



SCHEME OF MERGER

(Presented for the Approval of the Unit Holders)

OF

**PIML STRATEGIC MULTI ASSET FUND
(AN OPEN END BALANCED SCHEME)**

WITH AND INTO

**PIML ASSET ALLOCATION FUND
(AN OPEN END ASSET ALLOCATION SCHEME)**

Dated: _____, 2018

**Managed By
AWT INVESTMENTS LIMITED**

Trustee

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED
(TRUSTEE OF PIML STRATEGIC MULTI ASSET FUND and
PIML ASSET ALLOCATION FUND)**



INFORMATION ABOUT PIML STRATEGIC MULTI ASSET FUND (PIML SMAF) & PIML ASSET ALLOCATION FUND (PIML AAF)

Management Company

AWT Investments Limited-AWTIL is a Non-Banking Finance Company, licensed by the Securities and Exchange Commission of Pakistan to manage open and closed end funds and Investment Advisory. AWT Investments Limited is a Joint venture between Army Welfare Trust (having majority 70% stake) and Pak Brunei Investment Company Limited.

Board of Directors of the Management Company

Lt. Gen Najib Ullah Khan (Retd)	<i>CHAIRMAN</i>
Major Gen. Akhtar Iqbal (Retd)	<i>DIRECTOR</i>
Mr. Tariq Iqbal Khan	<i>DIRECTOR</i>
Mr. Ahmed Ateeq	<i>DIRECTOR</i>
Salman Haider	<i>CHIEF EXECUTIVE OFFICER</i>

Trustee

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, having its registered office at CDC House, 99 B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400 and registered to act as central depository company under Rule 4(3) of the Central Depository Companies (Establishment & Regulations) Rules, 1996 (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the other part.

Auditors

PIML Strategic Multi Asset Fund	Deloitte Yousaf Adil (Chartered Accountants)
PIML Asset Allocation Fund	KPMG Taseer Hadi & Co (Chartered Accountants)

Legal Advisors

Mohsin Tayebaly & Co.
2nd Floor, Dime Center,
BC – 4, Block 9, Kehkashan, Clifton,
Karachi.



STATEMENT EXPLAINING THE EFFECTS OF THE SCHEME OF MERGER

Background:

AWT Investments Limited (the management company) had launched PIML Strategic Multi Asset Fund (PIML SMAF) in January 1st, 2013 with the objective to offer retail and institutional clients a product that aims to maximize return and minimize risk. For this purpose, a balanced portfolio is created that has an optimal mix of equity, debt securities and commodity. PIML Strategic Multi Asset is a balanced fund providing growth in investments as well as regular income by investing in equities and fixed income securities. PIML SMAF invest 30% to 70% of their net assets in listed equity securities. The remaining balance may be invested in other authorized investments keeping weighted average time to maturity of not equity asset not more than 2 years. PIML Strategic Multi Asset Fund is best suited for investors having medium to long term investment horizon and who has balanced approach towards their risk appetite.

PIML Asset Allocation Fund (PIML AAF) was launched in April 12th, 2016 with the objective to earn competitive return by investing in various asset classes/instrument based on the market outlook. PIML Asset Allocation is an asset allocation category of funds providing growth in investments as well as regular income by investing its net assets in several types of securities and investment styles as specified in its offering document. Catering for the concerns of an investor, this fund permits the fund manager to timely reallocate the investments from equity to fixed income or vice versa or a prudent combination of both. This allows an investor to enjoy the maximum returns during the impressive performance of the stock along with contained risk profiles.

The Management of AWT Investments Limited, with the approval of its Board of Directors, decided to merge the above two schemes (i.e., PIML SMAF & PIML AAF) by way of merger of PIML SMAF with and into PIML AAF.

Scheme of Merger:

As a result of the subject Scheme of Merger of PIML SMAF with and into PIML AAF, all the existing assets and liabilities of PIML SMAF shall be transferred to PIML AAF and all unit holders of PIML SMAF shall be issued fresh units of PIML AAF in lieu of their units held in PIML SMAF on the basis of a swap ratio to be calculated on the Effective Date of merger.

Such swap ratio shall be calculated on the basis of respective NAV of the two schemes on the Effective Date and the issuance of the fresh units of PIML AAF shall be confirmed to all the unit holders of PIML SMAF through issuance of an account statement within fifteen (15) working days of the Effective Date. For further details of the swap ratio, please refer to Section 3.9 of the Scheme of Merger.



Subsequent to the completion of the process of merger, PIML AAF shall continue as the surviving scheme without any change, whatsoever, in its features and attributes as it carried before the same.

Justification:

Such merger of PIML SMAF with and into PIML AAF shall result in substantially increasing the existing assets under management of the surviving fund (i.e., PIML AAF) thus allowing all the existing unit holders of the surviving fund to benefit from economies of scale resulting in fulfilling the investment objectives and policies more economically and efficiently while at the same time providing the unit holders of PIML SMAF an opportunity to potentially grow their capital in the long term through investing in various asset classes/instrument based on the market outlook.

Meeting of the Unit Holders:

In order to proceed with the subject Scheme of Merger, AWT Investments Limited is required to obtain approval of the unit holders of two schemes involved. In light of the same AWT Investments Limited plan the meetings of the unit holders of PIML SMAF and PIML AAF on March 16, 2018.

Subject to the approval of the unit holders of two schemes, the management of AWT Investments Limited shall proceed with the completion of all regulatory and other requirements in respect of the merger so as to effectively execute the same on the Effective Date which shall be announced through a public notice in the newspaper.

No Objection by Trustee(s):

Central Depository Company of Pakistan Limited, Trustee of PIML Strategic Multi Asset Fund (PIML SMAF) and PIML Asset Allocation Fund (PIML AAF) have, vide letter # DC/T&C-U1/DH/007/2018 dated January 24, 2018, enclosed as Annexure - A, granted their 'Consent' to the subject Scheme of Merger.



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This Scheme of Merger sets out the terms and conditions of the merger of PIML Strategic Multi Asset Fund ("PIML SMAF") with and into PIML Asset Allocation Fund ("PIML AAF") by way of transfer to and vesting of the whole of the PIML SMAF Undertaking into PIML AAF in accordance with Regulation 58(1)(m) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulations") and in compliance of the requirements of Circular No. 20 dated June 23, 2009, issued by the Securities and Exchange Commission of Pakistan ("SECP") and is to be approved by a resolutions passed by the unit holders of each of the PIML SMAF and PIML AAF (collectively referred to as "the Schemes") at separate duly convened meetings of the respective unit holders.

1. DEFINITIONS:

In this Scheme of Merger, unless the subject or context otherwise requires, the following expressions shall bear the meanings ascribed to them below:

- 1.1 **"Accounting Period"** means a period commencing from the first day of July and ending on thirtieth day of June or any other period as may be approved by the SECP and the Commissioner of Inland Revenue.
- 1.2 **"CDC-Trustee"** means Central Depository Company of Pakistan Limited, in its capacity as the Trustee of PIML SMAF as well as the Trustee of PIML AAF.
- 1.3 **"Constitutive Documents"** means in relation to PIML SMAF and PIML AAF their respective trust deeds (including supplemental trust deeds), offering documents (including supplemental offering documents) and other principal documents governing the formation of these Funds.
- 1.4 **"Effective Date"** means April 16, 2018 or any other day as may be notified by the Management Company or any later day, which shall be the day as may be approved by the SECP on which this Scheme of Merger becomes operative in accordance with the SECP's Circular No.20 dated June 23, 2009.
- 1.5 **"Funds" or "Schemes"** mean collectively PIML SMAF and PIML AAF, the open-end schemes constituted under the Regulations and managed by the Management Company.
- 1.6 **"Management Company"** means AWT Investments Limited (formerly "Primus Investment Management Limited ", a listed un-public company, incorporated under the Companies Ordinance, 1984, with its registered office at 3rd Floor, Horizon Vista, Block 4, Scheme 5, Clifton, Karachi and shall` include its successors-in-interest and assigns.



- 1.7 **"Net Asset"** shall have the same meaning as ascribed in the Rules or the Regulations.
- 1.8 **"Net Asset Value (NAV)"** shall have the same meaning as ascribed in Rules or the Regulations.
- 1.9 **"PIML AAF"** means PIML Asset Allocation Fund, an open-end scheme constituted by a registered Trust Deed dated October 6, 2015.
- 1.10 **"PIML AAF Register"** shall mean the Register of PIML AAF Unit Holders maintained in accordance with the Regulations and the Constitutive Documents thereof.
- 1.11 **"PIML AAF Resolution"** means a resolution passed by PIML AAF Unit Holders, by a majority of not less than three-fourth or such other in value of the total outstanding PIML AAF Units, as may be allowed by SECP, on the basis of one vote for one PIML AAF Unit held, as are present in person or through Proxies or by post at a meeting of unit holders of which, not less than seven (7) working days notice specifying the intention to propose the resolution has been duly given.
- 1.12 **"PIML AAF Undertaking"** means the business, operations, affairs, properties, assets, receivables, securities, contracts, liabilities, accounts payable, etc. of PIML AAF as on the Effective Date.
- 1.13 **"PIML AAF Unit Holder"** means the holder of PIML AAF Units on the date of the book closure of PIML AAF for the purpose of the meeting of the unit holders.
- 1.14 **"PIML AAF Unit"** means an undivided share in the Net Assets of PIML AAF.
- 1.15 **"PIML SMAF"** means PIML Strategic Multi Fund, an open-end scheme constituted by a registered Trust Deed dated April 25, 2013.
- 1.16 **"PIML SMAF Register"** shall mean the Register of PIML SMAF Unit Holders maintained in accordance with the Regulations and the Constitutive Documents thereof.
- 1.17 **"PIML SMAF Resolution"** means a resolution passed by PIML SMAF Unit Holders, by a majority of not less than three-fourth or such other in value of the total outstanding PIML SMAF Units, as may be allowed by SECP, on the basis of one vote for one PIML SMAF Unit held, as are present in person or through Proxies or by post at a meeting of unit holders of which, not less than seven (7) working days notice specifying the intention to propose the resolution has been duly given.



- 1.18 **"PIML SMAF Undertaking"** means the business, operations, affairs, properties, assets, receivables, securities, contracts, liabilities, accounts payable, etc. of PIML SMAF as on the Effective Date.
- 1.19 **"PIML SMAF Unit Holder"** means the holder of PIML SMAF Units on the date of the book closure of PIML SMAF for the purpose of the meeting of the unit holders.
- 1.20 **"PIML SMAF Unit"** means an undivided share in the Net Assets of PIML SMAF.
- 1.21 **"Proxy"** means written authority given by a Unit Holder to another person to attend the meeting of the unit holders of a Fund, called by the Management Company for the purpose of approving this Scheme of Merger. Proxy shall be issued in the same manner and on the same terms as provided in the SECP's Circular No. NBFC/MF/Circular/ 2009/648 dated June 23, 2009 and SECP's Circular No. NBFCD/ CIRUCLAR/ 75/2012 dated June 11, 2012.
- 1.22 **"Regulations"** mean Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended from time to time.
- 1.23 **"Rules"** mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 1.24 **"Scheme of Merger "** means this Scheme of Merger of PIML SMAF with and into PIML AAF, in its present form or with any modifications thereof or additions thereto as may be approved by the respective Unit Holders of the Schemes and with such conditions or alterations, as imposed or required, if any, by the SECP or any other regulatory authority.
- 1.25 **"SECP"** means the Securities & Exchange Commission of Pakistan, established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997, and shall include its legal successor, if any.
- 1.26 **"Trustee"** in relation to PIML SMAF and in relation to PIML AAF shall mean CDC - Trustee.

Terms capitalized but not defined, shall have the same meanings as contained in the Rules and the Regulations or any applicable law for the time being in force. The headings and marginal notes are inserted for convenience only and shall not affect construction of this Scheme of Merger. Words used in masculine gender shall include feminine gender and words used in singular shall include plural as and how the context so requires.



2. OBJECTIVE OF THIS SCHEME OF MERGER:

- 2.1 The principal objective of this Scheme of Merger is to effectuate a merger of PIML SMAF with and into PIML AAF by transfer to and vesting in PIML AAF, the whole of PIML SMAF Undertaking, against the allotment and issuance of an proportion number of PIML SMAF Units to PIML AAF Unit Holders based on SWAP ratio, whose name(s) appear in the PIML SMAF Register, at the close of the day immediately preceding the date of the book closures announced by the Management Company for such purpose.
- 2.2 Such issuance of proportionate number of PIML AAF Units of the par value of Rs.100/- each, shall be made on the basis of swap ratio determined as on the "Effective Date" and mentioned in Clause 3.9 below against PIML SMAF Units, which shall be credited as fully paid up Units, on the Effective Date to be announced by the Management Company and the subsequent dissolution of PIML SMAF without winding up and continuity of PIML AAF as the Surviving Fund.

3. MERGER OF PIML SMAF WITH AND INTO PIML AAF

From the Effective Date, PIML SMAF will be merged with and into PIML AAF by transfer to and vesting in PIML AAF the whole of PIML SMAF Undertaking, including but not limited to their respective properties, assets, rights, contracts, liabilities and obligations of every kind and description, as subsisting on the Effective Date.

PIML SMAF Undertaking to be transferred to and vested in PIML AAF under this Scheme shall be inclusive but not limited to the following:-

3.3 Transfer of Assets

- 3.3.1 The assets of PIML SMAF shall include properties of all kinds and descriptions, comprising shares, securities, investments in securities, profits, income, fees, dividends, rights and bonus issues, amounts receivables from brokers on sale of marketable securities, actionable claims, book debts, advances, deposits, prepayments, contracts, licenses, privileges and all other receivables, whether accrued or accruing, or contingent, whether solely or jointly with another or others, including cash and bank balances and profits or income thereon, the entitlements of PIML SMAF to credit or refund of payments made for or in respect of any assessment or liability for taxes including advance tax collections and other assets. All these assets of PIML SMAF are free from any mortgages or charges or other encumbrances whatsoever except for collateral issued in favor of NCCPL against settlement.



3.4 Transfer of Debts, Liabilities and Obligations

3.4.1 The debts, liabilities and obligations of PIML SMAF, whether accrued or accruing or contingent and whether incurred solely or jointly with another or others, including amounts owing to banks and financial institutions and other creditors, the liabilities of PIML SMAF for payment of taxes, as well as any amounts payable to brokers on account of purchase of marketable securities.

3.5 Banks

3.5.1 All accounts maintained by PIML SMAF with any bank or financial institution shall at the Effective Date, become operative by CDC Trustee being the Trustee of PIML AAF, or at option of the Management Company cease to be operative and in lieu thereof and all amounts or credit balances therein, shall be transferred to the accounts of PIML AAF, operated by CDC Trustee or shall be transferred to new bank accounts to be opened by CDC Trustee, as and how the Management Company may deem appropriate.

3.7 Securities

3.7.1 Any security held on the Effective Date by PIML SMAF or by a nominee or agent of or Trustee or Custodian for PIML SMAF, whether as security for the payment or discharge of any liability of a broker or whether for its own benefit or, as the case may be, for the benefit of any other person, including as security for the payment or discharge of such liability shall, on and from the Effective Date shall vest in PIML AAF through CDC Trustee and/or shall be made available to CDC Trustee, being the Trustee of PIML AAF, the surviving Fund.

3.7.2 In relation to any security vested in PIML SMAF and any liabilities thereby secured, PIML AAF and CDC Trustee shall be entitled to all the rights and priorities to which PIML SMAF would have been entitled as if it had continued to hold the security.

3.7.3 Any security referred to in the forgoing provisions of this paragraph which extends to future advances or liabilities shall, on and from the Effective Date, be available to PIML AAF (whether for its own benefit or, as the case may be, for the benefit of another person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances by, or liabilities owed to PIML



SMAF, as the case may be, as if PIML AAF was secured thereby immediately before the Effective Date.

3.8 Contracts

3.8.1 Every contract to which a nominee or agent of or Trustee or Custodian in relation to PIML SMAF is a party shall have effect on and from the Effective Date as if:

- PIML AAF had been a party thereto instead of a nominee or agent of or Trustee or Custodian of PIML SMAF, as the case may be.
- Any reference (however worded and whether express or implied) to a nominee or agent of or Trustee or Custodian of PIML SMAF, shall be substituted, as respects anything failing to be done on or after the Effective Date, by a reference to PIML AAF.

3.9 Custody of Documents

3.9.1 The custody of any documents, records, properties, securities, monies and goods held by agents, Custodian or Trustee on account of PIML SMAF, shall vest in PIML AAF on the Effective Date and the rights and obligations of the Management Company on account of PIML SMAF under any contracts relating to any such documents, records, properties, securities, monies or goods shall on that day become rights and obligations of PIML AAF.

For avoidance of any doubt it is clarified that PIML AAF, being the Surviving Fund, shall continue in its current form as a registered notified entity under the Regulations.

3.10 Issuance of Units by PIML AAF – Class ‘C’ Units

3.10.1 As consideration for the transfer to and vesting in PIML AAF of whole of the PIML SMAF Undertaking, PIML AAF shall allot and issue, on the basis of swap ratio to be calculated as per sub-clause 3.9 below, a proportionate number of Class ‘C’ Units of PIML AAF of the par value of Rs.100/- each to all PIML SMAF Unit Holders, whose names appear in the PIML SMAF Register, at the close of the day immediately preceding the date of the book closures announced by the Management Company for such purpose.

3.10.2 Such PIML AAF Units shall be issued by the Management Company in the electronic form and shall be credited to the existing accounts of PIML SMAF Unit Holders as fully paid up Units.



- 3.10.3 The allotment and issuance of the PIML AAF Units shall be made by the Management Company within fifteen (15) working days from the Effective Date and the same shall be confirmed to the respective Unit Holders through issuance of account statements within fifteen (15) working days of the issuance of Units.
- 3.10.4 For PIML AAF Units, to be issued by the Management Company in lieu of PIML SMAF Units held in electronic/dematerialized form or in the physical certificate form, the same shall be issued in the electronic/dematerialized form and shall be credited to the existing accounts of the respective PIML SMAF Unit Holders without requiring any formal request in respect of the same.
- 3.10.5 For avoidance of any doubt it must be clearly understood that upon the allotment of PIML AAF Units to PIML SMAF Unit Holders in the manner aforesaid, all PIML SMAF Units, whether issued in the electronic form or as physical certificates, shall stand cancelled. The Class 'C' Units of PIML AAF upon allotment and issuance pursuant to this Scheme of Merger shall rank pari passu with the existing PIML AAF Units as on the Effective Date in all respects and shall be entitled to all dividends and other benefits as may be declared by PIML AAF subsequent to the Effective Date.

Note/ Disclaimer: The cancellation of PIML SMAF Units held by their respective unit holders and issuance of PML AAF Units, in lieu thereof , shall be subject to all applicable duties, charges, levies, taxes (including the capital gains tax) and zakat as per the pertinent laws, rules and regulations.

3.11 Basis for calculation of swap ratio

- 3.11.1 The swap ratio applicable for the determination of entitlement of the PIML AAF Units to be issued in lieu of the PIML SMAF Units on the Effective Date shall be computed on the basis of the NAVs of PIML AAF and PIML SMAF as at the close of day on the Effective Date.
- 3.11.2 For the purposes of the approval of this Scheme of Merger, swap ratio computed on the basis of the NAVs of all two schemes as of the close of day immediately preceding the meeting of the unit holders is enclosed as '**Annexure – B**'.

In case of NAV of any of the two schemes, used for computation of swap ratio as approved by the Unit Holders of the respective schemes fluctuates and



affect the swap ratio, as disclosed in the 'Annexure – B' by 15% or more prior to the Effective Date, this Scheme of Merger shall be again placed before their respective Unit Holders for approval in their meetings to be called by the Management Company, based on the latest NAVs.

3.12 Obligations, Representations and Indemnifications

3.12.1 Upon the merger of PIML SMAF with and into PIML AAF, the Management Company shall take all necessary and expedient steps to properly and efficiently manage the entire businesses and affairs of PIML AAF, as the merged and surviving Fund.

3.12.2 Upon the merger, the Management Company shall operate and promote PIML AAF and all its business and affairs in the normal course, as a merged and surviving Fund.

3.13 Trustee

3.13.1 Upon the merger of PIML SMAF with and into PIML AAF, CDC Trustee will continue be the Trustee of PIML AAF as the surviving Fund in terms of its Constitutive Documents.

4. NET ASSET SIZE OF PIML SMAF AND PIML AAF [as on the December 29, 2017]:

Fund	Number of outstanding Units	Fund Size (Rupees)
PIML Strategic Multi Asset Fund	1,358,707 Units of Par value of Rs. 100/- each	Rs. 139,328,436
PIML Asset Allocation Fund	2,249,890 Units of Par value of Rs. 100/- each	Rs. 204,476,209
Total		Rs. 343,804,645

5. INFORMATION ABOUT PIML ASSET ALLOCATION FUND (the Surviving Fund):

PIML AAF as the surviving Fund shall continue to be operative with the same investment objectives and investment policy as laid down in its Constitutive Documents. Features of PIML AAF are stated below:



5.1 Category of the PIML AAF

5.1.1 The Fund shall be an 'Asset Allocation Scheme' as per criteria for categorization of open-end collective investment schemes specified in the Regulations or by SECP, as amended from time to time.

5.2 Investment Objectives of PIML AAF

The investment Objective of the fund is to earn competitive return by investing in various asset classes/instrument based on the market outlook.

5.3 Benchmark of PIML AAF

5.3.1 The benchmark of the Fund for any period of return shall be the as under.

"Weighted Average of six (6) Month KIBOR and KSE-100 index as per amount invested in equities and fixed income investments including cash and cash equivalent respectively. All weightages shall be calculated as a percentage of net assets and shall be reset at the end of each month."

5.4 Investment Policy of PIML AAF

The Fund is an asset allocation fund and is allowed to invest in equity or debt instruments as per market conditions and discretion of the Management Company based on fundamental analysis.

The objective of the fund is to aim to provide a high return which commensurate the higher risk taken due to pro-active allocation of funds across various asset classes.

On the equity side the fund will strive to invest in value and growth stocks based on risk and reward analysis. On the debt side the investments will be undertaken based on the credit analysis of each instrument and analysis of the yield curve as per market condition.

5.5 Management Fee of PIML AAF (Post Merger)

5.5.1 The Management Fee of PIML AAF shall be maintained at two percent (2.0%).

5.6 Risks

5.6.1 All investors should realize that all investments in mutual funds and securities involve risk. It should be clearly understood that the



portfolio of the Fund is subject to market fluctuations and risks inherent in all such investments. The value of the Units in the Fund may appreciate as well as depreciate as well as the level of dividend declared by the Fund may go down as well as up. Past performance does not necessarily indicate future performance. Therefore, before you invest in the Fund you should carefully evaluate the risks.

5.6.2 Some of the factors which add to the risk of PIML AAF include but are not limited to the following factors:

- a) **Equity Risk** – Companies issue equities, or stocks, to help finance their operations and future growth. The Company’s performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
- b) **Government Regulation Risk** – Government policies or regulation are more prevalent in some securities and financial instruments than in others. Fund that invest in such indirectly affect the structure of the security and/or in extreme cases a government or court order could restrain payment of capital, principal or income.
- c) **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/markup rates is called a “credit spread” Credit spreads are based on macroeconomics events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instrument;
- d) **Price Risk**- The price risk is defined as when the value of the Fund, due to its holding in such securities rises and falls as a result of change in interest rate.



- e) **Liquidity Risk-** Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- f) **Settlement Risk-** At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investment which may effect the Fund's performance etc.
- g) **Reinvestment Rate Risk-** In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
- h) **Events Risk-** There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions mergers, nationalization, insolvency and changes in tax law.
- i) **Redemption Risk-** There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.
- j) **Distribution Risk-** Dividend distribution may also be liable to tax because the distribution are made out of the profits earned by fund and not out of the profits earned by each unit holder Unit holders who invest in a fund before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.

5.7 Units of PIML AAF

- 5.7.1 All Units represent an undivided share in the trust property (defined as Deposited Property in the Constitutive Documents of PIML AAF) and each PIML AAF Unit Holder has a beneficial interest in PIML AAF proportionate to the PIML AAF Units held by such PIML AAF Unit Holder. PIML AAF Units are transferable and can be pledged



- 5.7.2 The Management Company is offering Class 'C' units of PIML AAF and the details of the current level of Front-end Load and the Management Fee charged on these Units is outlined in Annexure "B" of the Replacement Offering Document of PIML AAF.
- 5.7.3 The Management Company may issue additional class(es) of Units with such attached rights and conditions as determined from time to time, pursuant to the provisions of the Deed and subject to the consent of the Trustee and approval of the SECP. The description, rights and conditions applicable to such offer of Units shall be stated in the Supplementary Offering Document(s) with the approval of the SECP.
- 5.7.4 For avoidance of doubt, it is clarified that no Front-end Load shall be applied to the Class "C" Units of PIML AAF to be issued to PIML SMAF Unit Holders in lieu of PIML SMAF Units held by them based on the swap ratio to be calculated on the Effective Date.

5.8 DISTRIBUTION POLICY OF PIML AAF

a) Dividends

- 5.8.1 PIML AAF shall distribute at least ninety percent (90%) (or such other percentage specified in the Regulations or SECP) of its accounting income received or derived from sources other than capital gains annually as cash dividends as stipulated under the Regulations, as amended from time to time. The balance of net income will be retained in the Fund. The Fund shall comply with regulatory and taxation requirements and the dividend policy may be amended accordingly.
- 5.8.2 All Units shall have the same rights with respect to dividend. The Unit Holders may request the Management Company to re-invest the cash dividend due to them for purchase of additional Units.

b) Declaration of Dividend

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



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

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

5.9 Other Statutory Compliances

5.9.1 PIML AAF, as an open-end scheme, is subject to all the conditions and requirements of the Regulations and the directives, notifications and circulars issued by the SECP from time to time, which are binding upon the Management Company, the Trustee and the Unit Holders.

5.10 Termination and Liquidation of PIML AAF

5.10.1 PIML AAF is a perpetual fund but may be terminated and liquidated in accordance with the provisions of the Regulations.

6. REDEMPTION AND ISSUE OF UNITS OF PIML STRATEGIC MULTI ASSET FUND AND PIML ASSET ALLOCATION FUND TO REMAIN SUSPENDED

6.1 Subject to the approval of this Scheme of Merger by PIML AAF Unit Holders and PIML SMAF Unit Holders at their respective meetings mentioned in Clause 11.1 hereafter, the further issuance and redemption of Units of the Schemes to be merged shall remain suspended till the Effective Date of Merger or till thirty (30) days after the respective Unit Holders’ meeting, whichever is earlier.

6.2 Subsequent to the Effective Date, only PIML AAF shall resume the dealing in its Units as an open-end scheme while PIML SMAF shall cease to issue any further Units.

7. DISSOLUTION OF PIML SMAF



7.1 Subsequent to the Effective Date and the transfer and vesting of the whole PIML SMAF Undertaking to PIML AAF and the issuance of Units by PIML AAF to PIML SMAF Unit Holders, PIML SMAF shall cease to exist as publically available open-end schemes and their respective units shall stand cancelled and PIML SMAF scheme shall stand dissolved without winding up.

8. FINANCIAL INFORMATION OF PIML SMAF AND PIML AAF

8.1 The profit after tax, earning per Unit and the dividends paid of PIML SMAF and PIML AAF as shown in their audited financial statement for each of the 4 years up to 2017, are as follows:

Funds	Profit After Tax (Rs. In million)			
	2014	2015	2016	2017
PIML Strategic Multi Asset Fund	9.071	55.184	35.975	25.176
PIML Asset Allocation Fund	NA		52.419	0.064

Funds	Earnings per Unit (Rupees)			
	2014	2015	2016	2017
PIML Strategic Multi Asset Fund	8.34	27.30	11.94	15.23
PIML Asset Allocation Fund	NA		3.80	0.020

Funds	Dividend/Bonus (Percent)			
	2014	2015	2016	2017
PIML Strategic Multi Asset Fund	4.61	20.25	18.66	-
PIML Asset Allocation Fund	NA		2.07	-



The net assets along with the NAV as on June 30, 2014, June 30, 2015, June 30, 2016 and as June 30, 2017, are tabulated below:-

Funds	30 June 2014		30 June 2015		30 June 2016		30 June 2017	
	Net Assets (Rs in million)	NAV (Rs.)	Net Assets (Rs in million)	NAV (Rs.)	Net Assets (Rs in million)	NAV (Rs.)	Net Assets (Rs in million)	NAV (Rs.)
PIML Strategic Multi Asset Fund	113.73	104.59	232.262	114.90	311.04	103.27	197.28	119.39
PIML Asset Allocation Fund	NA				1,389.62	100.8	324.16	103.56

9. MISCELLANEOUS

- 9.1 All suits, appeals and other legal proceedings in relation to PIML SMAF and pending immediately before the Effective Date shall be treated as suits, appeals and legal proceedings by or against PIML AAF and may be continued, prosecuted, defended and/or enforced by or against PIML AAF accordingly, subject to applicable provisions of laws and due to merger of the afore mentioned Schemes.
- 9.2 Pending the merger of PIML SMAF with and into PIML SMAF shall not make any declaration of dividend or issue any bonus Units.
- 9.3 All dividends mandates already existing in relation to the Units of PIML SMAF and PIML AAF shall operate in relation to any new Units of PIML AAF allotted to the same PIML SMAF Unit Holder.
- 9.4 PIML SMAF shall be dissolved, without winding up subsequent to the Effective Date.
- 9.5 All costs, charges and expenses in respect of the preparation of this Scheme of Merger and carrying the same into effect, including conduct of meetings of the unit holders of the two schemes, shall be borne and paid by the Management Company.
- 9.6 This Scheme of Merger shall become operative as soon as order of sanctioning the Scheme of Merger is issued by the SECP and unless, this Scheme of Merger



shall have become effective as aforesaid on or before the Effective Date, or such later date, as SECP may allow, the same shall not become effective.

10. PROVISIONING POLICIES OF PIML SMAF and PIML AAF

10.1 Please see the attached "Annexure C" to review the 'Provisioning Policy for Non-Performing Debt Securities of the Collective Investment Schemes' of AWTIL, as approved by its Board of Directors.

11. GENERAL

11.1 This Scheme of Merger seeks approval of PIML SMAF Unit Holders and PIML AAF Unit Holders in separate meetings of the unit holders convened by the Management Company by a majority of not less than three fourth in value of the total Unit Holders, at separate duly convened meetings of the unit holders entitled to vote, on the basis of one vote for one Unit held, as are present in person or through Proxy or by post at meetings of the unit holders convened by the Management Company.

11.2 In the event that the PIML AAF Unit Holders and / or PIML SMAF Unit Holders do not vote in favor of the Scheme of Merger, this Scheme of Merger shall become null and void.

11.3 In the event the Unit Holders of both Funds do not approve the Scheme of Merger:

- The two Funds will continue to operate as separate open end Schemes, under their respective existing Constitutive Documents.



EXTRACTS OF BOARD RESOLUTION APPROVING THE MERGER OF PIML SMAF WITH AND INTO PIML AAF



EXTRACT FROM THE DRAFT MINUTES OF THE 30TH BOARD OF DIRECTORS MEETING OF AWT INVESTMENTS LIMITED HELD ON OCTOBER 27TH, 2017.

EXTRACTS OF BOARD RESOLUTION APPROVING THE MERGER OF PIML SMAF WITH AND INTO PIML AAF

"RESOLVED that PIML Strategic Multi Asset Fund ("PIML SMAF") be merged with and into PIML Asset Allocation Fund ("PIML AAF") with the consent of Central Depository Company of Pakistan Limited ("CDC"), the Trustee of PIML AAF, the surviving Fund and PIML SMAF and the approval of the Securities and Exchange Commission of Pakistan ("SECP") after approvals of the Unit Holders of PIML SMAF and PIML AAF to be obtained at separate duly convened meetings by a majority of Unit Holders of each pertinent Fund, representing at least three-fourth (3/4th) in value of the total outstanding Units of such Fund, as prescribed under SECP's Circular No.20 of 2009 dated July 23, 2009, or by such majority as may be relaxed and/or approved by the SECP, based on the tentative Swap Ratio and other terms and conditions, as enunciated in the Scheme of Merger placed before the Directors, which be and is hereby unanimously approved."

"FURTHER RESOLVED that separate meetings of the Unit Holders of PIML SMAF and PIML AAF be convened and held separately for which purpose, notices of meetings be issued to the Unit Holders of the respective Funds along with statements of material facts and other documents/information, as required under Circular No.20 of 2009 and the drafts of the Notices, along with Statement of Material Facts to be made available to the Unit Holders of PIML SMAF and PIML AAF, as placed before the Directors be and are hereby unanimously approved."

"FURTHER RESOLVED that the Chief Executive Officer and Chief Financial Officer and Company Secretary of the Company be and are hereby directed and authorized jointly and severally to take all steps for commencing and completing the entire merger process in accordance with the law, to obtain consent and liaise and co-ordinate with CDC, as the Trustee of PIML SMAF and PIML AAF on all matters and issues relating to the merger; to liaise and confer with auditors and legal advisors of the two Funds on all financial, accounting and legal matters, to sign and submit requisite application to the SECP for approval of the merger along with all requisite documents and information in accordance with Circular 20 of 2009 and other applicable laws, rules and regulations, to make written and personal representations to the SECP as and when required, to respond to any queries raised by the SECP, to ensure all compliances required by the SECP, to fulfill all reporting and other requirements under the

AWT INVESTMENTS LIMITED



Code of Corporate Governance and Listing Regulations of the Stock Exchanges and to fulfill all legal, procedural and corporate formalities in connection therewith.

A handwritten signature in black ink, appearing to read 'Salman Haider', is written over a horizontal line.

Salman Haider
Chief Executive Officer



ANNEXURE - 'A-II'

Letter of Consent to the Scheme of Merger issued by CDC

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:
CDC House, 99-B, Block 'B',
S.M.C.H.S, Main Shahra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020-23
URL: www.cdc-pakistan.com
Email: info@cdcpak.com



DC/T&C-U1/DH/007/2018
January 24, 2018

Mr. Salman Haider Sheikh
Chief Executive Officer
AWT Investments Limited
(Formerly Primus Investment Management Limited)
3rd Floor, Horizon Vista, Commercial 10
Block 4, Scheme 5, Clifton
Karachi

Dear Sir

NO OBJECTION CERTIFICATE

This is with reference to your letter dated January 11, 2018, we hereby have no objection on the proposed merger of PIML Strategic Multi Asset Fund (PIML SMAF) with and into PIML Asset Allocation Fund (PIML AAF) subject to the approval of SECP and unit holders of PIML SMAF. Further, we are of the view that approval from unit holders regarding deduction of capital gain tax should also become part of the agenda of unit holder meeting.

In addition, please note that this no objection certificate may be withdrawn due to any substantial change in Funds status or due to any litigation or claim which may arise in future till the date unit holders' meeting in respective Funds on the matter stands concluded. Moreover, we request you to keep us posted on all the related development from time to time.

Yours truly


Atiqur Rehman
Head of Trustee & Custodial Operations





ANNEXURE - 'B'

SWAP RATIO (Based Upon the NAVs as on December 29, 2017)

Net Asset Value and the Portfolio Details of the two Schemes as on December 29, 2017 and the Swap Ratio calculated based on NAVs of each of the Schemes as on the day immediately preceding the Meeting of the Unit Holders are as below.

Net Asset Value as on December 29, 2017	
Fund Name	NAV (PKR)
PIML SMAF	102.54
PIML AAF	90.88

SWAP Ratio	
Currently Held	Issued upon Merger*
One (1) Unit of PIML SMAF	1.1282 Units of PIML AAF shall be issued

* The number of units to be issued are rounded down to the nearest second decimal.

Note: *The Management Company shall distribute to the participants the updated Annexure – B on the day of the meeting which shall disclose Net Asset Value as on March 15, 2018 (the day immediately preceding the unit holders' meeting) in line with the requirements of Circular 20 of 2009)*



Provisioning Policy for Non-Performing Debt Securities of the Collective Investment Schemes

1 PREAMBLE

In the recent past, the global financial meltdown occurred which resulted in the liquidity crunch and economic problems in almost all the financial markets in the world. Pakistan also got affected due to these crises apart from being affected by its domestic problems. This crises situation affected the equity and fixed income instruments including TFCs and Sukuks which were earlier considered stable and safe investment avenues.

Debt market in Pakistan was not liquid and therefore didn't depict the true fair values of the debt securities. The market forces were not appropriately adjusting prices for the default, market and credit risks associated with the corporate debt securities. This situation warranted a comprehensive policy to be in place to rightly price the instruments and the SECP took various initiatives to rightly price the instruments by taking in to account various risk factors prevalent in the market.

The SECP issued Circular No.1 dated January 6, 2009 to deal with pricing and provisioning issues. This was later on supplemented by Circular No. 6 and 13 of 2009 dated March 06, 2009 and May 4, 2009, respectively and Circular No. 3 dated January 20, 2010. Circular No.13 made it mandatory for all Asset Management Companies to formulate a comprehensive provisioning policy for making any additional provisioning over and above that laid out in Circular No.1 of 2009. On recommendations of MUFAP relating to issues faced by Asset Management Companies, SECP replaces Annexure I and II of Circular 1 of 2009 via circular No 33 of 2012 dated October 24, 2012. It also provided the minimum framework for the policy that is required to be approved by the Board of Directors of the AMC.

The Board of Directors (the Board or BOD) of PIML (currently AWTIL) in its meeting held on February 25, 2016 approved a policy for impairment of debt instruments. Now the Board considers it appropriate to approve a comprehensive provisioning policy in compliance with the requirements of Circular No.1 of 2009 and Circular No. 13 of 2009 and their subsequent amendments and clarifications from time to time. This policy supersedes the existing provisioning policy for debt instruments as approved by the Board in its meeting held on June 26, 2012.



2. EXPOSURES COVERED UNDER THE POLICY

For the purpose of this policy following terms have been defined and are to be understood accordingly:

2.1 DEFINITIONS:

Exposure includes both Debt Security and Other Exposure held by Collective Investment Schemes (CIS) managed by Primus Investment Management Limited (Currently AWTIL) .

Debt Security means any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes Term Finance Certificates (TFCs), Bonds, Debentures, Sukuks and Commercial Papers, etc. It also includes investment in PRE IPO arrangements of any of these securities.

Other Exposure means:

- a. Money Market exposure such as:
 - i. Certificate of Investment (COIs),
 - ii. Certificate of Deposit (CODs).
 - iii. Certificates of Musharaka (COMs),
 - iv. Letter of Placements (LOPs),
 - v. Money Market Placements, etc. and
- b. Receivable against investment in lease finance (lease receivables); and
- c. Exposure/Placements against Term Finance Agreements/Arrangements

CRITERIA FOR CLASSIFICATION AS NON-PERFORMING

Following is the criteria for classification of exposure as non-performing:

2.2 FOR DEBT SECURITY

A debt security shall be classified as non-performing, if the interest / profit and / or principal amount is past or overdue by 15 calendar days from the due date.



In addition to the above, in case of investment in the Pre-IPO arrangement of a Debt Security, the arrangement/security shall be classified as non-performing if its IPO is overdue by 15 calendar days from the stipulated timeline, unless the extension in IPO is mutually agreed with the issuer.

2.3 FOR OTHER EXPOSURE

Other exposure shall be classified as non-performing, if the interest / profit and / or principal amount is /are overdue by 15 calendar days from the due date.

In addition to above, Other Exposure may be classified as non-performing by a decision taken by Investment Committee (IC) based on any of the following:

- a. if there is a material breach of terms of contract/agreement/facility; and/or
- b. there is any other event adversely affecting the Other Exposure in light of any of the factors elaborated in section 3.4 below.

This decision of IC shall be placed before the Board of Directors (BoD or Board) for its subsequent ratification.

3 PROVISIONING REQUIREMENTS MINIMUM PROVISION REQUIREMENTS

Following is the minimum time based provision requirement to be followed for nonperforming Exposure:

3.1 FOR DEBT SECURITY

Minimum provisioning against a Debt Security (whether secured or unsecured) shall be made in accordance with the time based provisioning criteria laid down in Annexure II of Circular 33 of 2012 dated October 24, 2012 as given below:

Effective Day for Provisioning	Minimum Provision as % of book value (outstanding principal amount)	Cumulative Provision
90th Day	20%	20%
180th Day	10%	30%
270th Day	10%	40%
365th Day	10%	50%
455th Day	10%	60%



545th Day	10%	70%
635th Day	10%	80%
725th Day	10%	90%
815th Day	10%	100%

3.2 FOR OTHER EXPOSURE

The criteria for minimum time based provisioning against non-performing Other Exposure shall be as follows:

Effective Day for Provisioning	Minimum Provision as % of book value (outstanding principal amount)	Cumulative Provision
90th Day	20%	20%
180th Day	10%	30%
270th Day	10%	40%
365th Day	10%	50%
455th Day	10%	60%
545th Day	10%	70%
635th Day	10%	80%
725th Day	10%	90%
815th Day	10%	100%

However, for any particular case of Other Exposure which has been classified as nonperforming on the basis the reasons other than the actual delay in payment of the due principal and/or interest/mark up/profit, the IC may in the best interest of the unit holders consider that minimum time based provisioning need not be applied to such a non-performing exposure and propose the same to the Executive Committee (EC) of the Board for its approval. For such a case, IC will also propose other appropriate basis of provisioning which will be approved by the EC of the Board prior to applying the same. The approval so granted by the EC shall be presented to the Board for its subsequent ratification.

3.3 PROVISIONING MODALITIES FOR DEBT SECURITY

- a. In order to comply with the minimum provision requirements for Debt Security as given in section 3.1 above and to ensure that the minimum provisioning



requirements are met as on the effective day, the IC can exercise discretion with respect to timing of creating requisite provision such as the provision may be made immediately on the date of classification as non-performing or may be spread over the number of days, as deemed appropriate in the best interest of the unit holders. The same principal may be applied for the next time based provision slab as given in section 3.1 above.

- b. Where a debt security immediately preceding its classification as non-performing is valued at a discount to its outstanding principal amount, such discount may be accounted for while arriving at the minimum provision. However, if any such discount exceeds the requisite provisioning, the excessive discount shall not be written back and the debt security shall be carried at the existing value upon classification as non-performing.

3.4 FOR OTHER EXPOSURE

a. In order to comply with the minimum provision requirements for Other Exposure as given in section 3.1 above and to ensure that the minimum provisioning requirements are met as on the effective day, the IC can exercise discretion with respect to timing of creating requisite provision such that the provision may be made immediately on the date of classification as non-performing or may be spread over the number of days etc., as deemed appropriate in the best interest of the unit holders. The same principal may be applied for the next provision slab as per the schedule of minimum provision requirement given in section 3.1 above.

b. Where Other Exposure immediately preceding its classification as non-performing is valued at a discount (if applicable) to its outstanding principal amount, such discount may be accounted for while arriving at the minimum provision. However, if any such discount exceeds the requisite provisioning, the excessive discount shall not be written back and Other Exposure shall be carried at the existing value upon classification as non-performing

3.5 TREATMENT OF OVERDUE PRINCIPAL AGAINST AN EXPOSURE

In addition to the minimum provision prescribed in section 3.1 above, any installment of principal amount in arrears of an Exposure during the period of non-performance shall also be fully provided (this will not apply to the investment in the Pre-IPO arrangement of a debt security). However, principal (including any principal which was previously provided)



received in the interim period shall be adjusted while calculating the amount of provision required against outstanding principal amount.

3.6 ADDITIONAL PROVISIONING REQUIREMENTS (I.E. OVER AND ABOVE MINIMUM PROVISION) FOR NON PERFORMING EXPOSURE

The IC shall continuously monitor and review the non-performing Exposure in accordance with this policy and if circumstances warrant additional provisioning over and above the minimum provisioning requirement for debt security and other exposure may be made. The circumstances may arise from any of the following factors.

- a. Financial results;
- b. Material non-compliance with the terms of agreement;
- c. Defaults or problems in other borrowings;
- d. Periodic announcements;
- e. Quality of underlying security;
- f. Rating of the issuer or the issue;
- g. Correspondence with stakeholders;
- h. Management of the company;
- i. Probability of entering into bankruptcy or other financial reorganization;
- j. Cash flow problems indicated by historical or prospective financial statements;
- k. Untoward economic conditions and outlook and its particular emphasis on the industry in which the issuer/company operates:
- l. Interest rates scenario and its effect on the business of the issuer/company;
- m. Laws & regulations and their impact on the issuer/company;
- n. Industry information & feedback;
- o. Any other applicable factor.

The decision for additional provision will be made by the IC and presented to the BoD for its subsequent ratification.

3.7 SUSPENSION OF INTEREST/PROFITS/MARK UP ON DEBT SECURITY AND OTHER EXPOSURE

3.7.1 SUSPENSION OF INTEREST/ PROFIT/ MARKUP ACCRUAL

- a. The accrual of interest / profit/ markup on Exposure shall be suspended from the first calendar day the interest / profit payment falls due and is not received.
- b. All interest / profit/ markup accrued and recognized in the books shall be immediately reversed on the date of classification of Exposure as nonperforming.



3.7.2 CONTINUATION OF SUSPENSION OF INTEREST/ PROFIT/ MARKUP ACCRUAL

The accrual of interest / profit / markup shall remain suspended till the time the Exposure is reclassified as performing. However any interest/ profit/ markup received during the interim shall be taken to income to the extent it is received.

In case Collective Investment Scheme has received all arrears of interest and debt security has not been reclassified as performing, the suspension of interest shall continue.

3.7.3 SUSPENSION OF INTEREST/ PROFIT/ MARKUP ACCRUAL

The IC based on the analysis over any of the factors given in section 3.4 of this policy may approve to stop accrual of interest/ profit/ markup for any Exposure in the best interest of the unit holders on prudent basis without classifying that Exposure as nonperforming.

4 RECLASSIFICATION OF EXPOSURE AS PERFORMING AND RELATED MATTERS

4.1 CRITERIA FOR RECLASSIFICATION OF EXPOSURE AS PERFORMING

4.2 FOR DEBT SECURITY

Debt security shall only be reclassified as performing once it performs as per the original repayment terms and all the arrears (of interest / profit/ markup as well as principal) have been duly received in cash and debt security is regular on all payments (interest as well as principal) for the next two installments and provision made against the debt security shall be written back.

4.3 FOR A RESTRUCTURED DEBT SECURITY

If a debt security is classified as non-performing and it undergoes a restructuring arrangement, it shall only be reclassified as performing if all the arrears have been received in cash and Debt Security is regular on all payments (principal and/or interest/profit/markup) for the next two installments.

In case of non-performing debt securities which have been rescheduled/restructured, the debt security shall only be re classified as performing if all the following conditions are met;



- i. The terms and conditions of rescheduled / restructured debt security fully met for a period of atleast one year;
- ii. All the arrears (till the date of restructuring) have been received in cash, and
- iii. An amount equivalent to two installments (excluding grace period, if any) as per original repayment term (before rescheduling) are paid in cash.

The provision made for the principal amount of Debt Security shall be written back in the following manner:

- a. Where provision of principal was made due to interest / profit/ markup default only, 100% of the debt security provided for in the books shall be written back upon its reclassification as performing.
- b. b. Where both, principal and interest / profit/ markup were in default, 50% of the provision made in the books shall be written back on the receipt of first payment (principal and/or interest/profit/markup) and 50% on the receipt of second payment and the asset shall be classified as performing

Provision made with respect to principal (including overdue principal) shall be adjusted/written back to the extent it is received during the period of its classification as non-performing security.

IC may stop creating additional provision against restructured / rescheduled debt security during restructuring / rescheduling period.

If the debt security subsequently did not perform as per rescheduling / restructuring agreement, the debt security shall be treated as non-performing from the date of its original default.

4.4 FOR-OTHER EXPOSURE

Other Exposure (i.e. other than Debt Security) shall be reclassified as performing once all the arrears (interest / profit/ markup as well as principal) have been received in full as per the original repayment schedule. In addition to that, IC may however decide to continue its classification as non-performing based on its analysis in light of the factors given in section 3.4 above. This continuance of nonperforming classification of Other Exposure shall be done only with the prior approval of the EC. Such decision of EC shall be placed before the BoD for its subsequent ratification. In case the Other Exposure is kept in the non-performing category based on the approval of the EC, all requirements for provisions shall continue to apply to such an exposure.



4.5 FOR A RESTRUCTURED OTHER EXPOSURE

If Other Exposure (i.e. other than Debt Security) is classified as non-performing and it undergoes a restructuring arrangement, it shall be reclassified as performing if it is regular on all payments as per the restructured terms (principal and/or interest/markup/profit) for

- a. Next six installments in case the payment frequency is less than quarterly installments;
- b. Next two installments in case the payment frequency is equal to or exceeds quarterly installments.

However, IC may decide to continue classification of Other Exposure as nonperforming based on its analysis in light of the factors given in section 3.4 above. This continuance of non-performing classification shall be done only with the prior approval of the EC. The decision of EC shall be forwarded to the Board for its subsequent ratification. In case the Other Exposure is kept classified as nonperforming based on the approval of the EC, all requirements for provisions shall continue to apply to such an Exposure.

4.6 REVERSAL OF ADDITIONAL PROVISIONING AGAINST DEBT SECURITY AND OTHER EXPOSURE

Where the provision is made against an exposure in excess of the minimum provisioning requirements against the principal amount; the IC may decide to reverse such excess provision in light of the factors mentioned in section 3.4 above. However, the reversal shall only be to the extent that the outstanding provision meets the aforementioned requirements of the minimum provisioning against the principal amount. The reversal of additional provision shall be made with prior approval of the EC. The decision of the EC shall be put forth to the Board for its subsequent ratification.

5 DISSEMINATION AND EFFECTIVE DATE OF POLICY

This provisioning policy and / or any amendments therein as approved by the Board of PIML (currently AWTIL) shall be:

- a. Disseminated to the existing Unit Holders, Trustee(s) and the Commission;
- b. a. Disseminated to the existing Unit Holders, Trustee(s) and the Commission;



Any applicable provision of and / or modification to the circulars or laws and regulations affecting this policy from time to time will be deemed to be the part of this provisioning policy.

Moreover, provisions made in light of this policy shall be disclosed in the quarterly, half yearly and annual accounts of the CISs.

The custodian of the original copy of this policy and procedures manual is the office of Company Secretary



ANNEXURE - 'D'

Asset Allocation of the Merging and the Surviving Scheme (as on December 29, 2017)

PIML Strategic Multi Asset Fund

	% of Net Assets
Cash	35.81%
Equity	61.68%
Other Receivables	2.51%

PIML Asset Allocation Fund

	% of Net Assets
Cash	34.73%
Equity	61.29%
Other Receivables	3.98%

29 SEP 2015

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URGENT

TRUST DEED

of

PIML ASSET ALLOCATION FUND

(AN ASSET ALLOCATION SCHEME)

Between

PRIMUS INVESTMENTS MANAGEMENT LIMITED

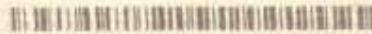
And

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Automation of Registration Board of Revenue Sindh, Karachi Sub-Registrar-II, Saddar Town Karachi
Date Processing Assistant <u>mm</u>
Computer No. BOR <u>2015-12-1166</u>
Date <u>6.10.2015</u>

Dated _____

393056



HAID

LICENCE # 84

Amina Mariyam Manzil Kara Bhai Karimjee Road,
Flat # 10-B, Block G-4E, Newabad, Karachi.

Sr. No. 10672 DATE _____

23 SEP 2015

ISSUED TO WITH ADDRESS MR. **MUHAMMAD NAEEM**

THROUGH WITH ADDRESS MR. **Advocate HC 326**

PURPOSE _____

VALUE RS. _____ ATTACHED _____

STAMP VENDOR SIGNATURE _____

Reg. No. 394
Sub-Registrar-II
Saddar Town Karachi



TRUST DEED

THIS TRUST DEED is made and entered into at *Karachi*, on this _____ day of _____ 2015

1. Name of the Scheme

PIML Asset Allocation Fund (PIML AAF)

2. Category, Type and Benchmark of the Scheme

- a. Category: Open End Asset Allocation Fund
- b. Benchmark:

The benchmark shall be weighted average of 6-month KIBOR and KSE-100 index as per amount invested in equities and fixed income investments including cash & cash equivalent respectively. All weightages shall be calculated as a percentage of net assets and shall be reset at the end of each month.

3. Participating Parties and Constitution of the Trust

I. PRIMUS INVESTMENT MANAGEMENT LIMITED a public limited company incorporated under the Companies Ordinance, 1984 (the "Ordinance"), having its registered office at 3rd Floor, Horizon Vista, Commercial 10, Block No. 4, Scheme No.5 Clifton, Karachi (hereinafter called the "Management Company" which expression where the context so permits shall include its successors in interest and assigns) of the one part; and

AND

II. Central Depository Company of Pakistan Limited, a public limited company incorporated under the Ordinance, having its registered office at CDC House, 99-B, Block M.C.A.S, Main Shakra-e-Faisal, Karachi (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the other part;



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WITNESSETH:

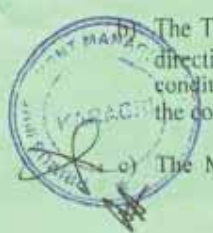
- A. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the "SECP") as an Asset Management Company pursuant to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (hereinafter referred to as the "Rules", which expression shall include any amendments thereto and substitutions thereof) for the purpose of undertaking asset management services under License No. NBFC AMCW/14/PIML/AMS/07/2014 dated **December 30, 2014**, attached hereto as Annexure "A".
- B. The Management Company has been authorized by the SECP vide its letter bearing reference No. SCD/AMCW/PIML/PIMLAAF/104/2015 dated **September 22, 2015** attached herewith as Annexure "B" to constitute the Trust under the name and title of "PIML Asset Allocation Fund" (hereinafter referred to as "the Scheme" or "the Trust" or "the Unit Trust" or "the Fund") and to register this Trust Deed ("the Deed"), pending registration of the Trust as a notified entity under Section 282CA of the Ordinance for the establishment and operation of the Trust in accordance with the provisions of the Rules and Regulations and this Trust Deed;
- C. The Management Company has nominated and appointed CDC as Trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions herein contained and the tariff structure for trusteeship as per Annexure "C" attached herewith;
- D. The SECP has also approved the appointment of the Trustee vide its letter bearing reference No. SCD/AMCW/PIML/PIMLAAF/105/2015 dated **September 22, 2015** attached herewith as Annexure "D";

4. Governing Law and Jurisdiction

- 4.1 This Trust Deed shall be subject to and governed by the laws of Pakistan, including the Ordinance, Rules and the Regulations, any directives or circulars issued by SECP and all applicable laws and regulations as amended or replaced from time to time. Where any Rules or Regulations are amended, any directives are issued or any relaxation or exemption is allowed by SECP it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed pursuant to such amendments, directive, relaxation or exemption shall be deemed to have been incorporated in this Trust Deed without requiring any modification unless specifically required by the SECP, in the event of any conflict between this Trust Deed and the provisions of the Rules Regulations, directives, circulars, the latter shall supersede and prevail over the provisions contained in this Trust Deed.
- 4.2 Subject to the Clause 22 hereafter, applicable between the Management Company and the Trustee inter se, each party, including the Unit Holder(s), irrevocably submit to the exclusive jurisdiction of the Courts at Karachi.

5. Declaration of Trust

- 5.1 Subject to the amount received from Pre IPO Investors, which shall be possessed by the Trustee in the capacity of custodian, shall be the right of those investors invested such amount till the time of IPO.
- 5.2 It is hereby irrevocably and unconditionally declared that:
 - a) The Trustee shall hold and stand possessed the Trust Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holder(s) ranking pari passu inter se, according to the number of Units held by each Unit Holder(s);



The Trust Property shall be invested or disinvested from time to time by the Trustee at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Documents, the Rules, the Regulations and the conditions (if any) which may be imposed by the SECP from time to time; and



c) The Management Company shall establish, manage, operate and administer the Fund in

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accordance with the Rules Regulations, any directive or circular on the matter this Deed and the Offering Document as amended from time to time.

6. Effect of this Deed and Status of Unit Holder(s)

6.1 Deed Binding on Each Unit Holder

The terms and conditions of this Trust Deed as amended, as per the term of Clause 20 of this Deed, from time to time shall be binding on each Unit Holder as if the Unit Holder had been party to it and shall be bound by its provisions and shall be deemed to have authorized and required the Trustee and the Management Company to do as required of them by the terms of this Deed and the Regulations.

6.2 Unit Holder(s) Not Liable to Make Further Payments

No Unit Holder(s) shall be liable to make any further contributions to the Fund after he has paid the purchase price of the Units as specified in the Offering Document and no further liability shall be imposed on any Unit Holder(s) in respect of the Units held by him.

6.3 Units to Rank Pari Passu

All Units and fractions thereof represent an undivided share in the Scheme and shall rank pari passu according to the number of Units held by each Unit Holder, including as to the rights of the Unit Holder(s) in the Net Assets, earnings and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Trust proportionate to the Units and fractions held by such Unit Holder and shall have such rights as are set out in this Deed and the Offering Document.

6.4 Trustee Report to Unit Holders

The Trustee shall report to the Unit Holders in accordance with the Regulations,

7. Role of the Management Company

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

7.2 The Management Company may from time to time, with the consent of the Trustee, frame procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; provided that such procedures are not inconsistent with the provisions of the Rules and the Regulations any directives, circulars and guidelines issued by SECP and this Deed.

7.3 The Management Company shall be responsible to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing applications in this regard.

7.4 The Management Company, shall from time to time under intimation to the Trustee appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s). Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions

7.5 The Management Company may, at its own responsibility and costs (to be borne either from the front end load or management fee received), from time to time appoint Investment Facilitators to assist it in promoting sales of Units. An updated list of Distributors and Investment Facilitators appointed by AMC shall be made available at all times on the website of the AMC.

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



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

- 7.7 The Management Company shall nominate and notify to the Trustee one or more of its officer(s) to act as authorized persons for interacting with and giving instructions to the Trustee. Any instruction or notice given by such authorized persons shall be deemed to be the instruction or notice given by the Management Company. Any change in such authorized persons shall promptly be notified to the Trustee.
- 7.8 The Management Company shall, from time to time, advise the Trustee of any settlement instructions relating to any transactions entered into by it on behalf of the Trust. The Management Company shall ensure that settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement]
- 7.9 The Management Company shall provide the Trustee with regular reports indicating interest income and other forms of income or inflows, relating to the investments that are due to be received.
- 7.10 The Management Company may, if it considers necessary for the protection of Trust Property or safeguarding the interest of the Unit Holders, request the Trustee to 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 at the cost of the Fund.
- 7.11 The Management Company shall designate and disclose the location of its official points for acceptance of applications for issuance, redemption, conversion, etc of Units in the Offering Document of the Scheme and on its website.
- 7.12 The Management Company shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc of units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.
- 7.13 The Management Company shall announce the Net Asset Value (NAV) of the Scheme within such time period and at such frequency as prescribed by SECP from time to time and shall disclose such time period and frequency in the Offering Document.

8. Role of the Trustee

- 8.1 The trustee shall perform its role as specified in the Rules, Regulation and directives issued there under, this Deed and the Offering Document.
- 8.2 The Trustee shall nominate one or more of its officers to act as authorized persons for performing the Trustee's functions and for interacting with the Management Company. Any change in such authorized persons shall be promptly notified to the Management Company.
- 8.3 The Trustee shall under prior intimation to the Management Company appoint, remove or replace from time to time one or more bank(s) and/or other depository company(ies) etc. to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be entered into between the Trustee and the Custodian(s), except where the Trustee itself is acting as a Custodian.
- 8.4 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 gross negligence or any reckless act or omission of the Trustee or any of its directors, officers, nominees or agents.
- 8.5 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the provisions of this Trust Deed or the Rules and Regulations. Whenever pursuant to any provision of this Trust Deed, any



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instruction, certificate, notice, direction or other communication is required to be given by the Management Company, the Trustee may accept as sufficient evidence thereof:

- a) a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Committee to accept; and
- b) any Instructions received online through the software solution adopted by the Management Company/Trustee in consultation with each other shall be deemed to be instructions from the authorized representative(s)

8.6 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Trust Property due to any elements or circumstances of Force Majeure

8.7 In the event of any loss caused due to any gross negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss. However the trustee shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

8.8 The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Trust.

8.9 The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Trust Property or safeguarding the interest of Unit Holder(s), 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 pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized director(s) and officer(s). All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses; Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under this Deed or the Rules and Regulations. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided) all such losses, claims, damages and other liabilities shall be borne by the Trust.

8.10 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and Regulations and this Trust Deed nor shall the Trustee be liable for any act or omission of the Management Company nor for anything except for loss caused due to its willful acts or omissions or gross negligence or that of its agents in relation to any custody of the Trust Property forming part of the Deposited Property. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Trustee shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

8.11 The Trustee shall promptly forward to the Management Company within one Business Day any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock exchange or any other exchange.

9. Trust Property

The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs and any applicable Sales Load, shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s)



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pursuant to this Deed but does not include any amount payable to the Unit Holders as distribution. However any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Trust Property.

- 9.2 The income earned on the investments of pre IPO Investors upto the start of IPO may be paid to such investors either in cash or issue additional units for an amount equal to the income earned, as selected by such investors.
- 9.3 Bank accounts for the Fund shall always be in the name of the Trustee.
- 9.4 The Trust Property shall initially be constituted out of the proceeds received from investors till the time of Public Offering (PO) after deducting any applicable Duties and Charges, Transactions Costs and Front-end Loads therefrom.
- 9.5 All expenses incurred by the Trustee in effecting the registerable Investments in its name shall be payable out of the Trust Property.
- 9.6 Except as specifically provided in this Trust Deed, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or the Custodian shall not, except for the purpose of the Scheme as directed by the Management Company, create or purport to create any mortgages, charges, liens or any other encumbrance whatsoever to secure any loan, guarantee or any other obligation actual or contingent incurred assumed or undertaken by the Trustee or the Custodian or any other person.

10. Voting Rights on Trust Property

- 10.1 All rights of voting attached to any Trust Property shall be exercisable by the Management Company on behalf of the Trustee and it shall be entitled to exercise the said rights in what it may consider to be in the best interest of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain.
- 10.2 The Trustee shall upon written request by the Management Company and on account of the Trust Property, from time to time execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote, consent or otherwise act in respect of any investment in such form and in favor of such persons as the Management Company may require in writing.
- 10.3 The phrase "rights of voting" or the word "vote" used in this clause shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement. The Management Company shall keep record stating the reasons for casting the vote in favor or against any resolution for a period of six years.

11. Investment of Trust Property and Exposure Limits

11.1 Investment Objective

The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.

11.2 Investment Policy

The Investment Policy of the Fund shall be in accordance with the Rules, Regulations and directives issued by SECP and shall be specified in the Offering Document.

11.3 Investment and Exposure Limits

The Trust Property shall be invested by the Trustee from time to time as directed by the Management Company subject to the provisions of Rules, Regulations and directives issued thereunder and the Offering Documents.



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11.4 Financing Arrangements / Borrowing Restrictions

- 11.4.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange borrowing for account of the Scheme, with the approval of the Trustee, from Banks, financial institutions, non-banking finance companies or such other companies as specified by the Commission from time to time. The borrowing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such borrowing shall not exceed fifteen per cent of the Net Asset of the Scheme at the time of borrowing or such other limit as specified by the Commission.
- 11.4.2 The charges payable to any bank, non-banking finance companies or financial institution against financings on account of the Scheme as permissible under Clause 11.4.1 above, shall not be higher than the normal prevailing bank charges or normal market rates.
- 11.4.3 Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing financings from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of financings.
- 11.4.4 For the purposes of securing any borrowing the Trustee may, subject to clause 11.4.1 above, on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property.
- 11.4.5 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.

11.5 Transactions with Connected Persons

Transaction with connected persons shall be in accordance with the Rules, Regulations and directives issued by SECP and shall be specified in the Offering Document.

12. Valuation of Property and Pricing

12.1 Valuation of Assets & Liabilities and Net Asset Value of the Fund

The method for determining the value of the assets and liabilities and the Net Asset Value would be as specified in the Regulations and the directives issued thereunder by the Commission from time to time.

12.2 Determination of Purchase (Offer) Price

- 12.2.1 On first day of Initial Public Offering Units will be offered at Initial Price as announced by Management Company and subsequently at the price calculated and announced by the Management Company for every Dealing Day through its website and MUFAP. After the Initial Period, the Offer Price offered through Public Offering shall be calculated and announced by the Management Company for every Dealing Day through its website and to Mutual Fund Association of Pakistan (MUFAP).
- 12.2.2 After the Initial Offer, the Offer Price for the Unit Holder(s) shall be determined from time to time as specified in the Regulations, directives issued thereunder and the Offering Documents.
- 12.2.3 The Management Company may announce different classes of Units with differing levels of Sales Load, as specified in the Offering Documents.

12.3 Determination of Redemption Price

During the Initial Period, the Units shall not be redeemed. After the Initial Period, the Redemption Price shall be calculated and announced by the Management Company for every Dealing Day as specified in the Regulations, directives issued there under and the Offering Documents.



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13. Dealing in Units, Issuance of Certificates, Suspension and Deferral of Dealing

13.1 Dealings in Units and Issuance of Certificates

- 13.1.1 Issuance, redemption, transfer, pledge/lien of Units and issuance and replacement of certificates shall be carried out in accordance with the requirements of Rules, Regulations and directives issued there under and the procedures for these shall be specified in the Offering Document.
- 13.1.2 Notwithstanding anything to the contrary contained herein, where the Units are declared as CDS Eligible Securities, all matters concerning issuance, transfer, pledge and redemption of such Units issued in book entry form or deposited in to the CDS shall be dealt with in accordance with the provisions of the Central Depositories Act, 1997 (XIX of 1997), the Central Depository Company of Pakistan Limited Regulations as amended from time to time, and any notifications or directions given by the Commission.

13.2 Temporary Change in the Method of Dealing

Subject to compliance with the Regulations and the circumstances mentioned in the Offering Document, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units.

13.3 Suspension of Redemption of Units

- 13.3.1 The Redemption of Units may be suspended during extraordinary circumstances including closure of the money market, capital market, capital market infrastructure institutions and scheduled banks, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holder(s), or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holder(s) to redeem Units at a price so determined in accordance with the Net Asset Value (NAV). The Management Company may announce a suspension of redemption and such a measure shall be taken to protect the interest of the Unit Holder(s) in the event of extraordinary circumstances.

- 13.3.2 Redemption requests received on the day of the suspension may be rejected or would be redeemed at the redemption price on the first Dealing Day after the removal of the suspension

13.4 Queue System

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of the Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The redemption requests in excess of ten percent (10%) of the Units in issue will be carried over to the next Business Day. However, if the carried over requests and the fresh requests received on the next Subscription Day still exceeds ten percent (10%) of the Units in issue, these shall once again be treated on first-come-first-served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

13.5 Suspension of Fresh Issue of Units

The Management Company may, under certain circumstances, suspend issue of fresh Units. These circumstances may include



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- a) The situation referred in Clause 13.2 or 18 of this Deed;
 - b) A situation in which it is not possible to invest the amount received against issuance of fresh units or
 - c) Any other situation in which issuance of fresh units is, in Management Company's opinion, against the interests of the existing/remaining unit holders.
- 13.5.2 Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP and Trustee if issuance of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.
- 13.5.3 In case of suspension of redemption of units due to extraordinary circumstances the issuance of Units shall also be kept suspended until and unless redemption of Units is resumed.
- 13.5.4 Investment applications received on the day of suspension will not be processed and the amount received shall be returned to the investor.

14. Fees and Charges

14.1 Remuneration of the Management Company and Its Agents

- 14.1.1 The Management Company shall be entitled to prescribe and receive maximum remuneration up to the maximum rate of remuneration permitted under the Regulations and directives issued thereunder.
- 14.1.2 The remuneration shall begin to accrue from the close of Initial Period as specified in Annexure C.
- 14.1.3 Such remuneration shall be paid to the Management Company in arrears within thirty (30) Business Days after the end of each calendar month.
- 14.1.4 In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holder(s) or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and directives issued there under and this Deed to be payable out of Trust Property.

14.1.5 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

14.1.6 Any increase in the remuneration of the Management Company agreed to by the Trustee and approved by the Commission shall require ninety days prior notice to the unit holders. However, any decrease in remuneration of the Management Company shall not require such notice.

14.2 Remuneration of Trustee and Its Agents

14.2.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with Annexure "C". The remuneration shall begin to accrue from the close of Initial Period.

14.2.2 Such remuneration shall be paid to the Trustee in arrears within thirty (30) Business Days after the end of each calendar month.

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 its duties as Trustee of the Trust. The Trustee shall not make any charge against the Holders 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



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Property under the provisions of the Regulations and the Constitutive Documents.

14.2.4 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission. However, any decrease in remuneration of the Trustee shall not require such approval.

14.3 Formation Cost and its Treatment

14.3.1 All expenses incurred in connection with the incorporation, establishment and registration of the Fund (formation cost) as per Regulations, shall be reimbursable by the Fund to the Management Company subject to audit of expenses. The said costs shall be amortized over a period of not less than five years or within maturity date of the fund if it has life of less than five years.

14.3.2 The Formation Cost shall be reported by the Management Company to the SECP and the Trustee giving their break-up under separate heads, as soon as the distribution of the Units is completed.

14.3.3 Formation Cost shall be charged to the Scheme and shall not exceed such limits as specified in the Regulations or directives issued thereunder.

14.4 Other Costs and Expenses to be Charged to and Borne by the Trust

All other costs and expenses specified in the Regulations and directives issued there under shall be charged to and borne by the Trust and shall be specified in the Offering Document.

15. Determination of Distributable Profits

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

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

The Management Company may also announce interim dividend subject to requirements of Regulations, circular and directives.

15.2 Out of the amount determined for the purpose of distributable income in respect of each Holder withholding tax, Zakat or other statutory levies, as may be applicable to the relevant Holder shall be deducted before distribution for the relevant Holder.

15.3 The Management Company may decide to distribute in the interest of the Holders, wholly or in part the distributable profits in the form of a stock dividend, which would comprise bonus Units of the Scheme. The bonus Units would rank pari passu as to their rights in the Net Assets, earnings, and receipt of dividend and distribution with the existing Units from the date of issue of these bonus Units.

15.4 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Holder the certificate in respect of such deductions in the prescribed form or in a form approved or acquired by the concerned authorities.

16. Change of the Management Company

16.1 The SECP may, either at its own or on the recommendation of the Trustee or Unit Holders representing such percentage of the total Units in issue for the time being as may be prescribed by the Regulations, remove the Management Company in such manner and on the occurrence of such circumstances as are prescribed under the Regulations.



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- 16.2 The Commission shall appoint another asset management company as the management company for the Scheme according to the provisions of this Deed and the Rules and Regulations.
- 16.3 The Management Company may voluntarily retire at any time with the prior written consent of the Commission and at least ninety (90) days prior notice to the Trustee and the Unit Holders.
- 16.4 Upon a new management company being appointed the Management Company will take immediate steps to hand over all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee. The Management Company shall have the right to receive its remuneration upto the effective date of removal or retirement.
- 16.5 Upon its appointment the new management company shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 16.6 Furthermore, the Trustee may immediately in case of retirement, removal or cancellation of license of Management Company appoint auditors with the consent of the Commission from amongst the panel of auditors designated as "A" Category by State Bank of Pakistan for the audit of financial institutions. The Trustee shall ensure that accounts of the Fund till the day of the appointment of the new management company are audited by such Auditor.
- 16.7 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 16.8 The auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Trustee or Commission.
- 16.9 The audit report for the audit shall be submitted by the auditors to the Trustee not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, Management Company and the new management company.
- 16.10 The costs of such audit shall be borne by the Fund.

17. Change of Trustee

- 17.1 The Trustee may, subject to the prior approval of the Commission, retire from his office on appointment of a new trustee and the retirement shall take effect at the same time as the new trustee is appointed with the approval of the Commission or from the date of assumption of Trust Property of the Scheme by the newly appointed trustee, whichever is later.
- 17.2 In circumstances where the Commission is of the opinion that Trustee has been in violation of the Regulations or this Trust Deed or found guilty of misconduct or failed to discharge its obligations under the Regulations, it may remove the Trustee after giving an opportunity of being heard.
- 17.3 The Management Company may, giving cogent reasons, apply to the Commission for change of the Trustee by simultaneously proposing appointment of a new trustee. A new trustee shall be appointed when the Commission is satisfied with the circumstances and reasons for this change and accords approval for appointment of such a new trustee.
- 17.4 Upon the appointment of a new trustee the Trustee shall immediately hand over all the documents and records to the new trustee and shall transfer all the Trust Property and any amount held in any Distribution Account to the new trustee and make payments to the new trustee of all sums due from the Trustee. The Trustee shall have the right to receive its remuneration up to the effective date of its removal or retirement.

- 17.5 The new trustee shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee originally been a party hereto.



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Reg. No. 394
Sub-Registrar-II
Sadar, District, Karachi

- 17.6 The Management Company may immediately in case of retirement or removal of Trustee appoint auditors with the consent of the Commission from amongst the panel of auditors designated as "A" Category by State Bank of Pakistan for the audit of financial institutions. The Management Company shall ensure that accounts of the Fund till the day of the appointment of the new trustee are audited by such Auditor.
- 17.7 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 17.8 The auditors shall have the scope as may be specified by the Management Company or Commission.
- 17.9 The audit report for the audit shall be submitted by the auditors to the Management Company not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, the Trustee and the new trustee.
- 17.10 The costs of such audit shall be borne by the Fund.

18. Termination, Winding Up, Revocation and Liquidation of the Scheme

- 18.1 The Management Company subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.
- 18.2 The Trust may also be terminated/ revoked on the grounds given in the Rules and Regulations.
- 18.3 After termination/ revocation, liquidation proceeds shall be distributed, among the unit holders in proportion to the number of units held by them, in accordance with the procedures laid down in Regulations.

19. Base Currency

The base currency of the Scheme shall be Pakistani Rupee; it being clarified, however, that the Authorized Investments may be denominated in Pakistani Rupee or (subject to applicable law) any other Foreign Currency.

20. Modification of the Trust Deed

- 20.1 In case the amendments are proposed in the fundamental attribute of the Constitutive Document of an open end scheme including category of scheme, investment objective and policy, increase in management fee and increase in contingent load, the asset management company must give at least ninety days prior notice to each Unit Holder about the proposed change and the Unit Holders shall be given an option to exit at the applicable Net Asset Value without charge of any Exit Load.
- 20.2 The Trustee and the Management Company acting together shall be entitled by a Supplemental Deed to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject to the prior approval of the SECP and subject to the condition that it does not prejudice the interests of unit holders.
- 20.3 If, at any time, any Clause of this Trust Deed is, or becomes, in whole or in part, illegal, invalid or unenforceable under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Clauses of this Trust Deed, nor the legality, validity or enforceability of such Clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.

21. Audit

The Management Company shall appoint auditor in accordance with the requirements of the Regulations and directions issued thereunder.



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22. Arbitration

In the event of any disputes arising out of or in connection with this Trust Deed or the Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the parties hereto, as well as those relating to the interpretation of the terms and conditions of this Trust Deed and the Offering Document of the Unit Trust, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the parties hereto. The arbitrators and the umpire shall be selected from amongst retired judges, senior chartered accountants, or senior lawyers, or senior bankers or senior members of the Stock Exchange(s). The venue of the arbitration shall be Karachi or any other city in Pakistan as may be mutually agreed. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

23. Confidentiality

The Trustee and the Management Company and every director or officer of the Trustee and the Management Company who are in any way engaged in the business of the Trust and all persons employed or engaged by the Trustee or the Management Company in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Trust, its Holders and all matters relating thereto and shall not disclose any information or document which may come to their knowledge or possession in the discharge of their duties except when required to do so in the ordinary course of performance of their duties or by law or if compelled by any court of law or a competent authority.

24. Miscellaneous

- 24.1 Any notice required to be served upon the Holder shall be deemed to have been duly given if sent by post, by courier, email or any other electronic medium or left at his address as appearing in the Register. Any notice so served by post/courier/email or other electronic means shall be deemed to have been served on the day following that on which the letter containing the same is posted/sent by courier, by email or other electronic means upon receiving confirmation of receipt of such email or other electronic means and in proving such service, it shall be sufficient to prove that such letter was properly addressed, stamped (if required) and posted/sent by courier. The Management Company shall advertise any such notice in a newspaper widely published.
- 24.2 Service of a notice or document on any one of several joint Holders shall be deemed effective service on the other joint Holders.
- 24.3 Any notice or document sent by post to or left at the registered address of a Holder shall notwithstanding that such Holder be then dead or bankrupt/insolvent and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.
- 24.4 A copy of this Trust Deed and of any Supplemental Deed shall be made available for inspection at the respective Head Offices of the Trustee and the Management Company at all times during usual business hours and shall be supplied by the Management Company to any person on application at a charge of Rs.100/- (Rupees One Hundred) per copy or at such rate as determined from time to time by the Management Company.

25. Definitions

Unless the context requires otherwise the following words or expressions when used in this Trust Deed shall have the meaning respectively assigned to them:

25.1 "Accounting Date" means the thirtieth day of June in each year and any interim date on which the financial statements of the Trust are drawn up. Provided that the Management Company may, under intimation to the Trustee after obtaining approval from the relevant



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competent authority may change such date to any other date and such change shall be intimated to the Commission.

- 25.2 **"Accounting Period"** means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.
- 25.3 **"Annual Accounting Period" or "Financial Year"** means the period commence on 1st July and shall end on 30th June of the succeeding calendar year (Delete if not used or substitutable)
- 25.4 **"Asset Management Company"** means an asset management company as defined in the Rules and Regulations.
- 25.5 **"Auditor"** means the Auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as per the Regulations.
- 25.6 **"Authorized Branches"** means those branches of Distributors which are allowed by the Management Company to deal in Units of the Funds managed by the Management Company.
- 25.7 **"Authorized Investments"** means: any investment which may be authorized by the Commission but does not include restricted investments as specified in the Offering Documents from time to time.
- 25.8 **"Back-end Load"** means charges deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of units, but unitholders within a class shall be charged same level of back end load as disclosed in the Offering Document.
- 25.9 **"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.
- 25.10 **"Bank Accounts"** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 25.11 **"Business Day"** means any day (business hours thereof as specified in the Offering Document) on which banks/Stock Exchange(s) open for business in Pakistan.
- 25.12 **"Certificate"** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Trust Deed.
- 25.13 **"Constitutive Documents"** means the Trust Deed or such other documents as defined in the Regulations.
- 25.14 **"Contingent Load"** means amount payable by the Unit Holder on redemption of Units at actual basis as specified in the Offering Document. Any such amount would be treated as part of the Deposited Property.
- 25.15 **"Custodian"** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee with the consent of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and shall also include the Trustee itself if it provides custodial services for the Fund.
- 25.16 **"Cut Off Timings"** means day time for dealing in Units of the Fund. The Details of Cut-Off Time will be prescribed in Offering Document of the Fund.
- 25.17 **"Dealing Day"** means that Business Day on which Units will be available for dealing (purchase, redemption, transfer, switching etc.). The cut-off timings for issuance, redemption, and conversion etc. of units of the Scheme will be as defined in the Offering Documents on all Dealing Days. Provided that the Management Company may with the prior written



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consent of the Trustee and upon giving not less than seven days notice in a newspaper in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).

- 25.18 **"Distribution Account"** means the Bank Account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holder(s) may be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).
- 25.19 **"Distributor / Distribution Company"** means a company/ firm appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.
- 25.20 **"Duties and Charges"** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 25.21 **"Exit Load"** means contingent load, back end load and any other charges as may be applied by Management Company.
- 25.22 **"Financial Institution"** carries the same meaning as defined under the Companies Ordinance 1984.
- 25.23 **"Formation Cost"** means preliminary expenses relating to regulatory and registration fees of the Scheme, flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period.
- 25.24 **"Force Majeure"** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.
- 25.25 **"Front-end Load"** means the Sales Load which may be included in the Offer Price of the Units, as defined in Offering Document.
- 25.26 **"Holder" or "Unit Holder"** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of this Trust Deed.

25.27 **"Initial Period"** means Initial Fund Offer Period

25.28 **"Initial Price"** means the price per Unit on the first day of the Initial Period determined by the Management Company as mentioned in the Offer Document.



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- 25.29 **"Investment"** means any Authorized Investment forming part of the Trust Property.
- 25.30 **"Investment Facilitators/Advisors/Sales Agents"** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Management Company shall compensate the Investment Facilitators/Sales Agents.
- 25.31 **"Net Assets"**, in relation to the Trust, means the excess of assets over liabilities of the Scheme as calculated in accordance with the Regulations.
- 25.32 **"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.
- 25.33 **"Offer Price" or "Purchase Price"** means the sum to be paid by investor(s) for the purchase of one Unit of the Scheme. Such price is to be determined in accordance with Clause 12.2 of this Trust Deed.
- 25.34 **"Offering Document"** means the prospectus or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme, and includes any Supplementary Offering Document.
- 25.35 **"On-line"** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 25.36 **"Ordinance"** means the Companies Ordinance, 1984.
- 25.37 **"Par Value"** means the face value of a Unit i.e. Rs. 100/- or such other amount determined by the Management Company from time to time and disclosed in the Offering Document of the Trust.
- 25.38 **"Redemption Price"** means the amount to be paid to the relevant Unit Holder(s) upon redemption of that Unit, such amount to be determined pursuant to Clause 12.3 of this Trust Deed.
- 25.39 **"Register"** means the Register of the Unit Holder(s) kept pursuant to the Regulations and this Trust Deed.
- 25.40 **"Registrar Functions"** means the functions with regard to:
- maintaining the Register, including keeping a record of change of addresses/other particulars of the Unit Holder(s);
 - issuing account statements to the Unit Holder(s);
 - issuing Certificates;
 - canceling old Certificates on redemption or replacement thereof;
 - processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holder(s);
 - issuing and dispatching of Certificates;
 - Dispatching income distribution warrants, and bank transfer intimation distributing bonus Units or partly both and allocating Units to Holders of investment of dividends; and
 - Maintaining record of lien/pledge/charge on units, transfer/switching of units, Zakat.
- 25.41 **"Regulations"** mean Non-Banking Finance Companies and Notified Entities Regulations, 2008 as amended from time to time,



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- 25.42 **"Rules"** mean Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 or as amended from time to time.
- 25.43 **"Sales Load"** includes the Front-end and Back-end loads and any processing charge or commission (excluding Duties and Charges) not exceeding five percent of the Net Asset Value or as may be allowed under the Regulations, which may be included in the Offer Price of all or certain class of Units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of units.
- 25.44 **"SECP" or "Commission"** means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.
- 25.45 **"Stock Exchange"** means a Stock Exchange registered under the Securities and Exchange Ordinance, 1969.
- 25.46 **"Supplemental Deed"** means a deed supplemental to this Deed, executed by the Management Company and the Trustee, after seeking approval of the SECP, to modify, add to, alter and amend or amend and restate the provisions of this Deed or any other Supplemental Deed in such manner and to such extent as may be considered expedient for all purposes, which shall be consolidated, read and construed together with this Deed.
- 25.47 **"Supplementary Offering Document"** means a document issued to modify, add to, alter and amend, amend and restate or to make any other amendment to the Offering Document in such manner and to such extent as considered expedient for all purposes by the Management Company, with the consent of the Trustee, after seeking approval of the SECP, and the same shall be consolidated, read and construed together with the Offering Document."
- 25.48 **"Transaction Costs"** means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust's portfolio, inter alia, necessitated by creation or cancellation of Units or issuance or redemption of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.
- 25.49 **"Transfer Agent"** means a company including a Bank that the Management Company shall appoint for performing the registrar functions. The Management Company may itself perform the registrar function.
- 25.50 **"Trust" or "Unit Trust" or "Fund" or "Scheme"** means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units of the Trust.
- 25.51 **"Trust Deed" or "Deed"** means this trust deed executed between the Management Company and the Trustee along with all the exhibits appended hereto, and includes any Supplemental Deed.
- 25.52 **"Unit"** means one undivided share in the Trust, and where the context so indicates, a fraction thereof.
- 25.53 **"Zakat"** has the same meaning as in Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules and Regulations. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words **"written"** or **"in writing"** include printing, engraving, lithography or other means of visible reproduction.



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Reg. No. 394
Sub-Registrar-II
Saddar Town Karachi

IN WITNESS WHEREOF THIS TRUST DEED has been executed at the date mentioned herein above.

The Common Seal of Asset Management Limited was hereunto affixed in the presence of:

Signatory 1
Name Ms. Ayesha Aziz
CNIC # 42301-6741819-6

Signatory 2
Name Mr. Ahmed Atiq
CNIC 42201-4596593-7

FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED



Signatory 1
Name Ahmed Durrani
CNIC # 42201-0417599-9

Signatory 2
Name Aziz-ur-Rehman
CNIC 42501-9253203-1

WITNESSES:

Signatory 1
Name Mr. Zubair Ahmed
CNIC # 42301-0990802-2

Signatory 2
Name Asif Iqbal
CNIC 42501-1411082-3



AUTOMATION OF REGISTRATION
 Board of Revenue Sindh, Karachi
 DIGITAL SCANNING
 No. RRR-2015-17-1186
 Date: 09-10-2015
 2

Mrs./Miss Muhammad
 S/W/o/D/o Abu Kalam Azad
 Executing Party Occupation Business
 Muslim Adults, Age 40 Years
 R/O Laucri
 Karachi admits execution of this deed.
 C.R. No. 42501-9253208-1

Asyhatiz

[Signature]



[Signature]

[Signature]



Registered No: 394
 Book No: TU
 Date: 28/09/15
 Sub Registrar II
 Saddar Town, Karachi

States that he personally
 knows the above executant
 and identifies.
 Date: 09 SEP 2015
 Registrar II
 Saddar Town, Karachi

Mr. Sajid Akbari
 33541/KEA/Adv

Reg. No. 394
 Sub-Registrar-II
 Saddar Town Karachi



Securities and Exchange Commission of Pakistan
 Specialized Companies Division
 Policy, Regulation and Development Department

Licence No. AMCW/14/PIML/AMS/07/2014

Islamabad, December 30, 2014

**LICENCE TO CARRY OUT
 ASSET MANAGEMENT SERVICES
 AS NON-BANKING FINANCE COMPANY**

The Securities and Exchange Commission of Pakistan, having considered the application for the renewal of license to carry out **Asset Management Services** submitted by **Primus Investment Management Limited** under rule 5 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(1) 2007, S.R.O. 271(I)/2010 and S.R.O 570(I)/2012 (the "Rules"), and being satisfied that it would be in the public interest so to do, in exercise of powers conferred by sub-rule (9) of rule 5 of the Rules, hereby renews the license of **Primus Investment Management Limited** to carry out **Asset Management Services** subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

- (i) **Primus Investment Management Limited** shall comply with the Companies Ordinance, 1984, the Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (as amended or replaced) and any directives, circulars, codes, notifications and guidelines issued by the Commission;
- (ii) **Primus Investment Management Limited** shall submit annual, half yearly, quarterly or such other reports as specified in the applicable laws; and
- (iii) This license is valid for a period of three years w.e.f. **December 23, 2014** and shall be renewable every three years as specified in the Rules.


 (Akif Saeed)
 Commissioner(SCD)



X

ANNEXURE B



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/AMCW/PIML/PIMLAAF/104/2015

September 22, 2015

Reg. No. 394
Sub-Registrar-II
Saidar Town Karachi

Chief Executive Officer
Primus Investment Management Limited
4th Floor, Horizon Vista, Commercial 10,
Block 4, Scheme 5, Clifton,
Karachi.


Subject: PRINCIPLE APPROVAL FOR THE REGISTRATION OF TRUST DEED OF PIML ASSET ALLOCATION FUND (PIML AAF)

Dear Sir,

I am directed to refer to the application dated September 17, 2015 whereby PRIMUS Investment Management Limited has submitted the draft trust deed of proposed PIML Asset Allocation Fund (the "Fund") to be executed between PRIMUS Investment Management Limited (the "Management Company") and Central Depository Company of Pakistan Limited (the "Trustee").

In this regard, the Securities and Exchange Commission of Pakistan is pleased to convey the principle approval for the registration of trust deed of proposed Fund enclosed with the above referred application under the Trusts Act, 1882 in terms of Regulation 44(3) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principle approval to the draft trust deed is without prejudice to the conditions and the requirements stipulated in the license issued in favor of the Management Company, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008. Further action will be taken on receipt of duly registered copy of the trust deed.

Yours truly,


Faraz Nawaz
Deputy Director

Cc:

- (i) Mr. Atiqur Rehman
Head of Trustee and Custodial Operations
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi.

ANNEXURE 'C'

REMUNERATION OF TRUSTEE AND ITS AGENT

Trustee Fee subject to review by either party. However any upward revision shall require prior approval of SECP.

The fee structure for services of the Trustee is as follows;

Reg. No. 394
Sub-Registrar-I/C
Saddar Town Karachi

Trusteeship Tariff Structure

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

On Net Assets (Rs.)	Tariff
Up to Rs. 1 billion	RS. 700,000/- or 0.2% p.a. of net assets, whichever is higher
Rs. 1 billion and above	Rs. 2 million plus 0.10% p.a. of net assets exceeding Rs. 1 billion.

Note : Minimum Tariff / Fee for startup small sized (up to Rs. 1 billion) has been waived by the Trustee for the first year of Operations.

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ANNEXURE D



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/AMCW/PIML/PIMLAAF/105/2015

September 22, 2015

Chief Executive Officer
Primus Investment Management Limited
4th Floor, Horizon Vista, Commercial 10,
Block 4, Scheme 5, Clifton,
Karachi.

Subject: APPROVAL OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED AS TRUSTEE PIML
ASSET ALLOCATION FUND (PIML AAF)

Dear Sir,

Refer to the application dated September 03, 2015 received from PRIMUS Investment Management Limited, in this regard I am directed to convey the approval of Securities and Exchange Commission of Pakistan for the appointment of Central Depository Company of Pakistan Limited to act as Trustee of the proposed PIML Asset Allocation Fund (PIML AAF) in terms of Regulation 39 of the Non-Banking Finance Companies and Notified Entities Regulations 2008.

Yours truly,

22/09/2015

Faisal Nawaz
Deputy Director

Reg. No. 394
Sub-Registrar-II
Saddar Town Karachi

Cc:

- (i) Mr. Atiqur Rehman
Head of Trustee & Custodial Operations,
Unit-I,
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi.



Risk Disclaimer: All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2.1.1, Risk Factors mentioned in clause 2.4 , Taxation Policies mentioned in Clause 7 and Warnings in Clause 9.1 before making any investment decision.

OFFERING DOCUMENT OF

PIML – Asset Allocation Fund

(Open End Asset Allocation Scheme)

MANAGED BY

PRIMUS Investment Management Limited

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OFFERING DOCUMENT OF

**PIML – Asset Allocation Fund
(PIML-AAF) - Asset Allocation Scheme**

MANAGED BY

PRIMUS Investment Management Limited

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

Date of Publication of Offering Document Dated <date of publication>

Initial Offering Period from <start date> to <end date> (both days inclusive)

The **PIML-Asset Allocation Fund** (the Fund/the Scheme/the Trust/the Unit Trust/Short Abbreviation of name of the Fund) has been established through a Trust Deed (the Deed) dated..... under the Trust Act, 1882 entered into and between **PRIMUS Investment Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee..

REGULATORY APPROVAL AND CONSENT

Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of **PIML – Asset Allocation Fund** has registered PIML - AAF as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (“Regulations”) vide letter No..... dated SECP has approved this Offering Document, under the Regulations vide No..... dated

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

Offering Document

This Offering Document sets out the arrangements covering the basic structure of the **PIML – Asset Allocation Fund** (the “Fund”, the “Scheme”, the “Trust”, “PIML-AAF”). It sets forth information about the Fund that a prospective investor should know before investing in any class of Unit of the Fund. The provisions of the Trust Deed, the Rules, the Regulations, circulars, directives etc as specified hereafter govern this Offering Document.

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

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



Filing of the Offering Document

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

- (1) License No. AMCW/14/PIML/AMS/07/2014 dated 30th December, 2014 and AMCW/15/PIML/IA/06/2014 dated 30th December, 2014 granted by SECP to PRIMUS Investment Management Limited to carry out Asset Management Services and Investment Advisor;
- (2) SECP's Letter No. SCD/AMCW/PIML/PIMLAAP/105/2015 dated 22 September 2015 approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of the Fund;
- (3) Trust Deed (the Deed) of the Fund dated 29 September 2015 between Primus Investment Management Limited (PIML) as establisher and Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee;
- (4) SECP's Letter No. SCD/AMCW/PIML/PIMLAAP/129/2015 dated 15 October 2015 registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (5) Letters No. KA-ZS-182 dated 20 August 2015 from KPMG Taseer Hadi & Co, Auditors of the Fund, consenting to the issue of statements and reports;
- (6) Letters No. IM1137/PAMC/01 dated 16 September 2015 from Mohsin Tayebaly & Co., Legal Advisers of the Fund, consenting to act as adviser;
SECP/AMCW/PIML/PIMLAAP/117/2015 dt Nov. 20, 2015
- (7) SECP's letter No. ~~SCD/AMCW/PIML/PIMLAAP/117/2015~~ approving this Offering Document.

1. CONSTITUTION OF THE SCHEME**1.1 Constitution**

The Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on 29 September 2015 between:

PRIMUS Investment Management Limited, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 and licensed by SECP to undertake asset management services, with its principal place of business at 3rd Floor, Horizon Vista, Commercial 10, Block 4, Scheme No. 5 Clifton, Karachi, as the Management Company; and

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

1.2 Trust Deed (the "Deed")

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities and Exchange Ordinance 1969, Companies Ordinance 1984 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict



between the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

1.3 Modification of Trust Deed

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed(s) to modify, alter or add to the provisions of the Deed to such extent as may be required to ensure compliance with any applicable laws, Rules and Regulations.

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

1.4 Duration

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

1.5 Trust property

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

1.6 Initial Offer and Initial Period

Initial Offer is made during the Initial Period which will be <no of days> Business Days and begins at the start of the banking hours on <start date> and shall end at the close of the banking hours on <end date>. On the first day, the Units shall be issued at the Initial Price of Rs.100 per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day.

1.7 Transaction in Units after Initial Offering Period

Subsequently the Public Offering will be made at the Offer Price and redeemed at the Redemption Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices for every Dealing Day on the basis of the Net Asset Value (NAV). The NAV based price shall be fixed after adjusting for the Sales Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in Clause 4.12 & 10.4 of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Dealing Day.

1.8 Offering Document

The provisions of the Trust Deed, the Rules, the Regulations, circulars and the Directive issued by the Commission govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in any Unit. Prospective investors in



their own interest are advised to carefully read this Offering Document to understand the Investment Policy, Risk Factors and Warning and Disclaimer and should also consult their legal, financial and/or other professional adviser before investing.

1.9 Modification of Offering Document

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

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

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

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

2.1 Investment Objective -

The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.

2.1.1 Investment Policy -

The Fund is an asset allocation fund and is allowed to invest in equity or debt instruments as per market conditions and discretion of the Management Company based on fundamental analysis.

The objective of the fund is to aim to provide a high return which commensurate the higher risk taken due to pro-active allocation of funds across various asset classes.

On the equity side the fund will strive to invest in value and growth stocks based on risk and reward analysis. On the debt side the investments will be undertaken based on the credit analysis of each instrument and analysis of the yield curve as per market condition.

Benchmark –

The benchmark shall be weighted average of 6-month KIBOR and KSE-100 index as per amount invested in equities and fixed income investments including cash & cash equivalent respectively. All weightages shall be calculated as a percentage of net assets and shall be reset at the end of each month.



Authorized Investments –

Description	Minimum Rating	Exposure Limit
Listed Equity Securities including listed Modaraba units	Not Applicable	0%-90%
Units of Real Estate Investment Trusts	Investment Grade	0%-25%
Corporate Debt Securities (including TFCs/Sukuks)	Investment Grade	0%-50%
Pakistan Investment Bonds, Federal Investment Bonds, Treasury bills, Ijara Sukuk, & other securities or instruments issued or guaranteed by Federal Government and permitted by the Commission	Not Applicable	0%-100%
Cash and Near Cash instruments which includes cash in bank accounts (excluding TDRs), treasury bills not exceeding 90 days maturity	Investment Grade	10%-100%
Money Market Instruments including Musharika Certificates, Certificate of Deposits (CoD), Certificate of Investments (COI) issued by financial institutions	Investment Grade	0%-90%
Money Market Placement with commercial banks, DFIs and NBFCs	Investment Grade	0-80%
Daily product deposits with commercial banks	Investment Grade	0-100%
Long, medium and short term deposits/placements with Commercial banks	Investment Grade	0%-90%
Commercial Paper	Investment Grade	0%-20%
Reverse Repo against fixed income Government Securities	Investment Grade	0%-100%
Convertible debt securities issued by corporate/financial Institutions	Investment Grade	0%-30%
Convertible and non-convertible preference shares	Not Applicable	0-20%
Margin/ Trade Financing Products / System /	Not Applicable	0%-30%
Ready/Future spread transactions	Not Applicable	0%-30%
Investments in Equity Future contracts	Not Applicable	0%-90%
Authorized investment in overseas market subject to prior approvals and guidelines of the Commission and the State Bank of Pakistan.	Investment Grade	30% (subject to cap of US\$ 15 Million or such other limit or cap imposed by SECP or SBP)
Any other securities or instruments that may be permitted or approved under SECP Rules, Regulations or any other directive from time to time	Investment Grade	0%-20%



2.1.2 Risk Control in the Investment Process

The Management Company shall ensure that effective risk control measures are in place for protection of the investors.

The objective of the risk control process is to monitor and measure the risks of Portfolio construction, diversification and holdings, risk concentrations and their contribution to the overall risk profile of the fund, with clear definitions of process and procedures.

2.1.3 Management Company Can Alter Investment Mix

The Management Company can from time to time alter the weightings, subject to the specified limits as per Clause 2.1.1 above, between the various types of investments if it is of the view that market conditions so warrant. The Funds not invested in the foregoing avenues shall be placed as deposit with scheduled banks.

2.2 Changes in Investment Policy

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

2.3 Investment Restrictions

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

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

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

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

- i. Purchase or sell -
 - a. Bearer securities;
 - b. Securities on margin;
 - c. Real estate, commodities or commodity contracts;
 - d. Securities which result in assumption of unlimited liability (actual or contingent);
 - e. Anything other than Authorized Investments as defined herein;



- ii. Participate in a joint account with others in any transaction;
- iii. Take exposure to equities (in case of money market, income and aggressive income funds);
- iv. Affect a short sale in a security whether listed or unlisted;
- v. Take Exposure in any other Collective Investment Scheme.
- vi. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
- vii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- viii. invest in securities of the Management Company
- ix. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- x. apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xi. sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
- xii. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
- xiii. invest the subscription money until the closure of initial offering period.
- xiv. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xv. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xvi. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xvii. accept deposits
- xviii. make a loan or advance money to any person from the assets of the Scheme
- xix. Management Company shall not take exposure of more than, - (a) thirty five percent (35%) of Net Assets of the Scheme in any single group; and (b) ten percent (10%) of Net Assets of Scheme in listed group companies of the asset management company and such exposure shall only be made through the secondary market.
- xx. The scheme shall not invest more than thirty (25%) percent of its Net Assets value of the Scheme in securities of any one sector as per classification of the stock exchange;
- xxi. As per Regulation, Exposure to any single entity shall not exceed an amount equal to ten per cent of total net assets of the collective investment scheme, subject to following conditions:
 - (a) Exposure to equity securities of a company shall not exceed ten percent of the issued capital of that company;
 - (b) Exposure to any debt issue of a company shall not exceed ten percent of that issue.
- xxii. Investment restriction for future contract
 - a) All positions in future contract shall be subject to single entity / sector limit as prescribed under Regulation 55(5) and (6) of NBFC Regulations, 2008. Additionally position limits stipulated in schedule 4 of the Risk Management Regulation of Karachi Stock Exchange shall be strictly adhere to;
 - b) Exposure to future contract shall be marked to market on a daily basis as per requirement of the stock exchange on which it is listed. For the purpose of reporting to the Commission, exposure shall be calculated by converting the derivative position into equivalent position in the underlying security;



- c) Maximum exposure of the CIS shall not at any time exceed 100% of its net assets to curb any gearing/leverage by CIS. For this purpose, the “preserved cash” i.e. the difference between the contract price and the upfront margin shall be blocked in an earmarked account for settlement purpose and the AMC along with the Trustee shall ensure timely payment of settlement amount / margin calls on behalf of the CIS within the time period stipulated by the exchange;
 - d) Sale position in future contract without pre-existing interest shall be strictly prohibited; and
 - e) Spread transactions shall be accounted for in calculating exposure limits.
- (d) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.
- (e) The Management Company on behalf of PIML Asset Allocation Fund shall maintain minimum cash and near cash instruments subject to applicable Regulations, Circulars or Directives issued by the Commission. The present limit for the fund is 10% of net assets.

Exemption to Investment Restrictions

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

2.3.1 Financing Arrangements

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

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

- (b) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financings from banks, financial institutions and non-banking finance companies. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such financings.
- (c) For the purposes of securing any such borrowing, the Trustee may on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and/or any law for the time being in force.
- (d) Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.



2.3.2 Restriction of Transactions with Connected Persons

- (a) The Management Company in relation to the Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively subject to exemption provided in the Regulations.
- (b) The Management Company on behalf of the Scheme shall not without the approval of its Board of Directors in writing and consent of the Trustee, purchase or sell any security from or to any Connected Person or employee of the Management Company.
- (c) Provided that above shall not be applicable on sale or redemptions of Units.
- (d) For the purpose of sub-paragraphs (a) and (b) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- (e) All transactions carried out by or on behalf of the Scheme with connected person(s) shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual reports.

2.4 Risk Disclosure

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

- (1) **Equity Risk** - Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
- (2) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) **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;
- (4) **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.



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

2.4.1 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.

2.5 Disclaimer

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

Disclaimer for future contracts

- a) The Scheme shall also invest in Future Contracts to meet the investment objective of the Fund. These Contracts shall be used to limit the risk of uncertain price fluctuation of the equity. (Price Risk)
- b) The PIML shall adopt adequate risk management system (daily VAR based mechanism) to reduce risk associated with Future Contracts.



3. OPERATORS AND PRINCIPALS

3.1 Management Company

3.1.1 Organization

PRIMUS Investment Management Limited (PIML) is a Non-Banking Finance Company, licensed by the Securities and Exchange Commission of Pakistan to manage open and closed end funds, with a paid-up capital of PKR 250 million.

PRIMUS Investment Management Limited's objective is to manage focused investment strategies that are responsive to client needs while delivering long-term value. The company aims to bring a broad spectrum of products including equity, fixed income and alternative investment strategies to investors. We are geared to service extensive client base of corporations, endowments, healthcare organizations, high-net-worth individuals, public pension funds and provident funds.

Core competence of PIML is its experienced team of asset managers and state-of-the-art systems that ensure highly disciplined investment processes are followed for transparent management of your investments.

The investment philosophy of PRIMUS Investment Management Limited is to provide customized portfolio management services to investors of varied classes. Our investment process integrates quantitative and fundamental research helps our clients meet their investment objectives efficiently.

Principle Shareholders

PRIMUS Investment Management Limited is a wholly owned subsidiary of Pak Brunei Investment Company Limited.

Pak Brunei Investment Company is an Investment Finance Company established as a joint venture between Government of Pakistan and Brunei Investment Agency (BIA). The Company commenced operations in August 2007 after its notification as a Development Finance Institution.

Pak Brunei has active platforms for Project Finance, Corporate Finance & Advisory Services, Treasury/ Trading and Distribution as well as Capital Market operations under its merchant banking umbrella. Since commencement, the Company has successfully closed a number of Advisory mandates including arrangement of financing of almost PKR 30 billion for a diverse client pool through private placements and listed instruments. Deal credentials include financing Greenfield and BMR projects, Restructuring and Rehabilitation mandates, Mergers, Acquisitions and Strategic Advisory transactions.

3.2 Board of Directors of the Management Company

Name & Occupation	Position	Other Directorships
Mr. Khalid Aziz Mirza	Chairman	Silk Bank Limited
Ms. Ayesha Aziz (Banker)	Director	Pak Brunei Investment Company Limited, Awwal Modaraba Management Limited.
Mr. Zafar Iqbal Sobani	Director	Habib Metro Pakistan (Private) Limited, Makro Habib Pakistan (Private) Limited, Privatisation



		Commission of Pakistan and Institute of Capital Markets
Mr. Mokhzani Izhar Bin Haji Abu Bakar	Director	None
Mr. Ahmed Ateeq	Director & Officiating CEO	Awwal Modaraba Management Limited

3.2.1 Profile of the Management

(a) Mr. Ahmed Ateeq – Director & Officiating Chief Executive Officer

Mr. Ahmed Ateeq is the Founding Chief Executive Officer at Primus Investment Management Limited and has been associated with Pak Brunei Investment Company Limited as Group Head Treasury. Under his leadership, PIML was able to build a solid business and achieved substantial growth through the expansion of fund offerings and distribution channels. He brings with him wide-ranging experience in Money, Capital Markets and Investment Banking.

Mr. Ateeq has previously held senior management positions at Pak Oman Investment Company Limited, Jahangir Siddiqui & Company Limited and ABN Amro Bank in Pakistan. Mr. Ateeq vast areas of specialization include Fixed Income markets where he has a rich experience of development of distribution networks and bond structuring / market making. Under the supervision of Mr. Ateeq, Pak Brunei Investment Company Limited has had one of the most active bond trading desks in the market. Mr. Ateeq has also been honored with CEO Excellence Award for his management skills by British Asian Culture and Business Milestones and selected as Top 100 Business leaders of Pakistan at the CEO Summit. He is also serving as director on board of Awwal Modaraba Management Company Limited.

(b) Ms. Rahaila Aleem – Chief Financial Officer & Company Secretary

Ms. Rahaila Aleem is an associate member of the Institute of Chartered Accountants of Pakistan. She started her career from Deloitte Pakistan specializing in audit and assurance Services in versatile industries specially the financial services sector. Her 8 years of working experience include statutory and financial audits, reviews and other engagements of reputable multinational and local organizations.

(c) Mr. Muhammad Samir Malik - CFA- Chief Investment Officer

Mr. Samir Malik has more than 5 years of work experience in different financial institutions ranging from Asset Management, Brokerage and Financial Consulting. He started his career with RehmanSarfaraz Rahim Iqbal Rafiq& Co. Chartered Accountants (Russell Bedford International), where he worked as Assistant Business Development and Financial Consultant. He was later associated with First Pakistan Securities Limited in the capacity of a Senior Dealer. Prior to joining Primus Investment Management Limited he was working with Faysal Asset Management Limited, where he worked as an Investment Advisor and Senior Trader. Mr. Malik was awarded the Chartered Financial Analyst (CFA) designation by the CFA Institute in April 2014.

(d) Mr. Ali Kamal – Unit Head of Research

Mr. Ali Kamal has 6 years of experience in financial markets especially research. Prior to joining Primus Investment Management Limited, Mr. Kamal has worked with National Investment Trust Limited as Investment / Research Analyst, the Government of Pakistan



owned Asset Management Company which manages around USD 700 million. Mr. Kamal is a CFA level 3 candidate and also holds MBA in Finance from NUST Business School.

(e) Mr. Salman Raza Kazmi – Fund Manager

Mr. Salman Raza Kazmi joined PRIMUS in June 2013 and has a cumulative working experience of 08 years in Equity Research, Compliance, Corporate Affairs and Fund Management. He has been managing PIML Income Fund and PIML Daily Reserve Fund and possesses around 02 years experience as a Fund Manager. Prior joining to PRIMUS, he was associated with NBP Fullerton Asset Management Limited (NAFA) and Pak Oman Asset Management Limited in various capacities. His expertise is in the areas of fund management and analysis and developing MIS reports. He holds MS (in Financial Management, from UK) and MBA (in Management Information Systems) degree.

(f) Mr. Asif Iqbal – Head of Risk & Compliance

Mr. Asif brings with himself over 12 years of Professional experience in Compliance, Audit and Assurance. Prior to joining PIML, he served in Pak Oman Asset Management Company Limited as Compliance Officer. He also worked with Riaz MSB Limited (UK) and Riaz Ahmad, Saqib Gohar & Co (Chartered Accountants). He has done Bachelors in Accounts & Finance from UK.

(g) Mr. Muhammad Bashir – Head of Administration

Mr. Bashir has 40 years experience in Administration and HR Management. In the past, Mr. Bashir had worked with (EOBI) since its inception in various capacities in the relevant field and was retired from the post of Director (Administration).

(h) Sheikh M. Miftah – Head of Human Resource

Mr. Sheikh M Miftah has brought over 07 years of HR experience of National and International Media organizations, covering variety of administrative and HR assignments.

Mr. Miftah hold, M.P.A degree from Karachi University with specialization in HR and MSc. International Employment Relations and HRM from London school of economics and political sciences, UK.

3.3 Performance of public listed Companies having common Directorship and Existing Schemes under Management and their performance

3.3.1 Performance of the Public Listed Companies where the Directors are holding similar office

Silk Bank Limited

	2014	2013	2012	2011	2010
	Rupees in Million				
Profit/(loss) Before Tax	131	(1,528)	(529)	1,359	(1,236)
Profit/(loss) After Tax	87	(1,157)	(344)	695	(1,131)
Paid up Capital	26,716	26,716	26,716	26,716	26,716
Shareholder Equity	8,501	6,675	5,373	5,639	4,834
Total Assets	102,649	91,770	89,080	90,670	72,669
Earning per Share (Rs.)	0.03	-0.43	-0.13	0.26	-0.49
Cash Dividend	Nil	Nil	Nil	Nil	Nil
Bonus	Nil	Nil	Nil	Nil	Nil

3.3.2 Existing Schemes under Management and their performance

PIML Income Fund	
Category	Income Scheme
Fund Stability Rating	A+ (f) by PACRA
Launch Date	17th April 2014
Listing	Karachi Stock Exchange Limited
Trustee	Central Depository Company of Pakistan
Par Value	PKR 100 per unit
Net Assets (As of Sept 2015)	PKR 4,376.63 mn
NAV per unit (As of Sept 2015)	PKR 105.51
PIML Daily Reserve Fund (Formerly PRIMUS Daily Reserve Fund)	
Category	Money Market Scheme
Fund Stability Rating	AA+ (f) by PACRA



Launch Date	1 st January 2013
Listing	Islamabad Stock Exchange Limited
Trustee	Central Depository Company of Pakistan
Par Value	PKR 100 per unit
Net Assets (As of Sept 2015)	PKR 3,129.46 mn
NAV per unit (As of Sept 2015)	PKR 101.11

PIML Value Equity Fund	
Category	Equity Scheme
Fund Performance Ranking	N/A
Launch Date	13 th March 2015
Listing	Karachi Stock Exchange Limited
Trustee	Central Depository Company of Pakistan
Par Value	PKR 100 per unit
Net Assets (As of Sept 2015)	PKR 178.21 mn
NAV per unit (As of Sept 2015)	PKR 100.39

PIML Strategic Multi-Asset Fund	
Category	Balanced Fund
Fund Performance Ranking	4 Star
Launch Date	23 rd Aug 2013
Listing	Karachi Stock Exchange Limited
Trustee	Central Depository Company of Pakistan
Par Value	PKR 100 per unit
Net Assets (As of Sept 2015)	PKR 279.10 mn
NAV per unit (As of Sept 2015)	PKR 111.21

PIML Islamic Money Market Fund	
Category	Islamic Money Market Scheme
Fund Stability Rating	AA(I)
Launch Date	4 th March 2014
Listing	Islamabad Stock Exchange Limited
Trustee	Central Depository Company of Pakistan
Par Value	PKR 100 per unit
Net Assets (As of Sept 2015)	PKR 107.99 mn
NAV per unit (As of Sept 2015)	PKR 102.17

PIML Islamic Equity Fund	
Category	Islamic Equity Scheme
Fund Performance Ranking	N/A
Launch Date	4 th March 2014
Listing	Karachi Stock Exchange Limited
Trustee	Central Depository Company of Pakistan
Par Value	PKR 100 per unit
Net Assets (As of Sept 2015)	PKR 167.31 mn.
NAV per unit (As of Sept 2015)	PKR 114.47



3.4 Role and Responsibilities of the Management Company

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

3.4.1 Administration of the Scheme

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

3.4.2 Management of Fund Property

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

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

3.4.3 Appointment of Distributors

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

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

- (a) the Distributors to whom it delegates, have acquired registration with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the code of conduct prescribed by the Association; and
- (b) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information



3.4.4 Appointment of Investment Facilitator

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

The Management Company shall ensure, where it appoints the investment facilitator, that:

- a. the investment facilitator have acquired registration with the Mutual Funds Association of Pakistan (MUFAP) as registered service providers and are abiding by the code of conduct prescribed by the Association; and
- b. the written contract with the Investment facilitator clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information

3.4.5 Maintenance of Accounts and Records

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

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

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

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

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



3.5 Maintenance of Unit Holders Register

- 3.5.1 A Register of Unit Holders may be maintained by the Management Company itself or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.
- 3.5.2 As at the time of this offering PRIMUS Investment Management Limited will be performing the Registrar Function at its Operations office at the 4th Floor, Horizon Vista, Plot No., Commercial 10, Block No.4, Scheme No.5, Clifton Karachi.
- 3.5.3 Every Unit Holder will have a separate Registration Number. The Management Company shall use such Registration Number for recording Units held by the Unit Holder. Unit Holder's account identified by the registration number will reflect all the transactions in that account held by such Unit Holder.

3.5.4 Disclaimer

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

3.6 Role of the Trustee

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



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

3.6.1 Obligations under Regulations and Constitutive Document

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

3.6.2 Custody of Assets

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

3.6.3 Investment of Fund Property at direction of Management Company

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

3.6.4 Carrying out instructions of the Management Company

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

3.6.5 Liabilities of the Trustee

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

3.6.6 Disclaimer



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

3.7 Transfer Agent

The Management Company will perform duties having its office at 4th Floor, Horizon Vista, Commercial 10, Block No.4, Scheme No. 5 Clifton, Karachi, as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders

3.8 Custodian

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

- (a) Segregating all property of the Fund from Custodian's own property and that of its other clients.
- (b) Assuring the smooth inflow/outflow of dematerialized securities and such other instruments as required.
- (c) Ensuring that the benefits due on investments are received and credited to the Fund's account.

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



3.9 Distributors/Facilitators

- 3.9.1 Parties detailed in Annexure C of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in Annexure C of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may, from time to time, appoint additional Distributors (if they fulfill the requirement of regulations) or terminate the arrangement with any Distributor and intimate the Trustee and Commission accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.
- 3.9.2 The Distributors will be responsible for receiving applications for Purchase, Redemption, Conversion or Transfer of Units etc. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address or other particulars or applications for issuance of duplicate certificates, requests for income tax exemption or Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The Management Company shall remunerate the Distributors out of its resources and/or from Sales Load.
- 3.9.3 The Management Company may, at its sole discretion, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources and/or from Front-end Load.

3.10 Auditors -

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

- 3.10.1 They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Ordinance, as amended from time to time. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and Regulations.
- 3.10.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.10.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.



3.10.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.

3.10.5 The contents of the Auditors report shall be as mentioned in the Regulations.

3.11 Legal Advisors

Mohsin Tayebaly & Co.
Barristers & Advocates
2nd Floor Dime Centre,
BC-4 Block 9 KDA Scheme 5, Clifton, Karachi.

3.12 Bankers

Habib Bank Limited
Bank Al Falah Limited
NIB
Samba Bank

In addition, the Management Company may appoint any other Bank. The Trustee shall operate the account on instructions from the Management Company.

3.12.1 Bank Accounts

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **CDC-Trustee PIML Asset Allocation Fund** 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.
- (b) The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (e) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account of the Fund and any income, profit etc earned and/or accrued on the investments of that amount upto and including the day before the opening of Initial Period shall not form part of the Trust Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Offering Period, either in cash or in additional Units as selected by those Investors, in proportion of their investments.
- (f) The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated



transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them, such accounts shall be in the title of **CDC-Trustee PIML Asset Allocation Fund**.

3.13 Rating of the Scheme

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

3.15 Minimum Fund Size

The minimum size of an open end scheme shall be one hundred million rupees at all times during the life of the scheme. In case of after the initial public offering or subsequently at any time if the size of open end scheme falls below that minimum size of one hundred million rupees, the asset management company shall ensure compliance with the minimum fund size within three (3) months of its breach and if the fund size remains below the minimum fund size limit for conservative ninety (90) days the asset management company shall immediately intimate the grounds to the commission upon which it believes that the scheme is still commercially viable and its objective can still be achieved.

4. CHARACTERISTICS OF UNITS

4.1 Units

All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time, after seeking prior approval of the Commission and amending the Offering document.

4.2 Classes of Units

- (a) Class "A" Units issued to the Investors participated before the Initial Period with no Front-end Load.
- (b) Class "B" Units being offered and issued during Initial Offer of Period with no Front-end Load.
- (c) Public Offering will be made with Class "C" Units, which shall be offered and issued after the Initial Period, with Front-end Load at the discretion of the Management Company.



1 4.3 Administrative Plan

4.3.1 Investors of the Fund may opt for an Administrative Plan over the Fund at any time to attain a regular periodic income to support their liquidity requirements.

4.3.2 Minimum amount of investment for Administrative Plan described above would be Rs. 5,000. The Management Company may alter the minimum amount at its discretion by giving a prior notice of at least 30 days. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

4.3.3 If investment amount falls below Rs. 5,000 at any time during the life of investment, features of Administrative Plan will cease for the investor and Units allocated to him will be considered Units of the Fund.

4.3.4 The investor can opt either one of the following options:

(a) **Fixed Periodic Payment:** The Fixed Income Unit Holders shall, at the time of purchase or beginning of an Interval, specify a fixed cash amount required by them at Intervals mentioned by the investor and authorize the Management Company to redeem (at the prevailing NAV) such number of Units from their holding that in rupee terms is equivalent to the specified fixed amount required at the end of every Interval as specified. The amount so redeemed shall be made through payment instruments or transferred to the designated bank account within six (6) working days of the redemption. As a result of operation of this Clause, the capital invested may deplete in case sufficient returns are not earned to cover the amount required by the Unit Holder. The amount shall not be less than Rs. 100/-.

(b) **Growth on Investment:**

If the value of investment increases (due to growth in NAV) during an interval, the Management Company will calculate the number of units to be redeemed in such a manner that the total redemption value of such units is equal to the increase in the value of investments during the interval. Value of investment is Principal amount of investment as increased / reduced by investments / redemptions net of any taxes thereon (If any). If the value of investments falls (due to fall in NAV) during an interval, the Management Company will not redeem any units at the end of that interval. The amount so redeemed shall be made through payment instruments or transferred to the designated bank account within six (6) working days of the redemption.

4.3.5 All Units issued under the Administrative Plan shall rank pari passu with units of the Fund.

4.3.6 The period for periodic payment will be decided by the investor at the time of investment, .

4.3.7 The periodic payment shall be made by redeeming the required number of Units.

4.3.8 The payment shall be processed by the Management Company on the date mentioned by the investor at the time of investment. Provided that if such date is not a Dealing Day the redemption arrangement of Income Units would be transferred to the next Dealing Day.

4.3.9 In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under above options.

4.3.10 The Unit Holder may switch over any of the options after giving at least 30 days prior notice to the Management Company or withdraw funds from the option at any stage by submitting the prescribed form to the Distributor/ Management Company.

4.3.11 This Administrative Plan may be discontinued by the Management Company at any time after seeking approval of the Commission by giving a prior notice of 30 days to the Unit Holders. All units in issue shall be treated as Units of the Fund from there on.

4.3.12 The Management Company may introduce more Administrative Plans over the Fund in the future with a prior notice of minimum 7 days to Unit Holders after seeking prior approval of the Commission.

Purchase and Redemption of Units

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

4.4 Procedure for Purchase of Units

4.4.1 Who Can Apply?

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

- (a) Citizens of Pakistan resident In Pakistan. In respect of rumors below 18 years of age applications may only be made by their guardians.

¹ Amended via 1st Supplemental OD

- 4.3.5 All Units issued under the Administrative Plan shall rank pari passu with units of the Fund.
- 4.3.6 The period for periodic payment as decided by the investor shall be monthly, quarterly, half yearly or annually.
- 4.3.7 The periodic payment shall be made by redeeming the required number of Units.
- 4.3.8 The payment shall be processed by the Management Company on the 25th of each month. Provided that if 25th of the last month of a certain regular interval is not a Dealing Day the redemption arrangement of Income Units would be transferred to the next Dealing Day.
- 4.3.9 In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under above options.
- 4.3.10 The Unit Holder may switch over any of the options after giving at least 30 days prior notice to the Management Company or withdraw funds from the option at any stage by submitting the prescribed form to the Distributor/ Management Company.
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Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. . Application may be made pursuant to the procedures described in paragraph 4.4.2 below by any qualified or authorized investor(s) including, but not limited to, the following:

- (a) Citizens of Pakistan resident in Pakistan. In respect of minors below 18 years of age, applications may only be made by their guardians.



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

How can Units be purchased?

4.4.2 Account Opening Procedure

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

- (a) Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form (Form 01) attached to this Offering Document.
- (b) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC), NICOP or Passport etc of the applicant or any other form of identification acceptable to the Management Company needs to be furnished
- (c) In case of a body corporate or a registered society or a trust the following documents would be required,
 - (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
 - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the Funds and/ or to realize the Investment and;
 - (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
- (d) In case of existing Unit Holders, if any of the documents (in a-c above) have previously been submitted with the Management Company and/or Transfer Agent, fresh submission of



documents will not be required provided that submitted documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.

Any change of name or address of any unit holder as entered in the Register shall forthwith notified in writing by relevant unit holder to the distributor company or transfer agent.

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

4.4.3 Joint Application

- (a) Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis. However, each person must sign the Account Opening Form and submit a copy of Computerized National Identity Card, NICOP, Passport and other identification document.
- (b) The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge of obligation by the Trustee and the Management Company.
- (c) In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Account Opening Form, shall be the only person recognized by the Trustee and the Management Company to receive all notices and correspondences with regard to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge of obligation by the Trustee and the Management Company.

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



4.4.4 Purchase of Units

- (a) After opening an account an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.
- (b) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of Trustee Bank Account and crossed "Account Payee only" as specified below;
- Demand draft or Pay order in favor of **CDC-Trustee PIML Asset Allocation Fund.**
 - Online transfer to Bank Account(s) of **CDC-Trustee PIML Asset Allocation Fund.**
 - Cheque (account payee only) marked in favor of **CDC-Trustee PIML Asset Allocation Fund.**
- (c) The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it with the prior approval of Commission.
- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.
- (f) The Distribution Company and/or Management Company will be entitled to verify the detail given in the Investment Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy (except for discrepancy in payment instrument, in which case application will be rejected immediately).
- (g) The Management Company will make arrangements, from time to time, for receiving Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

4.4.5 Minimum Amount of Investment

Initially Units shall be issued at Par Value of **Rs 100** with a minimum investment size of **Rs.100** (Rupees One Hundred only) and thereafter the minimum amount for investment would be of **Rs. 100** (Rupees One Hundred only) per transaction, at applicable NAV or purchase price, other than reinvestment of Dividend and Bonus Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

4.4.6 Determination of Purchase (Public Offer) Price

- (a) Units offered during the Initial period will be as specified in clause 1.6.
- (b) After the Initial Period, the Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (c) hereafter and



shall be announced by the Fund for Dealing Days during the period when the Fund is open for subscription.

- (c) The Purchase (Offer) Price shall be equal to the sum of:
- (i) The Net Asset Value as of the close of the Business Day (Forward pricing);
 - (ii) Any Front-end Load as disclosed in this Offering Document.
 - (iii) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
 - (iv) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
 - (v) Such sum shall be adjusted upward to the nearest paisa.

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

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

4.4.7 Allocation/ Issue of Units

- (a) The Purchase Price determined shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day. Any Investment Request Forms received after Business Hours will be transferred to the next Dealing Day.
- (b) Units are issued after realization of subscription money; however these are allocated upon receipt of Application at purchase price as determined in clause 4.5.6.
- (c) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announces a suspension of further issue of Units of Fund, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

4.4.8 Issuance of Physical Certificates

- (a) Unit Certificates will be issued only if requested by the Unit Holder.
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of **Rs. 100** per Certificate or any other amount as determined by the Management Company from time to time.
- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.



- (d) The Certificate will be available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) A Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

4.4.9 Replacement of Certificates

- (a) The Transfer Agent or Management Company may replace Certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed form on the payment of all costs and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- (b) The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one (01) Certificate upon surrender of existing Certificates.
- (c) Each new issue of Certificates will require payment of **Rs. 100** per Certificate, subject to revisions of fee from time to time by the Management Company.

4.4.10 Issuance of Units in Book Entry form in CDS

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

4.5 Procedure for Redemption of Units

4.5.1 Who Can Apply?

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



4.5.2 Redemption Application Procedure

- 4.5.3 Request for Redemption of Units shall be made by completing the prescribed redemption form and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also be supplied to the Registrar, if so required by the Management Company.
- 4.5.4 The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate.
- 4.5.5 The Registrar with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.
- 4.5.6 In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the investor account opening Form.
- 4.5.7 The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by Management Company or the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions the Unit Holder's user ID and password will authenticate his identity.
- 4.5.8 The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- 4.5.9 If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Management Company or the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company or Registrar or the Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.
- 4.5.10 The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.
- 4.5.11 The amount payable on redemption shall be paid to the Unit Holder or first named joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form within six Business Days from the date of presentation of the duly completed Redemption form, electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company.



The amount can also be paid to the third party upon instruction of the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form.

- 4.5.12 No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.
- 4.5.13 The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities under prior arrangement with the Trustee and seeking prior approval of the Commission.
- 4.5.14 The receipt of the Unit Holders for any amount payable in respect of the Units shall be a good discharge to the Trustee and the Management Company. In case of joint Unit Holders any one of them may give effectual receipt for any such moneys.
- 4.5.15 Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Dealing Days. Where redemption requests on any one Dealing Day exceed ten (10) percent of either the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the **Clause 4.11.4**.
- 4.5.16 On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Fund should be suspended, the Management Company shall suspend the Sale and Redemption of Units and the intimation of suspension shall be made to the Unit Holders, the Trustee and the Commission according to the procedure laid down in the Regulation.
- 4.5.17 **Redemption of Units in Book Entry form in CDS**

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

4.6 Purchase (Public Offer) and Redemption (Repurchase) of Units outside Pakistan

- 4.6.1 Subject to exchange control, SECP prior approval and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Public Offer) of Units to persons not residing in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may include in addition to the Purchase (Public Offer) Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.



- 4.6.2 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility. Provided however, neither the Management Company, nor the Trustee give any assurance or make any representation that remittance would be allowed by the State Bank of Pakistan at the relevant time
- 4.6.3 The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising therefrom.

4.7 Determination of Redemption (Repurchase) Price

- 4.7.1 The Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing):
- (a) Any Back-end Load as per the details in this Offering Document; and;
 - (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc; and
 - (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
 - (d) Such sum shall be adjusted downward to the nearest paisa

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

- 4.7.2 The Repurchase (Redemption) Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which a correctly and properly filled redemption application is received.
- 4.7.3 The Redemption Price determined by the Management Company shall be made available for every Dealing day to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and will be published at Management Company's and MUFAP's website.

4.8 Procedure for Requesting Change in Unit Holder Particulars

4.8.1 Who Can Request Change?

All Unit Holders are eligible to change their Unit Holder details if they so desire. For such change in particulars, a request shall be made via the Special Instructions Form (Form 07). These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made through CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.



4.8.2 Application Procedure for Change in Particulars

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

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

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

4.8.3 Transfer, Nomination, Transmission and Systemic Conversion Procedure

- 4.8.4 Unit Holder may, subject to the law, transfer any Units held by them to any other person. The transfer shall be carried out after the Management Company/Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with.
- 4.8.5 Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value.
- 4.8.6 Where Certificates have been issued, the Management Company / Transfer Agent with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.

- 4.8.7 The Transfer Agent shall, with the prior approval of the Management Company or the Management Company itself be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and



all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner. Complete list of unclaimed dividends will be maintained by AMCs and shall not be destroyed. Unit Holder may nominate any successor/ nominee for transmission, subject to all legal requirements, in case of the decease of Unit Holder.

- 4.8.8 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent or the Management Company itself as Registrar after satisfying as to all legal requirements such as intimation of death of deceased Unit Holder along-with certified copy of death certificate, indemnity from nominee along-with copy of CNIC of nominee and deceased Unit Holder, original unit certificate (in case of physical certificate) etc. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.
- 4.8.9 A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company by redeeming the Units of first Scheme and issuance of Units of later Scheme(s) at the relevant price applicable for the day. The Transfer Agent or Management Company itself shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.
- 4.8.10 A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/ registration number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.

4.8.11 **Partial Transfer**

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

4.8.12 **Systematic Conversion**

The Management Company may offer Systematic Conversion Plan facility to Unit Holders, wherein, Unit-Holders can opt to convert certain amount from the Fund to any other Fund(s) offered by the Management Company, at predefined intervals (i.e. monthly, quarterly, semiannually, or annually). The conversion amount, frequency of conversion, and the systematic conversion option shall be specified by the Unit Holder in the Application Form for Purchase of Units. The Management Company may offer both or any of the following Systematic conversion options to Unit Holders:



(i) **Fixed Amount Conversion Option:** Under the fixed conversion option, the Unit Holder can opt to convert fixed amount from the Fund into another Fund offered by the Management Company and having same Trustee at predefined intervals (i.e. monthly, quarterly, semi-annually, or annually).

(ii) **Regular Profit Conversion Option:** Under the regular conversion option, the Unit Holder can opt to convert the profit amount of their investment in the Fund to another Fund offered by the Management Company and having same Trustee, at predefined intervals (i.e. monthly, quarterly, semi-annually, or annually).

4.8.13 Any Unit Holder can avail this facility subject to the terms and conditions as specified below:

- (a) The minimum conversion amount for systematic conversion plan shall meet minimum investment requirement for another Fund to which Units are being converted.

In case the value of investments of the Unit Holder falls below **Rs. 100** further systematic conversions shall not be allowed.

- (b) The Conversion for systematic conversions shall take place at the redemption price calculated on the day of the conversion and such conversion dates are decided by the Unit Holder at the time of registration.
- (c) Systematic conversions shall not be allowed on pledge Units, however, if part of the Units of the Unit Holder is pledged, conversions on the remaining unpledged Units shall be allowed.
- (d) Conversions shall be subject to Front-end load and Back-end Load/charges/fees specified in the respective Offering Document for the Units being converted and the Units of other scheme.
- (e) Units under systematic conversion option shall not be issued in physical form.
- (f) Unit Holders can modify their systematic conversion plan by filling out an Standard Instruction Form and submitting the same to the Distribution Company and their requests shall be facilitated accordingly.
- (g) In the event a Unit Holder decides not to continue with the Systematic Conversion Plan facility, the Unit Holder should inform the Management Company of his intention in writing.

The Management Company may introduce changes in systematic conversion plan from time to time, through amendment to this Offering Document, subject to prior approval by the Trustee and the Commission and intimation to the Unit-holders. However, any changes introduced in systematic conversion plan, would not be binding on existing Unit Holders.

4.9 Procedure for Pledge / Lien / Charge of Units

4.9.1 Who Can Apply?

- (a) All Unit Holders are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form as attached in Annexure "D" of this Offering Document. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made to the CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.



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

4.10 Temporary Change in Method of Dealing, Suspension of Dealing and Queue System

4.10.1 Temporary Change in the Method of Dealing

Under the circumstances mentioned in Clause 4.11.2 & 4.11.3, Subject to compliance with Regulation (having regard to the interests of Unit Holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. A permanent change in the method of dealing shall be made after expiry of at least one month's notice to Unit Holders and with the approval of Trustee.

4.10.2 Suspension of Fresh Issue of Units

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

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



Such suspension may however not affect existing Unit Holders for the issue of bonus Units as a result of profit distribution. The Management Company shall announce the details of circumstances at the time a suspension of fresh issue is announced. The Management Company shall immediately notify SECP and Trustee if issuance of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

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

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

4.10.3 Suspension of Redemption of Units

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

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

4.10.4 Queue System

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Dealing Day, such requests shall be processed on basis proportionate to the size of the requests. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Dealing Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Dealing Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

4.10.5 Winding up in view of Major Redemptions

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



Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option.

5.6 Bonus Units

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

5.7 Encashment of Bonus Units

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

5.8 Closure of Register

The Management Company may close the Register by giving at least seven (7) days notice to Unit Holder provided that the time period for closure of register shall not exceed six (6) working days at a time and whole forty five days in a Financial Year. During the closure period, the sale, redemption, conversion of Units or transfer of Units will be suspended. Notice for closure of register should be published in two newspapers (Urdu and English language) having circulated all over Pakistan..

6. FEE AND CHARGES

6.1 Fees and Charges Payable by an Investor

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

6.1.1 Front-end Load

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

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

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



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

6.1.2 Back-end Load

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

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

6.1.3 Other Charges

Transfer of Units from one owner to another shall be subject to a Processing charge of an amount not exceeding One (1) percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. Currently no fee will be charged. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

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

6.1.4 Expenses borne by the Management Company and the Trustee

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

Any cost associated with sales, marketing and advertisement of collective investments schemes shall not be charged to the collective investment schemes

6.1.5 Remuneration of Distribution Company / Investment Agent / Investment Facilitator

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

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



6.2 Fees and Charges Payable by the Fund

The following expenses shall be borne by the Fund:

6.2.1 Remuneration of the Management Company

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

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

6.2.2 Remuneration of the Trustee

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

The remuneration shall begin to accrue following the expiry of the Initial Period. For any period other than an Annual Accounting Period such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in an Annual Accounting Period concerned. Any upward change in the remuneration of trustee from the existing level shall require prior approval of the Commission.

6.3 Formation Costs

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

6.4 Other costs and expenses

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

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.



- (iv) Bank charges, borrowing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports
- (vii) Fund rating fee payable to approved rating agency.
- (viii) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (ix) fee pertaining to the Fund payable to the Commission.
- (x) Taxes, fees, , duties if any, applicable to the Fund and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by Asset Management Company (for management of Fund).
- (xi) Charges and levies of stock exchanges, national clearing and settlement company, , CDC charges.
- (xii) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.

7. TAXATION

7.1 Taxation on the Income of the Fund

7.1.1 Liability for Income Tax

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

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

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

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

7.1.2 Liability for Income Tax if Ninety Percent of Income is distributed

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

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

7.2 Withholding tax

Under the provision of Clouse 47(B) of part (IV) of second schedule of the income Tax Ordinance 2001, the Fund's income from dividend from term finance certificates, Sukaks, return on deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.



7.3 Zakat on Fund

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

7.4 Taxation and Zakat on Unit Holders

7.4.1 Taxation on Income from the Fund of the Unit Holder

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

- 7.4.2 Unit Holders of the Fund will be subject to Income Tax at applicable tax rates on dividend income distributed by the Fund (exemption on distribution out of capital gains is limited to those Funds which are debt or money market Funds and they do not invest in shares).

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

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

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

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

7.4.6 Tax Credit to Unit Holders

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

7.4.7 Zakat

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

7.5 Disclaimer

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



8. REPORTS TO UNIT HOLDERS**8.1 Account Statement**

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

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

The Unit Holder will be entitled to ask for copies of his account statement on any Dealing Day within Business Hours by applying to the Management Company/Transfer Agent in writing and providing such fee as specified by the Management Company may notify from time to time. Currently there is no such fee charged.

8.2 Financial Reporting

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

8.3 Trustee Report

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

8.4 Fund Manager Report

The Management Company shall prepare Fund Manager report each month as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at their web site latest by 7th of each month.

9. WARNING AND DISCLAIMER**9.1 Warning**

- 9.1.1 If you are in any doubt about the contents of this Offering Document, you should consult your bank manager, Legal advisor, or other financial advisor. The price of the Units of this Fund and the income of this Fund (from which distributions to Unit Holders is made) may increase or decrease.
- 9.1.2 Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.



9.2 Disclaimer

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

10. GENERAL INFORMATION**10.1 Accounting Period / Financial Year of the Fund**

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

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

10.2 Inspection of Constitutive Documents

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

4th Floor, Horizon Vista, Commercial 10, Block 5, Scheme 5, Clifton, Karachi.

10.3 Transfer of Management Rights of the Fund

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

- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be transferred to another Management Company;
- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another Management Company.
- (iv) If the Management Company may retire voluntarily with the prior written consent of the Commission.



10.4 Extinguishment/Revocation of the Fund

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

- (i) the Fund has reached its maturity date as specified in the Deed;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be revoked;
- (iii) where the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (iv) in the opinion of the Management Company the scheme is not commercially viable or purpose of the scheme cannot be accomplished subject to the consent of Trustee;
- (v) The Management Company subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.
- (vi) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vii) where the Commission deems it necessary to revoke the Fund so directs either Trustee or the Management Company in the interest of Unit Holders;

10.5 Procedure and manner of Revocation of the Fund

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

10.6 Distribution of proceeds on Revocation

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

11. GLOSSARY

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

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



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

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

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

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

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

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

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

"Authorized Broker" means those Brokers which are authorized to deal in Government Securities.

"Authorized Investments"
Authorized Investments are those as defined in the clause 2.1.1 of this Offering Document

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

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

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

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

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

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

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



“Constitutive Documents” means the Trust Deed or such other documents as defined in the Regulations.

“Contingent Load” means Load payable by the Unit Holder at actual basis to the extend of loss incurred by fund due to disinvestments if Units are redeemed by any major Unit Holder in such period of time that the Management Company believes may adversely affect the interest of other Unit Holder(s). . Any Contingent Load received will form part of the Trust Property.

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

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

² “Dealing Day” means every Business Day from Monday to Friday of every week. Units will be available for dealing (purchase, redemption, transfer, switching etc) on Dealing Days during Cut-off Time. Provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in two widely circulated English or Urdu newspapers in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).

“DFI” means Development Financial Institution and includes the Pakistan Industrial Credit and Investment Corporation (PICIC), the Saudi Pak Industrial and Agricultural Investment Company Limited, the Pak Kuwait Investment Company Limited, the Pak Libya Holding Company Limited, the Pak Oman Investment Company (Pvt.) Limited, Investment Corporation of Pakistan, House Building Finance Corporation, Pak Brunei Investment Company Limited, Pak-Iran Joint Investment Company Limited, Pak-China Investment Company Limited, and any other financial institution notified under Section 3-A of the Banking Companies Ordinance, 1962.

“Distribution Account” means the Bank Account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holder(s) shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).

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

“Distribution Function” means the functions with regard to:

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

² Amended via 1st Supplemental OD

- to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
- e. the above functions may be performed electronically, if appropriate systems are in place.

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

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

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

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

"Financial Sector" shall comprise of the savings and term deposits / certificates/ securities/ instruments issued by the entities of Banking Sector, Financial Services Sector, Life Insurance Sector and Non- Life Insurance Sector as classified by Karachi Stock Exchange and DFIs.

"Force Majeure" means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

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

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

"Government Securities" includes monetary obligations of the Government or a Provincial Government or a corporation wholly owned or controlled, directly or indirectly, by the Federal



Government or a Provincial Government and guaranteed by the Federal Government and any other security as the Federal Government may, by notification in the official Gazette, declare, to the extent determined from time to time, to be a Government Security.

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

"Initial Period" or "Initial Offering Period" will start from _____ (mention date here). means a period determined by the Management Company during which Units will be offered as mentioned in clause 1.7 of this Offering Document.

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

"Investment" means any Authorized Investment forming part of the Trust Property.

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

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

"Local Governments" mean all the local / city governments in Pakistan.

"Management Company" is defined in the preamble hereto;

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

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

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

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

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

"Ordinance" means the Companies Ordinance, 1984.

"Par Value" means the face value of Rs. 100/- for a Unit of the Fund.

"Personal Law" means the law of inheritance and succession as applicable to the individual Unit Holder.

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



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

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

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

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

"Register Function" means the functions with regard to:

- a. Maintaining the Register, including keeping a record of change of addresses/other particulars of the Holders;
- b. Issuing account statements to the Holders;
- c. Issuing Certificate, including Certificates in lieu of undistributed income to Holders;
- d. Cancelling old Certificates on redemption or replacement thereof;
- e. Processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Holders;
- f. Issuing and dispatching of Certificates;
- g. Dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h. Receiving applications for redemption and transfer/transmission of Units directly from Holder or legal representatives or through Distributor;
- i. Maintaining record of lien/pledge/charge; and
- j. Keeping record of change of addresses/other particulars of the Holders.

"Regular Interval" means monthly, quarterly, half yearly or annual periods.

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

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

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

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

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

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



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

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

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

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

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

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

Words and expressions used but not defined herein shall have the meanings assigned to them in the Act and Rules and Regulations, words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words “written” or “in writing” include printing, engraving lithography, or other means of visible reproduction. The headings and table of contents are for convenience only and shall not affect the construction of the Trust Deed.



ANNEXURE A

REMUNERATION OF TRUSTEE AND ITS AGENT

Trustee Fee subject to review by either party. However any upward revision shall require prior approval of SECP.

The fee structure for services of the Trustee is as follows:

Trusteeship Tariff Structure

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

On Net Assets (Rs.)	Tariff
Up to Rs. 1 billion	RS. 700,000/- or 0.2% p.a. of net assets, whichever is higher
Rs. 1 billion and above	Rs. 2 million plus 0.10% p.a. of net assets exceeding Rs. 1 billion.

Note : Minimum Tariff / Fee for startup small sized (up to Rs. 1 billion) has been waived by the Trustee for the first year of Operations.



ANNEXURE B

Current Level of Front-end and Back-end load

Effective from close of Initial Offering Period

Current Level of Front-end load "3%"

Current Level of Back-end load "NIL"

Current Level of Management Fee 2% p.a.

Note: Management will not charge the management fee for the period of 30 days from the date of launch of the fund.

Any revision in the Management fee and other charges need approval from SECP.

Cut-off Time : 9:00 AM To 4:30 PM (Monday to Friday)

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

