

**Sixth Supplemental
Offering Document
of
Meezan Daily Income Fund (MDIF)
Meezan Munafa Plan – I (MMP-I)**

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

**Sixth Supplemental Offering Document of
Meezan Daily Income Fund (MDIF)
Meezan Munafa Plan – I (MMP-I)**

MANAGED BY

AL MEEZAN INVESTMENT MANAGEMENT LIMITED

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

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

1. Introduction:

Under Meezan Daily Income Fund (MDIF), Al Meezan Investment Management Limited (Al Meezan) shall provide a new allocation plan, namely Meezan Munafa Plan – I (MMP-I).

2. Investment Objective of the Plan:

The “Meezan Munafa Plan – I (MMP-I)” is an Allocation Plan under “Meezan Daily Income Fund (MDIF)” with an objective to provide investors with a competitive rate of return through investment in Shariah Compliant fixed income instruments.

3. Investment Policy of the Plan:

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

4. Changes in Investment Policy:

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

5. Authorized Investments:

The Authorized Investments are as follows:

Description	Entity / Instruments Rating	Maximum Exposure	Minimum Exposure
A. Shariah Compliant GOP issued/guaranteed Securities	N/A	75%	0%
B. Cash at Bank (excluding TDRs) with licensed Islamic Banks or Islamic Branches/Windows of Conventional Banks, Shariah Compliant Government Securities including GoP Ijarah Sukuk not exceeding 90 days maturity.	A+	100%	25%
C. Shariah compliant traded/nontraded securities with maturity not exceeding twelve (12) months, including but not limited to Bank deposits with licensed Islamic banks and/or Islamic branches/windows of Conventional banks.	A+	75%	0%
D. Shariah Compliant traded/non-traded, secured and/or unsecured, listed and/or privately placed Shariah Compliant debt securities/Islamic Commercial Papers/Sukuks with maturity not exceeding six (6) months issued by Corporate entities and/or Financial Institutions.	AA	75%	0%
E. Shariah compliant non-traded securities with maturity not exceeding six (6) months, including but not limited to placement of funds with Islamic Microfinance Bank, NBFC and Modarabas.	AA	25%	0%
F. Shariah compliant non-traded securities with maturity not exceeding twelve (12) months, including but not limited to Bank deposits with licensed Islamic banks and/or Islamic branches/windows of Conventional Banks.	A+	15%	0%
G. Shariah compliant non-traded securities with maturity not exceeding twelve (12) months, with Islamic Financial Institutions	AA		
H. Authorized Shariah Compliant Investments outside Pakistan shall be subject to prior approvals and guidelines (if any) of the SECP, SBP and Shariah Advisor	-	As Allowed by SECP	0%
I. Any other Shariah Compliant instruments/securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time	-	As Allowed by SECP	0%

Note:

- *Considering the moderate risk profile of the plan, weighted average duration of portfolio of securities shall not exceed 2 years and this condition shall not apply to securities issued by the Federal Government.*
- *Investments shall be made as per the authorized investment limits given above and shall be made according to the following mode of Shariah Transaction such as; principles of Bai'-Mu'ajjal, Bai'- Mussawwama, Bai'-Salam, Istisna'a, Mudaraba, Murabaha and Musharakah or any other structure as approved by the Shariah Advisor from time to time.*
- *The Plan, in light of its investment objective and investment policy, shall exclusively invest in Shariah Compliant investments transacted, traded or listed in Pakistan. Any investment made outside Pakistan shall be subject to prior approval of the State Bank of Pakistan and SECP.*

6. Benchmark of the Plan:

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

7. Duration:

The duration of the Plan is perpetual. However, SECP or the Management Company may wind or revoke it, on the occurrence of certain events as specified in the Regulations or the Offering document of MDIF.

8. Minimum Initial Investment & Minimum Subsequent Investment:

Minimum Initial and Subsequent Investment will be Rs. 1,000,000.

9. Pricing Mechanism:

Forward Pricing

10. Level of Loads & Management Fee:

A maximum of 3% of NAV can be charged as Front-end Load plus Back-end Load. Current level of Front-end and Back-end Load as decided by the Management Company is as follows:

Class of Unit	Front-End Load	Back-End Load
Class 'A' units (Pre-IPO units)	0 to 1.5%	0%
Class 'B' units	0 to 1.5%	0%

Class 'S' units	0 to 1.5%	0%
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Management Fee:

The Management Company shall charge a fee at the rate of up to 5% of the gross earnings of the Scheme, calculated on a daily basis, subject to a minimum of 0.10% of the average daily net assets of the Scheme.

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

11. Bank Accounts:

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

Clause 3.13.1 (a) which shall apply as under:

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

Clause 3.13.1 (f) which shall apply as under:

The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them. Such accounts shall be in the title of: **"CDC Trustee – Meezan Daily Income Fund – Meezan Munafa Plan – I (MMP-I) or CDC Trustee – Meezan Funds"**.

12. Purchase of Units:

Clause 4.5.4 of the Offering Document of MDIF pertaining to 'Purchase of Units' shall apply to this Plan except for following clauses:

Clause 4.5.4 (b) which shall apply as under:

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

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

13. Risk Control in Investment Process:

- a. The Management Company shall ensure that effective risk control measures are in place for the protection of the Unit Holders' interests.
- b. The objective of the risk control process is endeavor to monitor and manage the various types of risks, including market risks, credit risks and operational risks, with a view to achieving the investment objective of the Scheme.
- c. Exposure to the Authorized Investments shall be determined based on the fund manager's outlook on the economy, the Capital / Money market and any other factor considered important by the Management Company towards effective discharge of its duties under the Regulations, the Deed and this Offering Document.

14. Taxation and Zakat for Unit Holder:

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

15. Risk Disclosure:

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

1. **Sovereign Risk** - Payment of bonds/ notes may be affected by the economic and political events in the country of the relevant issuer. The occurrence of a sovereign risk event could

result in the loss of all or a portion of the principal invested, as a result of any economic or political circumstance.

2. **Credit Risk** - Credit Risk comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc.:
 - **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
 - **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk-free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;
3. **Settlement Risk** – At times, the Plan may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Plan's performance etc.
4. **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Plan when it is offered for sale in the secondary market.
5. **Interest Rate Risk** - A rise or decline in interest rates during the investment term may result in a change in return provided to the investors.
6. **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Plan compared to return earned in the preceding quarters.
7. **Price Risk** - The price risk is defined as when the value of the Plan, due to its holdings in such securities rises and falls as a result of change in interest rates.
8. **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Plans that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
9. **Country or Political Risk** - This is the uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as break down

of law and order, war, natural disasters, etc. and any governmental actions, legislative changes or court orders restraining payment of principal or income.

10. **Events Risk** - There may be adjustments to the performance of the Plan due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
11. **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within the stipulated time or six working days of receiving a request for redemption from the investor.
12. **Distribution Risk** - Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by the Plan and not out of the profits earned by each unitholder. Unitholders who invest in the Plan before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.
13. **Shariah non-compliance Risk** - The risk associated with employing funds in investments that are not consistent with the Shariah as defined in the glossary section of this offering document.

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

16. Warning & Disclaimer:

Warning:

- If you are in any doubt about the contents of this Offering Document, you should consult your Shariah scholar/consultant, bank manager, Legal advisor, or other financial advisor. The price of the Units of this Plan and the income of this Plan (from which distributions to Unit Holders is made) may increase or decrease.
- Investment in this Plan is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets

could in extreme circumstances lose its entire value. The historical performance of this Plan, other Funds/ Plans managed by the Management Company, the financial markets, or that of any one security or transaction included in the Plan's portfolio will not necessarily indicate future performance.

Disclaimer:

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

17. Definitions:

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

“Asset Management Company” means an asset Management Company as defined in the Rules and Regulations.

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

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

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

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

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

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

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

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