

**RISK DISCLOSURE: THE PARTICIPANTS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE OFFERING DOCUMENT IN PARTICULAR THE RISK FACTORS MENTIONED IN CLAUSE 6.7, DISCLAIMER IN CLAUSE 6.8 AND WARNINGS IN PART 13 BEFORE MAKING ANY CONTRIBUTION DECISION.**

## **OFFERING DOCUMENT**

# **MEEZAN TAHAFFUZ PENSION FUND**

**Under Management of**



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

Please note that this ‘Offering Document’ is comprised of eighteen parts which should be read in conjunction with each other and Al Meezan Investment Management Limited has prepared and accepted the full responsibility of this ‘Offering Document’. The contents and all the information stated in this ‘Offering Document’ are accurate and verifiable as of June 27, 2007 (the publication date).

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The Meezan Tahaffuz Pension Fund (the Fund/the Scheme/the Trust/MTPF) has been established through a Trust Deed entered into between Al Meezan Investment Management Limited (“Al Meezan Investments”), as the Pension Fund Manager and Central Depository Company of Pakistan Limited (“CDC”), as the Trustee and is registered as Pension Fund Manager with SECP. However, such registration neither implies official recommendation by SECP to invest in the Meezan Tahaffuz Pension Fund nor does SECP takes any responsibility for the financial soundness of the Pension Fund and its Sub-Funds or for the correctness of any statements made or opinions expressed in this Offering Document.

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**OFFERING DOCUMENT  
OF  
MEEZAN TAHAFFUZ PENSION FUND  
MANAGED BY  
AL MEEZAN INVESTMENT MANAGEMENT LIMITED**

An Investment Advisory and Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Pension Fund Manager registered under the Voluntary Pension System Rules, 2005

**Date of Publication of Offering Document June 27, 2007**

**KEY FEATURES OF MEEZAN TAHAFFUZ PENSION FUND**

<b>Name of Fund</b>	<b>Meezan Tahaffuz Pension Fund (“MTPF” or “Pension Fund”)</b>
<b>Pension Fund Manager</b>	<b>Al Meezan Investment Management Limited (“Al Meezan Investments” or “Pension Fund Manager”)</b>
<b>Regulated by</b>	<b>Securities &amp; Exchange Commission of Pakistan (“SECP” or “Commission”)</b>
<b>Authorized under</b>	<b>Voluntary Pension System Rules, 2005 (“Rules”)</b>
<b>Sub Funds</b>	<b>Equity Sub Fund, Debt Sub Fund, Money Market Sub Fund</b>
<b>Seed Capital</b>	<b>PKR. 50 million per Sub Fund</b>
<b>Seed Capital Investor</b>	<b>Al Meezan Investment Management Limited</b>
<b>Trustee</b>	<b>Central Depository Company of Pakistan (“CDC” or “Trustee”)</b>
<b>Shariah Advisor</b>	<b>Meezan Bank Limited (“MBL” or “Shariah Advisor”)</b>
<b>Eligible Participants</b>	<b>All Pakistani nationals holding a valid CNIC</b>
<b>Minimum Contribution Amount</b>	<b>PKR 1,000/- for account opening and PKR 1,000/- for subsequent contributions</b>
<b>Maximum Front end Fee</b>	<b>3% of contribution amount</b>
<b>Management Fee</b>	<b>1.5% per annum of net assets of each Sub Fund</b>
<b>Allocation Schemes Offered</b>	<b>Aggressive, Balanced, Conservative and Very Conservative</b>

## OFFERING DOCUMENT

**This Offering Document contains necessary information for a Participant to make an informed contribution decision in the Pension Fund described herein. The participants are advised in their own interest to carefully read the contents of the Offering Document in particular the risks mentioned in Clause 6.7 and Warnings in Part before making any investment/contribution decision. Participants may note that this Offering Document remains effective until a material change occurs and they should retain this Offering Document for future reference. Material changes shall be filed with the Securities and Exchange Commission of Pakistan (SECP) and circulated to all Participants or may be publicly notified by advertisements in the newspapers subject to the applicable provisions of the Trust Deed and the Rules. Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub-Funds of MTPF consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments. It should be noted that the value of Units of the Sub-Funds can depreciate as well as appreciate. It should also be noted that under certain circumstances the dealing in the Pension Fund may be restricted. All Investments of the Fund and of the Sub Funds shall be in adherence to the Islamic Shariah. Due to limited number of Shariah Compliant Securities it is possible that adherence to the Islamic Shariah will cause the Fund and/ or the Sub Fund(s) to perform differently from funds with similar objectives, but which are not subject to the requirements of Islamic Shariah.**

### Governing Law

This Offering Document and the Trust Deed of Meezan Tahaffuz Pension Fund shall be subject to and be governed by the Laws of Pakistan including the Ordinance, the Rules and all other applicable laws, rules and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a Trust Deed and an offering document by the Rules are incorporated in this Offering Document and the Trust Deed of Meezan Tahaffuz Pension Fund as a part and parcel thereof and in the event of any conflict between the Offering Document/Trust Deed of Meezan Tahaffuz Pension Fund and the Rules, the latter shall supersede and prevail over the provisions contained in this Offering Document and the Trust Deed of Meezan Tahaffuz Pension Fund, unless specific exemption has been granted by the Commission. The Pension Fund Manager, Trustee, and the Pension Fund including all Sub-Funds, Allocation Schemes, Individual Pension Accounts, Income Payment Plan or any other structure relating to the Pension Fund shall be subject to the full compliance of the Rules, this Offering Document and the Trust Deed.

## **1 REGULATORY APPROVAL AND CONSENT**

### **1.1 REGISTRATION OF THE PENSION FUND MANAGER**

The Securities and Exchange Commission of Pakistan (“SECP” or “Commission”), vide its letter No. SECP/SCD/PW/AMIML/2007 dated January 8, 2007, has granted registration to Al Meezan Investment Management Limited to act as Pension Fund Manager under Sub Rule (2) of Rule 5 of the Voluntary Pension System Rules, 2005

### **1.2 AUTHORIZATION OF THE PENSION FUND**

The SECP, vide its letter No. 9(1)SEC/SCD/PW-AMIML-01/2007 dated June 14, 2007, has authorized the formation of a Voluntary Pension Fund, under the name, “Meezan Tahaffuz Pension Fund”, under Rule 9 of the Rules.

### **1.3 APPOINTMENT OF TRUSTEE**

The SECP, vide its letter No. 9(1)SEC/SCD/PW-AMIML/2007-II dated May 30, 2007, has approved the appointment of Central Depositor Company of Pakistan Limited as the Trustee of the Fund.

### **1.4 APPROVAL OF SHARIAH ADVISOR**

The SECP, vide its letter No. 9(1) SEC/SCD/PW-AMIML/2007-III dated May 30, 2007, has approved the appointment of Meezan Bank Limited as the Shariah Advisor of the Fund.

### **1.5 APPROVAL OF THE OFFERING DOCUMENT**

The SECP, vide its letter No.22(1) SEC/SCD/PW-AMIML/2007/I dated June 27, 2007, has approved this Offering Document

### **IMPORTANT NOTICE:**

**It must be distinctly understood that any Approval or Authorization granted by the SECP neither implies official recommendation by the SECP to contribute in the Pension Fund nor does the SECP take any responsibility for the financial soundness of the Pension Fund and its Sub-Funds or for the correctness of any statements made or opinions expressed in this Offering Document.**



## **1.6 FILING OF THE OFFERING DOCUMENT**

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

- (a) Trust Deed, dated May 30, 2007, executed between Al Meezan Investments and the CDC, appointing CDC as Trustee to the Fund;
- (b) SECP's Certificate of registration No. SECP/SCD/PW/AMIML/2007 dated January 8, 2007 registering Al Meezan Investments as a Pension Fund Manager;
- (c) SECP's letter No. 9(1) SEC/SCD/PW-AMIML-01/2007 dated June 14, 2007, authorizing MTPF;
- (d) SECP's letter No. 9(1)SEC/SCD/PW-AMIML/2007-II dated May 30, 2007, approving the appointment of CDC as the Trustee of MTPF;
- (e) SECP letter No. 9(1)SEC/SCD/PW-AMIML/2007-III dated May 30, 2007, approving the appointment of Meezan Bank Limited as the Shariah Advisor for MTPF;
- (f) Letter from KPMG Taseer Hadi & Co. Chartered Accountants, Auditors of MTPF, consenting to the issue of statements and reports;
- (g) SECP's letter No. 22(1) SEC/SCD/PW-AMIML/2007 dated June 27, 2007, approving this Offering Document.

## 2 CONSTITUTION OF THE PENSION FUND

### 2.1 CONSTITUTION

Meezan Tahaffuz Pension Fund is constituted by a Trust Deed entered into at Karachi on May 30, 2007, between:

- (a) **Al Meezan Investment Management Limited** (“Al Meezan Investments” or “Pension Fund Manager”), a company incorporated under the Companies Ordinance, 1984, with its registered office at Ground Floor, Block B, Finance and Trade Centre (FTC) Shahrah-e-Faisal Karachi, of the one part; and
- (b) **Central Depository Company of Pakistan Limited** (“CDC” or “Trustee”), a company incorporated under the Companies Ordinance, 1984 and registered with the Securities & Exchange Commission of Pakistan as a Central Depository Company, with its registered office at 99-B, Block ‘B’, S.M.C.H.S., Karachi, of the other part.

### 2.2 REGISTERED ADDRESS, PLACE AND DATE OF AUTHORIZATION AND CREATION

Registered address of the Fund will be same as that of the Pension Fund Manager. The Fund is authorized vide SECP letter No. 9(1) SEC/SCD/PW-AMIML-01/2007 dated June 14, 2007.

### 2.3 TRUST DEED

The Trust Deed is subject to and governed by the Laws of Pakistan, including the Companies Ordinance, 1984, the Rules and all other applicable laws, rules and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a Trust Deed of a pension fund by the Rules are incorporated in the Trust Deed as part and parcel thereof and in the event of any conflict between the Trust Deed and the provisions of the Rules, the latter shall supersede and prevail over the provisions contained in the Trust Deed and in the event of any conflict between the Trust Deed and the Offering Document, the Trust Deed shall supersede and prevail over the provisions contained in this Offering Document. Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to investments made in the Fund from outside Pakistan in foreign currency.

**The terms and conditions of the Trust Deed, Offering Document and any deed or offering document supplemental thereto shall be binding upon each Participant of the Pension Fund.**

### 2.4 GROUNDS OF MODIFICATION OF THE TRUST DEED

The Trustee and the Pension Fund Manager, acting together with the approval of the Commission, shall be entitled, by Supplemental Deed, to modify, alter, or add to the provisions of the Trust Deed on any of the following grounds:

- (a) To the extent required to ensure compliance with any applicable laws and regulations;
- (b) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- (c) To otherwise benefit the Participant of the Pension Fund; or

(d) To comply with the provisions of the Shariah

Provided that in the case of Clauses b, c and d above, such alteration or addition shall not prejudice the interests of the Participants; and in any event, it shall not release the Trustee or the Pension Fund Manager of their responsibilities.

Provided further that notice of any material modification will be given to Participants and participating employers of the MTPF at least 30 days before such material modification becomes effective.

If the Commission grants any relaxations or exemptions of Rules for the Pension Fund, these shall be deemed to be part of this Document without the need of altering it. However, in cases of significant changes, the Commission may require issuance of a supplementary Offering Document from time to time.

## 2.5 SEED CAPITAL AND CORE UNITS

The following institution has contributed towards the seed capital of the Sub Funds of MTPF. Initial price for Core Units is PKR 100/ unit.

EQUITY SUB FUND		
Name of Investor	No. of units '000	Amount in Rupees Million
Al Meezan Investment Management Ltd.	500	50
<b>Total</b>	<b>500</b>	<b>50</b>

DEBT SUB FUND		
Name of Investor	No. of units '000	Amount in Rupees Million
Al Meezan Investment Management Ltd.	500	50
<b>Total</b>	<b>500</b>	<b>50</b>

MONEY MARKET SUB FUND		
Name of Investor	No. of units '000	Amount in Rupees Million
Al Meezan Investment Management Ltd.	500	50
<b>Total</b>	<b>500</b>	<b>50</b>

The seed capital of Rupees 50 million for each Sub Fund was received in total on June 18, 2007. The seed capital investor has been issued Units against subscription of Seed Capital. As contributor of Seed Capital, this investor has agreed to retain their investment for a minimum period of three (3) years during which their Units will not be redeemable / transferable or tradable and Core Units shall not be reallocated.

## 2.6 FEATURES OF UNITS UNDER EACH SUB-FUND

All Units and fractions thereof represent an undivided share in the respective Sub-Fund and rank pari passu as to their rights in the Net Assets and earnings of that Sub-Fund. Each Participant has a beneficial interest in the Pension Fund proportionate to the Units held by such Participant in the respective Sub-Fund in his Individual Pension Account. The liability of the Participant shall be

limited to the no. of units or in certain circumstances cash, as may be allowed by the Rules, held by each participant in his IPA.

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

The Units in the Sub-Funds issued to the Participants would be non-transferable to another Participant. They shall only be redeemable in case of retirement (including retirement in the instance of disability), premature encashment/redemption, death of the Participant, and change of Pension Fund Manager, change of Allocation Schemes and/or rebalancing of the IPA according to the percentages selected Allocation Schemes.

Core Units issued to the Core Investors in each Sub-Fund shall be offered and issued at the Par Value and shall not be redeemable transferable/tradable for a minimum period of three years from the date of such issue. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on the certificates/Accounts Statement issued in respect of such Units. Except for the above condition, all such Units shall rank pari passu with all other Units.

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

## **2.7 PROCEDURE FOR CONTRIBUTIONS AFTER LAUNCH DATE**

From the Launch Date, the Pension Fund Manager shall open participation in the Meezan Tahaffuz Pension Fund to the general public on a continuous basis, through offer of Units of Sub-Funds issued at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time, after deduction of Front-end Fee from the Contribution amounts received. Please see Clause 5.1 of this Offering Document for details.

## **2.8 DURATION**

The duration of Meezan Tahaffuz Pension Fund is perpetual and shall not be wound up by way of liquidation. The management of the Fund can be transferred by the Commission or by the Pension Fund Manager, with the approval of the Commission, to another pension fund manager and on the occurrence of certain events as stated in Clause 17 of this Offering Document under the heading “Winding up or termination of Meezan Tahaffuz Pension Fund”, the Fund can be wound up by transfer of all Individual Pension Accounts to another pension fund manager.

### 3 OPERATORS AND PRINCIPALS

#### 3.1 PENSION FUND MANAGER

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. It is also registered with SECP as Pension Fund Manager under the Voluntary Pension System Rules.

Al Meezan Investments has been assigned Management Quality Rating of AM2 by JCR (VIS) Credit Rating Agency which denotes high management quality.

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

Currently Al Meezan Investments is managing four mutual funds i.e. Al Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, and Meezan Balanced Fund. It is also acting as an Investment Advisor for some corporate clients.

#### BRIEF DESCRIPTION OF EXISTING FUNDS

A brief description of the existing mutual funds under management of Al Meezan Investments is given in the following:

Funds under management	Fund Type	Asset Class	Listing	Net Assets as of May 31, 2007	Fund Rating by PACRA	Launch Date
Al Meezan Mutual Fund	Closed End	Equity	Karachi Stock Exchange	Rs. 2,112 Million	4 Star	May, 1996
Meezan Islamic Fund	Open End	Equity	Karachi Stock Exchange	Rs. 3,645 Million	5 Star	Aug, 2003
Meezan Balanced Fund	Closed End	Balanced	Karachi Stock Exchange	Rs. 1,541 Million	5 Star	Dec, 2004
Meezan Islamic Income Fund	Open End	Income	Karachi Stock Exchange	Rs. 2,260 Million	Not rated due to limited history	Dec, 2006

#### 3.3 BOARD OF DIRECTORS AND MANAGEMENT

Names and addresses of Directors of Al Meezan Investment Management Limited along with details of their directorship on other companies is provided in the following:

NAME, ADDRESS AND OCCUPATION	PARTICULARS OF DIRECTORSHIP IN OTHER COMPANIES
<b>Ariful Islam - Chairman</b> Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi	Meezan Bank Limited Al Meezan Mutual Fund Limited Plexus (Pvt) Limited Fayzan Manufacturing Modaraba Faysal Management Services (Pvt) Limited Karachi Electric Supply Corporation

<b>Mohammad Shoaib, CFA - Chief Executive</b> Al Meezan Investment Management Limited Ground Floor, Block "B" FTC Building, Shahrah-e-Faisal, Karachi	Al Meezan Mutual Fund Limited CFA Association of Pakistan
<b>Mr. Muhammad Adrees – Chief Executive</b> Sitara Chemical Industries Ltd. 32-Km, Sheikhpura Road., Faisalabad, Pakistan	Sitara Chemical Industries Private Limited Sitara Energy Limited Sitara Textile Industries Limited Sitara Fabrics
<b>Najmul Hassan</b> <b>General Manager – Corporate &amp; Business Development</b> Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi	None
<b>Tasnim-ul-Haq Farooqui - Senior Vice President</b> Pak Kuwait Investment Company 4 <sup>th</sup> Floor, Block "C" FTC Building, Shahrah-e-Faisal, Karachi	Pak Kuwait Takaful Limited
<b>Syed Owais Wasti – CFO &amp; Company Secretary</b> Al Meezan Investment Management Limited Ground Floor, Block "B" FTC Building, Shahrah-e-Faisal, Karachi	Al Meezan Mutual Fund Limited
<b>Mazhar Sharif - Senior Vice President</b> Pak Kuwait Investment Company 4 <sup>th</sup> Floor, Block "C" FTC Building, Shahrah-e-Faisal, Karachi	None

#### BOARD OF DIRECTORS

##### ARIFUL ISLAM - CHARIMAN

Mr. Ariful Islam is the Chief Operating Officer at Meezan Bank Limited. He is a Chartered Accountant from the Institute of Chartered Accountants of England and Wales. He is also a fellow member of the Institute of Chartered Accountants of Pakistan. Mr. Arif has held very senior positions prior to joining MBL. Previously he has served as Executive Vice President and Head of Southern Region, Faysal Bank and Senior Executive Vice President - Head of Investment Banking Group, Muslim Commercial Bank. Before returning to Pakistan in 1985 he worked in the London office of KPMG where he had worked on special banking sector assignments. He was involved with the setting up of the first private sector open end fund in Pakistan and carries with him valuable asset management experience.

##### MOHAMMAD SHOAIB, CFA - CHIEF EXECUTIVE

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

Shoaib also has the distinction of being a CFA charter holder from CFA Institute of USA. Chartered Financial Analyst (CFA) charter is internationally recognized for high standards of professionalism in investment management and business ethics. He is the founder and first President of CFA Association of Pakistan (formerly Pakistan Society of Investment

Professionals), which is the representative body of CFA charter holders in Pakistan. CFA Association of Pakistan is one of the 132 members of CFA Institute. He has also served as a member of the Asia Pacific Advocacy Committee of CFA Institute, which comprises of members of CFA Institute member societies and chapters across Asia Pacific Region. The Committee was responsible to review and respond to major new regulatory, legislative, and other developments in the Asia Pacific Region. He was also a member of the Global Corporate Governance Task Force of CFA Institute which was responsible of developing international standards of corporate governance.

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

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

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

#### **NAJMUL HASSAN**

Mr. Najmul Hassan holds a bachelors degree in Aeronautical Engineering from the college of Aeronautical Engineering and a Masters degree in Business Administration from IBA Karachi. Currently he is associated with Meezan Bank as General Manager. Hassan has over 26 years of diverse and rich experience in setting up projects and marketing of automotive products. Prior to joining Meezan Bank he was the Chief Executive of Delphi Diesel Systems Pakistan for 5 years. He was also the Managing Director for 6 years at Agriauto Industries Limited, one of the leading automotive parts manufacturing companies where he worked for 13 years. He also served the Pakistan Air Force as an Aeronautical Engineer.

#### **TASNIM-UL-HAQ FAROOQUI**

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

#### **SYED OWAIS WASTI**

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

Owais supervises the preparation of general accounts and other periodical reports of Al Meezan Investments and all the funds under its management.

#### **MAZHAR SHARIF**

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

Limited, Pak Suzuki Motor Company and Bank of Khyber. He is also a Trustee of Pak Kuwait's Gratuity and Provident Funds.

#### **MUHAMMAD ADREES**

Mr. Muhammad Adrees is the Chief Executive Officer of Sitara Chemical Industries Limited. In addition he has held many posts such as the President of Faisalabad Chamber of Commerce & Industry, Chairman FCCI Land & Building Committee, Chairman FCCI Standing Committee on Office Management, Chairman FCCI Advisory Committee to President, Member FPCCI Standing Committee on Administration, Member, Managing Committee, Federation of Pakistan Chambers of Commerce & Industry, Life Member of SAARC Chamber of Commerce & Industry, Member Lahore Chamber Standing Committee on Science & Technology. In addition he holds a number of other important positions in the industry. Mr. Adrees did his graduation from Punjab University. In addition he took a number of courses and diplomas in Business Management from prestigious Universities of Pakistan as well as abroad.

#### **PARTICULARS OF MANAGEMENT**

##### **MOHAMMAD SHOAIB, CFA – CHIEF EXECUTIVE**

Please see details as explained above in particulars of Directors.

##### **MUHAMMAD ASAD - HEAD OF INVESTMENTS**

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

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

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

##### **ZAHEERUDDIN KHALID, CFA – HEAD OF RESEARCH & PRODUCT DEVELOPMENT**

Zaheer heads the Research & Product Development Department at Al Meezan Investments. He has 6 years of experience in equity research and business development with over 3 years as head of research. Over the years he has been associated with First Capital Equities, AKD Securities and Elixir Securities analyzing and marketing Pakistani equities to local and foreign institutional clients. His areas of expertise has been market strategy, banking and fertilizer sectors. Alongside his equity research initiative, Zaheer worked as the head of valuation teams of Elixir on the IPOs of PPL and NBP and buy side advisory of HBL.

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



Zaheer holds an MBA degree from Institute of Business Administration, Karachi (IBA). He is a CFA Charter holder and is currently serving as the Public Awareness Chair of CFA Association of Pakistan. He is a visiting faculty at IBA.

#### **SOHAIL YAQOOB ABID – HEAD OF MARKETING**

Sohail is a dynamic sales and marketing professional with over 20 years of experience. He is responsible for developing the sales and marketing strategies for the mutual funds under management of Al Meezan Investments. Prior to joining Al Meezan Investments he had been associated with companies like TCS, Gillette, DHL, Service Industries, Wyeth and others at senior sales and HR positions. Sohail is also a certified trainer and has attended the ‘Train the Trainer’ program at Bahrain, DHL regional office and worked very closely with Regional trainers in implementing DHL’s standard training programs in Pakistan.

For some time in his professional career, he has also excelled in the human assets base of organizations, especially in areas of recruitment, training, appraisals and reward. It is from here that he developed an affinity for constant development and counseling of the most important resource – The Human Resource Factor. He is also actively involved with British Council – Management Development Service. Sohail is also a visiting faculty member at Mohammad Ali Jinnah University where he has taught Consumer Behavior and Sales Management. He has also taught Principles of Marketing at Asian Management Institute.

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

Please see details as explained above in particulars of Directors.

#### **SYED KHURRAM ALI NAQVI – IT MANAGER**

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

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

### **3.4 ROLE OF THE CHIEF OFFICER**

The Chief Officer of the Pension Fund shall be responsible for the overall management and investments of the Pension Fund assets. He shall ensure that all the dealings of the Pension Fund with related parties are in accordance with the Rules and as per the guidelines issued by the Commission from time to time.

### **3.5 DETAILS OF RESPONSIBILITIES, OBLIGATION OF THE PENSION FUND MANAGER**

The Pension Fund Manager shall: —

- (a) Be obliged to manage and invest the assets of the Pension Fund, according to the provisions of the Trust Deed and the Rules, in the best interest of the Participants in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties or its officers;
- (b) Be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as Pension Fund Manager, howsoever designated, as if they were its own acts and omission;

- (c) Account to the Trustee for any loss in value of the assets of the Pension Fund where such loss has been caused by its gross negligence, reckless or willful act or omission;
- (d) Maintain at its principal office, proper accounts and records of the Pension Fund and each Sub-Fund and each Individual Pension Account to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Pension Fund and the Sub-Funds, all transactions for the account of the Pension Fund and Contributions received by the Pension Fund and withdrawals by the Participants including detail of the Front-end Fee deducted from the Contributions and the withholding tax deducted at source and transfer or receipt of balances in the Individual Pension Accounts of the Participants to or from other pension fund managers. The Pension Fund Manager shall provide and replicate these records to/with the Trustee and shall arrange the re-conciliation of these records with the Trustee at regular intervals to be decided by the Trustee. The extent of records to be provided to the Trustee shall be mutually decided with the Pension Fund Manager;
- (e) Prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of the Pension Fund and each Sub-Fund within three months of closing of the Accounting Period to the Commission, Trustee and the Participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I to the Rules;
- (f) Within one month of the close of the first, second and third quarter of its year of account of the Fund, prepare and transmit to the Participants, Trustee and the Commission a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the Pension Fund and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I. The companies may, with the prior approval of the Commission, post the said quarterly accounts on their website;
- (g) The Pension Fund Manager shall maintain a Register of Participants of the Meezan Tahaffuz Pension Fund and inform the Commission of the address where the register is kept. For this purpose it may appoint a Registrar, who is responsible for maintaining Participants' records and providing related services. The Registrar shall carry out the responsibility of maintaining Participants' records, issuing statements of account, receipts for contribution, processing withdrawals and all other related activities;
- (h) Appoint, from the list of auditors prescribed by the Commission from time to time, with the consent of the Trustee, at the establishment of the Pension Fund and upon any vacancy, an Auditor independent of the auditor of the Pension Fund Manager and the Trustee and such Auditor shall not be appointed for more than three consecutive years;
- (i) The Pension Fund Manager shall furnish to the Commission within one month of the close of the Accounting Year, (i) particulars of the personnel (executive, research and other) managing the Meezan Tahaffuz Pension Fund (ii) total number of Participants (iii) total value of all Individual Pension Accounts (iv) total Contributions for the previous year and (v) such other information that may be prescribed by the Commission from time to time;
- (j) Send an account statement as at the 30th June and the 31st December each year, within thirty days after the end of each date, to individual Participants, confirming the aggregated transactions for that six month period and indicating the type(s) of Contributions received: contribution from the employer or the Participant, incoming transfers from other pension fund manager(s) or incoming transfers from Provident Fund or transfer from a deceased person's account or other; types of benefit disbursements: retirement, pre-retirement payment along with the taxes withheld, death benefit payment or transfer to heirs, outgoing transfer to purchase an Approved Annuity Plan from a Life Insurance/ Takaful Company, outgoing transfer to other pension fund manager(s), premium deducted out of the Contributions on account of supplementary schemes, withdrawals or other. The statements shall include details of the number of Units allocated and held, the current valuation of the

Units and such other information as may be specified by the Commission, free of charge. Additionally, the Participant shall be entitled to receive any statement, in respect of his account, at any time, on written application. Such information may also be posted on the website or emailed and furnished electronically, subject to prior approval of the Commission;

- (k) Send as at 30<sup>th</sup> June each year, a certificate for claiming the tax credit to the Participants confirming the total Contribution made into their Individual Pension Accounts during the current Tax Year;
- (l) The Pension Fund Manager under intimation to the Commission and the Trustee, from time to time appoint, remove or replace one or more Distribution Company (ies) for carrying the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company and the Pension Fund Manager;
- (m) Furnish to the Commission a copy of its annual report and half yearly report, together with copies of the balance sheet, profit and loss account, the directors' report and the Auditors' report within two months of the close of its accounting year and within one month of its half year;
- (n) Send any other statement or certificate to the Participants which may be necessary under these Rules.

### 3.6 RESTRICTIONS FOR PENSION FUND MANAGER.

The Pension Fund Manager on behalf of the Fund shall not: —

- (a) Merge with, acquire or take over management of any other pension fund unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or takeover;
- (b) Pledge any of the securities held or beneficially owned by the Pension Fund except for the benefit of the Pension Fund subject to prior approval of the Commission;
- (c) Accept deposits from another pension fund;
- (d) Make a loan or advance money to any person except in connection with the normal business of the Pension Fund;
- (e) Participate in a joint account with others in any transaction;
- (f) Apply any part of its assets to real estate, unless provided in the Rules or approved by Commission, provided that the Pension Fund Manager may purchase real estate for its own use out of its shareholders' fund;
- (g) Make any investment with the purpose of having the effect of vesting the management, or control, in the Pension Fund; and
- (h) Employ as a broker, directly or indirectly, any of its director, officer or employee or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any connected broker, which shall equal or exceed ten per cent or more of the brokerage or commission paid by the Pension Fund in any one accounting year.

Provided that the Commission may, in each case on merits, permit the ten per cent to be exceeded if the connected broker offers advantages to the Pension Fund not available elsewhere.

### 3.7 THE TRUSTEE

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

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

### **3.8 OBLIGATIONS OF TRUSTEE**

The Trustee shall: -

- (a) Take into its custody or under its control all the property of the Pension Fund and hold it in trust for the Participants in accordance with the law and the provisions of the Constitutive Documents; and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee;
- (b) Be liable for any act or omission of any agent with whom any investments are deposited as if they were the act or omission of any nominee in relation to any investment forming part of the property of the Pension Fund ;
- (c) Be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the Pension Fund and, where borrowing is undertaken for the account of the Pension Fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender;
- (d) Ensure that the issue, redemption and cancellation of Units are carried out in accordance with the provisions of the Constitutive Documents of the Pension Fund;
- (e) Ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub- Fund of the Pension Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of the Constitutive Documents or as specified by the Commission;
- (f) Carry out the instructions of the Pension Fund Manager in respect of Investments unless they are in conflict with the provisions of the prospectus or Constitutive Documents;
- (g) Ensure that the investment policy prescribed by the Commission from time to time and the borrowing limitations set out in the Trust Deed, the Rules and other conditions under which the Meezan Tahaffuz Pension Fund was authorized are complied with;
- (h) Issue a report to be included in the annual report to be sent to Participants whether, in the Trustees' opinion, the Pension Fund Manager has in all material respects managed the Pension Fund in accordance with the provisions of the Constitutive Documents, and if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof; and
- (i) Ensure that Units are not allocated until Contributions have been received;
- (j) Obtain from the Pension Fund Manager or the Registrar and maintain complete record of the Pension Fund, Sub-Funds, Individual Pension Accounts, transactions and shall update this record on regular basis as mutually agreed with Pension Fund Manager. These records may be reconciled on regular intervals, mutually agreed by the Pension Fund Manager and the Trustee.
- (k) The Trustee shall comply with the provisions of the Trust Deed and the Rules, for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Pension Fund Manager. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where

such loss has been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

- (l) The Trustee shall make available or ensure that there is made available to the Pension Fund Manager such information as the Pension Fund Manager may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Trust.
- (m) The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Pension Fund Manager as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavour to provide the certification at the earliest date reasonably possible in a manner so as to enable the Pension Fund Manager to meet obligation for finalization of financial statements of the Sub-Funds within the required time period.
- (n) The Trustee shall promptly provide proxies or other forms of power of attorney to the order of the Pension Fund Manager with regards to any voting rights attaching to any Investments.
- (o) The Commission may, if it is satisfied that it is necessary and expedient so to do in the interest of the Participants, or in the interest of the capital market and public, by an order in writing, give such directions to the Trustee which are essential to enforce the Rules including but not limited to making arrangements for safe custody of assets of the Pension Fund, submission of reports and disclosure of information.
- (p) The Trustee shall, if requested by Pension Fund Manager and may if it considers necessary for the protection of Trust Property or safeguarding the interest of Participants, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses, provided that, no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under the Trust Deed or the Rules.

### **3.9 TRUSTEE TO REPORT TO PARTICIPANTS**

The Trustee shall report to the Participants on all matters provided in the Rules and the Deed. In particular, the Trustee shall issue a report to the Participants to be included in the annual report to be sent to the Participants stating whether in the Trustee's opinion, the Pension Fund Manager has in all material respects managed the Pension Fund in accordance with provisions of the Deed and the Rules and if the Pension Fund Manager has not done so, the respect in which it has not done so and the steps, which the Trustee has taken in respect thereof.

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

### **3.10 REGISTRAR OF THE UNITS**

The Pension Fund Manager has appointed Meezan Bank Limited ("MBL"), having its registered office at 3rd Floor, PNSC Building, MT Khan Road, Karachi, as the Registrar of the Pension Fund. MBL will be responsible for maintaining the Unit Holders' Register, preparing and issuing Account Statements, and providing related services to the Unit Holders. MBL is already providing these services for Al Meezan Investments' other open end funds i.e. Meezan Islamic Fund and Meezan Islamic Income Fund.

### 3.11 DISTRIBUTORS

The main distributors of Meezan Tahaffuz Pension Fund are:

**Meezan Bank Limited**

3rd Floor, PNSC Building,  
MT Khan Road,  
Karachi.

**Al Meezan Investment Management Limited**

Ground Floor, Block-B, Finance & Trade Center  
Shahrahe Faisal  
Karachi

### 3.12 AUDITORS

The present auditors of the **Pension Fund Manager** are:

**A.F.Ferguson & Co.**

Chartered Accountants  
State Life Building 1-C  
I.I. Chundrigar Road  
Karachi

The first auditors of the **Pension Fund** are:

**KPMG Taseer Hadi & Co.**

Chartered Accountants  
1st Floor, Sheikh Sultan Trust Building # 2  
Beaumont Road, Karachi.

### 3.13 LEGAL ADVISORS

The Legal advisors of the Fund are:

**Bawaney & Partners**

404, 4th Floor, Beaumont Plaza,  
6-c1-10, Beaumont Road, Karachi

### 3.14 SHARIAH ADVISOR

Al Meezan Investments has appointed Meezan Bank Limited (“MBL”) as the Shariah Advisor for MTPF. SECP has approved the appointment of MBL as Shariah Advisor to the Fund through its letter no. 9(1) SEC/SCD/PW-AMIML/2007-III, dated May 30, 2007.

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

- (a) Justice ( Retd.) Muhammad Taqi Usmani
- (b) Dr. Abdul Sattar Abu Ghuddah
- (c) Sheikh Essam M. Ishaq

(d) Dr. Muhammad Imran Ashraf Usmani

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

All activities of the Pension Fund shall be undertaken in accordance with the Islamic Shariah as per the guidelines given by Shariah Advisor.

The Shariah Advisor shall prescribe screening criteria and guidelines for determining Shariah compatibility of Investments made / to be made by the Pension Fund.

The Shariah Advisor shall also determine Shariah non compliant (Haram) income that may have been earned by the Pension Fund during any period of review. This income would be given out in charity to purify the income of the Pension Fund. The Shariah Advisor shall also advise on the procedure of disbursement of this charity income in line with the Guidelines issued by the Commission from time to time.

The Shariah Advisor shall conduct an annual audit of the operations of the Pension Fund to check compliance to the guidelines issued by it from time to time. This audit would be followed by issuance of a certificate/ report to the Participant by the Shariah Advisor to be included in the Annual Report of the Pension Fund. This certificate/ report will contain Shariah Advisor's comments on the Shariah compliance status of the Pension Fund for the period under review.

## 4 CHARACTERISTICS OF THE PENSION FUND

### 4.1 WHO CAN APPLY / ELIGIBILITY

Currently all Pakistani citizens residing in Pakistan or Overseas holding a valid Computerized National Identity Card (CNIC)/ National Identity Card for Overseas Pakistanis (NICOP), as the case may be are eligible to participate in the Pension Fund

The Commission may review the eligibility criteria from time to time, and any amendments made to the criteria shall immediately become applicable to Meezan Tahaffuz Pension Fund without requiring any amendment to this Offering Document.

### 4.2 HOW CAN CONTRIBUTIONS BE MADE / APPLICATION PROCEDURES

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

- (a) The Pension Fund Manager shall be responsible for obtaining all requisite consents and approvals for the offer of the Fund.
- (b) Participation in the Pension Fund shall be offered through Distribution companies.
- (c) Before contributing, either himself or through the employer, to the Pension Fund, eligible person must open an account with the Pension Fund Manager, to be known as Individual Pension Account (the “IPA”), using the Prescribed Application Form;
- (d) Applicants must indicate their Individual Pension Account Number in the Form except in cases where the Prescribed Application Form is sent with the Contribution.
- (e) Details of documents required to be submitted along with the Forms are given in clause 4.3. The Pension Fund Manager may require other documents as per the Rules, circulars and Guidelines issued by the Commission from time to time.
- (f) The Pension Fund Manager shall make arrangements that all Forms shall be available and can be obtained from the Pension Fund Manager or any Distributor or Sales Agent of the Pension Fund Manager or downloaded from the Pension Fund Manager’s website or requested from the Pension Fund Manager by courier or through electronic means.
- (g) The Pension Fund Manager or the Distributor shall verify the particulars given in the Prescribed Application Form. The Pension Fund Manager shall ensure that only those forms are received and forwarded to the Registrar for further processing which are complete in every respect.
- (h) The Participant has the option to select any one allocation scheme from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his/her Individual Pension Account. The Participant may change the Allocation Scheme at the anniversary of his investment thereafter. Notice for the change in Allocation Scheme must be sent by the Participant in writing or in such other form as may be acceptable to the Pension Fund Manager.
- (i) In the event that the Participant does not select any Allocation Scheme/ product, the Pension Fund Manager will allocate the Contributions in accordance with the Default Allocation Scheme as prescribed by the Commission;
- (j) After opening an account or at the time of opening of account a Participant may by using the Form, make Contribution towards Pension Fund. Allocation of Contributions among Sub-Funds will be made as per the Allocation Scheme selected by the Participant and the Allocation Scheme once selected can not be changed but on anniversary of the account and the same is intimated to the Pension Fund Manager through a Prescribed Application Form.
- (k) Application for Contribution shall be made by completing the Form and submitting it physically or electronically via designated website to the Authorized Branches of the Distributor or to the Pension Fund Manager together with the payment by cheque, bank



draft, pay order, or online transfer as the case may be in favor of “CDC -Trustee Meezan Tahaffuz Pension Fund Collection Account” and crossed “Account Payee only”. Takaful premiums if any can also be collected with the said Contribution. **Payment in cash or any bearer instrument will not be accepted.**

- (l) 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 up to fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded out of collection account without any profit, interest or mark-up.
- (m) If the cheque has been returned unpaid, the application for Contribution will be rejected.
- (n) The Applicant must obtain a copy of the application or the receipt signed and stamped by an authorized officer of the Distributor acknowledging its receipt. However, in case of online Contributions, if any offered by the Pension Fund Manager and approved by the Commission and Trustee, the online acknowledgement will be sufficient for the purpose of this clause.
- (o) Subject to the State Bank of Pakistan’s regulations, the Pension Fund Manager will make arrangements, from time to time, for receiving the Forms and payments from outside Pakistan from the Participants or Applicants who meet the eligibility criteria These arrangements shall be disclose through its website, its Distributors and agents outside Pakistan.
- (p) The prescribed Forms can be lodged with any Distributor. Sales Agent or authorized representatives of the Distributor can collect these Forms for onward submission to the Distributor.

#### 4.3 DETAILS OF DOCUMENTS TO BE SUBMITTED WITH THE APPLICATION FORM

Following documents will be submitted by the Participant along with Account Opening Form:

- (a) Copy of Computerized National Identity Card (CNIC) or copy of National Identity Card for Overseas Pakistanis (NICOP) as the case may be.
- (b) Copy of National Tax Number certificate (if any)
- (c) No Zakat Deduction Certificate/ Zakat Declaration (if any)
- (d) Any other document as may be required from time to time

#### 4.4 ALLOCATION/ ISSUE OF UNITS

- (a) The Prescribed Application Form, complete in all respects including payment (on cleared funds basis), received by the Distributor at its Authorized Branches during Business Hours on any Dealing Day from any Participant shall be immediately credited to the Individual Pension Account of the Participant after deducting the Takaful premium, if any followed by Front-end Fees. Such amount in the Individual Pension Account shall be used to purchase the Units of Sub-Funds of the Pension Fund as per the Allocation Scheme selected by the Participant, at the Net Asset Value notified by the Pension Fund Manager at the close of that Dealing Day (forward pricing) for each Sub-Fund. Any Form received after Business Hours will be transferred to the next Dealing Day. However any contribution realised on a non dealing day shall be transferred to the individual pension account on that day but the units will be allocated on the next dealing day.
- (b) The Pension Fund Manager shall make reallocation of the Units between the Sub-Funds at least once a year to ensure that the allocation of Units of all the Participants are according to the Allocation Schemes selected by the Participants or where no selection had been made earlier, according to the Default Allocation Scheme.

Application Procedure highlighted herein above may be altered by the Pension Fund Manager from time to time with the approval of the Commission. Such alterations shall be announced by Supplemental Offering Document and shall be deemed to correspondingly alter the above provisions without the need to execute a Supplemental Trust Deed.

#### **4.5 CONTRIBUTION PROCEDURES**

Contributions from Participants and/or from their employers can be paid lump sum or in installments. Details procedures are mentioned in clause 4.2 above.

The Pension Fund Manager shall send an account statement as an acknowledgement of receipt of the Contribution, to the Participant or the employer, as the case may be, within one week (7 days) of the receipt of Prescribed Application Form complete in all respects along with realization of payment. Such account statement shall provide all the information as per Guidelines issued by the Commission in this regard.

Dispatch of the account statement as an acknowledgment through registered post / courier shall be sufficient to meet the needs of the above obligation.

The Fund may be marketed in conjunction with group life or other Takaful schemes or any other scheme subject to approval of the Commission. These supplementary schemes would not be compulsory for all the Participants to join and the Trustee would be authorized to deduct the premiums only from the Contributions of those Participants who have opted to join such schemes. The Trustee would directly deposit the deducted premium with the relevant Takaful Company on the instructions of the Pension Fund Manager. Only the net amount of Contributions after deduction of the premium (if any) and Front- End Fee would form part of the Trust Property.

Contribution procedure enunciated in Clause 4.2 shall be subject to alterations due to amendments to or substitutions of the Rules and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules. Such alterations with prior approval of the Commission shall be announced in by Supplementary Offering Documents and shall be deemed to correspondingly alter the above provisions without the need to execute a Supplementary Trust Deed.

#### **4.6 MINIMUM CONTRIBUTIONS AND FREQUENCY**

The minimum amount of contribution that can be made into the Pension Fund both initially and subsequently will be PKR 1,000/-. The Participant can make contributions at any frequency into his Individual Pension Account.

The Pension Fund Manager reserves the right to alter the minimum amounts of contribution, with the consent of the Trustee and under intimation to the Commission, and the same will be effective irrespective of registration of supplemental trust deed. Furthermore, the Participants shall be immediately informed about any such change.

The Pension Fund Manager may alter the minimum amount of contribution for certain groups of Participant contributing through the employer. Such alteration will be done with the consent of the Trustee.

#### **4.7 OPTIONS AND PROCEDURES IN CASE OF CESSATION, TEMPORARY OR PERMANENT OF CONTRIBUTIONS BY THE PARTICIPANT**

In case of temporary or permanent cessation of contributions by the participant the balance in the individual pension account of the participant will remain active and no penalty whatsoever will be charged on the said account.

#### 4.8 DESCRIPTION OF DIFFERENT SUB FUNDS

Meezan Tahaffuz Pension Fund will initially consist of the three Sub-Funds to be called Meezan Tahaffuz Pension Fund Equity Sub-Fund (the “Equity Sub-Fund”), Meezan Tahaffuz Pension Fund Debt Sub-Fund (the “Debt Sub-Fund”) Meezan Tahaffuz Pension Fund Money Market Sub-Fund (the “Money Market Sub-Fund”) (collectively the “Sub-Funds”).

The Pension Fund Manager, after successfully managing the Equity, Debt and Money Market Sub-Funds, may with the approval of the Commission launch other Sub-Funds through a Supplementary Trust Deed and a Supplementary Offering Document to incorporate information for investments in other classes of assets, including securitized investment in real estate or in assets outside Pakistan. Any reference to the Sub-Funds in the Trust Deed shall be construed to include any new Sub-Fund of the Meezan Tahaffuz Pension Fund.

All Participants of the Pension Fund will in turn be holders of Units of the Sub-Funds in various proportions or in certain conditions holders of cash in the IPA as prescribed under the Rules.

The Units in the Sub-Funds would be non-transferable to another Participant/person or to another sub-fund otherwise permitted by the commission.

Each Participant shall only be liable to pay the NAV of the Sub-Fund subscribed by him and no further liability shall be imposed on him in respect of any Sub-Fund’s Units held by him. Sub-Fund Units shall be issued only against receipt of full payment.

Each sub fund is different in terms of rate of return and vulnerability to risks. Each of the sub funds is discussed below with some light on its distinguishing features.

##### **MTPF EQUITY SUB FUND**

- Investments will be made in Shariah compliant stock market instruments;
- Stock market funds show high volatility in terms of risk and return.

##### **MTPF DEBT SUB FUND**

- Investments will be made in Shariah compliant debt market instruments;
- Debt market funds show low volatility in terms of risk and return;
- Investments will be made primarily in longer duration instruments.

##### **MTPF MONEY MARKET SUB FUND**

- Investments will be made in Shariah compliant money market instruments;
- Money market funds show low volatility in terms of risk and return with ready access to cash;
- The Sub Fund would consist of short term instruments with average duration of the Sub Fund not exceeding one year;

#### 4.9 ALLOCATION SCHEMES OFFERED UNDER MEEZAN TAHAFFUZ PENSION FUND

Meezan Tahaffuz Pension Fund will offer different allocation schemes, which will have different exposure to the Sub Funds of the Pension Fund. As per the provisions of Rules, the Pension Fund will offer a minimum of four allocation schemes. Following table presents minimum exposure to each Sub Fund in each Allocation Scheme.

Allocation Scheme	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
<b>Aggressive</b>	Min 65%	Min 20%	Nil
<b>Balanced</b>	Min 35%	Min 40%	Min 10%
<b>Conservative</b>	Min 10%	Min 60%	Min 15%
<b>Very Conservative</b>	Nil	Min 40%	Min 40%

Participants will have the option to choose one of the above mentioned Allocation Schemes. The exact percentage exposure to each Sub Fund within the Allocation Scheme would be decided by the Pension Fund Manager from time to time.

Meezan Tahaffuz Pension Fund may provide additional allocation schemes or products (e.g. Life Cycle Product) subject to approval of the Commission. Up to two additional schemes /products may be approved in the first 5 years.

#### **SELECTION OF ALLOCATION SCHEME**

The Participant will choose an Allocation Scheme from the above mentioned Schemes at the time of first contribution. In case no Allocation Scheme is selected by the Participant, the Default Allocation Scheme (Conservative or Very Conservative) would be selected by the Pension Fund Manager. Subsequent to the first selection of Allocation Scheme, the Participant may change his/her Allocation Scheme once a year at the anniversary of opening of his/ her Individual Pension Account with the Pension Fund Manager.

#### **REBALANCING OF EXPOSURE IN SUB FUNDS**

As a result of varying performance of different Sub Funds, exposure to Sub Funds will invariably change after the selection of Allocation Scheme by the Participant. In order to bring exposure to Sub Funds back to selected Allocation Scheme (or to Default Allocation Scheme if no Allocation Scheme was selected), the Pension Fund Manager shall make reallocation of Units between Sub Funds as per policy designed for this purpose from time to time. However, such reallocation will be conducted at least once in a year by the Pension Fund Manager.

### **4.10 DETAILS OF INDIVIDUAL PENSION ACCOUNT**

The Pension Fund Manager shall assign a Distinct Registration/Individual Pension Account Number to Individual Pension Account held in the name of each Participant.

The Contribution received by the Trustee from the Participant shall immediately be credited to the Individual Pension Account of the Participant after deduction of Front End Fee. This amount in the Individual Pension Account shall be used to purchase the Units of the Sub Fund in accordance with the selected Allocation Scheme.

The Net Asset Value calculated for each Sub-Fund at the close of any Dealing Day, shall be used to purchase (issuance) and encash (redemption) units of each sub-fund on that Dealing Day and shall be made available on the next Dealing Day to the public by the Pension Fund Manager at the office and branches of the Distribution Companies and published in a leading daily newspaper in Pakistan, and on the website of the Pension Fund Manager or to the Participants in an electronic or other form.

The Units of Sub-Funds shall be issued in whole Units and fractions shall be issued up to four decimal places of a whole Unit.

Individual Pension Account and the Units shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a Participant, no sum shall pass to any trustee or person acting on behalf of his creditors.

As part of the Form, each Participant shall provide an undertaking that he/she has no objection to the Prescribed Investment Policy and Prescribed Allocation Scheme determined by the Commission and he/she is fully aware of the risks associated with his/her selection of Allocation Scheme.

In case of retirement of the Participant, the units available in the Individual Pension Account shall be en-cashed on the first Dealing Day falling on or immediately after the date of retirement and such cash shall be deposited in a bank account maintained with a Bank having minimum entity rating of Investment Grade, which shall earn profit at applicable market rates offered for deposits

of such amount and duration from the date of retirement till the date at which retirement options are exercised.

In case of death before retirement, the units available in the Individual Pension Account shall be en-cashed on the Dealing Day on which intimation of the death of the Participant would be received in writing and such cash shall be deposited in a bank account maintained with a Bank having minimum entity rating of Investment Grade, which shall earn profit at applicable market rates offered for deposits of such amount and duration from the date of intimation of death of the Participant till the date when the available options are exercised by the nominees/survivors.

The criteria of allocation may be subject to changes and modifications from time to time in accordance with the change in the Prescribed Investment Policy and Prescribed Allocation Policy. All such changes shall be announced by a Supplementary Offering Documents with the consent of the Trustee and shall be deemed to become part of the Trust Deed without the need to execute Supplementary Trust Deeds.

#### 4.11 FREQUENCIES

##### **Calculation of the Net Asset Value:**

The Net Asset Value of each Sub-Fund means the excess of assets over liabilities of the Sub-Fund, divided by the number of Units outstanding of the respective Sub-Fund. Such excess shall be computed in the manner as specified in the Rules or by the Commission from time to time. Such sum shall be rounded off to the nearest two decimal places.

##### **Frequency of Unit Valuation:**

Each of the Sub-Funds shall be valued on each Dealing Day.

##### **NAV Announcement:**

The NAV of the Units of the Sub-Funds shall be published in a leading daily newspaper on the day subsequent to the Dealing Day and shall also be made available on the website of the Pension Fund Manager and at the authorized branches of all the Distribution Companies. If desired it will also be made available to Participants, electronically.

##### **Circumstances leading to change in dealing/ valuation:**

The Pension Fund Manager may defer or suspend the dealing of the Units of the Sub-Funds and the method of valuation and pricing may be changed in the event of extra-ordinary circumstances, which may include the circumstances as mentioned in Clause 4.14 of this Offering Document.

##### **NOTE**

For suspension or deferral in the dealing of Units please refer clause 4.14 in the Offering Document.
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#### 4.12 WITHDRAWAL FROM INDIVIDUAL PENSION ACCOUNT

##### **Who can apply**

All participants, other than core investors, are eligible to withdraw from their Individual Pension Account (IPA). Core units will be eligible for redemption after the expiry of three years or as allowed by Commission from the date of subscription of seed capital.

##### **On Pre Retirement Withdrawal**

All participants of MTPF can request for redemption on any Dealing Day by completing the prescribed redemption form to the authorized distributor or the Pension Fund Manager along with last three years income tax returns. Deduction of tax at the rate of last three years average

tax rate is required to be made on every withdrawal out of Individual Pension Account before retirement age.

#### **On Change of Pension Fund Manager**

Participants can apply for such change by completing the prescribed ‘Change of Pension Fund Manager Form’ and submitting atleast 30 days before Anniversary Date during business hours to the authorized distributors or to the Pension Fund Manager.

The units will be encashed at the Net Asset Value of each sub fund at the date of transfer and proceeds without any deduction thereon will be transferred to the designated pension fund manager on the next working day of transfer.

#### **4.13 MAXIMUM INTERVAL BETWEEN WITHDRAWAL REQUEST AND PAYMENT OF PROCEEDS**

The amount payable on withdrawal shall be paid to the Participant by crossed cheque, pay order or transfer to the Participant’s designated banker or an Insurance/ Takaful company as the case may be within six Business Days from the date of presentation of duly completed application at Authorized Branch or office of Distributor or Pension Fund Manager. In the event withdrawal before retirement request on any day exceeds 10% of the Sub Fund, the Pension Fund Manager may take extra time for the payment of the requested amount. Such delay or extra time shall be immediately communicated to the Commission as intimation only.

The amount payable on transfer shall be paid on behalf of the Participant by transfer to the requested pension fund within six Business Days from the anniversary of the opening of the individual pension account.

The receipt of the Participant or banking documents showing transfer to the Participant, Insurance / Takaful company or another pension fund as the case may be or proof of issue of a cheque or money order and mail to the Participants address for any moneys payable in respect of the individual pension account shall be a good discharge of redemption payment.

#### **4.14 SPECIAL CIRCUMSTANCES**

##### **Suspension of redemption of Units**

The Pension Fund Manager may with the consent of the Trustee and with prior approval of the Commission suspend withdrawal from any of the Sub-Funds, subject to the Rules at any time during:

- (a) Extraordinary circumstances including closure of one or more stock exchanges, closure of one or more Banks, in which the Fund’s Bank Accounts are maintained;
- (b) The existence of a state of affairs, which in the opinion of the Pension Fund Manager, constitutes an emergency as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interests of the Pension Fund or of the Participants;
- (c) Break down in the means of communication normally employed in determining the price of any Investment; or
- (d) When remittance of money can not be carried out in reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to redeem Units at a price so determined in accordance with the Net Asset Value (NAV).

The Pension Fund Manager may announce, with the consent of the Trustee and with prior approval of the Commission, a suspension or deferral of withdrawal and such a measure shall be taken to protect the interest of the Participants in the event of extraordinary circumstances or in the event withdrawal requests accumulate in excess of ten (10) per cent of the Units of the pertinent Sub-Fund in issue or ten (10) per cent of the pertinent Sub-Fund’s NAV. In the event of a large number of withdrawal requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Pension Fund Manager may decide to

wind up the Pension Fund by transferring the assets and records to another Pension Fund Manager with the Prior approval of the Commission.

Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Pension Fund Manager have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Pension Fund Manager shall immediately notify the Commission and the Trustee and publish the same in news paper in which prices of Sub-Funds are normally published.

#### **Suspension of fresh issue of Units**

The Pension Fund Manager may, with consent of the Trustee and under intimation to the Commission, at any time subject to the Rules, if the circumstances similar to those mentioned in the preceding paragraphs of this clause exist, suspend the issue of fresh Units. The Pension Fund Manager shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Pension Fund Manager shall immediately notify the Commission and the Trustee if dealing in Units of all or any of the Sub-Funds is suspended and shall also have the fact published, immediately following such decision, in any one of the newspapers in which the Fund's prices are normally published. And the same shall be displayed at all the distribution and sales points in a clear and visible manner.

If the Pension Fund Manager is of the view that investment of inflow of substantial funds will be difficult, it may, with the consent of the Trustee and prior approval of the Commission, decline at its discretion, opening of new Individual Pension Accounts.

#### **Queue System**

In the event before retirement withdrawal or transfer requests on any Business Day exceed ten (10) percent of the Units of any Sub-Funds in issue, the Pension Fund Manager may invoke a queue system whereby requests for withdrawal shall be processed on a first come first served basis for up to ten (10) percent of the Units of such Sub-Fund in issue. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on a proportional basis proportionate to the size of the requests.

The Pension Fund Manager shall proceed to sell adequate assets of the pertinent Sub-Fund and/ or arrange borrowing as it deems fit in the best interest of the Participants and shall determine the NAV to be applied to the withdrawal 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 Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests.

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

If the carried over requests and the fresh requests received on the next Business Day still exceed ten (10) percent 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 NAV shall be repeated and such procedure shall continue till such time the outstanding withdrawal requests come down to a level below ten (10) percent of the Units of the pertinent Sub-Fund then in issue.

#### **Transfer of Pension Fund assets in case of Winding Up (De Authorization) of Pension Fund**

If the Pension Fund Manager does not wish to maintain the authorization of a Pension Fund it shall issue a three months notice to the Participants under intimation to the Trustee about its intention not to maintain the said authorization, with prior approval of the Commission.

If the Commission considers that further continuation of the authorization of the Pension Fund shall not be in the interest of Participants, it shall issue a three months' notice to the Participants about the Commission's intention not to maintain such authorization.

Provided that no such notice shall be served without offering an opportunity of being heard to Pension Fund Manager.

The Pension Fund Manager shall not receive any contributions from any of the Participants as from the date of issue of notice as referred to above.

In case of de-authorization under in above, the Pension Fund Manager shall be required to transfer the individual pension accounts and all records of the Participants under his management to another pension fund manager, with prior approval of the Commission.

The Pension Fund Manager may request for de-authorization of the Pension Fund, if Net Assets at any time fall below Rupees Fifty (50) million. The Pension Fund Manager shall give at least three months notice to Participants and apply to the Commission for de-authorization of the Pension Fund and shall disclose the grounds of its decision. The Pension Fund Manager may announce winding up of the Trust and transfer of Individual Pension Accounts and Assets of the Pension Fund to another Pension Fund Manager with the consent of the Trustee and with prior approval of the Commission in the event redemption requests build up to a level where the Pension Fund Manager is of the view that disposal of Fund Property to meet such redemptions would jeopardize the interests of the remaining Participants and that it would be in the best interest of all Participants that the Trust be wound up and transferred.

Upon winding up of the Trust, the Pension Fund Manager shall transfer the right to manage the Pension Fund to the new pension fund manager and the Trustee shall deliver all Property of the Fund and the Sub-Funds to the new trustee (if any) as appointed by the new pension fund manager.

#### **4.15 FEATURES AND COSTS OF ADDITIONAL BENEFITS**

The Pension Fund may be marketed along with certain Takaful products. The additional benefits like Takaful protection may be availed by the Participant upon payment of additional costs/ premiums. Such costs and benefits associated with them will be mentioned in separate brochures published from time to time.

#### **4.16 REQUIREMENT FOR SURVIVOR/ HEIR NOMINATION**

Each participant at the time of opening of account shall have to fill out the prescribed Nominations form containing the following particulars:

- (a) Names of beneficiaries;
- (b) CNIC number of beneficiaries;
- (c) Share of each beneficiaries;
- (d) Contact information of each beneficiary;
- (e) Copies of CNIC number of each beneficiary; and
- (f) And such other information as mentioned in the prescribed form or in the 'Account Opening Form'.

#### **4.17 PROCEDURE FOR WITHDRAWAL OF FUNDS BEFORE RETIREMENT**

Subject to the terms of the Trust Deed and the provisions of the Rules, the Trustee shall at any time during the life of the Pension Fund on the instructions of the Pension Fund Manager authorize withdrawal out of the Pension Fund through duly authorized Distributors.

An application for Withdrawal along with the prescribed documents shall be made by completing the Prescribed Redemption Form and the same is received at the Authorized



Distributor on a Dealing Day during the Business Hours as may be announced by the Pension Fund Manager from time to time.

Withdrawal request complete in all respects along with all required documents and received during Business Hours shall be considered as a withdrawal request received by the Pension Fund Manager on a Dealing Day.

#### **4.18 BENEFITS ON DEATH BEFORE RETIREMENT**

In case of death of a Participant before the retirement age, all Units of the Sub-Funds to his credit shall be redeemed at the Net Asset Value notified at close of the day of intimation of death, if such day is a Dealing / Business Day and otherwise on the next following Dealing / Business Day the amount due shall be credited to his Individual Pension Account, which shall earn the applicable market rate of profit offered for deposits of such amount and duration from the date of receipt of death certificate till the date when available options are exercised by the survivors. Death certificate issued by the issuing authority having jurisdiction over the matter and received by the Distributor on Dealing Day shall be considered as intimation of death to the Pension Fund Manager. Detailed procedure for intimation of death of the Participant is given in clause 4.19

The total amount in the Individual Pension Account of the deceased Participant shall be divided among the nominated survivors according to the percentages specified in the Nomination Deed and each of the nominated survivor shall then have the following options, namely :- In the absence of Nomination Deed the Succession Certificate will prevail;

- (a) Withdraw his share of the amount subject to the conditions laid down in the Income Tax Ordinance 2001 (XLIX of 2001);
- (b) Transfer his share of the amount into his existing or new Individual Pension Account to be opened with the Pension Fund Manager, according to the Rules;
- (c) Use his share of the amount to purchase an Approved Annuity Plan on his life from a Life Insurance/ Takaful Company, only if the age of the survivor is fifty- five years or more; or
- (d) Use his share of the amount to purchase a deferred annuity on his life from a Life Insurance/ Takaful Company to commence at age fifty- five years or later.

Such payment mentioned in clause (c) and (d) above will be made directly by the Trustee of the Fund on the instructions of the Pension Fund Manager to the Life Insurance/ Takaful Company without tax deduction.

The nominated survivors (if nominated by the Participant during his life time) and the executors or administrators of the deceased shall be the only persons recognized by the Trustee and the Pension Fund Manager as having title to Units of the Sub-Funds. Provided however, neither the Trustee, nor the Pension Fund Manager or the Registrar shall be liable or be involved in any manner whatsoever in any disputes among the nominated survivors and/or the rest of the legal heirs or legal representatives of the deceased Participant and shall have the discretion to require obtaining of succession certificate or any other mandate from a court of appropriate jurisdiction or lawful authority.

#### **4.19 PROCEDURE FOR INTIMATION OF DEATH OF PARTICIPANT TO PENSION FUND MANAGER**

In case of death of a Participant before retirement the survivors shall intimate to the Pension Fund Manager of his/her death and provide a Death certificate issued by the issuing authority having jurisdiction over the matter.

The Nominees of the deceased will be only those persons as mentioned in the Nominations Deed filled by the deceased Participant in his life.

In case of non-availability of duly filled Nominations Deed the successors shall submit a Succession Certificate or any other mandate from a court of appropriate jurisdiction or lawful authority.

The nominated survivors (if nominated by the Participant during his life time) and the executors or administrators of the deceased shall be the only persons recognized by the Trustee and the Pension Fund Manager as having title to Units of the Sub-Funds.

#### 4.20 PROCEDURE FOR SELECTION OF RETIREMENT AGE

Each participant at the time of opening of account or subsequently atleast 30 days before the said retirement age can intimate the said age to the Pension Fund Manager by completing the prescribed form.

The Participant may choose his/her Retirement Age which would be between sixty and seventy years. Participant shall send a notice to the Pension Fund Manager at least thirty days before the chosen date of Retirement.

If a Participant suffers from any of the following disabilities, which render him unable to continue any employment he may, if he so elects, be treated as having reached the Retirement Age at the date of such disability and all relevant provisions shall apply accordingly, namely:

- (a) Loss of two or more limbs or loss of a hand and a foot;
- (b) Total loss of eyesight;
- (c) Total deafness in both ears;
- (d) Very sever facial disfigurement;
- (e) Total loss of speech;
- (f) Paraplegia or hemiplegia;
- (g) Lunacy;
- (h) Advance case of incurable disease; or
- (i) Wounds, injuries or any other diseases, etc, resulting in a disability due to which the Participant is unable to continue any work.

An assessment certificate from the medical board approved by the Commission and appointed by the Pension Fund Manager or any such procedure that the Commission has approved would be required to confirm any of the disability, specified above.

#### 4.21 BENEFITS ON RETIREMENT

At the date of retirement of the Participant all Units of the Sub- Funds to his credit shall be redeemed at the Net Asset Value notified at close of the day of retirement, if such day is a Dealing / Business Day and otherwise on the next following Dealing/ Business Day and the amount due shall be credited to his Individual Pension Account, which shall earn the applicable market rate of profit offered for deposits of such amount and duration. The Participant shall be given Retirement forms listing their choices under the Rules and shall then have the following options, namely: -

- (a) **Lump sum Withdrawal on Retirement**  
to withdraw any amount, subject to the conditions laid down in the ITO, 2001;
- (b) **Income Payment Plan**  
to enter into an agreement with the Pension Fund Manager of his choice to withdraw from the remaining amount, monthly installments till the age of seventy-five years or earlier or as specified in the Rules, according to an Approved Income Payment Plan, approved by the Commission.

(c) **Annuity**

to use the remaining amount to purchase an Approved Annuity Plan from a Life Insurance/ Takaful Company of his choice, such payment will be made directly by the Trustee of the Fund to the Life Insurance/ Takaful Company without tax deduction; or

The Approved Annuity Plan purchased mentioned in clause (b) above, may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment linked and retail price index linked or with any additional features as may be offered by insurance companies.

At the expiry of the Approved Income Payment Plan according to clause (c) above, the Participant shall have no other option except to use the outstanding balance in his Individual Pension Account to purchase an Approved Annuity Plan from a Life Insurance/ Takaful Company, of his choice.

Approved Income Payment Plans offered by the Pension Fund Manager and approved by the Commission.

**4.22 INSTRUCTIONS FROM PARTICIPANTS**

All the instructions from a Participant or his nominated survivors, executors or administrators, etc. as the case may be with regard to Meezan Tahaffuz Pension Fund shall be in writing and duly signed by them.

## 5 FEES AND CHARGES

All the following fees and charges are subject to change with prior approval of Commission without any need to alter the Trust Deed. The current level of Fees and Charges is given in Annexure A of this Offering Document.

### 5.1 FRONT END FEE (SALES FEE) OUT OF THE CONTRIBUTIONS

The Pension Fund Manager may charge Front-end Fee up to a maximum of 3% on Contributions made to the Fund, unless such contributions are exempt from a Front-end Fee.

The following contributions are exempt from a Front-end Fee:

- (a) Incoming transfer of the Individual Pension Account from other pension fund manager to the Pension Fund Manager;
- (b) Incoming transfer from pension policies approved by the Commission under section 63 of the Income Tax Ordinance, 2001 and issued by Life Insurance Companies before 30<sup>th</sup> June 2005; or
- (c) Such other contributions/transfers as may be declared by the Commission from time to time.

Any Distributor, whether in Pakistan or overseas, shall not receive any amount of Contributions in his own account (so he will not be able to deduct any distribution fee on his own). Every cheque/demand draft /instrument shall be in the name of the Trustee and then the Trustee shall, either directly or through the Pension Fund Manager, remit the commission to the Distributor.

### 5.2 OTHER COSTS FEES AND CHARGES PAYABLE BY A PARTICIPANT

Fees and charges for any information requested by the Participant that is allowed to be charged under the Rules shall only be levied after prior approval of the Commission.

### 5.3 REMUNERATION OF THE PENSION FUND MANAGER

The Pension Fund Manager shall be entitled to an annual management fee not exceeding 1.5% of the Net Assets of each Sub-Funds calculated during the year for determining the NAV of the units of the Sub-Funds.

The remuneration due to the Pension Fund Manager shall be accrued on daily basis and paid on monthly basis, within thirty (30) Business Days after the close of each month, provided that the Pension Fund Manager may from time to time draw in advance out of the accrued remuneration a sum that the Trustee shall consider reasonable.

Pension Fund Manager shall not make any charge against the Participants or against the Fund Property for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and the Trust Deed to be payable out of Fund Property.

In consideration of the foregoing and save as aforesaid and as provided the Pension Fund Manager shall be responsible for the payment of all expenses incurred by the Pension Fund Manager from time to time in connection with its duties as Pension Fund Manager of the Trust. The Pension Fund Manager shall also bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provision of the Trust Deed. In the event that a Pension Fund Manager erroneously makes an incorrect charge, the Pension Fund Manager shall immediately notify the Trustee and the Commission and credit the incorrectly charged amount to the respective Sub-Funds, at its own expense.

The remuneration shall begin to accrue from the date of payment in full of the Seed Capital. In respect of any period other than a full year, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the Accounting Period concerned.

#### **5.4 REMUNERATION OF THE TRUSTEE**

The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure "B"), which shall be applied to the Net Assets of each Sub Fund calculated during the year for determining the NAV of the Units of the Sub Funds. The Trustee's annual tariff of charges may be amended from time to time with the permission of the Commission without the need to alter the Trust Deed and Offering Document. Such remuneration shall be paid to the Trustee in arrears within thirty Business Days after the end of each calendar month.

The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, in accordance with the provisions of the Trust Deed.

The remuneration shall begin to accrue from the date of payment in full of the Seed Capital. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.

Any change in the remuneration of the Trustee agreed to by the Pension Fund Manager shall require the prior approval of the Commission.

In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Participants or against the Trust Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Rules and the Trust Deed

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

Other fees and charges to be charged to the Fund shall include

- (a) Brokerage and Transaction Costs related to investing and disinvesting of the Fund Property.
- (b) Legal costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Participants subject to approval of the Trustee. This may also include the cost incurred for registration of assets of the Pension Fund in the name of the Trustee.
- (c) Bank charges and borrowing/financial costs; provided that the charges payable to any Bank or Financial Institution against borrowings on account of the Trust as permissible under the rules, shall not be higher than the normal prevailing bank charges or normal market rates
- (d) Auditors' Fees and expenses.
- (e) Annual fee payable to the Commission under Rule 36 of the Rules but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies;
- (f) Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity as per Guidelines of the Commission;
- (g) Preliminary expenses including Formation Costs but excluding any costs relating to marketing, sales, promotion, education, communication or any form of advertisement costs shall be subject to a limit of PKR 750,000/- or 0.5% of the total Seed Capital, whichever is less. This cost shall be paid to the Pension Fund Manager within the first three months of complete receipt of Seed Capital and amortized over a period of three years;
- (h) Taxes applicable to the Trust on its income, turnover, assets or otherwise if any; and
- (i) Custody charges including Central Depository Company of Pakistan charges, if any.

The Pension Fund Manager's Remuneration and the Trustee's Remuneration shall be charged to the Sub-Funds in proportion to the Net Assets of the pertinent Sub-Fund. Formation Costs shall be divided equally among all the Sub-Funds. Any admissible expense identifiable to a specific Sub-Fund shall be charged to that Sub-Fund. Common expenses like Legal Costs, Audit Fees, Annual Fees payable to the Commission and other Costs and Charges pertaining to the Pension Fund as a whole, shall be divided equally among the Sub-Funds. Any other charges as may be allowed by Commission from time to time shall also be charged as per the above criteria.

## **6 INVESTMENT POLICY AND RESTRICTIONS**

### **6.1 INVESTMENT OBJECTIVE**

The purpose of launching Meezan Tahaffuz Pension Fund is to provide participants a Shariah-compliant saving mechanism where they can save from their current income in order to gain benefits after retirement or disability or when the other income avenues are exhausted. MTPF will provide participants a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living so that they are not dependent on other members of the society.

Notice of any material changes to an investment objective or any other particulars will be given to Members and Participating Employers at least one month (or any shorter period as agreed with the commission) before such material changes become effective.

### **6.2 INVESTMENT OF FUND PROPERTY**

The Fund Property shall initially be constituted out of the proceeds (the “Seed Capital”) of the Sub-Fund Units (Core Units) issued to initial investors (the “Seed Capital Investors”).

The aggregate proceeds of all Contributions including Takaful premium if any to the Fund from time to time shall be collected in the collection account and transmitted to the respective Sub-Fund accounts in the name of the Trustee after deducting Front-end Fees and Takaful premium if any in accordance with the instructions given by the Pension Fund Manager from time to time. The net proceeds after deduction of Front-end Fee and Takaful premium, if any, shall constitute Pension Fund Property vested in the Sub-Funds of the Pension Fund. Front-end Fee and Takaful premium will be transmitted in the name of Pension Fund Manager and specified Takaful Company respectively.

The Trustee shall take the Fund Property into its custody or under its control, either directly or through the Custodian and hold it in trust for the benefit of the Participants in accordance with the provisions of the Rules and the Trust Deed. The Fund Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Fund. The Fund Property of each Sub-Fund shall be kept and accounted separately and shall not be commingled. All registerable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of the Trust Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Fund Property.

All cash forming part of the Trust Property shall be deposited by the Trustee in separate account(s) to be opened in the name of the Trustee, as a nominee of the Trust, with Bank(s) or Financial Institution(s) having at least minimum investment grade rating approved by the Pension Fund Manager. Such Bank(s) or Financial Institution(s) shall be required to allow profit thereon in accordance with the rules prescribed by such Bank(s) or the Financial Institution(s) for sharing of profits on deposits maintained in such account or under any other arrangement approved by the Pension Fund Manager.

Save as herein expressly provided, the Fund Property of each Sub-Fund shall always be kept as separate property free from any mortgages, charges, liens, or any other encumbrances whatsoever and the Trustee, the Pension Fund Manager shall not, except for the purpose of the Fund, create or purport to create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation, actual or contingent, on the Fund Property.

The Trustee shall have the sole responsibility for the safekeeping of the Fund Property. In the event of any loss, caused through negligence on the part of the Trustee, the Trustee shall have an obligation to replace the lost Investment forthwith with similar Investment of the same class and issued together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss.

Remuneration of the Pension Fund Manager; Remuneration of the Trustee; Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property; Legal costs incurred in protecting the interests of the Meezan Tahaffuz Pension Fund or the collective interest of the Participants; bank charges and other costs including; Audit Fees; Formation Costs, Annual Fee payable to the Commission, shall be payable out of the Trust Property. Provided further that the Formation Costs, including expenditure incurred in connection with the establishment and authorization of the Meezan Tahaffuz Pension Fund shall also be borne by the Pension Fund and amortize over a period of three years.

### **6.3 BANK ACCOUNTS**

The Trustee will maintain Bank Accounts for the Pension Fund in Banks and Financial Institutions having a minimum investment grade entity rating, approved by the Pension Fund Manager and their branches as specified by the Pension Fund Manager from time to time. These Bank Accounts would be titled as follows:

- (a) For collection of Contribution “CDC-Trustee Meezan Tahaffuz Pension Fund Collection Account”.
- (b) For withdrawal of accumulated balance “CDC-Trustee Meezan Tahaffuz Pension Fund Disbursement Account”.
- (c) Others separately for each Sub-Fund “CDC-Trustee Meezan Tahaffuz Pension Fund (Equity / Debt/ Money Market) Account”.

The amounts received from the Seed Capital Investors would be deposited in the bank account titled CDC-Trustee Meezan Tahaffuz Pension Fund Collection Account for onwards allocation to the individual Bank Accounts of the respective Sub-Funds. The Pension Fund Manager may start investment of this amount as per the Prescribed Investment Policy as soon as the total Seed Capital is received.

### **6.4 INVESTMENT POLICY OF MEEZAN TAHAFFUZ PENSION FUND AND ITS SUB-FUNDS**

All the investments of the MEEZAN TAHAFFUZ PENSION FUND shall be strictly in compliance with the Prescribed Investment Policy (subject to relaxations if any, granted by the Commission from time to time). Furthermore, Investments shall be made only in those securities that comply with the screening criteria and guidelines of the Shariah Advisor appointed with the approval of the Commission.

#### **Equity Sub Fund**

- (a) The Equity sub-fund shall have a minimum investment in listed shares of ninety percent (90%) of its net asset value;
- (b) Investments in listed shares of any one company shall not exceed ten percent (10%) of the net asset value of the sub-fund. In case of green field companies investment in any one company shall not exceed one percent (1%) of net asset value of the sub-fund. However, total investments in green field companies shall not exceed five percent (5%) of the net assets value of the sub-fund;
- (c) Investments in listed shares of any one sector as per classification of stock exchanges shall not exceed twenty-five percent (25%) of the net assets of the sub-fund;
- (d) Investments in shares or other listed securities of a particular company shall not exceed ten percent (10%) of paid up capital of that company;
- (e) In absence of Shariah compliant short term government securities, the Equity sub-fund may place un-invested funds in Shariah compliant spread transactions apart from bank deposits with Scheduled Islamic banks or with Islamic windows of Commercial banks;



- (f) Investments shall be made in shares of listed companies which have a minimum operational record of five years;
- (g) No investments shall be made in shares issued by the Pension Fund Manager or any associated company thereof; and
- (h) The sub-fund shall not enter into any transaction in any security other than a security which is listed on a stock exchange; or in the case of green field companies, security for listing of which an application has been made to a stock exchange.

Provided that if the limits are exceeded merely due to price fluctuations in equities and/or the issuance of bonus shares/right shares no changes in the sub-fund shall be required to be made.

#### **Debt Sub-Fund**

- a) Debt sub-fund would consist of tradable Shariah Compliant debt securities with weighted average duration of the fund not exceeding 10 years;
- b) Investments will be made only in those Shariah Compliant debt instruments that will be structured on the basis of the Shariah guidelines subject to the approval of the structure from Shariah Advisor;
- c) At least fifty percent (50%) of the assets in the sub-fund will be invested in bank deposits of Scheduled Islamic banks or Islamic windows of Commercial banks and Shariah compliant bonds/ Sukuks/ certificates issued by the Federal Government or the entities controlled/ owned/ backed by the Federal Government;
- d) Investment in other securities i.e. Shariah compliant spread transactions, Certificates of Investment and other instruments structured on the basis of Musharakah, Mudarabah, Murabahah, Ijarah, Salam, and Istisna' and Wakalah, or any other Islamic investment instrument shall be made subject to the exposure limits in clause (4)(e) below;
- e) Maximum exposure to single debt security (or the aggregate of securities issued by a single issuer) having investment grade credit rating (i.e. BBB or above) would be ten percent (10%) of the net asset value of the Debt sub-fund in any single security and the investment shall also not exceed ten percent (10%) of the size of the issue;
- f) Maximum exposure to single debt security of credit rating lower than BBB or without credit rating would be five percent (5%) of net asset value of the Debt sub-fund and the investment shall also not exceed two and half percent (2.5%) of the size of the issue. Provided that the total exposure to such securities shall not be more than fifteen percent (15%) of net asset value of Debt sub-fund and the outstanding life of the security does not exceed five years; and
- g) Any other Shariah compliant instrument that may be allowed by the Commission from time to time and is as per the guidelines of the Fund's Shariah Advisor.

#### **Money Market Fund**

- (a) Money Market sub-fund would consist of short term instruments with average duration not exceeding one year;
- (b) Investments will be made only in those instruments that will be structured on the basis of Shariah guidelines subject to the approval of the structure from Shariah Advisor;
- (c) There would be no restriction on the amount of investment in Shariah compliant securities issued by the Provincial or Federal Governments or by entities controlled/ owned/ backed by the Federal Government;
- (d) Investment in other securities i.e. Shariah compliant spread transactions, Certificates of Investment and other instruments structured on the basis of Musharakah, Mudarabah,

Murabahah, Ijarah, Salam, Istisna‘ and Wakalah, or any other Islamic investment instrument; Shariah compliant Commercial Papers or any other money market debt security that may or may not be listed on the Stock Exchange(s) but does not include bearer security or any other security that would involve assumption of unlimited liability, shall be made subject to maximum exposure of seven and half percent (7.5%) of the sub-fund in any singly security or seven and half percent (7.5%) of the size of issue; and

There shall be no restriction for amount of investment in bank deposits. However, investment in bank deposits of any one bank shall not exceed twenty-five percent (25%) of the sub-fund.

## 6.5 INVESTMENT RESTRICTIONS

The Fund Property shall be subject to such exposure limits as are provided in the Rules (subject to relaxations granted by the Commission from time to time), Provided that if the limits prescribed in these guidelines are exceeded, merely due to price fluctuations in equities and/or the issuance of bonus shares/ right shares, no changes of investment in the sub-fund shall be required to be made.

The Fund Property shall be subject to such exposure limits as are provided in the Rules, subject to relaxations granted by the Commission from time to time.

The Fund shall not at any time:

- (a) Enter into a short sale transaction in any security, whether listed or unlisted;
- (b) Purchase from or sell any security to any Connected Person;
- (c) Enter into transactions with any single broker who is a Connected Person that account for ten per cent or more of the Fund’s brokerage commission in any one Accounting Year of the Fund.
- (d) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. However, Investment in sale and repurchase transactions involving Government Securities or such listed securities which are regulated by the Stock Exchanges shall not be attracted by this rule and shall be carried out under the risk management parameters approved by the commission.
- (e) Invest in any security of a company if any director or officer of the Pension Fund Manager or their lineal ascendant or descendants owns more than five per cent of the total nominal amount of the securities issued, or, collectively the directors and officers of the Pension Fund Manager own more than ten per cent of those securities;
- (f) Except where it is necessary to protect its Investment, seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest, which would give it primary responsibility for management.

## 6.6 BORROWING RESTRICTIONS

Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Pension Fund Manager concur with the Pension Fund Manager in making and varying arrangements with Banks or Financial Institutions for borrowing by the Trustee for the account of the Pension Fund; provided that the borrowing shall not be resorted to, except for meeting the withdrawal requests.

Borrowing shall not be resorted to except for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such borrowing shall not exceed the limits provided in the Rules at the time of borrowing. However, if subsequent to such borrowing the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or withdrawal, the Pension Fund Manager will not be under any obligation to reduce such borrowings. Such borrowing shall be repayable within a period of ninety days.

The charges payable to any Bank or Financial Institution against borrowings on account of the Trust as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.

The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Pension Fund and the maximum borrowing for the account of any Sub-Fund shall not exceed fifteen per cent of the total Net Asset Value of such Sub-Fund or such other limit as may be provided in the Rules. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or withdrawal of funds, the Pension Fund Manager shall not be under any obligation to reduce such borrowing.

Neither the Trustee, nor the Pension Fund Manager shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from Banks and Financial Institutions. The Trustee or the Pension Fund Manager shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

For the purposes of securing any such borrowing the Trustee may upon instruction of the Pension Fund Manager 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 Rules.

Neither the Trustee nor the Pension Fund Manager shall incur any liability by reason of any loss to the Trust or any loss that a Participant may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

## 6.7 RISK DISCLOSURE

- (1) Participants may realize that all investments made by the Sub-Fund(s) of the Meezan Tahaffuz Pension Fund in securities are subject to market risks. The value of the Units of the Sub-Fund(s) may appreciate as well as depreciate depending on the factors and forces affecting the financial market. Past performance does not necessarily indicate future performance.
- (2) The Sub-Fund(s) of the Meezan Tahaffuz Pension Fund will be investing in equity securities listed on the Stock Exchanges and also in Shariah compliant fixed income securities including deposits with Banks. Such investments are subject to varying degree of risks that include but are not limited to:
  - (a) **Business Risk:** This is the uncertainty of income flows caused by the nature of a firm's business. It includes: (i) Change in business cycles affecting the business of the company in which the investment is made; (ii) Change in business circumstances of the company, its business sector, industry and/or the economy in general; and (iii) Mismanagement of the invested company, third party liability through class action or occurrence of other events such as strikes, fraud etc., in the company in which the investment was made.
  - (b) **Equity Risk:** Investment in equity securities are subject to price risk, which is dependant on a multiple of factors, including the profitability/ performance of investee companies, technological development, which may render the processes of investee companies obsolete, Government regulations, economic and political situation within the country, region and internationally. As a result of these factors, the dividend income and the share price of equity securities may go up as well as down.
  - (c) **Volatility in Market Price Risk:** Volatility in prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the NAV based price of the Units of Sub Funds.

- (d) **Liquidity Risk:** Some securities listed at the Stock Exchanges are illiquid and difficult to sell. Liquidity Risk is the uncertainty introduced by the secondary market for an investment and assesses: 1) How long it takes to convert the investment into cash. 2) How certain is the price to be received. It is affected by: (i) Volatility in share prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the shares and the liquidity in the market; and (ii) Increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase of the underlying inflation rate.
- (e) **Credit Risk:** These include default risk, credit spread risk, and down grade risk. These risks are associated with fixed income securities. Default risk will involve possibility of non payment of mark up or principal. Credit spread risk will involve increase in difference of mark up rate of an issuer and Government Securities. Such increase is due to macro economic factors in local as well as global markets. Increase in spread will result in decrease in value of fixed income securities. Down grade risk means lower rating by credit rating agencies and will result in decrease in value of fixed income securities.
- (f) **Interest Rate Risk:** This arises due to increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase in the underlying inflation rate. An increase in the interest rates will result in decrease in value of fixed income securities, including Government Securities.
- (g) **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.
- (h) **Purchasing Power Risk:** This is the risk of loss in the value of capital due to inflation.
- (i) **Inflation Risk:** This is the possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of a currency. Inflation causes money to decrease in value at some rate, and does so whether the money is invested or not. It is the risk associated with the return from an investment not covering the loss in purchasing power caused by inflation.

## 6.8 RISK MANAGEMENT

The company has been assigned an “AM2” asset manager rating denoting high management quality. The rating reflects the company’s strong capacity to master the inherent risks in asset management and the pension fund manager meets high investment management industry standards and benchmarks. The rating reflects company’s experienced management team, effective risk management and a structured investment process.

Further induction in the area of research and operations has strengthened the management team while personnel involved in investment decision making have remained stable with the company.

The pension fund manager on behalf of the fund will not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

## 6.9 DISCLAIMER

- (1) All investments in Meezan Tahaffuz Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read the Offering Document carefully to understand the investment policies, risks and tax implication and should consult

legal, financial or tax adviser before making any investment decision. Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001.

- (2) **The Units of the Sub-Fund(s) of the Meezan Tahaffuz Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any Government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the Core Investors or any other bank or financial institution.**
- (3) It should be noted that the value/price of Units of the Sub-Funds can depreciate as well as appreciate.
- (4) It should be noted that under certain circumstances the realization of Units may be restricted or subject to tax penalties.
- (5) It should be noted that there will be no dividend distribution by the Sub-Fund(s).

## **7 CHANGE OF PENSION FUND MANAGER**

### **7.1 CHANGE OF PENSION FUND MANAGER BY THE PARTICIPANT**

Participants shall be allowed to transfer the entire or part of his Individual Pension Account with a particular pension fund manager to another pension fund manager by completing the Forms. For this purpose the Units shall be encashed at the Net Asset Value of each Sub-Fund notified at the date of transfer if a Dealing Day otherwise on the next Dealing Day.

No charge whatsoever called shall be deducted for transfer of the Individual Pension Account from one pension fund manager to another pension fund manager.

The transferred amount shall be used to purchase the Units of the Sub-Funds of the Pension Fund maintained by the new pension fund manager at the Net Asset Value notified at the close of the Dealing Day, of the receipt of amount, in accordance with the Allocation Scheme selected by the Participant.

The transfer of Individual Pension Account to another pension fund shall only take place on the Business Day falling on or immediately after the anniversary date of the opening of the Individual Pension Account in the Pension Fund.

The application for transfer of the account, specifying the name of the new pension fund manager and Individual Pension Account number with the new pension fund manager must be sent by the Participant or by the new pension fund manager at least thirty days before the relevant anniversary date. The procedure for transfer of Individual Pension Account from the Pension Fund Manager to another pension fund manager shall be specified in the Offering Document.

In the event the Commission de-authorises any Pension Fund Manager, the transfer shall take place without any restriction thereon.

Above procedures will be followed both in case of Transfer in and Transfer out of the Meezan Tahaffuz Pension Fund.

Policyholders having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001) and issued by Life Insurance Companies would also be eligible to redeem their Units and transfer the balance to an Individual Pension Account with the Meezan Tahaffuz Pension Fund, subject to the Trust Deed and the Rules. This may be subject to change due to any changes in or substitutions of the Income Tax Ordinance, 2001 and shall be deemed to become part of the Trust Deed without the need to execute any Supplementary Trust Deed.

On receiving a transfer application mentioned above, complete in all respects, the Pension Fund Manager shall redeem the requested amount out of the balance available in Individual Pension Account of the Participant at the close of first Business Day that falls on or after the anniversary of opening of the Individual Pension Account and transfer the requisite amount to the requested pension fund. However, the Pension Fund Manager shall ensure that the remaining balance, if any, in the Individual Pension Account is as per the last selected Allocation Scheme by the Participant.

## 8 CIRCUMSTANCES IN WHICH DEALING IN PENSION FUND MAY BE DEFERRED OR SUSPENDED

### 8.1 TEMPORARY CHANGE IN THE METHOD OF DEALING

Under extraordinary circumstances mentioned below, the Pension Fund Manager may request the Trustee to approve a temporary change in the method of dealing in Units of all or any of the Sub-Funds. Such approval shall not be unreasonably withheld. The Pension Fund Manager may, at any stage with the consent of the Trustee and prior approval of the Commission, suspend the dealing of Units and for such periods it may so decide. Such suspension shall be immediately communicated to the Participant through publication in the newspaper in which the daily NAV of the Sub-Funds are published.

#### **Suspension of redemption of Units**

The Pension Fund Manager may with the consent of the Trustee and with prior approval of the Commission suspend withdrawal from any of the Sub-Funds, subject to the Rules at any time during:

- (a) Extraordinary circumstances including closure of one or more stock exchanges, closure of one or more Banks, in which the Fund's Bank Accounts are maintained;
- (b) The existence of a state of affairs, which in the opinion of the Pension Fund Manager, constitutes an emergency as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interests of the Pension Fund or of the Participants;
- (c) Break down in the means of communication normally employed in determining the price of any Investment; or
- (d) When remittance of money can not be carried out in reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to redeem Units at a price so determined in accordance with the Net Asset Value (NAV).

The Pension Fund Manager may announce, with the consent of the Trustee and with prior approval of the Commission, a suspension or deferral of withdrawal and such a measure shall be taken to protect the interest of the Participants in the event of extraordinary circumstances or in the event withdrawal requests accumulate in excess of ten (10) per cent of the Units of the pertinent Sub-Fund in issue or ten (10) per cent of the pertinent Sub-Fund's NAV. In the event of a large number of withdrawal requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Pension Fund Manager may decide to wind up the Pension Fund by transferring the assets and records to another Pension Fund Manager with the Prior approval of the Commission.

Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Pension Fund Manager have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Pension Fund Manager shall immediately notify the Commission and the Trustee and publish the same in news paper in which prices of Sub-Funds are normally published.

#### **Suspension of fresh issue of Units**

The Pension Fund Manager may, with consent of the Trustee and under intimation to the Commission, at any time subject to the Rules, if the circumstances similar to those mentioned in the preceding paragraphs of this clause exist, suspend the issue of fresh Units. The Pension Fund Manager shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Pension Fund Manager shall immediately notify the Commission and the

Trustee if dealing in Units of all or any of the Sub-Funds is suspended and shall also have the fact published, immediately following such decision, in any one of the newspapers in which the Fund's prices are normally published. And the same shall be displayed at all the distribution and sales points in a clear and visible manner.

If the Pension Fund Manager is of the view that investment of inflow of substantial funds will be difficult, it may, with the consent of the Trustee and prior approval of the Commission, decline at its discretion, opening of new Individual Pension Accounts.

## **8.2 REFUSAL TO ACCEPT THE CONTRIBUTIONS**

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

- a. In case the contribution is contrary to the Know-Your-Customer (KYC) rules or policy of the Pension Fund Manager or any other Money Laundering rules that the Pension Fund may be subject to or that the Pension Fund Manager may frame for self regulation;
- b. In case the contribution from applicant has not a valid CNIC Number;
- c. In case the contribution is contrary to the rules of the foreign jurisdiction that the Pension Fund or the Participant may be subject to or if accepting the contribution may subject the Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction;
- d. If accepting the contribution would in any case be contrary to the interests of the Pension Fund Manager or the Participants; or
- e. If advised by the Commission to do so.

## **8.3 NO MONEY SHOULD BE PAID TO ANY INTERMEDIARY**

**No money (cash)** should be paid by the Participant to any intermediary. All the Contributions and payments made by/to the Participants, as the case may be, shall be through a banking channel by using appropriate instruments. Furthermore, all payments shall be made to and received from the Fund's account only.

## **8.4 PAYMENT OF CONTRIBUTIONS**

No instrument of contribution should be delivered to any intermediary except the Pension Fund Manager or authorized distributors of the PFM.

## **8.5 DISTRIBUTION RESTRICTION POLICY**

Distribution of dividend shall not be allowed under the Rules.



## 9 TAXATION

Following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of Voluntary Pension Scheme (VPS). This section is for advice only and potential participants should consult their tax experts for their liability with respect to taxation from investment in the Fund. This part does not cover tax liability of non-Pakistan resident participant with respect to taxes in their own jurisdiction.

### 9.1 TAX CREDITS AT THE TIME OF CONTRIBUTIONS

Section 63 of ITO 2001 states that ‘An eligible person as defined in sub-section (19A) of section 2 deriving income chargeable to tax under the head “Salary” or the head “Income from Business” shall be entitled to a tax credit for a tax year in respect of any contribution or premium paid in the year by the person in approved pension fund under the Voluntary Pension System Rules, 2005.

The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: -

$(A/B) \times C$

Where.-

- A is the amount of tax assessed to the person for the tax year, before allowance of any tax credit under this Part;
- B is the person’s taxable income for the tax year; and
- C is the lesser of -
  - i. the total contribution or premium referred to in sub-section (1) paid by the person in the year; or
  - ii. twenty per cent of the <sup>1</sup>eligible person’s taxable income for the relevant tax year; Provided that <sup>2</sup>an eligible person joining the pension fund at the age of forty-one years or above, during the first ten years <sup>3</sup>starting from July 1, 2006 shall be allowed additional contribution of 2% per annum for each year of age exceeding forty years. Provided further that the total contribution allowed to such person shall not exceed 50% of the total taxable income of the preceding year; or
  - iii. Five hundred thousand rupees.

The transfer by the members of approved employment pension or annuity scheme or approved occupational saving scheme of their existing balance to their individual pension accounts maintained with one or more pension fund managers shall not qualify for tax credit under this section.

### 9.2 TAXES ON PENSION FUND INCOME

Under clause 51 (3)(viii) Part I of Second Schedule of Income Tax Ordinance, 2001 ‘Any income of the Pension Fund approved by the Securities and Exchange Commission of Pakistan under the Voluntary Pension System Rules, 2005 shall be exempt from tax’.

### 9.3 TAXATION ON WITHDRAWALS

#### **Withdrawal before retirement**

**Under section 156B of ITO, 2001, the entire accumulated balance will be taxable subject to the conditions specified therein at the tax rates specified under section 12 (6) of the said ordinance.**

Provided that the tax shall not be deducted in case of the eligible person suffering from any disability as mentioned in sub-rule (2) of rule 17 of the Voluntary Pension System Rules, 2005 which renders him unable to continue with any employment at the age which he may so elect to be treated as the retirement age or the age as on the date of such disability if not so elected by him.

Provided further that tax shall not be deducted on the share of nominated survivor of the deceased eligible person and would be treated as if the eligible person had reached the age of retirement.

#### **Withdrawal after retirement**

**Under section 156B of ITO, 2001, the amount withdrawn, if in excess of 25% of the accumulated balance at or after the retirement age at the average rate of tax specified under section 12 (6) of the said ordinance.**

Provided that the tax shall not be deducted in case, the balance in the eligible persons' individual pension account is invested in an approved income payment plan of a pension fund manager or paid to a life Insurance/ Takaful company for the purchase of an approved annuity plan or is transferred to another individual pension account of the eligible person or the survivors' pension account in case of death of the eligible person maintained with any other pension fund manager as specified in the Voluntary Pension System Rules, 2005.

The Taxation provisions contained in Clauses 11.1 to 11.3.2 above may change due to the amendments or substitutions of the Income Tax Ordinance, 2001 and/or the Rules (Voluntary Pension System Rules).

### 9.4 WITHHOLDING TAX

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

### 9.5 CAPITAL VALUE TAX

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

## **9.6 ZAKAT**

Under Zakat and Ushr Ordinance, 1980 except for certain category of investors units held by resident Pakistani participants in the Sub Funds of Meezan Tahaffuz Pension Fund are subject to Zakat at 2.5% of par value of units held on the Zakat valuation date. Except for those participants exempted under the said ordinance Zakat will be deducted at source from the redemption payment and paid into the government treasury.

## **9.7 DISCLAIMER**

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

## **10 REPORTS AND ACCOUNTS**

### **10.1 ANNUAL ACCOUNTING PERIOD**

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

Accounting Date shall be the 30<sup>th</sup> day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.

Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the full amount of Seed Capital is received and in any other case from the end of the preceding Accounting Period.

### **10.2 INDIVIDUAL PENSION ACCOUNT STATEMENT**

Individual Pension Account Statement will be sent at the end of each half year i.e. 31 December and 30 June within 30 days at the end of each half year and at the time of receipt of any contribution within 7 working days of realization. Such statement will show the following particulars:

Pension Fund Manager shall send an account statement as at the 30th June and the 31st December each year, within thirty days after the end of each date, to individual Participants, confirming the aggregated transactions for that six month period and indicating the type(s) of Contributions received: contribution from the employer or the Participant, incoming transfers from other pension fund manager(s) or incoming transfers from Provident Fund or transfer from a deceased person's account or other; types of benefit disbursements: retirement, pre-retirement payment along with the taxes withheld, death benefit payment or transfer to heirs, outgoing transfer to purchase an Approved Annuity Plan from a Life Insurance Company, outgoing transfer to other pension fund manager(s), premium deducted out of the Contributions on account of supplementary schemes, withdrawals or other. The statements shall include details of the number of Units allocated and held, the current valuation of the Units and such other information as may be specified by the Commission, free of charge. Additionally, the Participant shall be entitled to receive any statement, in respect of his account, at any time, on written application. Such information may also be posted on the website or emailed and furnished electronically, subject to prior approval of the Commission

### **10.3 PERIODIC REPORTS TO BE SENT TO PARTICIPANTS**

Annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of the pension fund within three months of closing of the accounting period will be prepared and sent to the participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I.

The Pension Fund Manager shall within one month of the close of first, second and third quarter of its year of account of the fund, prepare and transmit to the participants a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the pension fund and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I. The Pension Fund Manager may, with prior approval of the Commission, post the said quarterly accounts on its website.

The balance sheet and income and expenditure accounts mentioned above shall be prepared separately for each Sub-Fund separately and in addition thereto consolidated accounts shall be prepared for the entire Fund.

#### **10.4 PERIODIC REPORTS TO BE SENT TO COMMISSION**

An annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of the Pension Fund within three months of close of the accounting period to the Commission, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I;

The Pension Fund Manager shall within one month of the close of the first, second and third quarter of its year of account of the fund, prepare and transmit to the Commission a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the pension fund and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I to the Rules.

## 11 SERVICE TO PARTICIPANTS

### 11.1 AVAILABILITY OF FORMS

All the Forms included and/or mentioned in this Offering Document will be available at all Authorized Branches of all Distribution Companies and Head Office of the Pension Fund Manager.

### 11.2 REGISTER OF PARTICIPANTS

A register of Participants shall be maintained by Registrar, at a specified location. Such register shall be maintained in respect of each Participant's individual Pension Account comprising the information prescribed by the Commission through Rules and Guidelines in this regard.

The holders of Pension Fund Accounts and their nominees, in case of deceased participants, as nominated vide a nomination deed, shall be the only persons recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to the Units of Sub-Funds recorded in the Register and shall not be bound to take notice of any trust or assignment, except where required by the Commission or any Court of competent jurisdiction.

A register of Participant shall be maintained by Meezan Bank Limited in their capacity as the Registrar, at their registered office, which is currently located at 3rd Floor, PNSC Building, MT Khan Road, Karachi.

The Pension Fund Manager shall ensure that the Registrar shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of the Deed, the Register shall, subject to such restrictions as may be notified by Pension Fund Manager from time to time, be open for a period of at least two hours in each Business Day to the inspection of any Participant without charge. Participant will be entitled to ask for copies of his folio from the Register on any Business Day by applying to the Registrar in writing and by providing such fee that the Pension Fund Manager may notify.

### 11.3 INFORMATION IN THE REGISTER

The Register shall be maintained in line with the Guidelines on record keeping issued by the Commission issued from time to time and shall, at the minimum, contain the following information:

- (a) Registration number;
- (b) Individual Pension Account number
- (c) Full names, father's name, residency status, CNIC number (in respect of Pakistan nationals)/Overseas CNIC number (in respect of overseas Pakistanis), National Tax Number and addresses of Participant;
- (d) If Participant is registered through employer the Individual Pension Account Number will be linked to an Employer Account Number that will contain the following:
  - Employer name;
  - Registered address;
  - National Tax Number (if any);
  - Number of employees contributing in VPS; and
  - Telephone number and e-mail address.
- (e) Date of birth and sex of the Participant;
- (f) Complete record of the amount and date of each Contributions paid by the Participant;

- (g) Complete record of the amount and date of each contributions paid by the Employer;
- (h) Date and amount of incoming and outgoing transfers;
- (i) The number of Sub-Fund Units allocated and standing in the name of the Participant in the Individual Pension Account or Approved Income Payment Plan balances;
- (j) The date on which the name of every Participant was entered in respect of the Sub-Fund Units standing in his name;
- (k) Tax/Zakat status of the Participants;
- (l) Nominee(s);
- (m) Record of specimen signatures of the Participant and Nominee(s);
- (n) Information on retirement of Participant and the payments made or to be made;
- (o) Information on death and transfer of account to heirs; and
- (p) Such other information as may be specified by the Commission or Pension Fund Manager may require.

The Register shall be conclusive evidence as to the Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances held by each Participant.

Any change of address or status of any Participant shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities shall update the Register accordingly.

The Participant or his nominee, as the case may be, shall be the only persons to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to such Units and the Trustee, the Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction.

Upon being satisfied that the Contribution to the Pension Fund has been received in full from the successful applicant, the Registrar shall issue, within seven days of such contribution, an acknowledgement/account statement that will constitute evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances registered in the name of the Participant and shall contain such other information as prescribed by the Commission from time to time.

While making payment of the benefits, the Pension Fund Manager shall ensure that adequate description of reasons of payment i.e. retirement, disability, death benefit to the beneficiary(ies) is mentioned in the Register.

The accessibility of data shall extend three years past the last amount paid to the Participant, subsequent pension fund manager or to the heirs of the Participant by the Pension Fund Manager.

#### **11.4 IN CASE OF PARTICIPANTS REGISTERED THROUGH THEIR EMPLOYERS**

In case of registration through an employer the following additional information will be recorded:

- (a) Registered name of the company
- (b) Company registration number
- (c) Registered address of the company' headquarters
- (d) Name and contact information of an appointed responsible
- (e) Industry the company is operating in
- (f) Total number of employees in the company
- (g) Employer's contribution to the individual pension account of the employees

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

### **11.5 ACCOUNT STATEMENT**

Registrar will send directly to each Participant a non transferable account statement each time there is transaction in the folio, i.e., Contributions (1) made (2) redeemed (3) transferred in from another Pension Fund Manager. An account statement will be posted within 7 Business Days after each relevant transaction.



## 12 FINANCIAL INFORMATION

### 12.1 AUDITORS' CERTIFICATE OF SUBSCRIPTION MONEY RECEIVED FROM SEED CAPITAL IN CORE UNITS



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847  
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Internet www.kpmg.com.pk

The Board of Directors  
Al Meezan Investment Management Limited  
Ground Floor, Block B  
Finance and Trade Center  
Shahrāh-e-Faisal  
Karachi

Our ref KA-ZS-1752

18 June 2007

Dear Sirs,

**Meezan Tahaffuz Pension Fund  
Certificate of seed capital**

As requested, we are pleased to confirm that we have verified from the books of accounts and records of Meezan Tahaffuz Pension Fund ("the Fund"), that Al Meezan Investment Management Limited (AMIML) has contributed seed capital of Rs. 50 million for each sub fund of the Fund on 16 June 2007, as follows:

<i>Name of sub Fund</i>	<b>Investment by AMIML (Rupees in '000)</b>
Meezan Tahaffuz Pension Fund - Equity Sub Fund	50,000
Meezan Tahaffuz Pension Fund - Debt Sub Fund	50,000
Meezan Tahaffuz Pension Fund - Money Market Sub Fund	50,000
Total	<u>150,000</u>

Yours faithfully,



### **13 WARNING**

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

## 14 COMPLAINTS

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

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

- iii. The Insurance Ombudsman may adopt any procedure as he considers appropriate for investigating a complaint. Provided that he shall not pass any order against the Pension Fund Manager without first giving it a notice and an opportunity to be heard.
- iv. Subject to section 128, the Insurance Ombudsman shall not have any power to issue an order in the nature of a stay order or to entertain any complaints if the matter is pending before a Court, Tribunal or other legal forum.
- v. The Insurance Ombudsman may reject a complaint summarily or he may accept the same or pass any other order he deems fit. Provided that in each case he shall pass a reasoned order for his decision.
- vi. The Federal Government may further prescribe rules for the conduct of proceedings in relation to complaints brought before the Insurance Ombudsman.

### 14.1 RECOMMENDATIONS FOR IMPLEMENTATION

- i. In event the Insurance Ombudsman comes to the conclusion that the complaint is justified, in part or in whole, he shall try and facilitate an amicable resolution or settlement by resort to mediation and failing that communicate his findings to the concerned Pension Fund Manager with the direction -
  - a. to reconsider the matter;
  - b. to modify or cancel the earlier decision, action or failure to take appropriate action;
  - c. to pay reasonable compensation to the complainant as fixed by the Insurance Ombudsman;
  - d. to take the requisite steps to improve the functioning or efficiency of the insurance company; or
  - e. to take such other remedial steps or actions as may be specified by the Insurance Ombudsman.
- ii. Pension Fund Manager or official of the Pension Fund Manager or a complainant aggrieved by an order passed by the Insurance Ombudsman may file an appeal with the Commission within thirty days which shall pass any order thereon it deems fit.
- iii. Any order passed by the Insurance Ombudsman which has not been appealed against, or any order passed by the Commission in appeal, as the case may be, shall become final and operative and if not implemented shall render the Pension Fund Manager liable to such action including the imposition of a fine or penalty as the Commission may deem fit and in relation to an officer of the Pension Fund Manager, to the appropriate disciplinary or other proceedings.
- iv. Nothing contained herein shall prevent a complainant from filing a suit against an insurance company in the event his complaint is rejected.

### 14.2 NAME AND CONTACT DETAILS OF THE INSURANCE OMBUDSMAN

The Government has appointed Justice(R) Syed Ali Aslam Jafri as Federal Insurance Ombudsman and consequent to activation of his office at Karachi, Securities and Exchange Commission of Pakistan has handed over all the complaints of insurance policyholders to the Federal Insurance Ombudsman Office.

From now onwards all the complaints pertaining to insurance policies and Individual Pension Accounts under the Voluntary Pension System Rules, 2005, shall be directly looked after by the Federal Insurance Ombudsman Office. It is, therefore, advised to contact the Insurance Ombudsman Office for future communications regarding the complaints at the following address.

**Justice(R) Syed Ali Aslam Jafri**  
**Federal Insurance Ombudsman Office**  
**5th floor, State Life Building No. 2,**  
**Wallace Road, off LI Chundrigar Road,**  
**Karachi.**  
**Phone: 021-9211674; 021-9211698**  
**Fax : 021-9213278-9**

## **15 TRANSACTION WITH CONNECTED PERSONS**

No Pension Fund Manager on behalf of the pension fund shall purchase from or sell any security to any of the connected person.

No single connected stockbroker shall account for ten per cent or more of the pension fund's brokerage or commission in any one financial year of the pension fund.

Provided that the Commission may, in each case on merits, permit the ten per cent to be exceeded if the connected broker offers advantages to the pension fund not available elsewhere.

In case cash forming part of the Pension Fund's assets is deposited with the Trustee or the Custodian, which is a banking company, return shall be paid on the deposit by such Trustee or Custodian at a rate that is not lower than the rate offered by the said banking company to its other depositors on deposits of similar amount and maturity.

## **16 GENERAL INFORMATION**

### **16.1 INSPECTION OF CONSTITUTIVE DOCUMENTS**

The copies of constitutive documents, that is Trust deed and Offering Document, can be inspected free of charges at the registered office of the fund or the registered office and place of business of the Trustee or at any of the Authorized Branches of the Distribution Companies.

### **16.2 DATE OF PUBLICATION OF OFFERING DOCUMENT**

The Offering Document has been published on June 27, 2007

### **16.3 RESPONSIBILITY OF PENSION FUND MANAGER FOR INFORMATION GIVEN IN THIS DOCUMENT**

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

## **17 TERMINATION OF PENSION FUND**

### **17.1 TERMINATION OF PENSION FUND**

If a Pension Fund Manager does not wish to maintain the authorization of a Pension Fund it shall issue a three months' notice to the Participants about its intention not to maintain the said authorization, with prior approval of the Commission.

If the Commission considers that further continuation of the authorization of the Pension Fund shall not be in the interest of Participants, it shall issue a three months' notice to the Participants about the Commission's intention not to maintain such authorization. Provided that no such notice shall be served without offering an opportunity being heard to Pension Fund Manager.

The Pension Fund Manager shall not receive any contributions from any of the Participants as from the date of issue of the notice.

In case of de-authorization as described in clause 4.14, the Pension Fund Manager shall be required to transfer the individual pension accounts and all records of the Participants under his management to another Pension Fund Manager, with the prior approval of the Commission.

The Pension Fund Manager may request for de-authorization of the Pension Fund, if the Net Assets at any time fall below Rupees Fifty (50) million. The Pension Fund Manager shall give at least three months notice to Participants and apply to the Commission for the de-authorization of the Pension Fund and shall disclose the grounds of its decision. The Pension Fund Manager may announce winding up of the Trust and transfer of Individual Pension Accounts and asserts of the Pension Fund to another Pension Fund Manager with the consent of the Trustee and with the prior approval of the Commission in the event redemption requests build up to a level where the Pension Fund Manager is of the view that the disposal of the Fund Property to meet such redemptions would jeopardize the interests of the remaining Participants and that it would be in the best interest of all the Participants that the Trust be wound up and transferred.

In the event the Pension Fund Manager is of the view that quantum of redemption requests that have built up shall result in the Scheme being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Participants who are not redeeming, it may announce winding up of the Trust with consent of the Trustee and with the prior approval of the Commission.

Upon winding up of the Trust, the Pension Fund Manager shall deliver all Property of the Fund and the Sub-Funds to another Pension Fund Manager and transfer all the Pension Fund accounts to the new pension fund manager as and how directed by the Commission.

### **17.2 CANCELLATION OF REGISTRATION OF PENSION FUND MANAGER**

The Commission subject to offering the company an opportunity of being heard considers that it would be in the interest of the participants so to do, on its own motion or on the report of the trustee, by order in writing:

- (a) cancel or suspend the registration of the company;
- (b) remove the company managing the pension fund;
- (c) issue, cease and desist orders to the company;
- (d) order compensation to be paid to the participants;
- (e) ban defaulters to be employed within the security market temporarily or permanently;
- (f) impose fine; or
- (g) take any combination of the above mentioned actions.

Registration can be cancelled due to the following reasons where the Commission is of the opinion that Pension Fund Manager has:

- (a) contravened any provision of these rules;
- (b) otherwise neglected or failed to comply with any order or direction of the Commission or with any requirement of these rules; or

- (c) failed or neglected to carry out its duties to the satisfaction of the trustee or the Commission.

If the registration of the company as a Pension Fund Manager is cancelled under as mentioned above, the Commission shall appoint another company to act as Pension Fund Manager for the pension fund being managed by the said company and the Pension Fund Manager whose license has been cancelled shall not be eligible to be registered as a Pension Fund Manager again.

### **17.3 ARBITRATION IN CASE OF DISPUTES BETWEEN THE PENSION FUND MANAGER AND THE TRUSTEE**

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



## 18 GLOSSARY

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

- 18.1 “Accounting Date”** means the date 30th June in each year and any interim dates at which the financial statements of the Trust are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.
- 18.2 “Accounting Period”** means a period ending on and including an Accounting Date and commencing (in case of the first such period) from the date of receipt of entire of Seed Capital and (in any other case) from the end of the last Accounting Period, as the case may be.
- 18.3 “Allocation Schemes”** means mean the allocation schemes offered by the Pension Fund Manager in light of the Prescribed Allocation Policy issued by the Commission from time to time.
- 18.4 “Annuity”** means a series of payments of set frequency.
- 18.5 “Approved Annuity Plan”** means an Annuity Plan approved by the Commission under Section 2(3A) of the Income Tax Ordinance, 2001.
- 18.6 “Approved Income Payment Plan”** means an income payment plan approved by the Commission under Section 2(3B) of the Income Tax Ordinance, 2001.
- 18.7 “Asset Management Company”** means a company which has been licensed by the Commission under rule 5 of the Non-Banking Finance Companies Rules, 2003, to offer investment schemes under trust deeds and to issue redeemable securities.
- 18.8 “Auditors”** means a person qualified under the provisions of section 254 of the Ordinance to act as an auditor of a company appointed by the Pension Fund Manager, with the consent of Trustee, as the auditor for the Pension Fund, who shall be independent of the auditor of the Pension Fund Manager and the auditor of the Trustee, as provided under the Rules. However, the Trustee and the Pension Fund Manager shall ensure that the auditors are selected from the list of auditors as prescribed by the Commission from time to time for this purpose.
- 18.9 “Authorized Branch or Branches”** means those branches of the Distributors authorized by the Pension Fund Manager to perform Distribution Functions whose addresses are given in this Offering Document.
- 18.10 “Bank”** means any Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.
- 18.11 “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 Participants.
- 18.12 “Business Day/Dealing Day”** means a day (such Business Hours thereof) when Banks and Stock Exchanges are open for business in Pakistan and for which Pension Fund Manager is open for business.
- 18.13 “Business Hours”** means period in a Business Day as determined by Pension Fund Manager from time to time.
- 18.14 “Charity”** means amount paid by Pension Fund Manager out of the income of the Trust to a charitable/welfare organization, in consultation with Shariah Advisor, representing income, which is Haram.
- 18.15 “Commission”** means Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997(XLII of 1997).
- 18.16 “Connected Person”** shall have the same meaning as assigned in the Rules.
- 18.17 “Constitutive Document”** means the principal document governing the formation of the Pension Fund, and includes the Trust Deed of the Pension Fund and all material agreements.
- 18.18 “Contribution”** means an amount as may be voluntarily determined by an individual payable at any frequency to one or more Pension Fund Managers and held in one or more Individual

- Pension Accounts of a Participant, subject to any specified minimum limit prescribed by the Pension Fund Manager.
- 18.19 “Core Units”** means units issued to the Seed Capital Investors.
- 18.20 “Custodian”** means a Bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund.
- 18.21 “Deed” or “Trust Deed”** means the Trust Deed which is the principal document governing the formation, management or operation of the Fund.
- 18.22 “Default Allocation Scheme”** means the default asset allocation scheme as determined by the Pension Fund Manager on the Guidelines provided by the Commission, allocating the Contributions received from the Participants between the Sub-Funds, as deemed fit, for those Participants who have not selected any Allocation Scheme.
- 18.23 “Distributor(s)”** means Company (ies), Firm(s), Sole Proprietorship Concerns, Individuals or Bank(s) appointed by the Pension Fund Manager under intimation to the Trustee for performing any or all of the Distribution Functions and shall include the Pension Fund Manager itself, if it performs the Distribution Functions.
- 18.24 “Distribution Functions”** means the functions with regard to:
- Receiving applications for contributing to the Pension Fund;
  - Interfacing with and providing services to the Participants including receiving Withdrawal, Transfer applications, conversion notices and applications for change of address for immediate transmission to the Pension Fund Manager or the Registrar as appropriate;
  - Acknowledging receipt by delivering customer copy in respect of (a) and (b) above; and
  - Accounting to the Pension Fund Manager for (i) monies received from the applicants when the Contributions; (ii) payments made to the Participants on withdrawal from Individual Pension Account; and (iii) expenses incurred in relation to the Distribution Functions.
- 18.25 “Financial Institution”** means a Bank, development finance institution, Non Banking Finance Company or Modaraba.
- 18.26 “Form”** means a Form prescribed under the Rules to collect information from the Participants.
- 18.27 “Formation Cost”** means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Fund and its application fee payable to the Commission, execution and registration of the Constitutive Document, issue, legal costs, and all expenses incurred during the period leading up to the authorization to a maximum limit of PKR 750,000/- or 0.5% of the total Seed Capital, whichever is less.
- 18.28 “Front-end Fee”** means the sales charge or commission, not exceeding three percent (3%) of the amount of Contributions from Participants.
- 18.29 “Fund”** means Meezan Tahaffuz Pension Fund or, “Trust” or “Unit Trust” constituted by the Trust Deed.
- 18.30 “Fund Property”** means the aggregate proceeds of the sale of all Units at NAV after deducting there from Front-end Fee, and any expenses chargeable to the Fund; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising therefrom and all cash and other movable and other assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed and shall include the income.
- 18.31 “Guidelines”** means various guidelines, including instructions and handouts issued by the Commission to be followed or implemented by the Pension Fund Manager, the Trustee and other persons connected with the Fund in relation to various matters under the Rules.
- 18.32 “Haram”** means anything prohibited by the Shariah.

- 18.33 “Income Payment Plan”** means a plan to enter into an agreement with the Pension Fund Manager after retirement enabling withdrawal of the remaining amount, in monthly installments till the age of seventy-five years or earlier.
- 18.34 “Individual Pension Account”** means an individual account of a Participant maintained by the Pension Fund Manager to record his investment and the Units of the Sub-Funds as issued there against, including appreciations thereof.
- 18.35 “Individual Pension Account Number”** of a Participant means his Computerized National Identity Card (CNIC) number followed by a hyphen, a two digit suffix denoting the particular Pension Fund Manager and a serial number, if any.
- 18.36 “Investment”** means any Authorized Investment forming part of the Fund Property.
- 18.37 “Life Insurance Company”** means a company registered under the Insurance Ordinance, 2000 (XXXIX of 2000), to transact life insurance business, and includes the State Life Insurance Corporation of Pakistan.
- 18.38 “Net Assets”** means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the Rules.
- 18.39 “Net Asset Value”** means per Unit Value of the Sub-Funds arrived at by dividing the Net Assets by the number of Units outstanding. Net Assets being computed in the manner specified under the Rules or as may be specified by the Commission from time to time.
- 18.40 “Nomination Deed”** is the deed issued by the Court specifying the nominees of the deceased Participant and their respective entitlement.
- 18.41 “Offering Document”** means a document issued by the Pension Fund Manager with consent of the Trustee and after approval of the Commission and contains the contribution and investment policy and all other information in respect of the Fund, as required by the Rules/Guidelines and is circulated to invite offers by the public to invest in the Fund.
- 18.42 “Ordinance”** means the Companies Ordinance 1984.
- 18.43 “Par Value”** means the First Offer Price of a Unit that shall be hundred rupees.
- 18.44 “Participant”** means any person on whose behalf Contributions are made into one or more pension funds and held in one or more identifiable Individual Pension Accounts managed by one or more Pension Fund Managers.
- 18.45 “Pension Fund”** means a fund made up of Sub-Funds created from the Contributions paid by the Participants and would consist of all the assets for the time being held or deemed to be held by Sub-Funds and includes all income or investment returns thereon but excludes fees, charges and expenses related to the management of the investments of Sub-Funds.
- 18.46 “Prescribed Allocation Policy”** means the allocation policy as prescribed by the Commission from time to time.
- 18.47 “Prescribed Application Form”** means a Form approved by the Commission to open an Individual Pension Account and collect other information from the Participants.
- 18.48 “Prescribed Investment Policy”** means Investment Policy prescribed by the Commission from time to time under the Rules.
- 18.49 “Register”** means the Register of the Participants kept pursuant to the Rules and the Trust Deed.
- 18.50 “Registrar”** means an organization that the Pension Fund Manager may appoint for performing the Registrar Functions and may include a department of the Pension Fund Manager.
- 18.51 “Registrar Functions”** means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Processing requests for Contribution, Withdrawal, Change of pension fund manager, reallocation of units between the Sub-Funds and Transmission of balance in the Individual Pension Account and requests for recording of lien or for recording of changes in data with regard to the Participant(s);
  - (c) Issuing Account Statements to the Participants;
  - (d) Dispatching income distribution advice and/or bank transfer intimations;

- (e) Other functions to be performed as per Registrar Agreement; and  
(f) Such other functions as may be required under the Guidelines on record keeping.
- 18.52 "Rules"** mean the Voluntary Pension System Rules, 2005, as amended from time to time.
- 18.53 "Sales Agent"** means an Individual, Firm, Corporate or other Entity appointed by the Pension Fund Manager, at its sole responsibility, to identify solicit and assist Participants in contributing in the Fund.
- 18.54 "Seed Capital"** means the amount invested or arranged by the Pension Fund Manager as initial investment in each Sub-Fund of the Pension Fund. This investment will be kept for a minimum period of three years from the date of investment or as determined by the Commission.
- 18.55 "Seed Capital investor"** means the investor of Seed Capital.
- 18.56 "Shariah"** means divine guidance as given by the Holy Qur'an and the Sunnah of Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles.
- 18.57 "Shariah Advisor"** means Meezan Bank Limited or any other Islamic Financial Institution or a body of Islamic scholars, appointed in its place by the Pension Fund Manager with the approval of the Commission, having knowledge of Islamic finance, to supervise and monitor the activities of the Pension Fund to ensure that all its activities comply with Shariah.
- 18.58 "Stock Exchange"** means any stock exchange registered under the Securities and Exchange Ordinance, 1969 (XVII of 1969).
- 18.59 "Sub-Fund"** means a collective investment sub-scheme of a specified investment class and/or investment policy set up within the overall Pension Fund. The Trust Property shall be accounted for and segregated with respect to each Sub-Fund.
- 18.60 "Supplementary Offering Document"** means a document issued by the Pension Fund Manager, with consent of the Trustee after seeking approval of the Commission, describing the special features of new type of Units and offering Contributions in the Fund.
- 18.61 "Supplementary Trust Deed"** means a deed registered between the Pension Fund Manager and the Trustee, with approval of the Commission, amending or adding to the Trust Deed. Such Supplementary Trust Deed shall be binding on each Participant, as if he is party to it and so to be bound by its provisions.
- 18.62 "Takaful Company"** means any General Takaful or Family Takaful Company as defined in the Takaful Rules, 2005.
- 18.63 "Tax Year"** shall have the same meaning as ascribed under the Income Tax Ordinance, 2001.
- 18.64 "Transaction Costs"** means the costs incurred or estimated by the Pension Fund Manager to cover the costs (such as, but not restricted to, Brokerage, Taxes or Levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units.
- 18.65 "Trust"** means a trust established by a deed under the provisions of the Trusts Act, 1882.
- 18.66 "Trustee"** means Central Depository Company of Pakistan Limited (CDC) or any other company appointed with approval of the Commission from time to time.
- 18.67 "Trust Property"** means the aggregate proceeds credited in the Pension Fund including the Contribution(s) received and Seed Capital received from Seed Investors of each Sub-Fund(s) after deducting therefrom or providing thereout any applicable Front-end Fee and any other expenses chargeable to the Pension Fund including the Sub-Fund; and includes the Investments and all income, profit and other benefits arising there from and all cash, bank balances and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Participant pursuant to the Trust Deed.
- 18.68 "Trusts Act"** means Trusts Act 1882 (II of 1882).
- 18.69 "Unit"** means an undivided share in a Sub-Fund of the Pension Fund.
- 18.70 "Zakat"** has the same meaning as in Zakat and Ushr Ordinance (XVIII of 1980), 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Ordinance, the Securities and Exchange Ordinance, 1969, the Insurance Ordinance, 2000, the Rules and the Non-Banking Finance Companies Rules, 2003. Words importing persons include corporations,

words importing the masculine gender include the feminine gender, words importing singular include plural and words “written” or “in writing” include printing, engraving lithography or other means of visible reproduction.

## ANNEXURE A

### **Current Level of Front-end and Back-end Loads effective from Close of Initial Offer**

Front end Fee: 3%

Management Fee: 1.5% of Average Net Assets of each sub-fund

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

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

## ANNEXURE B

### Tariff structure of the Trustee

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

Net Assets	Tariff
Up to PKR.1,000 million	PKR.0.3 million or 0.15% p.a. of Net Assets, whichever is higher
On amount exceeding PKR.1,000 up to Rs. 3,000 million	PKR. 1.5 million or 0.10% p.a. on amount, exceeding Rs. 1,000 million
On amount exceeding PKR. 3,000 up to Rs. 6,000 million	PKR. 3.5 million plus 0.08% p.a. on amount, exceeding Rs. 3000 million
On amount exceeding PKR. 6,000	PKR.5.9 million plus 0.06% p.a. on amount, exceeding Rs. 6,000 million

## ANNEXURE C

### **Pension Fund Manager and Distribution Company**

#### **Pension Fund Manager**

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

#### **Al Meezan Investment Management Limited**

**Ground Floor, Block-B, Finance & Trade Center**

**Shahrah-e-Faisal**

**Karachi, Pakistan**

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

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

#### **Distribution Company**

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

In addition all forms and other information are available at the offices of Al Meezan Investment Management Limited.