent Load received will form part of the Fund Property. Such units issued, however, shall not be charged with any Sales Load.

- (d) **Class "D" (Bonus Units):** are the Bonus Units, which may be issued to the Unit Holders in case of stock dividend from time to time. These units shall not be charged with any Front-end Load.

Back end Load being charged on any of the Class of Units mentioned above is specified in Annexure "B" of this Offering document. The Management may introduce additional type/class of Units from time to time, subject to SECP's prior approval.

### **4.3. Types of Units**

An investor shall, at the time of opening an account, select the type(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Unit and/or Income Unit.

**4.3.1. Growth Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders shall receive additional units at prevailing price, after adjusting for taxes against cash dividend (if any)

at the time of distribution. The management company may also decide to distribute income in the form of bonus units which shall be growth units of the fund.

**4.3.2. 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. The Management Company may also decide to distribute income in the form of bonus units which shall be income units of the Fund.

**4.3.3.** In case Unit-Holders do not choose/specify the type of units at the time of investment, they will be allocated growth units by default. Unit Holders can switch from one type of Units to other at any time by filling out the required application form available at all distribution points.

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

#### **4.4. Administrative Arrangement**

**4.4.1.** The Management Company has offered Administrative arrangement over MIIF referred as ' Meezan Mahana Kharch Account – Meezan Islamic Income Fund (MMKA-MIIF) ' which shall be governed by the Rules, the Regulations, the Deed and this Offering Document or any supplemental Deed or supplemental Offering Document.

**4.4.2.** Details of any further administrative arrangement launched over this Fund shall after prior consent of the Trustee, approval of Shariah Advisor, and approval of the Commission shall be disclosed through a supplementary offering document.

**4.4.3.** Investors of MIIF may opt for an administrative arrangement over MIIF at any time to attain a regular periodic income to support their liquidity requirements.

**4.4.4.** At present there is no minimum amount of investment to be maintained by the Investor for the administrative arrangement described above. However, the Management Company may introduce a minimum amount of investment to be maintained by

Investor for purposes of this administrative arrangement, at a later date by giving a prior notice of at least 30 days.

**4.4.5.** The investor can opt for the following 4 options

- a) **Fixed Monthly Payment:** The Unit Holder shall receive a fixed amount pre-determined by the Unit Holder at the time of investment as redemption from Unit Holder's investment. This amount shall not be less than Rs.500.
- b) **100% Appreciation Payment:** The Unit Holder shall receive an amount equal to the actual growth in investment value at the end of each period. If investment value declines during the period, no payment will be made.
- c) **90% Appreciation Payment with savings:** The Unit Holder shall receive an amount equal to 90% of the actual growth in investment at the end of each period. Whereas the remaining 10% of appreciation amount will become part of Unit Holder's investment. If investment value declines during the period, no payment will be made.
- d) **90% Appreciation Payment with remaining at year end:** The Unit Holder shall receive an amount equal to 90% of the actual growth in investment value and the remaining 10% of appreciation amount shall be paid to the Unit Holder at year end. If investment value declines during the period, no payment will be made.

**4.4.6.** The amount mentioned in clause 4.4.5 above shall not be less than Rs. 500, in which case the amount so determined shall remain invested in the Fund. The Management Company may alter this amount with the consent of the Trustee and announce on its

website giving at least 30 days prior notice before its implementation.

- 4.4.7.** All Units issued under the administrative arrangement shall rank pari passu with units of MIIF.
- 4.4.8.** All units issued under this administrative arrangement shall be growth units.
- 4.4.9.** The period for periodic payment as decided by the investor shall be monthly, quarterly, half yearly or annually.
- 4.4.10.** The periodic payment options mentioned in clause 4.4.5 above, shall be made by redeeming the required number of Units, hence the number of units held by the Investor shall decrease. In such instances, where the NAV of the Fund subsequently decreases, the Investment value may as a result also decrease
- 4.4.11.** The payment shall be processed by the Management Company between the 23th and 25th of each month. Provided that if 23rd to 25th of the last month of a certain Regular Interval is not a Business Day the redemption arrangements of Income Units would be transferred to the next Business Day. Redemption due to periodic payment for administrative arrangement /bonus encashment, the maximum interval between date of NAV applied for redemption under administrative arrangement and the issuance of payment instrument to the Unit Holder shall not exceed six (6) Business Days.
- 4.4.12.** The Management Company reserves the right to amend the date of periodic profit payment keeping in view the interest of the Unit Holders in consultation with the Trustee and under intimation to the Unit Holders.
- 4.4.13.** In the event any changes are introduced in the Plan after an existing Subscriber has made an initial investment in the Plan, the existing Subscriber shall be given a prior notice of at least 90 days to comply with the changes. Any subsequent investments shall be in accordance with any changes so made. Provided however that the Unit Holder may opt to redeem his or her Investment without any exit charge



**4.4.14.** Units issued under MMKA-MIIF will be growth Units of the Fund to which the Investor subscribes.

**4.4.15.** This administrative arrangement may be discontinued by the Management Company, in consultation with trustee, at any time by giving a prior notice of at least 90 days to the Unit Holders. All units in issue shall be treated as Units of MIIF from there on.

**4.4.16.** The Management Company may introduce more administrative arrangements over MIIF in the future with the approval of the Commission & Shariah Advisor and with the consent of the Trustee and prior notice of minimum 7 days to Unit Holders.

#### **4.5. Purchase and Redemption of Units**

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices during Business Hours on any Dealing Day in accordance with the procedure set out in of this Offering Document.
- (b) Units are issued after realization of subscription money.
- (c) During the period the register is closed, the sale, redemption and conversion of Units will be suspended.
- (d) The Management Company may decline an applicant for issue of Units if it is of the opinion that it will not be possible to invest the substantial inflow of Funds or to meet any regulatory requirements.

#### **4.6. Procedure for Purchase of Units**

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

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. Application may be made pursuant to the procedures described in paragraph 4.4.2 below by any qualified or authorized investor(s) including, but not limited to, the following:

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

### **How can Units be purchased?**

#### **4.6.2. Account Opening Procedure**

The procedure given below is designed for paper-based transactions. The Management Company at a later date after seeking approval of the Commission may introduce electronic/ Internet based options for the transactions.

- (a) Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form attached to this Offering Document.
- (b) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC), NICOP or Passport etc of the applicant or any other form of identification acceptable to the Management Company needs to be furnished
- (c) In case of a body corporate or a registered society or a trust the following documents would be required,
  - (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
  - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the Funds and/ or to realize the Investment and;
  - (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
- (d) In case of existing Unit Holders, if any of the documents (in (a) to (c) above) have previously been submitted with the Management Company and/or Transfer Agent, fresh submission of documents will not be required provided that submitted documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.

Any change of name or address of any Unit Holder as entered in the Register shall forthwith be notified in writing by relevant Unit Holder to the Distribution Company or Transfer Agent.

- (e) The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Account Opening

Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.

- (f) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- (g) The Investor Account Opening Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Investment Facilitators) is authorized to accept the forms or payment.
- (h) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### **4.6.3. Joint Application**

- (a) Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis. However, each person must sign the Account Opening Form and submit a copy of Computerized National Identity Card, NICOP, Passport and other identification document.
- (b) The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be

considered as a valid discharge of obligation by the Trustee and the Management Company.

- (c) In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Account Opening Form, shall be the only person recognized by the Trustee and the Management Company to receive all notices and correspondences with regard to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge of obligation by the Trustee and the Management Company.

Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

#### **4.6.4. Purchase of Units**

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

Payment instrument for purchase of units shall be made in favor of “**CDC Trustee – Meezan Islamic Income Fund**”

- (c) The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it with the prior approval of Commission.

- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.
- (f) The Distribution Company and/or Management Company will be entitled to verify the detail given in the Investment Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy (except for discrepancy in payment instrument, in which case application will be rejected immediately).
- (g) The Management Company will make arrangements, from time to time, for receiving Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### **4.6.5. Minimum Amount of Investment**

Initially Units shall be issued at Par Value of **Rs.50/-** with a minimum investment size of **Rs.5,000/-** (Rupees Five Thousand only) and thereafter the minimum amount for investment would be of **Rs.1,000** (Rupees One Thousand only) per transaction, at applicable NAV or purchase price, other than reinvestment of Dividend and Bonus Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

#### **4.6.6. Determination of Purchase (Public Offer) Price**

- (a) Units offered during the Initial period will be as specified in clause 1.6.
- (b) After the Initial Period, the Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (c) hereafter and shall be announced by the Fund for Dealing Days during the period when the Fund is open for subscription.
- (c) The Purchase (Offer) Price shall be equal to the sum of:
  - (i) The Net Asset Value as of the close of the Business Day;
  - (ii) Any Front-end Load as disclosed in this Offering Document.
  - (iii) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (iv) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
  - (v) Such sum shall be adjusted upward to the nearest paisa.

If such price exceeds or falls short of the current value of the underlying assets by more than five percent based on information available, the Management Company shall defer dealing and calculate a new price and this new price would be applicable for dealing of Units.

- (d) The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which the completely and correctly filled purchase of Units application form is received.
- (e) The Purchase (Offer) Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and will also be published daily on the Management Company's and MUFAP's website.

#### **4.6.7. Allocation/ Issue of Units**

- (a) The Purchase Price determined shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day. Any Investment Request Forms received after Business Hours will be transferred to the next Dealing Day.
- (b) Units will be allocated at the Purchase Price as determined in clause 4.6.6 above and issued after realization of Funds in the bank account of the Fund.
- (c) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announces a suspension of further issue of Units of Fund, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

#### **4.6.8. Issuance of Physical Certificates**

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



#### **4.6.9. Replacement of Certificates**

- (a) The Transfer Agent or Management Company may replace Certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed form on the payment of all costs and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- (b) The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one (01) Certificate upon surrender of existing Certificates.
- (c) Each new issue of Certificates will require payment of fee as fixed by the Management Company from time to time.

#### **4.6.10. Issuance of Units in Book Entry form in CDS**

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

### **4.7. Procedure for Redemption of Units**

#### **4.7.1. Who Can Apply**

All Unit Holders shall be eligible for redemption after the closure of the Initial Period

#### **4.7.2. Redemption Application Procedure**

- 4.7.2.1.** Request for Redemption of Units shall be made by completing the prescribed redemption form and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also

be supplied to the Registrar, if so required by the Management Company.

**4.7.2.2.** The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate.

**4.7.2.3.** The Registrar with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.

**4.7.2.4.** In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the Investor Account Opening Form.

**4.7.2.5.** The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by Management Company or the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions, the Unit Holder's user ID and password will authenticate his identity.

**4.7.2.6.** The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.

**4.7.2.7.** If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Management Company or the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company or Registrar or the

Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.

**4.7.2.8.** The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.

**4.7.2.9.** The amount payable on redemption shall be paid to the Unit Holder or first named joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form within six Business Days from the date of presentation of the duly completed Redemption form, electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company. The amount can also be paid to the third party upon instruction of the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption Form.

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

**4.7.2.11.** The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities under prior arrangement with the Trustee and seeking prior approval of the Commission.

**4.7.2.12.** The receipt of the Unit Holders for any amount payable in respect of the Units shall be a good discharge to the Trustee and the Management Company. In case of joint Unit Holders any one of them may give effectual receipt for any such moneys.

**4.7.2.13.** Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Dealing Days. Where redemption requests on any one Dealing Day

exceed ten (10) percent of either the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the **Clause 4.12.4**.

**4.7.2.14.** On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Fund should be suspended, the Management Company shall suspend the Sale and Redemption of Units and the intimation of suspension shall be made to the Unit Holders, the Trustee and the Commission according to the procedure laid down in the Regulation.

**4.7.2.15.** The Management Company shall ensure that no entry and exit from the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than the following manners, unless permitted otherwise by the Commission under the Regulations:

- (a) cash settled transaction based on the formal issuance and redemption requests
- (b) net off issuance and redemption transaction at same net asset value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any).

The Management Company shall clearly specify Cut-Off Timings (for acceptance of application forms of issuance, redemption, and conversion of Units of the Scheme) mentioned in this Offering Document, on its web site and at designated points. Such Cut-Off Timing shall uniformly apply on all Unit Holders.

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

**4.7.2.16. Redemption of Units in Book Entry form in CDS**

Unit Holder may redeem their Units held in Book Entry form in CDS. The Redemption of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

#### **4.8. Purchase (Public Offer) and Redemption (Repurchase) of Units outside Pakistan**

- 4.8.1.** Subject to exchange control, SECP prior approval and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Public Offer) of Units by persons not residing in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may include in addition to the Purchase (Public Offer) Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.
- 4.8.2.** In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility. Provided however, neither the Management Company, nor the Trustee give any assurance or make any representation that remittance would be allowed by the State Bank of Pakistan at the relevant time
- 4.8.3.** The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising therefrom.

#### **4.9. Determination of Redemption (Repurchase) Price**

**4.9.1.** The Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing):

- (a) Any Back-end Load as per the details in this Offering Document; and;
- (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc; and
- (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- (d) Such sum shall be adjusted downward to the nearest paisa

Level of all back end loads shall be disclosed in the Offering Document. An increase in Back End load will require 90 days prior notice to the Unit Holder or any other period as specified in the Regulations.

**4.9.2.** The Repurchase (Redemption) Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which a correctly and properly filled redemption application is received.

**4.9.3.** The Redemption Price determined by the Management Company shall be made available for every Dealing day to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and will be published at Management Company's and MUFAP's website.

#### **4.10. Procedure for Requesting Change in Unit Holder Particulars**

##### **4.10.1. Who Can Request Change?**

All Unit Holders are eligible to change their Unit Holder details if they so desire. For such change in particulars, a request shall be made via the Special Instructions Form. These Forms may be

obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made through CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

#### **4.10.2. Application Procedure for Change in Particulars**

- (a) Some of the key information which the Unit Holder can change is as follows:
- i. Change in address
  - ii. Nominee detail
  - iii. Change in Bank Account details
  - iv. Account Operating instructions
  - v. Frequency of profit payments
  - vi. Systemic Conversion Option

Change will not be allowed in Title of account, CNIC and Joint holders details.

- (b) Fully completed Special Instructions Form has to be submitted by both Individuals and/or Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within Business Hours on a Dealing Day.
- (c) The applicant must obtain a copy of the Special Instructions Form signed and duly verified by an Authorized Officer of the Distributor or Management Company.
- (d) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Special Instructions Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (e) The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes. These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.

- (f) Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instructions Form for such Units.

#### **4.10.3. Transfer, Nomination, Transmission and Systemic Conversion Procedure**

- 4.10.3.1.** Unit Holder may, subject to the law, transfer any Units held by them to any other person. The transfer shall be carried out after the Management Company/Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with.
- 4.10.3.2.** Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value.
- 4.10.3.3.** Where Certificates have been issued, the Management Company / Transfer Agent with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.
- 4.10.3.4.** The Transfer Agent shall, with the prior approval of the Management Company or the Management Company itself be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit



of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner. Complete list of unclaimed dividends will be maintained by the Management Company and shall not be destroyed. Unit Holder may nominate any successor/nominee for transmission, subject to all legal requirements, in case of the decease of Unit Holder.

**4.10.3.5.** Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent or the Management Company itself as Registrar after satisfying as to all legal requirements such as intimation of death of deceased Unit Holder along-with certified copy of death certificate, indemnity from nominee along-with copy of CNIC of nominee and deceased Unit Holder, original unit certificate (in case of physical certificate) etc. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.

**4.10.3.6.** A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company by redeeming the Units of first Scheme and issuance of Units of later Scheme(s) at the relevant price applicable for the day. The Transfer Agent or Management Company itself shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The

Management Company may impose a time limit before which conversion may not be allowed.

**4.10.3.7.** A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/registration number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.

#### **4.10.4. Partial Transfer**

Partial transfer of Units covered by a single Certificate is permitted provided that in case of physical certificates issued, the Unit Holder must apply for splitting of the Unit certificate representing the partial amount and then the new certificate shall be applied for transfer.

#### **4.10.5. Conversion**

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

### **4.11. Procedure for Pledge/Lien/Charge of Units**

#### **4.11.1. Who Can Apply?**

- (a) All Unit Holders are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form as available on the Management Company's website [www.almeezangroup.com](http://www.almeezangroup.com). These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made to the CDS

Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

- (b) Any Unit Holder either singly or with Joint Unit Holder(s) (where required) may request the Management Company or Transfer Agent to record a pledge / lien of all or any of his / her/ their Units in favor of any third party legally entitled to invest in such Units in its own right. The Management Company or Transfer Agent shall register a lien on any Unit in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Management Company or Transfer Agent with the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.
- (c) The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Transfer Agent, shall be liable for ensuring the validity of any such pledge/charge/lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.
- (d) Payments of cash dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien / charge / pledge shall be paid to the order of the lien / charge / pledge holder's bank account or posted to the registered address of Pledgee mentioned in the Pledge Form and/or Investor Account Opening Form submitted. In case of Units are pledged through Central Depository System, payments of cash dividends or the issuance of bonus Units goes to the Pledger as per Central Depositories Act.
- (e) The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Pledge Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (f) Fully completed Pledge of Units Form has to be submitted by both Individuals and/or non-individuals Unit Holders. This Form should be delivered to any of the Authorized Branches of the

Distribution Companies or may be submitted to the Management Company directly or through an Investment Facilitator within Business Hours on a Dealing Day.

- (g) All risks and rewards, including the right to redeem such Units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

#### **4.12. Temporary Change in Method of Dealing, Suspension of Dealing and Queue System**

##### **4.12.1. Temporary Change in the Method of Dealing**

Under the circumstances mentioned in Clause 4.12.2 and 4.12.3, Subject to compliance with Regulation (having regard to the interests of Unit Holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units.

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

##### **4.12.2. Suspension of Fresh Issue of Units**

The Management Company may, under the following circumstances, suspend issue of fresh Units.

- The situation of Force Majeure as defined in this Offering Document;
- A situation in which it is not possible to invest the amount received against issuance of fresh Units or
- Any other situation in which issuance of fresh Units is, in Management Company's opinion, against the interests of the existing/remaining Unit Holders.

Such suspension may however not affect existing Unit Holders for the issue of bonus Units as a result of profit distribution The Management Company shall announce the details of circumstances at the time a suspension of fresh issue is announced. The Management Company shall immediately notify

SECP and Trustee if issuance of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

In case of suspension of redemption of Units due to extraordinary circumstances the issuance of Units shall also be kept suspended until and unless redemption of Units is resumed

Investment Application Form received on the day of suspension will not be processed and the amount received shall be returned to the investor.

#### **4.12.3. Suspension of Redemption of Units**

The Redemption of Units may be suspended during extraordinary circumstances/ Force Majeure.

Redemption requests received on the day of the suspension shall be rejected.

#### **4.12.4. Queue System**

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange financing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Dealing Day, such requests shall be processed on basis proportionate to the size of the requests. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Dealing Day at the price to be determined for such

redemption requests. However, if the carried over requests and the fresh requests received on the next Dealing Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

#### **4.12.5. Winding up in view of Major Redemptions**

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the selloff of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

## **5. DISTRIBUTION POLICY**

### **5.1. Declaration of Dividend**

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

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

For the purpose of this Clause the expression "accounting income" means income calculated in accordance with the requirements of International Accounting Standards (IAS) as are notified under the Companies Ordinance, 1984, the Regulations and the directives issued by SECP. Wherever the requirement of Regulations or the directives issued by SECP differs with the requirement of IAS, the Regulations and the said directives shall prevail.

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

## **5.2. Determination of Distributable Income**

The amount available for distribution in respect of any Accounting Period shall be the sum of all income excluding capital gains (whether realized or unrealized), from which shall be deducted:

- the expenses, as stated in Clauses 6.2.1 to 6.2.4 of this Offering Document; and
- any taxes of the Fund

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

## **5.3. Payment of Dividend**

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

such payment shall be subject to the Regulations and any other applicable laws.

#### **5.4. Dispatch of Dividend Warrants/Advice**

Dividend warrants/advice/payment instruments and/or Account Statements shall be dispatched to the Unit Holders or the chargeholders at their registered addresses.

#### **5.5. Reinvestment of Dividend**

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

#### **5.6. Bonus Units**

The Management Company may decide to distribute, wholly or in part, the distributable income in the form of stock dividend (which would comprise of the Bonus Units of the Trust) if it is in the interest of Unit Holders. After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company shall, under intimation to the Trustee, issue additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units would rank pari passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen days of the issue of Bonus Units.

#### **5.7. Encashment of Bonus Units**

The Management Company shall give the Unit Holder(s) the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to encash bonus Units. In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the ex-dividend NAV as calculated on the Business Day immediately preceding the first day of the book closure announced for such purpose and proceeds shall be credited in accordance with the normal procedure already detailed above for Redemption of Units.



## **5.8. Closure of Register**

The Management Company may close the Register by giving at least seven (7) days' notice to Unit Holder provided that the time period for closure of register shall not exceed six (6) working days at a time and whole forty five days in a Financial Year. During the closure period, the sale, redemption, conversion of Units or transfer of Units will be suspended. Notice for closure of register should be published as per directives of SECP.

## **6. FEE AND CHARGES**

### **6.1. Fees and Charges Payable by an Investor**

The following fees and charges shall be borne by the Investor:

#### **6.1.1. Front-end Load**

Front end Load is a part of Sales Load which may be included in the offer price of the Units. The remuneration of Distributors shall be paid from such Load and if the Front-end Load is insufficient to pay the remuneration of the Distributors, the Management Company shall pay the amount necessary to pay in full such remuneration and no charges shall be made against the Fund Property or the Distribution Account in this respect. Such payments may be made to the Distributors by the Management Company upon the receipt from the Trustee.

The Management Company may at its discretion charge different levels of Load as per Annexure B. Any change in Front-end Load shall be done through an addendum to the Offering Document after seeking prior approval of the Commission.

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

The issue price applicable to Bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any sales or processing charge.

### **6.1.2. Back-end Load**

Back end Load deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of Units, but Unit Holders within a class shall be charged same level of Back-end Load. Management Company may change the current level of Back-end Load after giving 90 days prior notice to the Unit Holder through newspaper (either Urdu or English Newspaper) and via post and the unit holders shall be given an option to exit at the applicable NAV without charge of Back-end Load as specified in the Regulations.

The current level of Back-end Load is indicated in Annexure B.

### **6.1.3. Other Charges**

Transfer of Units from one owner to another shall be subject to a Processing charge of an amount not exceeding 1% of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value on that date.

### **6.1.4. Expenses borne by the Management Company and the Trustee**

The Management Company and Trustee shall bear all expenditures in respect of their respective secretarial and office space and professional management services provided in accordance with the provisions of the Deed. Neither the Management Company nor the Trustee shall make any charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for their services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Fund Property.

Any cost associated with sales, marketing and advertisement of the Scheme shall not be charged to the Scheme.

#### **6.1.5. Remuneration of Distribution Company / Investment Agent / Investment Facilitator**

The Distribution Company employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources and/or from Front End Load on terms to be agreed between the Management Company and the Distribution Company. The Investment Facilitator/Investment Adviser/Sales Agent employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources.

Distributors/Investment Facilitators located outside Pakistan may, if so authorized by Trustee and the Management Company, be entitled to remuneration (from Management Company's own resources) on terms to be agreed between them and the Management Company, subject to the law for the time being in force.

#### **6.2. Fees and Charges Payable by the Fund**

The following expenses shall be borne by the Fund:

##### **6.2.1. Remuneration of the Management Company**

The remuneration shall begin to accrue from the close of the Initial Offering Period. In respect of any period other than an Annual Accounting Period, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the Annual Accounting Period concerned.

Current level Management Fee is disclosed in **Annexure "B"**. Any increase in the current level of Management Fee, provided it is within the maximum limit prescribed in the Regulations shall be subject to giving a ninety (90) days prior notice to the unit holders and the unit holders shall be given an option to exit at the applicable NAV without charge of any exit load.

## **6.2.2. Remuneration of the Trustee**

The Trustee shall be entitled to a monthly remuneration out of the Fund Property determined in accordance with Annexure "A".

The remuneration shall begin to accrue following the expiry of the Initial Period. For any period, other than an Annual Accounting Period such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in an Annual Accounting Period concerned. Any upward change in the remuneration of trustee from the existing level shall require prior approval of the Commission. However, any subsequent downward revision in the remuneration of the trustee shall not require approval of the Commission and will be applicable without the need to amend the constitutive document.

## **6.3. Formation Costs**

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

## **6.4. Other costs and expenses**

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

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.
- (iv) Bank charges, financing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) Printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports
- (vii) Fund rating fee payable to approved rating agency.
- (viii) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (ix) Fee pertaining to the Fund payable to the Commission.
- (x) Taxes, fees, , duties if any, applicable to the Fund and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by the Management Company (for management of Fund).
- (xi) Charges and levies of stock exchanges, national clearing and settlement company, CDC charges.
- (xii) Any amount which the Shariah Advisor may declare to be Haram and to be paid to approved charity institutions.
- (xiii) Shariah Advisory fee
- (xiv) Any other expenses as permissible under the Rules and the Regulations from time to time and / or permitted by the Commission.

## **7. TAXATION**

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

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

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

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

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

- (i) Tax on dividend income is as applicable according to the relevant law;
- (ii) Capital Gains Tax as applicable according to the relevant law
- (iii) Return from all other sources / instruments are taxable at the rate applicable to a public company.

#### **7.1.2. Liability for Income Tax if Ninety Percent of Income is distributed**

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

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

### **7.2. Withholding tax**

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the Fund's income from 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 will not be subject to any withholding tax.

### **7.3. Zakat on Fund**

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

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

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

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

**7.4.2.** Unit Holders of the Fund will be subject to tax on dividend income distributed by the Fund at the applicable rate as mentioned in Income Tax Ordinance 2001.

The tax deducted on dividend will be the final tax (except for companies) and the payer will be required to withhold the amount of tax at source from payment of dividend except payment to the banking companies.

**7.4.3.** Capital gain arising from sale/redemption of Units of the Fund will be subject to tax at the applicable tax rate as mentioned in Income Tax Ordinance 2001.

**7.4.4.** Unitholders may be liable to pay tax even though they may not have earned any gain on their investment as return of capital through distribution

to investors is also taxable as per Income Tax Ordinance, 2001.

**7.4.5.** Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and/or Transfer Agent and on the basis of Exemption Certificate income tax will not be withheld.

**7.4.6. Tax Credit to Unit Holders**

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units

**7.4.7. Zakat**

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

**7.5. Disclaimer**

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

**8. REPORTS TO UNIT HOLDERS**

**8.1. Account Statement**

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



The Management Company/Transfer Agent shall provide account balance and/or account activities through electronic mode to Unit Holder, who opted for such service.

The Unit Holder will be entitled to ask for copies of his account statement on any Dealing Day within Business Hours by applying to the Management Company/Transfer Agent in writing and providing such fee as specified in Annexure \_\_\_ that the Management Company may notify from time to time.

## **8.2. Financial Reporting**

- (a) The Management Company shall prepare and transmit the annual report physically in such form and manner as set out in Regulations as amended or substituted from time to time.
- (b) The Management Company shall prepare and transmit quarterly reports physically (or through electronic means or on the web subject to SECP approval) in such form and manner as set out in Regulations as amended or substituted from time to time.

## **8.3. Trustee Report**

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

## **8.4. Fund Management Report**

The Management Company shall prepare Fund Management report each month, as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at its website latest by 7<sup>th</sup> of each month.

## **9. WARNING AND DISCLAIMER**

### **9.1. Warning**

**9.1.1.** If you are in any doubt about the contents of this Offering Document, you should consult your Shariah scholar/consultant, bank manager, Legal advisor, or other financial advisor. The price of the Units of this Fund and the income of this Fund (from which distributions to Unit Holders is made) may increase or decrease.

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

### **9.2. Disclaimer**

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

**9.2.2.** Fund's target return/ dividend range cannot be guaranteed. Fund's Unit price is neither guaranteed nor administered/ managed; it is based on the NAV that may go up or down depending upon the factors

and forces affecting the capital markets and interest rates.

## **10. GENERAL INFORMATION**

### **10.1. Accounting Period / Financial Year of the Fund**

Accounting Period means a period ending on and including an accounting date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.

Annual Accounting Period means the period commence on 1st July and shall end on 30<sup>th</sup> June of the succeeding calendar year.

### **10.2. Inspection of Constitutive Documents**

The copies of Constitutive Documents, such as the Deed and the Offering Document, can be inspected free of charge at the addresses given below, however such documents shall also be available on the web site of the Management Company:

Ground Floor, Block B, Finance and Trade Centre (FTC)  
Shahrah-e-Faisal Karachi

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

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

- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen Business Days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution

or have given consent in writing that the scheme be transferred to another Management Company;

- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another management company.
- (iv) If the Management Company may retire voluntarily with the prior written consent of the Commission.

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

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

- (i) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the Scheme pass a resolution or have given consent in writing that the Scheme be revoked earlier than the Life of the Fund mentioned in clause 1.4 above;
- (ii) where the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (iii) in the opinion of the Management Company the Scheme is not commercially viable or purpose of the Scheme cannot be accomplished subject to the consent of Trustee;
- (iv) the Management Company subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and

that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up;

- (v) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vi) where the Commission deems it necessary to revoke the Fund so directs either Trustee or the Management Company in the interest of Unit Holders.

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

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

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

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

## **11. GLOSSARY**

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

**"Accounting Date"** means the thirtieth day of June in each year and any interim date on which the financial statements of the Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner Inland Revenue may change such date to any other date and such change shall be intimated to the Commission.

**"Account Opening/Investment Account Opening Form"** means standardized form prescribed by the Management Company to be duly filled by the investors at the time of opening an account with the Fund.

**"Accounting Period"** means a period ending on and including an accounting date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding accounting period.

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

**"Annual Accounting Period" or "Financial Year"** means the period commence on 1st July and shall end on 30<sup>th</sup> June of the succeeding calendar year.

**"Auditor"** means the Auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as per the Regulations.

**"Authorized Branches"** means those Branches of Distributors or Distribution Companies which are allowed by the Management Company to deal in Units of the Funds managed by the Management Company.

**"Authorized Investments"**

Authorized Investments are those as defined in the clauses 2.2 and 2.3 of this Offering Document

**"Back-end Load"** means the charge deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of Units, as specified in this document.

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

**"Bank Accounts"** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).

**"Broker"** means any person engaged in the business of effecting transactions in securities for the account of others.

**"Business Day"** means any day on which scheduled banks/stock exchanges are open for business in Pakistan.

**"Certificate"** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of the Trust Deed.

**"Connected Person"** shall have the same meaning as assigned in the Rules and Regulations.

**"Constitutive Documents"** means the Trust Deed, this Offering Document and such other documents as defined in the Regulations.

**"Contingent Load"** means a Load payable by the Class C Unit Holders, which will be applicable only in case of redemption of units within certain period from the date of investment as mentioned in the Annexure B. Any Contingent Load received will form part of the Fund Property.

**"Custodian"** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee in consultation with the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee, and shall also include the Trustee itself if it provides custodial services for the Fund.

**"Cut-Off Time" / "Business Hours"** means the day time for dealing in Units of the Fund. The current Cut-Off Timing/Business Hours are mentioned in Annexure "B" of this Offering Document.

**"Dealing Day"** means every Business Day from Monday to Friday of every week. Units will be available for dealing (purchase, redemption, transfer, switching etc) on Dealing Days during Cut-off Time. Provided that the Management Company may with the

prior written consent of the Trustee and upon giving not less than seven days' notice in two widely circulated English or Urdu newspapers in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).

**"Distribution Account"** means the Bank Account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holder(s) shall be transferred., 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 Holder(s).

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

**"Distribution Function"** means the functions with regard to:

- a. receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- b. issuing receipts in respect of (a) above;
- c. interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
- d. accounting to the Management Company for all: (i) payment instruments received from the applicants for issuance of Units; (ii) payments instruments to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.



- e. the above functions may be performed electronically, if appropriate systems are in place.

**"Duties and Charges"** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Fund Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any Commission payable to agents on sales and redemption of Units or any Commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

**"Exposure"** shall have same meanings as provided in the Regulations.

**"Federal Government"** means the Federal Government of Islamic Republic of Pakistan.

**"Financial Institution"** means a Bank, Development Finance Institution, Non-Banking Finance Company, Modaraba or an institution registered under relevant laws to provide financial services within or outside Pakistan.

**"Force Majeure"** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God

and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

**"Formation Cost"** means preliminary expenses relating to regulatory and registration fees of the Scheme, flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of this Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period.

**"Front-end Load"** means the Sales load which may be included in the offering price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as determined by the Management Company. However, aggregate of Front-end Load and Back-end Load should not exceed 3% of Net Asset Value.

**"Government Securities"** includes monetary obligations of the Government or a Provincial Government or a corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government and any other security as the Federal Government may, by notification in the official Gazette, declare, to the extent determined from time to time, to be a Government Security.

**"Holder or Unit Holder"** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of the Trust Deed.

**"Initial Period" or "Initial Offering Period"** means a period determined by the Management Company during which Units will be offered as mentioned in clause 1.6 of this Offering Document.

**"Initial Price" or "Initial Offer"** means the price per Unit on the first day of the Initial Period determined by the Management Company.

**"Investment"** means any Authorized Investment forming part of the Fund Property.

**"Investment Facilitators"/Advisors"** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Investment Facilitator/Advisor is not authorized to perform the Distribution Functions. The Management Company shall compensate the Investment Facilitators.

**"Investment Form"** means a standardized form prescribed by the Management Company to be duly filled by the investor to purchase Units and will be stated in this Offering Document.

**"Management Company"** means Al Meezan Investment Management Limited.

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

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

**"Offer Price" or "Purchase (Public Offer) Price"** means the sum to be paid by the investor for purchase of one Unit, such price to be determined pursuant to this document.

**"Offering Document"** means this document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme.

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

**"Ordinance"** means the Companies Ordinance, 1984.

**"Par Value"** means the face value of **Rs. 50** for a Unit of the Fund.

**"Pledge Form"** means a standardized form prescribed by the Management Company to be duly filled by the investor to Pledge his/her Units and will be stated in this Offering Document.

**"Profit Distribution Date"** means the date on which the Management Company decides to distribute the profits (if any).

**"Provincial Governments"** mean the Provincial Governments of all four provinces of Pakistan.

**"Redemption Form"** means a standardized form prescribed by the Management Company to be duly filled by the investor to redeem Units and will be stated in this Offering Document.

**"Redemption Price or Repurchase Price"** means the amount to be paid to the relevant Holder upon redemption of that Unit, such amount to be determined pursuant to this document.

**"Registrar Function"** means the functions with regard to:

- a. Maintaining the Register, including keeping a record of change of addresses/other particulars of the Holders;
- b. Issuing account statements to the Holders;
- c. Issuing Certificate, including Certificates in lieu of undistributed income to Holders;
- d. Canceling old Certificates on redemption or replacement thereof;
- e. Processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Holders;

- f. Issuing and dispatching of Certificates;
- g. Dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h. Receiving applications for redemption and transfer/transmission of Units directly from Holder or legal representatives or through Distributor;
- i. Maintaining record of lien/pledge/charge; and
- j. Keeping record of change of addresses/other particulars of the Holders.

**"Rules"** mean Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 as amended from time to time.

**"Regulations"** mean Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Schedules and Forms attached to it as amended/replaced from time to time.

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

**"Sales Load"** means Front end load and Back end load and any processing charges or Commission (excluding Duties and Charges) not exceeding three percent of NAV or as may be allowed under the Regulations, which may be included in the offer price of all or certain class of Units or deducted from the NAV in order to determine the Redemption Price of certain classes of Units.

**"SECP" or "Commission"** means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.

**"Special Instructions Form"** means a standardized form prescribed by the Management Company to be duly filled by the investor to change his/her particulars and will be stated in this Offering Document.

**"Stock Exchange"** means Stock Exchanges registered under the Securities and Exchange Ordinance, 1969.

**"Sukuk"** means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.

**"Transaction Costs"** means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust's portfolio, *inter alia*, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.

**"Transfer Agent" or "Registrar"** means a company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Function.

**"Transfer Form"** means a standardized form prescribed by the Management Company to be duly filed by the investor to transfer Units and will be stated in this Offering Document.

**"Trust Deed" or "Deed"** means the Trust Deed of the Fund executed between the Management Company and the Trustee along with all the exhibits appended hereto.

**"Trust" or "Unit Trust" or "Fund" or "Scheme" or MIF** means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.

Words and expressions used but not defined herein shall have the meanings assigned to them in the 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. The headings and table of contents are for convenience only and shall not affect the construction of this Offering Document.

**ANNEXURE ‘A’**

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

<b>NET ASSETS (Rs.)</b>	<b>TARIFF</b>
Up to 1 billion	0.17% p.a. of Net Assets.
1 billion to 5 billion	Rs. 1.7 million plus 0.085% p.a. of Net Assets exceeding Rs 1 billion.
Over 5 billion	Rs. 5.1 million plus 0.07% p.a. of Net Assets exceeding Rs 5 billion.



## ANNEXURE ‘B’

### Current Level of Front-end Load, Back-end Load and Management Fee Without Takaful Coverage:<sup>1</sup>

Class of Unit	Front- End Load	Back- End Load
Class "A" Units	0%	Nil
Class "B" Units	0% - 1.0%	Nil
Class "C" Units	Nil	Nil
MMKA-MIIF	0% - 1.0% <sup>3</sup>	Nil

### Contingent Load on Class C Units

The Load will be charged as per the Investment period in the following manner

Investment Horizon	Contingent Load
0 – 6 Months	1%
6 – 12 Months	0.5%
Beyond 12 Months	0%

<sup>4</sup>

The Management Company may charge sales load of maximum up to 1.5% of the NAV per unit where transactions are done online or through a website.<sup>5</sup>

### Current Level of Management Fee:

The Management Company shall charge a management fee of up to 10% of the Gross Earnings of the Fund subject to minimum of 0.25% of average annual net assets and maximum of 1.5% of its average annual net assets, subject to total allowable expense limit specified in Regulations.

The applicable level of management fee shall be disclosed through the Management Company website prior to its implementation.<sup>6</sup>

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<sup>1</sup> Amended through Tenth Supplemental dated December 20, 2022

<sup>2</sup> Deleted through Tenth Supplemental dated December 20, 2022

<sup>3</sup> Amended through Eight Supplemental dated October 26, 2020

<sup>4</sup> Amended through Seventh Supplemental dated December 04, 2017

<sup>5</sup> Inserted through Tenth Supplemental dated December 20, 2022

<sup>6</sup> Amended through Ninth Supplemental dated June 25, 2021

(Previously Amended through Eight Supplemental dated October 26, 2020 & through Seventh Supplemental dated December 04, 2017)

### **Current Level of Front-end Load, Back-end Load and Management Fee With Takaful Coverage:**

<b>Class of Unit</b>	<b>Front- End Load</b>	<b>Back-End Load</b>
<b>Class “Takaful Units (TU)” Units</b>	<b>0 %-3%</b>	<b>0%</b>
<b>Class “MMKA Takaful Units (TU)”</b>	<b>0 %-3%</b>	<b>0%</b>

**The above level of Front End Load and Back End Load (up to 3%) shall also be applicable in case of conversion to relevant takaful units.**

**The Takaful coverage shall have a maximum cap of Rs. 5 Mn. Any investment, if made above such cap limit shall not be eligible for takaful coverage**

**Any subsequent change(s) in Takaful Cap limit, as determined between the Management Company and the Takaful Provider shall be disclosed via Management Company’s website & this Offering document, while unitholders who have opted for takaful shall also be intimated by the Management Company. Investors can keep themselves updated with the changes in the takaful policy and/or premium rates as disclosed on the Management Company’s website.**

**The Management Company may charge sales load of maximum up to 1.5% of the NAV per unit where transactions are done online or through a website.<sup>7</sup>**

### **Current Level of Management Fee:**

**The Management Company shall charge a management fee of up to 10% of the Gross Earnings of the Fund subject to minimum of 0.25% of average annual net assets and maximum of 1.5% of its average annual net assets, subject to total allowable expense limit specified in Regulations.**

**The applicable level of management fee shall be disclosed through the Management Company website prior to its implementation.<sup>8</sup>**

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<sup>7</sup> Inserted through Tenth Supplemental dated December 20, 2022

<sup>8</sup> Amended through Ninth Supplemental dated June 25, 2021

(Previously Amended through Eight Supplemental dated October 26, 2020 & through Seventh Supplemental dated December 04, 2017)

## **Takaful Contribution:**

The Management Company has arranged a voluntary Life and Accidental Disability Takaful coverage for the investors up to the amount as communicated to them via website & sales channels and as amended from time to time. The Takaful Coverage Contribution is to be borne by the unitholder. Such Takaful Coverage Contribution is to be deducted from the unit holder's investment on a monthly basis and deposited with the Takaful company by the Management Company as per the terms and conditions of takaful coverage defined in the Takaful policy document signed between the Takaful company and Management Company. Acquiring Takaful Coverage is an option to the investor that he may or may not exercise. The investor is solely liable to remain informed of the changes in takaful policy as communicated via website.

“The AMC will not be responsible or liable for maintaining service levels and / or any delay in processing claims by the Takaful Company arising out of this plan. The Management Company, the Trustee and the underlying Fund shall not be held liable for honoring any takaful claims.”<sup>9</sup>

## **Business Hours & Cut-Off Timing**

The day time on a Dealing Day for dealing in Units is from 9:00 am till 4:00 pm

### **Note:**

Any change in the Business Hours/Cut-off Time shall be notified through website of the Management Company, under intimation to the trustee.

Further, Cut-Off Timings/Business Hours for the month of Ramadan shall be notified to Unit-Holders via the Company's website.

Any downward revision in the Management fee from the current levels shall be made applicable, under intimation to the trustee and SECP, without the need to amend the offering document.

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<sup>9</sup> Inserted through Tenth Supplemental dated December 20, 2022

However, any increase in Management Fee, Front End Load, Contingent Load or Back end Load shall be implemented with prior approval of the SECP.

Further, any increase in management fee and or back end load shall be subject to giving a ninety (90) days prior notice to the unit holders and the unit holders shall be given an option to exit at the applicable NAV without charge of any exit load.

## **ANNEXURE ‘C’**

### **Designated Distribution Outlets**

Following are the branches of Al Meezan for investors to execute mutual fund transactions. In addition to these, investors may use any branch of Meezan Bank, Standard Chartered Sadiq across Pakistan, through Online Transactions-Member Services Area or through MBL’s Internet Banking facility for the execution of their transactions.

**1. Karachi Office:**

Ground Floor, Finance and Trade Centre, Shahrah-e-Faisal,  
Karachi

Tel: (92-21) 111-633-926, 35630722-26

**2. Karachi – Sale Hub**

Banglow #43-5-E/2, Shah Abdul Latif Road  
PECHS Block 6, Karachi

**Tel: 021-34559262-5**

**3. Karachi- North Nazimabad Branch:**

Shop # G-1, G-2, Ground Floor, Ajwa Residency, B-1, Block-L,  
North Nazimabad, Karachi

Tel: (92-21) 36641491-4

**4. Karachi- Bahadurabad Branch:**

Shop # 4, Ground floor, Adam Arcade, B.M.C.H Society,  
Shaheed-e-Millat Road, Block #3, Karachi

Tel: (92-21) 34923112-6

Karachi –DHA Phase 4 Branch

**5. Karachi- DHA Branch:**

Shop # 01 Ground Floor, Sunset Commercial St-02, Khayaban  
e Jami, Near Baitussalam Masjid, Phase IV, D.H.A Karachi.

Tel: (92-21) 35802411-4

**6. Karachi – Gulshan Branch:**

Shop #02, Ground Floor, Shelozon Centre, Block 15 Gulshan e  
iqbal Karachi 021-34990491-4

**7. Lahore Office:**

Ground Floor, Leeds Centre, Gulberg III, Main Boulevard,  
Lahore

Tel: (92-42) 111-633-926, 35783608-12

**8. DHA Lahore Office:**

1st Floor, Meezan Bank T Block Branch, Plot No. 7, CCA-2, T Block, Phase II, DHA Lahore. (92-42) 35747060-3

**9. Faisalabad Office:**

First Floor, Taj Plaza, Kotwali Road, Faisalabad  
Tel: (92-41) 32412371-4

**10. Islamabad Office:**

Office No 7 Ground Floor, Buland Markaz Jinnah Avenue Blue Area, Islamabad.  
Tel: (92-51) 2801471-73

**11. Rawalpindi Office:**

Plot # 17, Zubair Plaza, 1st Floor, Chaklala Scheme III Main Commercial Area Rawalpindi Cantt.  
Tel: 051-5766364-6

**12. Peshawar Office**

Office No 6-D, Ground Floor, 6 Saddar Road, Peshawar Cantt, Peshawar.  
Tel: (92-91) 5271911-14

**13. Multan Branch:**

1st Floor, Meezan Bank Rasheedabad Chowk Branch, Aneesa Plaza Rasheedabad Chowk, Khanewal Road Multan.  
Tel: (92- 61) 6305911-5

**14. Abbottabad Branch:**

1st Floor, Al-Fateh Shopping Centre, Opposite Radio Station, Abbottabad- Sarmayakari Markaz.  
Tel: (92-992) 408182