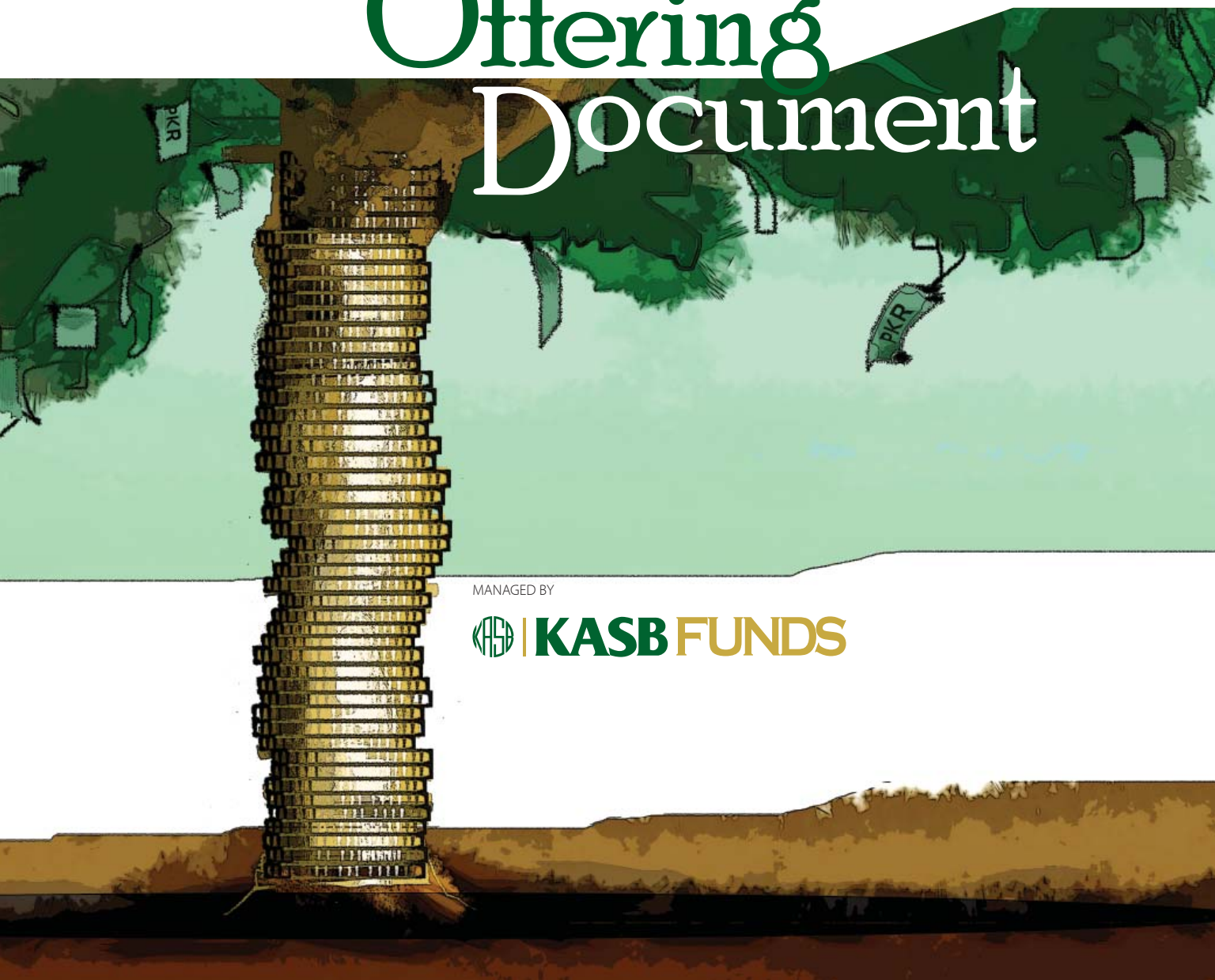


Investors are advised in their own interest to carefully read the contents of the Offering Document in particular the Risk Disclosure mentioned in clause 2.9 and clause 9 before making any investment decision.

# KASB BALANCED FUND

# Offering Document



MANAGED BY

 | **KASB FUNDS**



# K A S B B A L A N C E D F U N D O F F E R I N G D O C U M E N T

Managed by  
**KASB Funds Limited**

An Asset Management Company Registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and, NBFC and Notified Entities Regulation, 2007

Date of Publication of Offering Document: December 27, 2007

Initial Offering Period: December 27, 2007 to December 31, 2007 (both days inclusive)

## C O N T E N T S

1. Constitution of the Fund	5
2. Investment Objectives and Restrictions	6
3. Operators and Principals	10
4. Characteristics of Units	16
5. Distribution Policy	24
6. Fee and Charges	25
7. Taxation	26
8. Reports and Accounts	27
9. Warnings & Warranties	27
10. Termination of The Fund	27
11. Distribution of proceeds on winding up, liquidation or termination	28
12. Glossary	28
13. Governing Law and Jurisdiction	31
Annexure 'A'	32
Annexure 'B'	33
Annexure 'C'	34
Annexure 'D'	36
Annexure 'E'	38

## Introduction

The KASB Balanced Fund ("KBF" / "Unit Trust" / "Fund" / "Scheme" / "Trust") has been established through a Trust Deed under the Trusts Act, 1882 entered into between KASB Funds Limited ("KFL"), the Management Company and Central Depository Company of Pakistan Limited, the Trustee and is authorised under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003

KBF shall be an open-ended Fund and shall offer its units ("Units") to investors on a continuing basis. The first offer of Units is being made for public subscription from December 27, 2007 to December 31, 2007 at the Offer Price of PKR 50 per Unit with a minimum initial investment of PKR 10,000 and no upper limit is set on the Units that may be issued to a single investor. The subsequent Offer and Redemption Price for each Business Day will be based on the NAV of the said day. The Offer and Redemption Prices for each Business Day will be published in one newspaper widely circulated in Pakistan. These Units shall be redeemable for cash and shall be transferable.

## Regulatory Approval and Consent

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

The Securities and Exchange Commission of Pakistan ("SECP") has authorised the offer of Units of KASB Balanced Fund under Rule 67 of the NBFC Rules, 2003. The SECP has approved this Offering Document under Regulation 63 of the NBFC and Notified Entities Regulation, 2007.

It must be clearly understood that in giving its approval, the 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. The provisions of the Trust Deed govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in the Fund. Prospective investors should consult one or more from amongst their legal adviser, stock broker, bank manager or other financial adviser.

**Investors must recognise that all investments involve varying levels of risk. Neither the value of the Units in the Fund, nor the dividends declared by the Fund are or can be assured. Investors are requested to read the Risk Disclosure Statement and Warnings & Warranties contained in Clause 2.9 and Clause 9 respectively.**

### Filing of this Offering Document

KFL, the Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the documents (b) to (g) below with the SECP. Certified copies of these documents can be inspected free of charge, at the registered office or principal office of the Management Company or the registered office and principal office of the Trustee.

- a. SECP's Letter No. NBFC- II/25/KASB/AMC-06/2006/589 dated September 05, 2006 granting license to KFL to carry out Asset Management Services together with the copy of the license;
- b. Trust Deed ("Deed") of KASB Balanced Fund dated 25th October, 2007 between KASB Funds Limited, as the Establisher of the Fund and the Management Company and Central Depository Company of Pakistan Limited ("CDC"), as the Trustee;
- c. SECP's Letter No. NBFC-II/JD-I/-KBF/889/2007 dated 26th November 2007 authorising KASB Balanced Fund;
- d. SECP's Letter No. SEC/NBFC-JD-II/KASB BF/2007-555 dated August 02, 2007, approving the appointment of CDC as the Trustee of KASB Balanced Fund;
- e. Letter from KPMG Taseer Hadi & Company, Chartered Accountants, Auditors of KASB Balanced Fund, consenting to the issue of statements and reports;
- f. Letter of Consent No. KSBFL-15/846/07/635 dated June 27, 2007 by the legal advisor, Bawaney & Partners to act as the legal advisor of the KASB Balanced Fund; and
- g. SECP's Letter No. SEC/NBFC-II/JDI/KBF/957/2007 dated December 19, 2007, approving this Offering Document.

# 1. Constitution of the Fund

## 1.1 Constitution

The Fund has been constituted by a registered Trust Deed dated October 25, 2007 under the Trusts Act, 1882, executed between:

**KASB Funds Limited**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 having its registered office at 9th Floor, Trade Centre, I.I. Chundrigar Road, Karachi and licensed by the SECP to undertake asset management services, as the Management Company;

and

**Central Depository Company of Pakistan Limited**, a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at CDC House, 99-B, Block-"B", SMCHS, Main Shahra-e-Faisal, Karachi and registered to act as a central depository company under the Central Depository Companies (Establishment and Regulation) Rules, 1996, as the Trustee.

## 1.2 Trust Deed

The Deed is subject to and governed by the NBFC Rules, 2003, and NBFC and Notified Entities Regulations, 2007, the Companies Ordinance, 1984, the Securities & Exchange Ordinance 1969 and all other applicable laws and regulations, as amended or replaced from time to time. The terms and conditions of the Deed and any deed supplemental thereto shall be binding upon each Unit Holder. In the event of any conflict between the Offering Document and the Trust Deed the later shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Trust Deed and NBFC Rules, 2003, and NBFC and Notified Entities Regulation, 2007, the latter shall supersede and prevail over the provisions contained in the Trust Deed.

## 1.3 Modification of the Trust Deed

The Trustee and the Management Company, acting together and with the approval of the SECP, shall be entitled, by supplemental deed, to modify, alter, or add to the provisions of the Trust Deed, in accordance with the terms thereof, subject to the NBFC Rules, 2003, and NBFC and Notified Entities Regulations, 2007; provided that such alteration or addition shall not prejudice the interests of the Unit Holders; and in any event, it shall not release the Trustee or the Management Company of their responsibilities.

Where the Trust Deed has been altered or supplemented the Management Company shall notify the Unit Holders regarding such alteration.

## 1.4 Duration

The duration of the Fund is perpetual. However, the SECP or the Management Company may wind up the Fund, on the occurrence of events stated in Clause 10 of this Offering Document under the heading "Termination of the Fund".

## 1.5 Units

1.5.1 The Fund is divided into Units having First Offer Price of PKR 50 each. This price is applicable to such Units that are issued before close of the First Offer. Thereafter, the Units shall be issued on the basis of their Net Asset Value (NAV), which shall form the base for determining the Offer and

Repurchase Prices.

1.5.2 For the convenience of the investors, the Management Company may issue Units with different options for different arrangements as chosen by investor. At the time of investing the investor shall select the type(s) of Units in which to invest. Currently the Management Company shall issue Growth Units and Payout Units, as mentioned in Clause 4.2 hereafter.

1.5.3 All Units and fractions thereof represent an undivided share in the Fund and shall rank pari passu according to the number of Units held by each Unit Holder, including as to rights of the Unit Holders in the Net Assets, earnings and the receipt of the dividends and distributions, except if different types of Units are issued with reduced levels of management fee, the Holders of such Units with reduced level of management fee may be entitled to additional Units as provided in the Trust Deed and/or be compensated in any other manner.

1.5.4 Fractional Units will be issued to enhance economical and efficient handling, rounded off to four decimal places. Units are also transferable. Units will be issued in registered, un-certificated form and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates representing the Units will be issued subject to terms herein at a fee not exceeding PKR 100, per certificate only if requested by Unit Holder.

1.5.5 The Management Company may at some future time register the Units with a depository organization, such as the Central Depository Company of Pakistan, who is the Trustee of the Fund. Any issue, redemption, transfer or transmittal of de-materialized Units registered with the depository will take place according to the NBFC Rules, 2003, and NBFC and Notified Entities Regulations, 2007 and regulations of the depository organization and the Management Company may frame its own rules and regulations to deal with such situations, provided these are not in conflict with the NBFC Rules, 2003, NBFC and Notified Entities Regulations, 2007 and regulations of such depository organizations or the law.

## 1.6 Open-ended Fund

1.6.1 KBF is an open-ended Fund. It shall offer and redeem Units on a continuing basis subject to terms herein. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may, from time to time, vary amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts.

1.6.2 For the convenience of investors, the Management Company may issue Units with different options with differing quantum of the Front-end Load added to the NAV for determining the Offer Price thereof and differing levels of Back-end Load deducted for determining the Redemption Price. Characteristic of units offered by the management company are mentioned in clause 4.

## 1.7 First Offer and Initial Offering Period

The First Offer is for Units, with no Front-end Load, which shall be issued at the First Offer Price of PKR 50 per Unit. The Offer and Issue of Units at First Offer Price shall commence from the start of the banking hours on December 27, 2007 and shall end at the close of

the banking hours on December 31, 2007. During the Initial Offering Period, Units will not be redeemed.

## 1.8 Transaction in Units after Initial Offering Period

Subsequent to the First Offer, Units can be purchased at the Offer Price and redeemed at the Redemption Price. The Management Company will fix the Offer and Redemption Prices for every Business Day on the basis of the Net Asset Value (NAV) of the Units as mentioned in Clauses 4.5.1 and 4.6.1. The Management Company may issue Units without Sales Load or with a reduced Sales Load to Unit Holders opting to receive Units in lieu of dividends or to Unit Holders converting from another Fund managed by the Management Company. The Management Company may also issue and redeem Units at a reduced load under certain arrangements with the investor(s). The Management Company may also issue and redeem Units at a reduced load to its investors(s).

## 1.9 Offering Document

This Offering Document is governed by the provisions of the Trust Deed and the NBFC Rules, 2003, and NBFC and Notified Entities Regulations, 2007. It sets forth the information about KBF that a prospective investor should know before investing in any Unit.

The Management Company accepts responsibility for the accuracy of the information herein contained as of the date of publication. No person is authorised to give any information to make any representation in connection with the issue of Units, which is not contained or referred to herein. Neither the delivery of this Offering Document nor the offer, issue or sale of Units shall constitute a representation that the information contained in this Offering Document is correct as at any time subsequent to the date hereof. This Offering Document will be updated to take account of any relevant material changes of law or fact relating to the Fund. Any such amendments will be approved in advance by the SECP and notified to Unit Holders in the subsequent periodic reports issued by the Management Company and published on the website of the Management Company. Any changes in the Trust Deed approved by the SECP and agreed by the Trustee will affect the Offering Document as well and no further approval from Unit Holders will be required for such corresponding changes in this Offering Document. Any changes in the Offering Document will also be binding on the then existing Unit Holders.

# 2. Investment Objectives and Restrictions

## 2.1 Investment Objective

The primary objective of the Fund is to generate regular income together with long term capital appreciation by investing in income bearing securities as well as equities.

## 2.2 Investment Policy

To achieve the objective of generating regular income together with capital appreciation the fund will invest a maximum of 70% and a minimum of 60% in fixed income together with a maximum of 40% and a minimum of 30% in equities. On the Income side, the Fund would invest both in shorter duration and longer duration debt instruments as well as fixed income transactions in the capital market to achieve consistent income for Unit Holders keeping in view capital preservation. On the equity side, the Fund would invest in fundamentally undervalued stocks that have business growth prospects corresponding with good earnings growth while also considering qualitative factors such as the quality of the management.

## 2.3 Investment Universe

Asset Class	Entity Rating	Instrument Rating	* Maximum Exposure Limit
Debt Securities	BBB	N/A	Min 60% & Max 70%
Equity Securities	NR***	N/A	Min 30% & Max 40%
Listed Equity Securities	NR***	N/A	40%
Listed Debt Securities	BBB	BBB+	70%
Unlisted Equity Sec. (does not incl. bearer or any sec. that would involve assumption of unlimited liability)	BBB	N/A	20%
Unlisted Debt Sec. (does not incl. bearer or any sec. that would involve assumption of unlimited liability)	BBB	A-	50%
Mudarabah Certificates	A-	N/A	40%**
Musharakah Certificates	A-	N/A	40%**
Debentures and Debentures Stocks	BBB	N/A	40%
Sukuks	A-	N/A	50%
Spread Transactions	N/A	N/A	50%
Sec. traded over the Counter + Sec to be traded over the counter	BBB	A-	50%

Asset Class	Entity Rating	Instrument Rating	* Maximum Exposure Limit
PIB's, Federal Investment Bonds, T-Bills and other Government Sec.	AAA	AAA	70%
Long, Medium and Short-term Dep.	BBB	N/A	70%
Long, Medium and Short-term Dep. In foreign currencies and commercial banks	BBB	N/A	70%
Secured Debt Sec. Issued by local govt. and govt. agencies	A-	A-	70%
Unsecured Debt Sec. Issued by local govt. and govt. agencies	A-	A-	50%
Secured Debt Sec. Issued by Public sector entities and/or financial institution	BBB	A-	50%
Secured Debt Sec. Issued by Private sector entities and/or financial institution	BBB	A-	50%
Unsecured Debt Sec. Issued by Public sector entities and/or financial institution	A-	A-	50%
Unsecured Debt Sec. Issued by Private sector entities and/or financial institution	A-	A-	50%
Convertible Debt Sec. issued by Corporate/Financial institution	BBB	A-	50%
Convertible and Non-Convertible preferred shares	BBB	N/A	50%
Certificates of Investment + Deposits issued by Financial Institutions	BBB	N/A	50%
Asset-Backed or mortgage backed Debt sec.	BBB	A-	50%
Commercial papers	BBB	A-	50%
Continuous Funding System (CFS)	N/A	N/A	25%
Participation certificates	BBB	N/A	40%
Collateralized Debt Obligation	BBB	N/A	50%
Linked Notes	BBB	N/A	30%
Other Countries' sovereign bonds	SECP	SECP	30%
Derivatives Instruments such as warrants, synthetic derivatives, financial options, other contract for ready and forward settlement, equity derivatives, fixed derivatives, currency derivatives, interest rate swaps, forward rate agreement	N/A	N/A	50%
Letter of placement	BBB	N/A	30%
Letter of obligation	BBB	BBB	30%
Certificate or letter of discounting	BBB	BBB	40%
Reverse repurchase transactions (Reverse Repos)	BBB	N/A	50%
Murabahah structure base securities	N/A	N/A	50%
Mudarabah structure base certificates	N/A	N/A	50%

\* Provided that these limits may slightly vary from time to time with the changes in the NAV of the Fund after the investments are made

\*\* Mudarabah and Musharakah, Letter of Placement, Certificate of Investment exposure will not exceed 40% of the fund size.

\*\*\* Many high-volume traded securities are not rated.

### 2.3.1 Changes in Authorised Investment

Any fundamental change in the Authorised Investment listed in Clause 34.5 of the Trust Deed will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unit Holders to the satisfaction of the Trustee.

## 2.4 Investments Outside Pakistan

2.4.1 Investments in overseas markets will enable the Fund to diversify risk as well as avail opportunities for higher returns in markets that are undervalued, subject to SECP and other regulatory approvals and in accordance with such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan (SBP) from time to time, if so required, up to the following limits:

- (a) 30% of the Net Assets of the Fund.  
 (b) The above percentage is subject to a cap of US\$ 15 million.
- 2.4.2 The limit for investments in overseas markets will apply at the time of Investment and it will not be necessary for the Trustee to sell any Investment merely because, owing to appreciation or depreciation of any Investment, change in foreign exchange parities, disposal of any Investment or change in limit due to increase or decrease in Units, such limit shall be exceeded.
- 2.4.3 In case, due to the relative movement of the value of foreign Investment and/or change in the limit, the value of foreign Investment exceeds the above limit, the Management Company will have three months to bring the Fund into compliance.
- 2.4.4 Trust Property can be invested in international Investments including but not limited to the following:
- (a) international listed equities;  
 (b) international profit-bearing securities;  
 (c) international money markets;  
 (d) foreign currency bank deposits & certificates of investments;  
 (e) foreign currency bank accounts in Pakistan  
 (f) mutual funds
- 2.4.5 While investing in international equities, international profit-bearing securities and international money markets, the Management Company will only invest through the following avenues, unless it has built in-house capacity to manage international Investments and provided evidence of the same to the Trustee:
- a) Mutual funds;  
 b) Index funds or securities that give exposure to international equity indices;  
 c) Managed accounts with a reputable international fund manager;  
 or  
 d) Directly invested after acquiring the services of a reputable international fund manager through a joint venture or a service agreement.
- 2.4.6 Any advisory, management or consultancy fee charged directly by an international fund manager/advisor on Fund investments abroad will be the responsibility of the Management Company and any fees paid to the international fund manager /advisor out of Trust Property will be netted-off from the fees paid to the Management Company.
- 2.4.7 The Management Company will reduce its own fee by up to fifty percent on the Trust Property invested in international mutual funds managed by third party.
- 2.4.8 While investing internationally, Trust Property will not be placed in any Investment that has the effect of leveraging the Fund and if any such instrument/security is used, it must be supported by Investment in a bank deposit or money market Investment such that the effect of leverage is cancelled out.
- 2.4.9 Associated Companies and Companies in Parent-Subsidiary relationship shall be treated as group Companies, even if registered / listed in different countries and any prescribed limit on group exposure shall apply to such Companies.
- 2.4.10 The Management Company may use derivatives only to hedge existing exposure of the fund in foreign currencies. The derivatives used may also hedge the US Dollar, however, the Management Company will attempt to hedge, in all cases where hedging is desirable, to the Base Currency if cost-effective and practical.
- ## 2.5 Investment Restrictions and Exposure Limits
- 2.5.1 The Trust Property shall be subject to such exposure limits as are provided in the NBFC Rules, 2003, and NBFC and Notified Entities Regulations, 2007 and this Offering Document (subject to any exemptions or relaxations that may be specifically given to the Fund by the SECP). Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any investment or disposal of any Investments such limit shall be exceeded. The Management Company will have three months to comply with the exposure limits in case such limits are exceeded.
- 2.5.2 The Scheme shall not invest more than twenty five (25) per cent of its Net Assets in securities of any one sector as per classification of the pertinent Stock Exchange(s).
- 2.5.3 If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007, the Trustee shall not purchase any further investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust.
- 2.5.4 As per the rules and regulations of SECP and SBP, the Fund will seek to invest outside Pakistan up to:
- (a) 30% of the Net Assets of the Fund.  
 (b) The above percentage is subject to a cap of US\$ 15 million.
- Not more than 50% of the allowable limit of international investment will be placed in any one country.
- At some time in the future, the Management Company may expand this limit after seeking permission from the SECP and the SBP. The limit to international Investment will apply at the time of investment and it will not be necessary for the Trustee to sell any investment merely because, owing to appreciation or depreciation of any investment, change in foreign exchange parities, disposal of any investment or change in limit due to increase or decrease in Units, such limit shall be exceeded.
- In case, due to the relative movement of the value of foreign investment and/or change in the limit, the value of foreign investment exceeds the above limit, the Management Company will have three months to bring the Fund into compliance.
- The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company or any of their connected persons owns more than five percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company or any of their connected persons own more than ten percent of those securities;
- 2.5.5 The Fund shall not at any time, except as otherwise allowed under NBFC Rules, 2003 and NBFC and Notified Entities Regulation, 2007,

- 2.5.5.1 Purchase or sell:
- Bearer securities;
  - Securities which result in assumption of unlimited liability (actual or contingent);
  - Securities on margin;
  - Purchase any security in a forward contract;
  - Commodities and commodities contracts (other than the securities issued by companies dealing in commodities);
  - Real estate (other than the securities issued by real estate companies);
  - Any investment other than Authorised Investments as defined herein;
- 2.5.5.2 Participate in a joint account with others in any transaction;
- 2.5.5.3 Make short sale of any security or maintain a short position in securities.
- 2.5.5.4 Buy or sell or write options / derivatives in excess of ten percent of the NAV of the Fund and such options / derivatives that result in an exposure beyond the number of underlying equity, fixed income, money market or other securities held in the portfolio of the Fund.
- 2.5.6 Investment of the Scheme in any company shall not, at any time, exceed an amount equal to ten percent of the total Net Assets of the Scheme at the time of investment. Also the investment of the Scheme shall not exceed ten percent of the issued capital of the investee company computed at par value.
- 2.5.7 The Scheme shall not invest in unlisted equity securities unless an application for listing of such securities has been accepted by one or more stock exchanges. Provided that the Scheme may make total investments in a pre- initial public offering (Pre-IPO) up to fifteen percent of its net assets value, subject to investment limits prescribed under NBFC and Notified Entities Regulations, 2007.
- 2.5.8 The Scheme shall not enter into transaction with any broker, which exceed ten per cent of the commission paid by the Scheme in any one accounting year; subject; however that such broker shall not have a common director, officer or employee with the Management Company.

## 2.6 Exception to Investment Restrictions

In the event the weightages of shares exceed the limits laid down in the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 (subject to any relaxation by the SECP), or in this Offering Document as a result of the relative movement in the market prices of the Investments or through any disinvestment, the Management Company shall bring the exposure within the prescribed limits within three months of the event. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.

## 2.7 Borrowing and Borrowing Restrictions

- 2.7.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying arrangements with banks or financial institutions for borrowing by the Trustee for the account of the Scheme; provided the borrowing shall not be resorted to, except for meeting the redemption requests, and shall

be repayable within a period of ninety days.

- 2.7.2 The maximum borrowing for the account of the Trust shall not exceed the limit provided in the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 but 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.

- 2.7.3 The charges payable to any bank or financial institution against borrowing on account of the Trust as permissible under clause 2.7.1 above shall not be higher than the normal prevailing market rates.

### 2.7.4 Pledge and Charge

For the purpose of securing any such borrowing the Trustee may on the instructions of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property. Provided that the aggregate amount borrowed by such mortgage, charge or pledge shall not exceed the limits provided under the NBFC Rules, 2003 and NBFC and NBFC and Notified Entities Regulations, 2007 and / or any law for the time being enforced.

### 2.7.5 Liability of Trustee and Management Company

Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made in good faith.

### 2.7.6 No Guarantee or Security by the Management Company or the Trustee

Neither the Trustee, nor the Management Company shall be required to issue any guarantees or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

## 2.8 Transaction with Connected Persons

- 2.8.1 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five percent of the total nominal amount of the securities issued or collectively own more than ten percent of those securities, except as may otherwise be permissible under the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007.
- 2.8.2 The Scheme shall not purchase from or sell any security to the Management Company or to any director, officer or employee of the Management Company or to any person who beneficially owns ten per cent or more of the equity of the Management Company, save in the case of such party acting as a intermediary, except as may otherwise be permissible under the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007.
- 2.8.3 For the purposes of Sub-Clauses 2.8.1 and 2.8.2, the term director, officer or employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 2.8.4 Cash forming part of the Trust Property may be placed as deposits with an institution licensed to accept deposits.
- 2.8.5 The Scheme shall not enter into transaction with any broker, where such broker has a common director, officer or

employee with Management Company

- 2.8.6 Subject to the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007, any transaction between the Scheme and the Management Company or any of the Connected Person(s) as principal may only be made with the prior written consent of the Trustee.

## 2.9 Risk Disclosure Statement

- 2.9.1 The Fund will primarily invest in listed and unlisted fixed income securities and transactions including Bank Deposits, Placements, Corporate Debt Instruments, Government securities, Ready-Future Spread Transactions, CFS and investments in overseas markets. Such investments are subject to varying degree of risks that are not limited to:

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

- 2.9.1.2 Voluminous issue or redemption of Units:** Large inflow or outflow of cash can affect the performance of the funds, as these may not be immediately invested and to meet redemption needs, the fund may have to sell investments. The fund may, however; meet the redemption requirements by borrowing to the extent of 15% of Net Assets;

- 2.9.1.3 Liquidity Risk:** Some securities listed at the Stock Exchanges are relatively illiquid and difficult to sell. The Fund will mitigate such risk by avoiding investment in such companies, unless they offer attractive prospects;

- 2.9.1.4 Credit Risk:** This includes credit spread risk, downgrade risk and default risk. These risks are associated with fixed income securities. The Fund will reduce such risk by investing in minimum investment grade rating.

- 2.9.1.5 Market Risk:** Volatility in prices resulting from their dependence on market sentiment, speculative activity, demand and supply for the securities and liquidity in the market. The volatility in securities prices results in the volatility in the NAV based price of the unit of the Fund. However, the Fund will seek to mitigate this risk through investment in stocks which are relatively liquid and are of fundamentally strong companies.

- 2.9.1.6 International Investing Risk:** The Fund will also invest outside Pakistan and such investments outside Pakistan may be exposed to certain additional risk including political, economic and exchange rate risks that may reduce the value of the investments. However studies show that diversifying internationally would tend to reduce the overall volatility of a portfolio and thus may reduce risks for investors.

- 2.9.1.7 Country or Political Risks** - is the uncertainty of Returns caused by possibility of a major change in political or economic environment of the country such as
- Breakdown of law and order, war, natural disasters, etc
  - Any Government actions, legislative changes or court orders restricting payment of principal or income
  - Any enactment by government of Foreign exchange restrictions

- Any governmental or court orders restraining payment of capital income
- Investment in KASB Balanced Fund is suitable for Investors who have the ability to take risks associated with the financial market investments. The Fund's objective is to hedge these risks by proactively investing with any one or combination of various financial markets to safeguard investments against volatility in any one asset class. Nonetheless, capital invested in certain areas could in extreme circumstances lose substantial value. The historical performance of the Fund or that of any security or transaction included in Fund's portfolio does not necessarily indicate future performance. Prices of Units and Income from them may go up and down.

### 2.9.2 Disclaimer

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

**Investors must be aware that all investments involve risk. It should be clearly understood that the portfolio of KBF is subject to the risks mentioned above. The value of the investments and the income from them can fall as well as rise and is not guaranteed. Past performance is not necessarily an indicator of future performance.**

## 3. Operators and Principals

### 3.1 Management Company

#### 3.1.1 Organisation

KASB Funds Limited ("KFL" or "the Management Company" or "the Company") is the Management Company of KASB Balanced Fund and was incorporated on January 24, 2005. The SECP has granted KFL the license to carry out Asset Management and Investment Advisory Services.

#### 3.1.2 Capital Structure and Sponsors

KASB Funds Limited an unlisted public limited company of KASB Bank Limited with Authorised and Paid-up capital of PKR 300 million and PKR 100 million respectively.

### 3.2 Sponsors and Shareholders

#### Nasir Ali Shah Bukhari

Mr. Bukhari has been associated full time with KASB since 1978 and currently holds the office of Chairman, KASB Capital and KASB Bank. He has successfully transformed KASB from a family owned business into the leading financial services group in Pakistan. In 1993, he successfully brought in Merrill Lynch as KASB's international partners and in 2002 engineered the acquisition of a local bank to create KASB Bank.

He has a Bachelors degree in Economics from the Government College of Commerce & Economics, Karachi and participated in various professional courses at The Wharton School (UPenn), Yale and Massachusetts Institute of Technology.

#### KASB Capital Limited

KASB Capital Limited is a newly established Company and has

the license to provide Investment Finance Services (IFS) under NBFC Rules 2003 and NBFC and Notified Entities Regulations, 2007. It is the local partner of Merrill Lynch and is the asset management, brokerage and investment banking arm of the KASB Group.

KASB Capital also has investment banking services under its umbrella and has launched a new Principal Investments division which will allow it to use its own capital to invest in business.

### KASB Securities Limited

KASB Securities is one of the oldest investment banking and brokerage firms in Pakistan, having grown to be one of the largest financial services firms in Pakistan today. KASB takes pride in its ability to deliver innovative financial solutions to a growing client base currently comprising of over 3,000 domestic and international clients.

KASB's Securities and Economics Research product is widely regarded as the best in the marketplace and is known for its in-depth analysis and value added thought provoking content. KASB is also the local affiliate of Merrill Lynch, one of the largest investment banks in the world, in the areas of Securities Research and Investment Banking. By virtue of its association with Merrill Lynch, KASB has one of the largest distribution networks abroad and has working relationships with some of the best names in the international fund management business.

In addition, KASB is one of first brokerage houses to acquire the status of primary dealer with the State Bank of Pakistan.

## Shareholders

### Black Rock Group Limited (Formerly: Merrill Lynch Investment Managers Group Limited)

Black Rock Group Limited (BlackRock) (Formerly: Merrill Lynch Investment Managers Group Limited (MLIM)) is one of the world's largest investment management organisations. BlackRock provides a broad spectrum of innovative products for institutional, mutual fund and private investors, including active, passive, quantitative, hedge funds and private equity funds.

In the last quarter of 2006, BlackRock and Merrill Lynch Investment Managers Group Limited announced the completion of their successful merger. With approximately \$1 trillion in assets under management, and over 4,000 employees, BlackRock MLIM is a premier provider of global investment management, risk management and advisory services to clients around the world. The new global authority in investment management unites the predominantly US fixed income institutional heritage of BlackRock with that of MLIM's award-winning global retail equity business. The firm now offers a full range of equity, fixed income, cash management and alternative investment solutions.

## 3.3 The Board of Directors

### 3.3.1 The Board of Directors of the Management Company are:

Name	Position	Other Directorship	Current Occupation	Address
Mr. Robert Owen	Chairman	Dubai Financial Services Authority Crosby Capital Partner Inc. Crosby Capital Partner Ltd Singapore Exchange Ltd. Citibank (Hong Kong) Ltd. International Securities Consultancy Ltd. I B Daiwa Ltd. Repton School Sir John Ports Charity Crosby China Chips Fund ISC Ltd ECK & Partners Ltd	Investment Banker	Mary Knoll Whitecliffe, Ludlow Shropshire, SY8 2HD United Kingdom
Ms. Naz Khan	CEO	International Housing Finance Limited New Horizon Exploration and Production Limited Mutual Funds Association of Pakistan	Business Executive	24-B, Sunset Boulevard, Phase II, D.H.A. Karachi.
Mr. Syed Muhammad Rehmanullah	Director	Nil	Ex-member KSE	House No. 43-11-C Block 6, P.E.C.H.S Karachi.
Mr. Muneer Kamal	Director	KASB Bank Limited	Banker	18-G Street, Off: Khayaban-e-Ghazi Phase VI, DHA, Karachi
Mr. Farid A. Masood	Director	Nil	Business Executive	House # 74/1, 24th Street, Off Khayaban-e-Badar, Phase VI, D.H.A Karachi.

### 3.3.2 Particulars of the Directors

#### Robert Owen – Chairman

Mr. Owen is currently Chairman of Crosby Capital Partners Limited. He is also a Board member of the Dubai Financial Services Authority, Singapore Exchange Limited, Citibank (Hong Kong) Limited and Chairman of IB Daiwa Corporation. His previous positions include Executive Chairman of the Securities and Future Commission of Hong Kong, Deputy Chairman of Nomura Asia Holdings NV and Council Member of Lloyds of London. Earlier he served as a Chairman and

Chief Executive of Lloyds Merchant Bank Limited, as well as Director of Investment Banking for the Lloyds Bank Group.

#### Naz Khan – Chief Executive Officer

Ms. Khan is the CEO of KFL since its inception. Her association with the KASB Group span over 13 years. During this tenure, she has had considerable exposure to the primary and secondary markets for securities. Her major assignments included working as Executive Director in KASB Securities Ltd, Head of Money Market and Fixed Income, Head of Investment Advisory Division and Co-Head of

Investment Banking Division.

Naz has also worked as a consultant for the Asian Development Bank on Mortgage Backed Securities. She is a graduate of Mount Holyoke College, MA, USA.

#### **Syed Muhammad Rehmanullah – Director**

Mr. Rehmanullah has been appointed as the Director of KASB Funds Limited to replace Mr. Hoqani (Ex-Director). He has over three decades experience in capital market and has also served as a Director at the Karachi Stock Exchange (Guarantee) Limited.

Mr. Syed Muhammad Rehmanullah is a graduate from the Government Commerce College Karachi.

#### **Muneer Kamal – Director**

Mr. Muneer Kamal, a professional banker, has 20 years experience of working with national and multinational banks that includes Citibank Pakistan & Singapore, Faysal Bank (FBL) and Union Bank. During his time as the President & CEO, FBL received Asia Money and Euro money award for the best commercial bank in Pakistan for two consecutive years (1996 & 1997) and the bank's asset base rose from 3 billion to 20 billion. As the Chief Executive of Union Bank, he played a crucial role in acquiring Bank of America, American Express Card business, Emirates Bank International and Mashreq Bank. He also remained instrumental in implementation of risk management policies for Corporate, SMEs and Consumer Assets. Mr. Kamal currently holds the Office of President & Chief Executive at KASB Bank Limited.

#### **Farid A. Masood – Director**

Mr. Farid Masood holds a Masters in Finance and International Business from Cambridge University and also a Bachelors and Masters degree in Systems Engineering from the University of Virginia. He possesses a rich 11 year experience in both local and foreign markets. He is currently Managing Director of Investment Banking at KASB. Before joining KASB, he worked as a principal consultant for PriceWaterhouseCoopers in USA advising Fortune 500 companies on new venture development and cross-border M&A.

### **3.4 The Management Team**

#### **Naz Khan – Chief Executive Officer**

As mentioned above in Clause 3.3.2.

#### **Muhammad Faisal Potrik – Head of Fund Management**

Faisal has joined KASB Funds as Head of Fund Management. Prior to joining KASB, he was managing First Capital Mutual Fund (FCMF), a closed-end equity fund listed at the Karachi Stock Exchange, which was assigned a performance rating of 5 stars by PACRA in FY06.

Faisal has seven years of diversified capital market experience, having worked on the fund management side for IAMC, Investment Advisors to Morgan Stanley's Pakistan Investment Fund and First Capital Investments Limited. As Head of Research at First Capital Equities he also oversaw equity research in Bangladesh and Sri Lanka as part of his assignment. Besides serving as a director on various First Capital Group companies, Faisal has also served as a nominee Director at the Lahore Stock Exchange and at Lanka Securities, (corporate member Colombo Stock Exchange).

Faisal holds an MBA from the Institute of Business Administration, Karachi.

#### **Muhammad Imran Khalil – CFO & Head of Operations**

Imran Khalil is the CFO & Head of Operations of KASB Funds Limited. He is responsible for the overall finance, accounting and operational matters of the business. He is also involved in advising the management on the structuring of new funds and products. Additionally he is responsible for overseeing the automation processes of the funds.

Imran has work experience of over 9 years, including 3 years with the Asset Management Industry. Prior to joining KASB Funds, Imran was working as Section Manager with National Investment Trust Limited (NIT) managing the finance and accounts of the management

company. Further he was also serving as nominee director on behalf of NIT on the boards of various listed companies.

Imran is an associate member of the Institute of Chartered Accountants of Pakistan and has been involved in various audit, consultancy and tax advisory services during his chartered accountancy training with Deloitte – Pakistan.

#### **Irfan Saleem – Head of Risk Management & Compliance & Company Secretary**

Irfan is looking after the Risk and Compliance Function for the Company and its Fund. He is also working as the Company Secretary. Prior to this, he was working as Financial Controller and Company Secretary apart from being the Compliance Officer.

With over eight years of work experience, Irfan is associated with the asset management industry for last two years. Previously, he was associated with Askari Group. He served as the Financial Controller and Company Secretary at Askari Investment Management Ltd. (AIM). He was also part of the team involved in formation of AIM.

Prior to joining AIM, he worked with Askari Bank in its Planning and Corporate Affairs Division where he worked as team leader for Askari Bank's first and Second TFC issues.

He has also worked with Prime Commercial Bank Ltd in Compliance Division and, Ernst and Young, Pakistan in its Audit and Assurance Services Department for more than four years. He is an Associate member of the Institute of Chartered Accountants of Pakistan.

#### **Shoaib Savul – Head of Strategy and Business Development**

Shoaib has thirteen years of specialized experience in fixed income securities market and sound knowledge of both international and local financial markets. He served as director with several companies in Canada, providing services such as portfolio management (including fixed income securities), complete solutions for real estate mortgage, business intelligence in high yielding syndications, Global Equities and Mergers and Acquisitions for its Canadian and overseas investors. In Pakistan Shoaib has previously worked with well known institutions such as Atlas Bank Ltd as Head of Wealth Management/Private Banking and as Managing Director with AMZ Asset Management Ltd.

Shoaib holds a B.A in Business Administration & Marketing from Southeastern University, Washington DC and Post Graduation in Applied Information Technology (AIT) from Information Technology, Institute, Toronto, Canada.

#### **Sabeen Malik – Manager, Marketing and Distribution**

Sabeen Malik leads the retail distribution and marketing team of the company. She is responsible for structuring strong distribution, sales network and customer care infrastructure around the country for efficient and convenient exchange of units by investors. She is aggressively involved in marketing of products, including ad campaigns, launch of the Fund and customer and sales staff education.

Sabeen is a graduate from McGill University, Canada, with a major in Finance and Accounting. Sabeen possesses an experience of 7 years in domestic and foreign asset management industry. Before joining KASB, Sabeen was associated with Faysal Asset Management Limited as Head of Customer Services & Operations. She has also worked with AIM Trimark Investments- Toronto and State Street Canada.

#### **Ali Hussain, CFA – Fund Manager & Head of Research**

Ali has the dual responsibility of leading the research team as well as managing discretionary portfolio. Ali has a versatile professional background of more than four years ranging from research and credit rating to fixed income and foreign exchange dealing. Besides gaining international exposure in Bahrain by working at Islamic International Rating Agency, Ali has also served at Habib Bank and Invest Cap in Pakistan.

Ali is a CFA charter holder and has completed his MBA from IBA with majors in Finance. At IBA, he was awarded overall 3rd position in MBA. He has also attended workshops on Financial Derivatives, Treasury Dealing, Public Speaking and Talent Management.

**Ali Sibtain – Fund Manager**

Ali Sibtain manages the equities desk at KASB Funds Ltd. Ali has three and a half years of equities market experience. He spent three years doing research on key sectors such as Telecom, Banking, Cements, IPP's and Automobiles. Ali also has a brief stint of six months at the Sales desk primarily dealing with Institutional clients.

Ali was previously working at Elixir Securities Pakistan Pvt Ltd. He is MSc Finance from International Securities and Market Association (ISMA) at University of Reading along with a BA in accounting and Economics from Reading University.

**Mir Taimur Ali – Fund Manager**

Taimur has been associated with KASB Funds Limited since its inception and is heading the fixed income and money market desk. Apart from looking after the portfolio management affairs of KASB Liquid Fund, Taimur has actively been involved in Investment Advisory and Research functions of KFL. He is also responsible for generating investment ideas, structuring transactions and working on other aspects of the proposed funds.

Taimur is an ACCA and holds a B Sc. Honors in applied accounting from Oxford Brookes University, UK. He is also a CFA Level III candidate. Before joining KASB, Taimur was associated with National Commodity Exchange Limited

**Naseha Nawaz – Manager Product Development**

Naseha has recently joined KASB Funds Ltd as Manager Product Development. Prior to her joining, she was associated with an asset management company and was working in the capacity of Manager Risk Management. Apart from this she also worked in the largest multinational pharmaceutical company as Manager Finance

Naseha is an associate member of the Institute of Cost & Management Accountants of Pakistan (ICMAP) and is also a Certified Internal Auditor (CIA). Apart from these qualifications, she is also pursuing a certification in Financial Risk Management.

**3.5 Funds Under Management of KASB Funds Ltd****3.5.1 KASB Liquid Fund**

KASB Liquid Fund ("KLF") is an Open Ended Money Market Fund which was launched on May 09, 2006. KLF seeks to maximize current income, consistent with low levels of risk and high liquidity. It has return of 10.94% p.a in financial year ended June 30, 2007 which was 160 bps higher than its benchmark (1M KIBOR rate of 9.34%). The fund size of KLF as of June 30, 2007 was PKR 6.48 billion. KLF has generated a return of 10.96% for the year which makes it one of the highest return generating fund in the money market category. KFL announced and distributed a bonus dividend of PKR 10.72 per unit. The fund not only managed to provide superior returns to its valued investors but kept a high credit rated portfolio. KASB Liquid Fund has grown to PKR 9.98 billion till November 30, 2007 and continues to give one of the best returns in the money market category while keeping exposure to riskier asset classes such as CFS as insignificant levels.

<b>Name of the Fund</b>	KASB Liquid Fund
<b>Fund Type</b>	Open-ended money market
<b>Inception Date</b>	May 9, 2006
<b>Listing</b>	Karachi Stock Exchange
<b>Fund Size (November 30, 2007)</b>	PKR 9.98 bln
<b>Current NAV (November 30, 2007)</b>	PKR 104.45 per Unit

**3.5.2 KASB Stock Market Fund**

KASB Stock Market Fund (KSMF") is an Open Ended Equity Fund which was launched on March 22, 2007. KSMF seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. KSMF earned an impressive return of 19.26% for financial year 2007 and announced a dividend of PKR 4.87 per unit. KSMF aims to outperform the benchmark over the long term and give above average returns from equities to long term investors.

<b>Name of the Fund</b>	KASB Stock Market Fund
<b>Fund Type</b>	Open-ended Equity
<b>Inception Date</b>	March 22, 2007
<b>Listing</b>	Karachi Stock Exchange
<b>Fund Size (November 30, 2007)</b>	PKR 409mn
<b>Current NAV (November, 30 2007)</b>	PKR 55.03 per Unit

**3.6 Duties and Responsibilities of the Management Company**

- 3.6.1 The duties and responsibilities of the Management Company are to promote the sale of Units in the Fund, invest and manage the assets of the Fund according to the provisions of the Deed and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations 2007 in good faith, to the best of its ability and without gaining any undue advantage for itself or any the connected persons.
- 3.6.2 The Management Company shall maintain proper accounts and records of the Fund to enable a complete and accurate view of to be formed of assets and liabilities, income and expenditure and amounts received in respect of Units and paid out on redemptions of Units and by way of distribution as required under relevant rules.
- 3.6.3 The Management Company shall prepare and transmit (physically or through electronic means or on the web subject to the SECP's approval) annual report, together with a copy of the balance sheet, income and expenditure account and the auditor's report of the Fund within three months of closing of the accounting period to the Unit Holders, and the balance sheet and income and expenditure account shall comply with requirements set out in the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007;
- 3.6.4 The Management Company shall within one month of the closing of first, and third quarter and within two months of the closing of first half year (6 months) of each Accounting Period, prepare and transmit (physically or through electronic means or on the web subject to the SECP's approval) to the Unit Holders, the SECP and the Trustee, balance sheet as at the end of that period, profit and loss account, cash flow statement and statement of changes in equity for the period, whether audited or otherwise.
- 3.6.5 In the unlikely event of its occurrence, the Management Company shall account to Trustee for any loss in value of the assets of the Fund caused by its own negligence or wilful act or omission. The Management Company shall be responsible for all acts and omissions of all persons and agents to whom it may delegate the performance of its functions as a manager as if they were its own acts or omissions.

- 3.6.6 However, the Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and Constitutive Document, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, or for anything except for its own negligence or wilful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Management Company shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith.
- 3.6.7 The Management Company shall instruct the Trustee on purchase, including placement of cash, and sale of investments.
- 3.6.8 The Management Company shall appoint with the consent of the trustee, at the establishment of a Scheme and upon any vacancy, an auditor who shall be a chartered accountant and independent of the auditor of the Management Company and the Trustee and such auditor shall be approved for such time as prescribed by the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007.

### 3.7 Trustee

- 3.7.1 CDC, a company incorporated under the Companies Ordinance 1984, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi, Pakistan. The Trustee has considerable amount of experience of trusteeship of open-ended and closed end funds which are successfully functioning in the country. CDC has set up a separate Trustee Division with a team of senior professionals responsible for its day-to-day functions.
- 3.7.2 **Basic Role of the Trustee**
- 3.7.2.1 The Trustee will take into custody and/or under its control all the property of the Fund and hold it in trust for the Unit Holders in accordance with the law and the provisions of the Constitutive Documents and the cash and registerable assets shall be deposited or registered in the name of, or to the order of the Trustee.
- 3.7.2.2 The Trustee shall also ensure that all issues and cancellations of Units of the Fund and the method adopted by the Management Company in valuing Units for the purposes of determining the Offer and Redemption Prices are carried out in accordance with the provisions of the Trust Deed. The Trustee shall ensure that the issue and transfer of Certificates effected by the Fund are carried out in accordance with the provisions of the Constitutive Document; ensure that the investment limits set out in the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and Constitutive Document and the conditions under which the Fund has been authorised are complied with.
- 3.7.2.3 The Trustee shall issue a report to the Unit Holders to be included in the annual and second quarter report of the Scheme, as to whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and the Trust Deed 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.

- 3.7.2.4 The Trustee shall institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Trust Property or any part thereof if so requested by the Management Company or if considered necessary for the protection of the Trust Property or safeguard the interest of the Unit Holder(s) and/or the Fund. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Trust Property, for the costs and expenses incurred in taking or defending the aforesaid actions.
- 3.7.2.5 The Trustee shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions and shall account for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless or wilful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 3.7.2.6 The Trustee shall however not be under any liability on account of those actions that are taken in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Trust Deed or the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007.
- 3.7.2.7 The Trustee shall ensure that (a) the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the provisions of the Deed, this offering document and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007; and (b) the methods adopted by the Management Company in calculating the value of units are adequate and in accordance with the provisions of the Deed, this offering document and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007. In order to get these comforts the Trustee shall have unhindered access to records and information maintained with the Management Company or its agents.

### 3.8 Custodian

- 3.8.1 The Central Depository Company of Pakistan Limited (CDC) will also be performing the functions of the Custodian of the Trust property.
- 3.8.2 The salient features of the custodial function are:
- Segregating all property of the Fund from Custodian's own property and that of its other clients;
  - Assuring the smooth inflow/outflow of dematerialised securities and such other instruments as required;
  - Ensuring that the benefits due on investments are received and credited to the Fund's account.

### 3.9 Sub-Custodian

- 3.9.1 The Trustee may, if it considers necessary, appoint or remove or replace sub-custodians in consultation with the Management Company and at such terms and conditions as may be approved by the Management Company, for the safekeeping of any portion of the Trust Property.

### 3.10 Core Investors

3.10.1 The Core Investors of the Fund are:

Core Investor		Amount (Rupees)
1.	KASB Bank Limited	250,000,000
2.	The Bank of Punjab	125,000,000
	Total	375,000,000

3.10.2 The Core investors have subscribed an aggregate sum of PKR 375,000,000 (towards the purchase of 7,500,000 Units of face value of PKR 50 each. These Units are not redeemable for a period of two years from the date of issue of such Units. However, these Units are transferable with the same terms and conditions.

3.10.3 Income, profit, mark-up or return earned and received on such amount, after deducting any expenses including management fee and trustee fee on the Trust Property incurred immediately before the start of the First Offer, shall be paid to such investor on proportionate basis of their Pre IPO subscriptions amount and shall not form part of the Trust Property.

### 3.11 Registrar

3.11.1 The Management Company has appointed Noble Computer Services (Pvt.) Limited via separate agreement as its agent to perform duties as the Registrar of the Fund. Noble Computer Services (Pvt.) Limited will be responsible for performing the Registrar Functions, including maintaining the Unit Holder's Register, preparing and issuing account statements, Certificates, income distribution warrants, bank transfer intimations and other related services to the Unit Holders.

3.11.2 The Management Company may allocate some of the Distribution Functions to the Registrar either on an exclusive basis or in addition to the service being provided by other Distributors.

3.11.3 The Management Company may, if considered necessary under the circumstances, appoint a new Registrar or perform the Registrar Functions itself. The Management Company will give advance notice to the Unit Holders and the Trustee of any such change.

### 3.12 Distributors and Investment Facilitators

3.12.1 Parties detailed in Annexure "D" have been appointed as Distributor(s)/Distribution Company(s) to perform the Distribution Functions at their authorised branches. The addresses of these branches are given in Annexure "D" of this Offering Document. These branches may be increased or decreased on the instructions of the Management Company from time to time.

3.12.2 The Management Company may from time to time appoint additional Distributors or terminate any Distributor and intimate the Trustee and the Unit Holders accordingly. The Management Company may itself perform Distribution Functions either directly or through sub-distributors.

3.12.3 The Distributors/Distribution Companies will be responsible for performing Distribution Functions, including receiving applications for issuance of Units

and redemption/transfer applications. They will also be interfacing with and providing other services to Unit Holders, including receiving applications for any change in particulars of investor(s) etc. for immediate transmission to the Management Company or Registrar as appropriate. The Distributor shall be accountable to the Management Company for (i) monies received from the applicants for the issuance of Units, (ii) payment to the Unit Holders on redemption of Units and (iii) expenses incurred in relation to the Distribution Functions.

3.12.4 The Distributors/Distribution Companies may appoint sub-distributors with prior approval of the Management Company to perform some aspects of the Distribution Functions but such Distributors/Distribution Companies shall be responsible for all acts and omissions of their sub-distributors.

3.12.5 The Management Company may at its sole responsibility from time to time appoint Investment Facilitators ("Facilitators") for carrying on facilitation function(s) at one or more location(s) on terms and conditions to be incorporated in the facilitation agreement(s) to be entered into between the Facilitator and the Management Company. The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. A Distributor/Distribution Company shall be deemed to be a Facilitator unless such Distributor/Distribution Company has declined to act as a Facilitator. The Management Company shall remunerate the Facilitator out of its own resources and Sales Load.

### 3.13 Auditors

3.13.1 The auditors of the Fund are:  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
First Floor, Sheikh Sultan Trust Building No. 2,  
Beaumont Road,  
Karachi – 75530, Pakistan.

3.13.2 The Auditors will hold the office until the transmission of the reports and accounts, which will cover the accounting period and will be eligible for reappointment by the Management Company with the consent of the Trustee. First Auditors and subsequent Auditors shall not be appointed for more than such number of consecutive years as specified under relevant rules and regulations and thereafter the Auditors shall only be eligible for appointment after the lapse of at least one year.

3.13.3 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, Registrar, Distributor/Distribution Company or elsewhere and shall be entitled to require from the Management Company, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

3.13.4 The Trustee shall be entitled to ask the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company or as may be considered necessary to facilitate the Trustee in issuing the certification required under the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007.

3.13.5 The Auditors shall prepare a written report to the Unit Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure

account, including notes, statement or schedule appended thereto.

- 3.13.6 The contents of the Auditors report shall be in accordance with the provisions of the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007.

### 3.14 Legal Advisor

The legal advisors of the Fund are:  
Bawaney & Partners  
404, 4th Floor, Beaumont Plaza,  
Beaumont Road  
Karachi, Pakistan

### 3.15 Bankers

The banker to the Fund is KASB Bank Limited and any other bank appointed by the Management Company. The Trustee will operate the bank accounts of the Fund.

### 3.16 Bank Accounts

- 3.16.1 The Trustee shall open accounts titled "CDC Trustee – KASB Balanced Fund" for the Fund at such branches of banks and at such locations as may be requested by the Management Company from time to time.

- 3.16.2 The Trustee shall also open accounts titled "CDC -Trustee KASB Funds" at such branches of banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be requested by the Management Company from time to time. Such accounts shall be a temporary allocation account where collections may be held prior to their being allocated and transferred to the relevant Scheme account on a regular basis. Provided such arrangement is allowed in trust deed(s) of such Fund(s) and Central Depository Company of Pakistan Limited being appointed as Trustee for such Fund(s). A daily report of collection / receipt and transfer of funds within the collection account will be received by the Trustee from the Management Company. Funds collected in the account shall be allocated and transferred to each respective fund account within 3 working days.

- 3.16.3 The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds that the Unit Holders wish to reinvest at a later stage.

- 3.16.4 The Management Company may also require the Trustee to open a separate Bank Account as Distribution Account(s) for each dividend distribution of the Scheme. Notwithstanding anything contained in this Offering Document or in the Trust Deed, the beneficial ownership of the balances in the accounts shall vest in the Unit Holders on pari passu basis, subject to Clause 3.10.3.

- 3.16.5 The Management Company may also require the Trustee to open a separate Bank account titled "CDC-Trustee KASB Balanced Fund – Pre IPO" for receiving the investment proceeds of Pre-IPO investors, including the Core Investors, as mentioned in Clause 6.1.1 of the Trust Deed

## 4. Characteristics of Units

### 4.1 Classes Of Units

- 4.1.1 KBF is divided into Units having a par value of Rs. 50. Two classes of Units of the Fund are offered Class A and Class B, which are meant for various types of investors

- 4.1.2 **Class "A"** Units which shall be offered and issued after the Initial Period of Offer and with Sales Load.

- a) **Front End Load:** Not exceeding 5.0% of Offer Price ( Current level as per Annexure "B")  
b) **Back End Load:** Not exceeding 5.0% of NAV ( Current level as per Annexure "B")  
Provided that cumulative of Front end and Back end Load shall not exceed 5% of NAV

- 4.1.3 **Class "B"** (Restricted /Core Units) issued to the Core Investor with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Offer.

- 4.1.4 **Distribution Method:** Unit Holders of classes mentioned in Clause 4.1.2 and Clause 4.1.3 above will be entitled to get Bonus Units or Cash dividend as decided by the Management Company. However the Unit Holder may elect in writing to receive the cash value of the Bonus Units as explained in Clause 5.2.4.

- 4.1.5 **Special Features:** The Management Company offers a special rebate (as per Clause 9.1.4 of the Trust Deed and Clause 4.4.3 hereunder) on the management fees to Type B Units (as per Annexure "B"). The Management Company may change the quantum of this special rebate at a later stage. However the change will not adversely affect any existing investment.

Notwithstanding anything stated above, there will be no Transaction Costs or Front-End Load/Back-End Load on Units subscribed by the Core Investors and Pre-IPO investors and during the Initial Offer Period.

### 4.2 Type of Units

- 4.2.1 An investor at the time of investing, shall select the type(s) of Unit(s) in which investor wishes to invest in namely:

- 4.2.1.1 **Growth Units:** The Unit value grows in line with the appreciation in the Net Assets Value (NAV), and the Unit Holders are entitled to any interim and annual distribution announcements as made by the Management Company from time to time.

- 4.2.1.2 **Payout Units:** The Units Holders, based on their own consent and instruction and with prior intimation to the Management Company, exercise the option of redeeming a certain number of Units for fulfilling their requirements of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi- annually and annually). Such instructions shall be given in writing at the beginning of each regular interval or at the time of purchase of Units.

- 4.2.2 The Management Company shall, on the 25<sup>th</sup> day of ending month of every Regular Interval, calculate the redemption value to be paid to the Payout Unit Holder(s) on the Redemption Price of that day excluding all duties, charges and load, if any. If on the 25<sup>th</sup> is not a Business Day, the

next Business Day, immediately after 25<sup>th</sup> shall be used to calculate such redemption value to be paid out.

4.2.3 The Management Company reserves the right to alter the minimum amounts stated at its discretion. In the event the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to either change the account/units to another type or to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date. The Management Company may from time to time amend the minimum amount of initial investment that is required to open and maintain an account with the Registrar. At the Initial Offer and later on, the minimum amount of investment to open an account is Rs.10,000 for **Growth Units** and Rs.100,000 for **Payout Units**. For Payout Units, in case the amount falls below Rs.50,000, funds may be transferred to Growth Units.

4.2.4 Depending upon the instructions given by the Payout Unit Holder(s) the Payout Units are further classified into two types:

**4.2.4.1 Profit Payout Units:** Profit Payout Units Holder(s) at the time of purchase or beginning of an interval shall authorize the Management Company to payout the profit of the interval as part redemption of their unit holdings at the end of every regular interval based on the performance (NAV growth) of the Fund during that regular interval. The amount of redemption value so derived shall be paid through a banking instrument / transferred to the designated bank account by way of transfer of funds to the designated banker, within six (6) Business Days of the redemption without recovering any Back End Load.

**4.2.4.2 Fixed Payout Units:** The Fixed Payout Units Holders at the time of purchase or beginning of an interval authorize to Management Company to payout a fixed amount in Rupee term as part redemption of their unit holdings at the end of every regular interval.

The amount of redemption value so derived shall be paid through a banking instrument / transferred to designated bank account by way of transfer of funds to the designated banker, within six (6) Business 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 of relevant Regular Interval payment required by the Unit Holder.

The Management Company may also at its discretion allow relaxation in the minimum investment amount of Class A investors or allow relaxation in the Front-end or Back-end Load to any Units in the fund.

The Unit Holders may withdraw fund from the option at any stage by filling out and lodging the prescribed form to the Distribution /Investment Facilitator. However, in the event the principal value of the account goes below the prescribed amount as a result of loss in valuation or as result of application of Clause 4.2.4.1 and Clause 4.2.4.2 above, the minimum value requirement as stated herein above shall not apply to that extent. In such an event, the Unit Holder is free to discontinue the option or convert the remaining Units into Growth.

### 4.3 Minimum Amount of Investment

The Management Company may from time to time amend the minimum amount of initial investment that is required to open an account. At the initial stage, the minimum amount of investment required to open an account is PKR 10,000 for Growth Units and PKR 100,000 for Payout Units and the minimum amount for adding to an existing account is PKR 5,000 per transaction.

### 4.4 Unit Features

4.4.1 The Management Company is initially issuing two classes of Units to be issued. However, the Management Company may, with the consent of the Trustee and after obtaining prior approval of the SECP introduce and offer other classes of Units.

4.4.2 All Units and fractions thereof represent an undivided share in the Fund and shall rank pari passu according to the number of Units held by each Unit Holder, including the rights of the Unit Holders in the Net Assets, earnings and the receipt of the dividends and distributions, except if different types of Units are issued with reduced levels of management fee, the Holders of such Units with reduced level of management fee may be entitled to additional Units as provided in the Trust Deed and as mentioned in Clause 6.2.1.2.

4.4.3 Core Units subscribed by the Core Investors shall not be redeemable (but are transferable with the same condition) for a period of two years from the date of close of initial offer period. The Management offers a special rebate on the management fee to Core Investors as mentioned in Clause 4.1.5

4.4.4 Units shall be accounted for in fractions up to four decimal places.

4.4.5 Statements may be sent to the Unit Holders after the close of Accounting Period and each time any activity takes place in the account indicating Units held at the statement date. The Unit Holders may obtain more frequent statements at designated address by paying a fee not exceeding PKR 50 per statement representing the costs involved.

4.4.6 Only Growth Unit Holders may obtain Certificates representing the Units they hold by paying a nominal fee of Rupees (Rs. 50 /-) per certificate, subject to revision from time to time by the Management Company. Request for redemption, transfer or transmission of Units shall be processed only on the production of the certificate(s) if issued earlier. In the event of loss or defacing of certificates, the process shall be carried out subject appropriate safeguards to the satisfaction of the Management Company /Trustee/ Registrar and the associated cost if any will be borne by the Unit Holder.

4.4.7 The Registrar may register a pledge /lien on any Units, other than Payout Units, in favour of any third party with the specific authority of the Management Company. However the pledge /lien shall be valid only if evidenced by a statement or letter issued by the Registrar indicating the Units marked in favour of the pledge. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien

4.4.8 The exclusion of Payout Unit Holder(s) in clauses 4.4.6 and 4.4.8 is due to the diminishing unit balance characteristics of these types of Units

- 4.4.9 Any dealing in Units may be carried out online, through ATM's or any other means of electronic use to the extent permitted by the SECP and the SBP in accordance with this Offering Document and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and after making the required arrangement with the Trustee.

## 4.5 Issue of Units

### 4.5.1 Determination of the Issue (Offer) Price:

Units offered and issued during the First Offer shall be issued at Par Value. After the First Offer the Issue (Offer) Price of the Unit shall be determined from time to time pursuant to the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and the Trust Deed and shall be announced by the Fund on every Business Day. The Offer Price shall be equal to the sum of:

- a) The Net Asset Value as of the close of the Business day.
- b) Any Front-end Load,
- c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges
- d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such sum shall be adjusted upwards to the nearest Paisa.

The Management Company may announce different Offer Price with differing levels of Front-end Load. Consequently, the Offer Price may differ for different investors.

### 4.5.2 Eligibility of Applicant

Any investor or any related group of investors qualified or authorised to purchase the Units may make applications for the issue of Units in the Fund. The onus for being qualified lies with the investor. Neither the Management Company, the Trustee, the Registrar, the Distributors, nor the Facilitators accept any responsibility in this regard. Application may be made by persons, pursuant to the procedures described in Clause 4.6.3 below, including but not limited to:

- a) Resident Pakistanis;
- b) Individuals below 18 years of age, provided their applications may only be made by their guardians;
- c) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/or bye-laws. In respect of trusts the trustees of such trust may make an application to purchase the Units;
- d) Non-resident Pakistanis 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, along with the regulations of the State Bank of Pakistan. Any person making an application for the issue of Units shall be deemed to have warranted that he is duly authorised to purchase such Units.
- e) 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;

- f) Provident Funds, Pension Funds and Gratuity Funds constituted by organisations and any other trusts (other than companies established under Section 20(h) of the Trust Act 1882);
- g) Insurance companies formed under the Insurance Ordinance, 2000, including any amendments or substitutions thereof; and
- h) Non-profit organisations recognised under the Income Tax Rules, 2002 and any amendments or substitutions thereof.

### 4.5.3. Application Procedure

4.5.3.1 The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic/web based options for the transactions.

4.5.3.2 No investor shall be allowed to purchase Units of the Fund, unless the investor has opened an account with the Management Company. Once the registration has been done, the Investor will be allocated a specific Registration Number which can be used for all future transactions and will serve to facilitate reference and linking.

4.5.3.3 Applications shall have the option to designate a bank account. Such account of the investor shall be used for transferring any dividends and redemption proceeds. The investor may at any subsequent stage change the account to another bank account. If the bank account is not in Pakistan or not denominated in Pak Rupee then any cost of conversion or transfer will be borne by the Unit Holder. Such account shall also be subject to the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and Regulations of the State Bank of Pakistan. In case the investor does not designate a bank account, all proceeds shall be paid through an "Account Payee Only" marked banking instrument.

### 4.5.4 Individual Applicants

In case of an individual applicant, a photocopy of the Computerised National Identity Card ("CNIC") of the applicant or any other form of identification acceptable to the Management Company is required along with any other relevant document as mentioned in the registration or investment form.

In addition to above, individual investors are also given the facility to transact online i.e. invest and redeem through company's web site [www.kasb.com](http://www.kasb.com). To avail this service, the investor is required to open an account with a designated bank.

Electronic investment and redemption applications will be available on the site mentioned above. A system generated unique identification number will be allotted to each investor at the time of submitting investment and redemption forms online. The unit holder's investment account will automatically get updated with such submission.

### 4.5.5 Body corporate or a Registered Society or a Trust

4.5.5.1 In case of institutions following documents may be attached with the Registration Form:

- Copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
- Copy of Certificate of Incorporation;

- Copy of list of authorised signatories.
  - Copy of the relevant resolution of the board of directors approving the investment;
  - 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 realise the investment;
  - Copy of the Computerised National Identity Card or any other form of identification acceptable to the Management Company, of the directors or officers to whom the authority has been delegated; and
  - Any other relevant documents as mentioned in the registration or investment form.
- 4.5.5.2 After registration, an account Holder may purchase Units of the Fund using the Investment Application Form. Payment for the Units must accompany the form.
- 4.5.5.3 The applicant must obtain a copy of the application signed and stamped by an authorised officer of the Distributor acknowledging the receipt of the application. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.
- 4.5.5.4 The Distribution Company/Management Company/ Registrar will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy. Management Company may require further details, if required.
- 4.5.5.5 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 mean while 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.
- 4.5.5.6 The Management Company will make arrangements, from time to time, for receiving Registration Forms, Investment Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 4.5.6 Payment**
- 4.5.6.1 Payment for Units can be made by banker's draft, pay order or by cheque, if and under such conditions that the Management Company may allow payment by cheques (however, the Management Company may impose such limits it deems fit as to the bank branch on which the cheque is drawn and as to the monetary limit on cheques), made payable to the "CDC Trustee – KASB Funds" and crossed "Account Payee Only" and must be drawn on a Bank in the same town as the Authorised Branch of the relevant Distribution Company to which the application form has been submitted is located. Payment through bank transfers will be acceptable. Payment for Units in cash will not be accepted. However, the Management Company may in future notify details of an account in the name of the Trustee in which funds may be deposited through a specifically designed paying-in form.
- 4.5.6.2 Save as otherwise provided under Clause 4.5.6.1 payments for Units may also be accepted by the Management Company in favour of "CDC-Trustee KASB Balanced Fund".
- 4.5.6.3 However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on any single payment instrument, which may vary for various class of investors. In the event a cheque is returned unpaid, the Management Company may instruct the Registrar to redeem the Units so allocated. In the event the Management Company instructs the Registrar to redeem the Units, the investor may be prosecuted for recovery of the shortfall in the issue and Redemption Price and /or other punitive action for presenting a cheque that is returned unpaid.
- 4.5.7 Availability of Forms**
- All Forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company website or requested from the Management Company by mail. The Registration Form and the Investment Application Form can be lodged with any Distributor or directly lodged with the Management Company.
- 4.5.8 Joint Application**
- 4.5.8.1 Joint application can be made by up to four related group of applicants. Such persons shall be deemed to hold Units on first Holder basis; however, each person must sign the account opening form and submit a copy of their Computerised National Identity Card or other identification document acceptable by the Management Company.
- 4.5.8.2 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 by the Management Company/Trustee of its obligation.
- 4.5.8.3 In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form shall be the only person recognised by the Registrar/ Trustee to receive all notices and correspondences with regards 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 by the Management Company/Trustee of its obligations.
- 4.5.8.4 Where Units are registered in the name of Joint Holders and subsequently additional Units are purchased by the same Joint Holders but the application is made in different order, such additional Units will be registered under a different account.
- 4.5.9 Allotment**
- If an application duly delivered to the Authorised Branch of any of the Distribution Companies is accompanied by the payment as prescribed hereinabove, Units applied for will be allotted, based on the Offer Price applicable on the date of receipt, if received during business hours (as announced by the Management Company from time to time) on a Business Day. In case of receipt of application after business hours or on a day other than a Business Day, then Units will be allotted based on the Offer Price applicable on

the following Business Day. However, the investor will be provided the account statement only after the full amount against Units purchased has been credited to the Fund's account.

## 4.6 Redemption of Units

### 4.6.1 Determination of Redemption Price

The Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day, less:

- a) Any Back-end Load;
- b) Any taxes imposed by the Government;
- c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
- d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such amount shall be adjusted downwards to the nearest Paisa.

The Management Company may announce different Redemption Price with differing levels of Back-end Load. Consequently, the Redemption Price may differ for different investors.

### 4.6.2 Redemption Eligibility

All Unit Holders are eligible to redeem their Units. However, Core Investors are prohibited by the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 from redeeming their Core Units for a period of two years from the date of issue.

### 4.6.3 Application Procedure

4.6.3.1 Unit Holders may redeem any Units held by them at any time using the Redemption Form. Application duly delivered to the Authorised Branch of any of the Distributors/Distribution Companies, will be redeemed based on the Redemption Price applicable on the date of receipt, if received during business hours (as announced by the Management Company from time to time) on a Business Day. In case an application is received after business hours or on a day other than a Business Day, then Units will be redeemed based on the Redemption Price applicable on the following Business Day.

4.6.3.2 All Forms can be obtained from the Management Company or any Distributor or Facilitator or downloaded from the Management Company's website or requested from the Management Company by mail.

4.6.3.3 The Redemption Form can be lodged with any Authorised Branch of the Distributor/ Distribution Company or directly lodged with the Management Company. No other person is authorised to accept the form. The applicant must obtain a copy of the form signed and stamped by an authorised officer of the Distributor/Management Company acknowledging the receipt of the form and the Certificates, if any.

4.6.3.4 The procedure hereinabove is designed for paper-based transactions. The Management Company may also offer Automated Teller Machines (ATMs) or any other electronic/

web based redemptions through which a Unit Holder may also redeem Units of the Fund to such extent as the Management Company may arrange from time to time. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available on terms and conditions that the Management Company may prescribe from time to time.

4.6.3.5 The Trustee may at its option dispense with the production of any Certificate(s) that may have been lost stolen or destroyed upon compliance by the Unit Holders with the like requirements to those arising in the case of an application by him for the replacement thereof. Provided however, in cases of doubts the Trustee and/or the Management Company may at their discretion require the production of any mandate or order from the court before redeeming such Units.

4.6.3.6 The Management Company will make arrangements, from time to time, for receiving Redemption Forms from outside Pakistan and payment of redemption amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan, subject to the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and Regulations of the SBP.

4.6.3.7 After an existing Unit Holder has redeemed all his Units and collected all his dues, he shall have no further claims against the Fund or the Management Company or the Trustee or the Distributor of any nature whatsoever.

4.6.3.8 Redemption of Fund's Units may be suspended or put in queue due to exceptional circumstances as mentioned in Clause 4.11 herein below.

### 4.6.4 Verification of Redemption Application Form

4.6.4.1 The Distribution Company and/or the Management Company and/or the Registrar will be entitled to verify the particulars given in the application for redemption of Units. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy within a reasonable time.

4.6.4.2 If subsequent to receipt of the application by the Distributor, but prior to the Redemption of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material respect, the 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 and in the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled and be treated as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.

### 4.6.5 Joint Unit Holders

Unless the Joint Holders of Units have specified otherwise, in the registration form all the Joint Holders shall sign the Redemption Form of such Units. In case of Joint Unit Holders, the first named Holder shall receive all proceeds of any redemption. Such person's receipt or payment into the person's designated bank account shall be considered as a full and valid discharge by the Management Company and the Trustee of their obligation.

### 4.6.6 Partial Redemption

Partial redemption of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificates before applying for such redemption.

**4.6.7 Payment of Redemption Proceeds**

The maximum interval between the receipt of a request for redemption of Units complete in all respects and payment of Redemption proceeds to such Unit Holders(s) shall be six Business Days, subject to Clauses 4.11.2 and 10.1 hereof. In case of overseas Unit Holders, the maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Authorised Dealer for conversion and transmission to the Unit Holder will not exceed six Business Days, however, the actual receipt of the redemption amount by the Unit Holder may be delayed due to time taken for conversion and transmittal of the amount, subject to regulations prescribed by State Bank of Pakistan. No Money shall be paid to any intermediary except the Unit Holder or his authorised representative. The Management Company may also specify some other procedure, rather than direct transfer to a bank account, for payment of redemption amount to Unit Holders.

in percentage against their respective names. Such nomination shall however not preclude the Management Company or the Trustee or the Registrar from demanding succession certificate from an appropriate court of law or at their discretion, an indemnity and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.

4.7.1.7 A Unit Holder may convert the Units held by him in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company subject to the terms of the respective Offering Documents. The Registrar shall carry out the conversion after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received or deducted.

**4.7.2 Partial Transfer or Conversion**

Partial transfer/conversion of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificate before applying for transfer/conversion.

**4.7.3 Verification of Applications**

4.7.3.1 The Distribution Company and / or Management Company and / or Registrar will be entitled to verify the particulars given in the application. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

4.7.3.2 If subsequent to receipt of the application by the Distributor, but prior to the Transfer / Conversion 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 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 application will be cancelled and be treated as null and void. The Unit Holder will then have to submit a fresh application.

**4.7 Transfer/Transmission/Conversion of Units****4.7.1 Application Procedure**

4.7.1.1 The procedure herein below is designed for paper-backed transactions. The Management Company may at a later date introduce electronic/web based alternatives for the transactions. Application for transfer can be submitted on any Business Day during business hours.

4.7.1.2 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof. A Unit shall be transferable only in its entirety.

4.7.1.3 Every instrument of transfer must be duly completed in all respects, including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate have been lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement.

4.7.1.4 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Registrar after satisfying himself as to all legal requirements, including production of succession certificate, if required. The legal costs and taxes, if any, shall be borne and paid by the transferees.

4.7.1.5 Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Holder or the survivors of Joint Holder shall be registered as the Holder or Joint Holder as the case may be, upon paying any applicable Duties and Charges and Submitting to any of the Authorised Branches of the relevant Distribution Company the duly completed prescribed Transfer Application Form and relevant Certificate if issued, with such evidence, which may prove his entitlement to the Units.

4.7.1.6 Subject to any Personal Laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death or may request a nomination or change in nomination. Nominee(s) can be nominated only by single Unit Holders when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned

**4.8 Physical Certificates****4.8.1 Request for Certificates**

4.8.1.1 Certificates shall be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee not exceeding PKR Hundred (100) per Certificate of any denomination, subject to revision of fee from time to time by the Management Company together with the sum sufficient in the opinion of the Management Company to cover any duties and charges payable in connection with the issue of such Certificate. The proceeds of such fee will accrue to the Management Company.

4.8.1.2 Certificates shall only be issued for Units that have been fully paid.

4.8.1.3 Certificates where requested shall be issued as herein provided not later than twenty-one (21) Business Days after the date of such request. The Certificate may be sent to the Unit Holder or his duly authorised nominee at his own risk by registered post or by courier service or may be collected from the Registrar.

4.8.1.4 In the case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.

4.8.1.5 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee.

#### **4.8.2 Replacement of Certificates**

4.8.2.1 Subject to the provisions of the Trust Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Unit Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.

4.8.2.2 In case any Certificate is lost, stolen, mutilated, defaced or destroyed, the Registrar with the approval of the Management Company may issue to the person entitled duplicate Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

- a) Returned the mutilated or defaced Certificate or furnished to the Distributor/ Registrar evidence satisfactory to the Management Company and Trustee of the loss, theft or destruction of the original Certificate,
- b) Paid all expenses incurred in connection with the investigation of the facts; and
- c) Furnished such indemnity as the Management Company and the Trustee may require.

4.8.2.3 Neither the Management Company nor the Trustee nor the Registrar nor the Distributor shall incur any liability for any action that they may take in good faith under the provisions of this Sub-Clause.

4.8.2.4 Provided further, that the Trustee and/or the Management Company may require issuance of public notices in newspapers at the cost of the pertinent Unit Holders before issuing any duplicate Certificates.

4.8.2.5 Before the issuing of any Certificate under the provisions of this Sub-Clause the Registrar may further require from the applicant fee not exceeding PKR One Hundred (100) for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate(s).

## **4.9 Pledge of Units**

### **4.9.1 Request for Pledge/Lien of Units**

Any Single Unit Holder or all Joint Unit Holders may request the Registrar to record a pledge/lien of all or any of his/ their Units in favour of any third party legally entitled to invest in such Units in its own right. The onus to ensure the legal entitlement lies with the Unit-Holder requesting such pledge. The Registrar shall register a lien on any Units in favour of any third party with the specific authority of the Management Company.

### **4.9.2 Removal of Pledge/Lien of Units**

The pledge/lien once registered shall be removed only through authorisation of the party in whose favour the pledge/lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge / 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 nor the Registrar takes any responsibility in this matter.

### **4.9.3 Dividend / Bonus / Redemption of Units Pledged**

Payments of dividends or the issue of bonus Units, and redemption proceeds of the Units under lien / charge / pledge shall be made to the lien / charge / pledge Holder for the account of the Unit Holder or any other such arrangement as may be requested jointly by both the parties. However in case Units inducted in Central Depository System (CDS), prescribed rules and regulations of CDS will prevail.

## **4.10 Services to Unit Holder**

### **4.10.1 Availability of Forms**

4.10.1.1 All Forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company's website or requested from the Management Company by mail.

4.10.1.2 The Management Company will make arrangements, from time to time, for receiving Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

### **4.10.2 Register of Unit Holders**

4.10.2.1 A Register of Unit Holders shall be maintained by Registrar at its registered office, or such other place, as the Management Company may require.

4.10.2.2 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 him.

4.10.2.3 The Unit Holder will be entitled to ask for copies of his account statement thereof on any Business Day within business hours by applying to the Registrar in writing and providing such fee that the Management Company may notify from time to time.

4.10.2.4 The Register shall be conclusive evidence as to the Units held by each Unit Holder.

### **4.10.3 Information in the Register of the Unit Holder**

The Register will normally contain the following information:

#### **About the Unit Holder**

- a) Name of Unit Holder / Joint Unit Holders;
- b) Address of Unit Holder / first named Joint Unit Holder;
- c) Computerised National Identification Card Number(s) of Unit Holder/ Joint Unit Holders and / or other identification number, if applicable;
- d) Father's or husband's name of Unit Holder in case of

- individual;
- e) Occupation of Unit Holder;
- f) Tax status of the Unit Holder;
- g) Bank details;
- h) Zakat status of the Unit Holder(s);
- i) Record of specimen signature of Unit Holder/ Joint Unit Holders; and
- j) Particulars of Nominee(s) in case of an individual single Unit Holder if any.
- k) Incorporation/Registration Number in case of a company, institution, body corporate, etc.
- l) Names and designations of authorised signatories in case of a company, institution or a body corporate.
- m) Registered office address, in case of a company, institution or a body corporate.

#### About Units

- a) Certificate number, if applicable;
- b) Dates of purchase / redemption / transfer / conversion;
- c) Number of Units held by the Unit Holder; and
- d) Information about lien / pledge / charge on Units.

#### Instructions

- a) Instruction about reinvestment or payment of dividend or the encashment of bonus Units;
- b) Instructions for redemption application (in case of joint Unit Holders);
- c) Instruction about Pledge of Units / lien; and
- d) Instruction about Nominee(s) in case of death of Unit Holder.

#### 4.10.4 Request for Changes/Deletion

- 4.10.4.1 Every Unit Holder(s) shall be entitled to change/delete their details by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee.
- 4.10.4.2 Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate(s) previously issued to such Unit Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Certificate(s) to such Unit Holder(s).
- 4.10.4.3 Deletion of name, in case of a death of joint Unit Holder, all other joint Unit Holders need to specify so by signing in the deletion of name section of the form and identifying the name of the Unit Holder along with his/her date of expiry. The Registrar shall carry out the deletion of name after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received.

#### 4.10.5 Book Closure

The Management Company may close the Register by giving at least seven days notice to Unit Holders and for period not exceeding forty five days in any Accounting Period. During the period the Register is closed, no application will be entertained.

#### 4.10.6 Account Statements

The Registrar may issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder, upon the execution of every transaction in the Unit Holders account. The Registrar shall, within 7 (seven) Business Days of receiving a written request from any Unit Holder, post or send by courier or

through electronic means to such Unit Holder details of his account. This service will be provided free of charge to any Unit Holder requesting so once in any financial year. The Management Company may prescribe reasonable charge for servicing any additional requests.

#### 4.10.7 Frequency of Valuation and Dealing

After the First Offer the Issue and Redemption Price of the Units shall be determined and announced by the Fund on every Business Day, subject to the provisions of the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007, the Trust Deed and this Offering Document.

### 4.11 Suspension of Dealing, Queue System and Winding up

#### 4.11.1 Suspension of fresh issue of Units

The Management Company may at any time, subject to the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue of Units is announced. The Management Company shall immediately notify the SECP if issue of fresh Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the prices of the Units of the Fund are normally published.

#### 4.11.2 Suspension of redemption of Units

- 4.11.2.1 The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchange(s) on which any of the Securities invested in by the Fund are listed, 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 Fund or of the Unit Holders, 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 Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue or 10% of the Fund Net Asset Value. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System.

- 4.11.2.2 In the event of extra-ordinary circumstances, the Management Company may suspend or defer redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company, Trustee, Registrar or the Distributors unable to function.

4.11.2.3 Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorised under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in news paper in which prices of Fund are normally published.

#### 4.11.3 Queue system

In the event redemption requests on any day exceed ten percent of the number of Units in issue or 10% of the Net Asset Value of Fund, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for upto ten percent 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 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 business day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten-percent shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed ten percent of the Units in issue, these shall once again be treated on first-come-first-served basis and the process for generating liquidity and determining the 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 of the Units then in issue.

#### 4.11.4 Winding up in view of major redemption

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund as per Rules. 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.

## 5. Distribution Policy

### 5.1 Distribution Policy

5.1.1 It is the policy of the Fund to seek to distribute at least 90% of the amount available for distribution as bonus Units and/or cash dividends. However, in the event the tax impact is not significantly adverse, the capital gains realised shall normally be retained for reinvestment. The Management Company may alter the distribution policy in order to achieve efficiency in the best interest of the Unit Holders.

### 5.2 Declaration of Dividend

The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date whether to distribute among Unit Holders, profits, either in form of bonus Units and/or cash dividend, if any, available for the distribution at the end of the Accounting Period or such other interim period as decided by the Management Company.

#### 5.2.1 Determination of Distributable Income

5.2.1.1 The amount available for distribution in respect of any Accounting Period shall be the sum of all income and net realised and unrealized appreciation, from which shall be deducted:

- a) the expenses, as stated in Clause 6.2 of this Offering Document; and
- b) any taxes of the Fund.

5.2.1.2 The income qualifying for distribution shall be adjusted as under:

- a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit or mark-up;
- c) addition of a sum representing amounts included in the price of Units for income accrued up to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units during the relevant period;
- d) adjustment if considered necessary by the Management Company to reflect the diminution in value of Trust Property in consultation with the Trustee.

5.2.1.3 The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realised appreciation may be distributable to the Unit Holders and shall thereafter cease to form part of the Trust Property once transferred to the Distribution Account.

#### 5.2.2 Payment of Dividend

5.2.2.1 Subject to Clause 5.2.3 hereafter, in case of cash distribution, all payment for dividend shall be made by transfer of Funds to the Unit Holders' designated bank accounts or in the case of joint Unit Holders to designated bank account of the joint Unit Holder first named on the Register or by dispatch of any banking instrument in the name of Unit Holder or the Joint Unit Holder first named at his / her address as provided. The receipt of Funds by such designated bankers or dispatch of instrument shall be a good discharge therefore.

5.2.2.2 Before making any distribution payment (such as bonus Units, cash dividend, etc.) 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 Unit Holders the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.

#### 5.2.3 Reinvestment of Dividend

Subject to clause 4.2.4.1, dividends if distributed in the

form of bonus units shall be automatically reinvested in the form of additional Units. However, a Unit Holder may instruct the Management Company in writing by completing the prescribed form not to re-invest the future dividends to which he will be entitled. New Units under the reinvestment option shall be issued at NAV of the effective date of distribution after appropriation of the distribution without any charge of the Front end Load.

#### 5.2.4 Encashment of Bonus Units

In the event a dividend is declared in the form of bonus Units, such Units shall be added to the holding of the Unit Holders. A Unit Holder may elect in writing to receive the cash value of the bonus Units provided such Unit Holder opt for such an arrangement at the time of applying for the Units or request the Registrar in writing prior to the book closure for any relevant period. The bonus Units will be redeemed on the first business day after distribution at the NAV of the effective date of distribution after appropriation of the distribution, without any charge of Back end Load.

## 6. Fee and Charges

### 6.1 Fees and Charges Payable by an Investor

#### 6.1.1 Sales Processing Charges (Front-end Load)

The Offer Price of Units includes sales processing charges or commission not exceeding five percent of the Offer Price (The current level of Front-end Load is as indicated in Annexure "B").

#### 6.1.2 Redemption Processing Charge (Back-end Load)

The Unit Redemption Price is calculated after deducting processing charges not exceeding five percent of the Net Asset Value of the Unit. (The current level of Back-end Load is as indicated in Annexure "B").

#### 6.1.3 Processing Charges

Transfer of Units from one Unit Holder to another shall be subject to a processing charge of an amount not exceeding one percent of Net Asset Value per Unit of the Business Day when such request is received by the Distributor, the Registrar or the Management Company during the business hours on a Business Day.

#### 6.1.4 Duties and Other Charges

The investors shall be liable to pay all stamp and other duties, taxes, government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may become payable in respect of or prior to or upon the occasion of the transaction or dealing.

### 6.2 Fees and Charges Payable by the Fund

#### 6.2.1 Remuneration of the Management Company

6.2.1.1 The Management Company shall be entitled to a remuneration of an amount as permissible under NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007. The remuneration shall begin to accrue on the date on which the Trust Property is first paid or transferred to the Trustee. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the Accounting

Period concerned. (The current remuneration is as indicated in Annexure "B").

6.2.1.2 The Management Company may announce different types of Units with reduced levels of management fee and in such cases, the difference between the normal management fee and the reduced management fee applicable to such Units will not be paid to the Management Company, but additional Units will be issued to the Holders of such Units, as mentioned hereafter. The Net Asset Value (NAV) of such types of Units will be calculated on the basis of the reduced level of management fee. The excess NAV per Unit of the relevant types will be credited to the relevant Unit Holders on a daily basis, notwithstanding the condition of overall income, reserves and retained earnings of the Fund, if any. The Management Company may also at its discretion prescribe other methods of passing reduction in the management fee to the Holders of such types of Units as long as this does not disadvantage the Holders of other types of Units

#### 6.2.2 Remuneration of the Trustee

The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure 'A'), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue on the date on which the Trust Property is first paid or transferred to the Trustee. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar year concerned.

#### 6.2.3 Formation Cost

Formation Cost shall be charged to the Fund which are estimated at and shall not exceed one (1%) percent of pre-initial public offering capital or five million whichever is lower. Formation Cost will be amortised over a period not less than five years.

#### 6.2.4 Other Cost and Expenses

- 6.2.4.1 Brokerage and Transaction Cost related to investing and disinvesting of the Trust Property;
- 6.2.4.2 Legal and related costs incurred in consultation with the Trustee in protecting or enhancing the interests of the Fund and its investments or the collective interest of the Unit Holders in Pakistan and abroad;
- 6.2.4.3 Bank charges, fees and duties payable on remittances and investments as well as borrowing/financial costs; provided that the charges payable to any banks or financial institutions against borrowings on account of the Trust as permissible under Clause 2.7 above, provided that borrowing/ financial costs are not be higher than the normal prevailing bank charges or normal market rates;
- 6.2.4.5 Auditors' fees including any certification as allowed under this deed, Offering Document and applicable rules; and expenses and any printing cost and related expenses for issuing Fund financial reports etc;
- 6.2.4.6 Listing fee including annual fee payable to the Stock Exchange(s) on which Units may be listed;
- 6.2.4.7 Credit Rating fee payable against rating of the Fund;
- 6.2.4.8 Other expenses directly related to or arising out of activities of the Fund;

- 6.2.4.9 Charges, duties and levies of Stock Exchange(s), National Clearing and Settlement Company or clearing house, SECP charges, CDC charges, Laga, Fund dividend /redemption of Units transfer charges as payable to the banks at the time of transfer of funds to the Unit Holder and other applicable duties charges and levies;
- 6.2.4.10 Formation Costs amortised over a period not less than five years;
- 6.2.4.11 Taxes applicable to the Fund on its income, turnover, assets or otherwise;
- 6.2.4.12 Annual fee payable to the SECP under the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007;
- 6.2.4.13 Hedging costs including forward cover, forward purchase or option purchase costs;
- 6.2.4.14 Taxes, fee, cess, duties and other charges applicable to the Scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investment outside Pakistan.
- 6.2.4.15 Remuneration of both local and international custodian;
- 6.2.4.16 All other expenses, taxes and charges due or accrued during Accounting Period which are allowed under NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007;

## 7. Taxation

### 7.1 Taxation of the Fund

#### 7.1.1 Liability for Income Tax

Under the Tax Law in Pakistan, the definition of a public company includes a unit trust whose units are widely available to the public and any other trust as defined in the Trusts Act, 1882. The Fund will therefore be regarded as a public company.

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

- a) Dividend Income: 10%
- b) Return from all other sources/instruments is taxable at the rate of 35%

Capital gains arising on sale of securities listed on any Stock Exchange in Pakistan are exempt from tax upto tax year ending on June 30, 2008.

- 7.1.2 Liability for Income Tax if 90% of the Income is Distributed Notwithstanding the tax rates stated under Clause 7.1.1 above, the accounting income of the Fund will be exempted from tax if not less than 90% of the accounting income of the accounting period is distributed amongst the Unit Holders. The 90% of the accounting income shall be calculated after excluding capital gains, whether realised or unrealised. The Fund will seek to comply with the requirements of tax exemption and distribute at least 90% of the accounting income, calculated after excluding capital gains, whether realised or unrealised to the Unit Holders.

#### 7.1.3 Withholding Tax

Subject to Clause 7.1.2 and obtaining withholding tax exemption certificate from the Income Tax Authority, all income, namely, dividend, return from term finance certificates, return on deposits with banks / financial institutions, return from contracts, securities or instruments

of companies, organisations, and establishments will not be subjected to any withholding tax.

#### 7.1.4 Capital Value Tax

Under Finance Act, 1989 (V of 1989) as amended by Finance Act 2004 (II of 2004), a Capital Value Tax at the rate of 0.02% of the purchase value of the Modaraba certificates or any instrument of redeemable capital as defined under Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. This tax will be collected by the stock exchange concerned.

### 7.2 Taxation and Zakat Liability on Unit Holders

#### 7.2.1 Disclaimer

The information set forth below is included for general information purposes only. In view of the individual nature of tax implications, each investor is advised to consult with his or her tax advisor with respect to the specific tax implications of investment in the Fund.

#### 7.2.2 Liability of Income Tax

- 7.2.2.1 Dividend paid to Unit Holders shall be subject to the income tax rates prevalent. The current rates are as hereunder:

Income Tax Rate %	Withholding Tax Rate %
10%	10%

- 7.2.2.2 The withholding tax so specified above will be the final tax on dividend received by a person other than a company and the payer (Trustee) will be required to withhold the amount of tax at source.

- 7.2.2.3 Unit Holders who are exempt from income tax must provide the relevant exemption certificate to the Management Company and / or Registrar in order for income tax not to be withheld.

- 7.2.2.4 In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such dividend received by a person other than a company.

#### 7.2.3 Capital Gains

Capital Gains on disposal of Units in the Fund will be subject to tax at the applicable tax rate. However, under the prevalent income tax laws of Pakistan, the Fund is regarded as a public company for tax purposes therefore the Capital Gain on disposal of the Units shall be exempt from tax up to tax year ending on June 30, 2008.

#### 7.2.4 Tax Credit

Unit Holders (other than companies) shall be entitled to a tax credit under the Income Tax Ordinance, 2001 on purchase of new units of unit trust listed on a stock exchange in Pakistan, where the person, other than a company is the original allottee. The amount on which tax credit will be allowed shall be the lesser of:

- a) total cost of acquiring the Units;
- b) 10% of taxable income of the Unit Holder; or
- c) PKR 300,000

and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are

disposed within twelve months of the date of acquisition, the amount of tax payable by the Unit Holder for the tax year in which the Units were disposed shall be increased by the amount of the credit allowed. The Fund will seek to be listed on at least one of the Stock Exchange(s) in Pakistan.

#### 7.2.5 Zakat

7.2.5.1 Units held by Pakistani Resident Unit Holders shall be subject to Zakat under the Zakat and Ushr Ordinance, 1980 as applicable, except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption payment, whichever is earlier.

7.2.5.2 **The Tax and Zakat information given in Clause 7 is based on the Management Company's tax adviser's interpretation of the law, which to the best of the Management Company's understanding is correct but Investors are expected to seek independent advice so as to determine the taxability 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 and Accounts

### 8.1 Financial Year

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 first day subsequent to the end of the preceding Accounting Period

### 8.2 Reports to the Unit Holders

- 8.2.1 The following reports will be sent to the Unit Holders physically (or through electronic means or on the web subject to SECP approval):
- Annual report, together with a copy of balance sheet, income and expenditure account and the Auditors report of the Fund to the Trustee and the Unit Holders within three months of the closing of the Accounting Date.
  - Within one month of the closing of first and third quarter and within two months of the closing of first half year (6 months) of each Accounting Date, balance sheet as at the end of that period, profit and loss account, cash flow statement and statement of changes in equity for the period, whether audited or otherwise.
  - Trustee shall issue a report to the Unit Holders to be included in the annual and second quarter report of the Scheme to be sent to the Unit Holders, whether in the Trustee's opinion, the Management Company has in all material respects managed the Fund in accordance with the provisions of the Deed and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and if the Management Company has not done so, the respect in which it has not done so and the steps, which the Trustee has taken in respect thereof.

8.2.2 The regularity of reporting will change if so required by the SECP or under the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and the Ordinance.

## 9. Warnings & Warranties

### 9.1 Offering Document

The provisions of the Trust Deed and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 govern this Offering Document. This Offering Document sets out the arrangements covering the basis of the Fund Units. It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund.

### 9.2 Disclaimer

9.2.1 If you are in any doubt about the contents of this Offering Document, you should consult your stock broker, bank manager, legal adviser, or financial adviser. 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 based on market conditions.

9.2.2 **Investors must recognise that all investments involve varying levels of risk. Neither the value of the Units in the Fund, nor the dividends declared by the Fund are or can be assured. Investors are requested to read the Risk Disclosure Statement contained in Clause 2.9 and Warning & Warranties in the above Sub Clause.**

### 9.3 Responsibility of the Management for the Information

KASB Funds Limited accepts responsibility for the accuracy of the information herein contained as of the date of publication.

## 10. Termination of The Fund

### 10.1 By the Management Company

- 10.1.1 The Management Company may terminate the Fund, if the Net Assets at any time fall below PKR 50 million. The Management Company shall give at least three months notice to Unit Holders and the SECP and shall disclose the grounds of its decision.
- 10.1.2 The Management Company may announce winding up of the Fund as per Rules 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 jeopardise the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Trust be wound up.
- 10.1.3 The Deed and this Offering Document may be terminated in accordance with the conditions specified in the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 or if there is any material breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Fund.

## 10.2 By the Securities and Exchange Commission of Pakistan

The Trust may also be terminated by the SECP on the grounds given in the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007

# 11. Distribution of proceeds on winding up, liquidation or termination

- 11.1 Upon winding up, liquidation or termination of the Scheme, the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Trust Property and shall repay any borrowing affected by the Trust together with any mark up remaining unpaid to the extent possible out of the sale proceeds of the investments. The Trustee shall not be liable for shortfall, if any.
- 11.2 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the numbers of Units held by them respectively all net cash proceeds derived from the realisation of the Trust Property after making payment as mentioned in clause 11.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case the sum so retained is not sufficient for meeting all costs, charges, expenses, claims and demands, the Trustee will not be liable for the shortfall. However, in case there is any surplus left in the hands of the Trustee after meeting all costs, charges, expenses, claims and demands the Trustee shall distribute the surplus to the Unit Holder(s) pro rata to the number of Units held by them.

## 12. Glossary

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

- 12.1 **“Accounting Date”** means the thirtieth day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may with the consent of the Trustee and after obtaining approval of the SECP and complying with other applicable laws, change such date to any other date.
- 12.2 **“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 first day subsequent to the end of the preceding Accounting Period.
- 12.3 **“Auditor”** means the Auditor of the Fund appointed by the Management Company with the consent of the Trustee in accordance with the provisions of this Deed and the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007
- 12.4 **“Authorised Branch (es)”** means those branches of the Distributors which are authorised to perform the Distribution Functions by the Management Company.
- 12.5 **“Authorised Investment”** means Investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:
- 12.5.1 Securities, debenture stocks, convertible instruments and any other form of securities (listed or not listed or for the listing of which application has been approved by one or more stock exchanges), including Global Depository Receipts and American Depository Receipts. Shares, equity structures, preference shares and any other form of equity securities or equity structure (listed or for the listing of which has application has been approved by one or more stock exchanges). Such investments shall include those for ready settlement as well as those for future settlement, subject to investment restriction as per clause 6.2;
- 12.5.2 Continuous Funding System (CFS); or any such replacements subject to relevant SECP approvals, however the investments in CFS shall be restricted upto a maximum of 25% of Net Asset Value Assets of the scheme with not more than 20% of CFS amount in any one scrip at the time of investment;
- 12.5.3 Spread Transactions. The Scheme may enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between settlements. The Scheme may for this purpose purchase or sale a security, for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement; these transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying
- 12.5.4 Bonds, debenture, fixed income or money market securities, participation certificates, Mudarabah certificates, Musharakah certificates, corporate debt instruments term finance certificates, collateralized debt obligations, link notes, convertible bonds Treasury bills, government securities and other countries' sovereign bonds and other asset backed or mortgage backed securities and commercial papers. Such investments shall include those for ready settlement as well as those future settlements. Derivative instruments such as warrants, options, synthetic derivatives and financial options, other contracts for ready and forward settlement, equity derivatives, fixed income and currency derivatives, interest rate swaps, forward rate agreements. Such investments shall include those for ready settlement as well as those for future settlement. The investment in this asset class will be for hedging purposes only and subject to such other terms and conditions as may be notified by the SECP from time to time
- 12.5.5 Subordinate obligation structures, structured papers and all other such securities traded or to be traded in the Over the Counter Markets and other asset backed or mortgage back securities. Such investments shall include those for ready settlement as well as those for future settlement. The investment in this class will be for hedging purposes only and subject to such other terms and conditions as may be notified by the SECP from time to time:
- 12.5.6 Money market transactions/instruments, certificates of deposits, certificate of investment, bankers' acceptance, letter of placements, letter of obligation, certificate or letter of discounting, term deposits with commercial banks or financial institutions and any other type of placements and money market transaction;
- 12.5.7 Reverse Repurchase transactions (Reverse Repos) against Government Securities

- 12.5.8 Certificates and Units in any other unit trust schemes (both open and closed end) either listed and in the process of being listed on a exchange;
- 12.5.9 Islamic instruments including but not limited to Sukuk Bonds, Musharakah Certificates, Murabahah Structure base Securities, Ijara Certificates and Mudarabah structures
- 12.5.10 Deposits in currencies other than Pakistan Rupee with Banks and placements with Financial Institutions subject to an appropriate investment grade rating, or as per the criteria that may be laid down by the SECP and any State Bank approval, if required;
- 12.5.11 Authorized investments in overseas markets to the extent of 30% of the Net Asset Value, subject to a cap of USD 15 million at any given time. Overseas investments would be made according to prescribed guidelines of SECP/SBP and with the prior approval of SECP & SBP, if so required;
- 12.5.12 Subject to SECP and other regulatory approvals the Scheme may seek to invest in foreign securities issued, listed or traded outside Pakistan according to such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time and with prior approval of SECP & SBP, if so required; and
- 12.5.13 Any other security and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 or any other regulatory authority from time to time.
- 12.6** **“Back-end Load”** means the sales and processing charges, payable as specified under clause 4.7.1, which are deducted, subject to the condition that the Management Company may impose on Redemption of Units at the time of issuance, from the Net Asset Value in determining the Redemption Price.
- 12.7** **“Bank”** means a scheduled bank as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank outside in Pakistan licensed to carry on business in Pakistan as a scheduled bank.
- 12.8** **“Bank Accounts”** means those accounts open and maintained for the Fund by the Trustees at Banks, the beneficial ownership in which shall rest in the Unit Holder.
- 12.9** **“Broker”** means any person licensed by the SECP as a broker for effecting transactions in securities for the account of others.
- 12.10** **“Business/Dealing Day”** means a day when banks are open for business in Pakistan.
- 12.11** **“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of a Holder issued at the request of such Unit Holder pursuant to the provisions of this Deed.
- 12.12** **“Connected Person”** shall have the same meaning as assign to it in the NBFC Rules, 2003 .
- 12.13** **“Constitutive Documents”** means the principal document governing the formation, of the Fund and all related material agreements.
- 12.14** **“Core Investors”** of the Fund shall be such initial investors during Pre IPO whose subscription shall in aggregate be in compliance of the requirements of rule 67(2)(f) of the NBFC Rules, 2003. The Core Investors shall be issued with Core Units representing their subscriptions. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 12.15** **“Core Units”** shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 12.16** **“Custodian”** includes a bank licensed under the Banking Companies Ordinance, 1962 (LVII of 1962) or a trust company which is a subsidiary of such a bank or a central depository company approved by the Commission or a NBFC carrying out investment finance services provided it has been approved by the Commission to act as custodian or such other company as may be approved by the Commission to act as custodian;
- 12.17** **“Distribution Account”** means the 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 Holders shall be transferred. Mark-up, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main Bank Account of the Fund from time to time as part of the Trust Property for the benefit of the Unit Holders.
- 12.18** **“Distributor(s) and Distribution Company”** means company (ies) or firm(s) or Bank(s) or any other financial institution(s) or CDC, if appointed by the Management Company for performing any or all of the Distribution Functions and shall also include the Management Company if it performs any or all of the Distribution Functions.
- 12.19** **“Distribution Functions”** means the functions with regard to:
- 12.19.1 Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- 12.19.2 Interfacing with and providing services to the Holders including receiving redemption / transfer / pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
- 12.19.3 Acknowledging receipts in respect 11.20.1 and 11.20.2 above;
- 12.19.4 Accounting to the Management Company / the Trustee for (i) moneys received from the applicants for issuance of Units (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
- 12.20** **“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 issue, sale, transfer, redemption or purchase of Units or the sale or purchase of investments 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 any Front-end Load, Sales Load, Back-end Load, Contingent Load, 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.
- 12.21** **“First Offer”** means the price of Rs. 50 per Unit during the initial offering period determined by the Management Company, which shall not exceed a period of ten days (provided that this period may be extended with the prior approval of SECP)
- 12.22** **“Formation Cost”** means all preliminary and floatation expenses of the fund including expenses in connection with authorisation of the Fund and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, marketing and announcements describing the Fund inviting investment therein and all expenses incurred up to the close of First Offer.
- 12.23** **“Front-end Load”** means the sales and processing charges, payable as specified under clause 4.6.1, which are included in the Offer Price of Units.
- 12.24** **“Government Securities”** includes monetary obligations of the Federal Government or Provincial Government or of 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 Government Securities.
- 12.25** **“Holder” or “Unit Holder”** means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investors jointly so registered pursuant to the provisions of this Deed.
- 12.26** **“Investments”** means any Authorised Investment forming part of the Trust Property.
- 12.27** **“Investment Facilitator”** (Facilitator) means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Fund.
- 12.28** **“NBFC Rules”** means a Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, as amended or substituted from time to time and inclusive of any specific or general relaxations in respect of applicability of such Rules granted or to be granted by SECP and / or the Federal Government, as appropriate.
- 12.29** **“Net Assets”** shall have the same meaning as in the NBFC Rules, 2003
- 12.30** **“Net Assets Value”** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding
- 12.31** **“Offer Price”** means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to clause 4.5.1 of the Offering Document.
- 12.32** **“Offering Document”** means the prospectus, advertisement or other document (approved by the SECP) which contains the investment and distribution policy and all other information in respect of the Fund, as required by the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and is circulated to invite offers by the public to invest in the Fund.
- 12.33** **“Online”** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 12.34** **“Ordinance”** means the Companies Ordinance, 1984, as amended from time to time.
- 12.35** **“Par Value”** means the First Offer price of a Unit that shall be determined by the Management Company till the time of circulation of the Offering Document to invite offers by the public to invest in Fund.
- 12.36** **“Personal Law”** means the law of inheritance and succession as applicable to the individual Unit Holder.
- 12.37** **“Pre IPO”** means period during which the investors have subscribed to the fund before the initial public offer.
- 12.38** **“Redemption Price”** means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to clause 4.7.1 of this Deed.
- 12.39** **“Register”** means the Register of the Holders kept pursuant to the NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007 and Trust Deed.
- 12.40** **“Registrar or Transfer Agent”** means an organisation that the Management Company may appoint for performing the Registrar Function and also includes the Management Company if it performs any or all of the Registrar Functions.
- 12.41** **“Registrar Functions”** means the functions with regard to:
- 12.41.1** **Maintaining the Register;**
- 12.41.2 Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledges and lien or for recording of changes in data with regard to the Unit Holders
- 12.41.3 Issuing account statement to the Holder
- 12.41.4 Issuing and dispatching of Certificates;
- 12.41.5 Dispatching income distribution warrants and bank transfer intimations or any other instrument; and
- 12.41.6 Cancelling old Certificates on redemption or replacement.
- 12.42** **Regular Interval:** means monthly, quarterly, half year or annual period.
- 12.43** **“Sales Load”** means the sales and processing charge or commission (excluding Duties and Charge) not exceeding five percent of, the Offer Price in case of Front-end Load and the Net Asset Value in case of Back-end Load. All Sales Loads collected would accrue to the Management Company.
- 12.44** **“SECP”** means the Securities and Exchange Commission of Pakistan.

- 12.45** **“Stock Exchange”** mean Stock Exchanges, registered under the Securities and Exchange Ordinance, 1969.
- 12.46** **“Sub-Custodian”** means a financial or any other institution for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the part of the Trust Property.
- 12.47** **“Subscription Day”** means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in the newspapers declare any particular Business Day or days not to be a Subscription Day.
- 12.48** **“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 Fund’s portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The Transaction Costs may not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may, in consultation with the Trustee, apply such charges either to the Offer and / or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Offer or Redemption prices, without consulting the Trustee provided the difference between the Offer Price and the Redemption Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Trust Property.
- 12.49** **“Trust Property”** shall consist of:
- 12.49.1 The aggregate proceeds of all Units issued from time to time after deducting the sum of: (a) Duties and Charges; (b) applicable Sales Load; and (c) any other expenses chargeable to the Fund.
- 12.49.2 All Authorised Investments made by the Trustee in terms of this Deed and all income, profit (including accrued profits) and other benefits arising there from and all cash and other assets including moveable or immovable and property of every description (including present and future actionable claims) for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Holders pursuant to this Deed; and
- 12.49.3 Amounts standing to the credit of the accounts maintained by the Fund, including profits accruing therein, until, from time to time, such amounts (or part thereof) are actually paid to Holders upon receipt of a request by such Holders to redeem their Units in accordance with the provisions of this Deed.
- 12.50 **“Unit”** means one undivided share in the Trust.
- 12.51** **“Zakat”** has the same meaning as in Zakat and Ushr ordinance (XVIII of 1980)

**Words and expressions used but not defined herein shall have the meanings assigned to them in the Ordinance and NBFC Rules, 2003 and NBFC and Notified Entities Regulations, 2007, words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words “written” or “in writing” include printing, engraving lithography, or other means of visible reproduction. The headings and table of contents are**

**for convenience only and shall not affect the construction of this Offering Document.**

## 13. Governing Law and Jurisdiction

Subject to the Arbitration Clause contained in the Trust Deed which is applicable to the Management Company and the Trustee, the Fund shall be governed by the laws of Pakistan and the Courts at Karachi alone shall have the exclusive jurisdiction on all disputes or controversies involving Unit Holders, the Management Company, the Trustee, the Registrar, the Custodian, the Distributor/Distribution Companies, the Fund’s bankers and all concerned with the Fund and/or the promotion, issue and/or redemption of Units and/or the custody and investment of the Trust Property. Therefore, no action shall be brought in any other Court or forum or under any other law whatsoever.

## Annexure "A"

## TARIFF STRUCTURE OF TRUSTEE FOR THE FUND

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

NET ASSETS		TARIFF
From	To	
PKR 1	PKR 1,000 million	PKR. 0.7 million or 0.20% p.a. of NAV, whichever is higher
PKR > 1,000 million	& ABOVE	PKR 2.0 million plus 0.10% p.a. of NAV exceeding PKR. 1,000 million

Annexure "B"

## CURRENT LEVEL OF LOADS AND MANAGEMENT FEE

### Current Level of Front-end and Back-end Loads

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Effective from the close of First Offer

**Front-end Load:**

2. % of the Offer Price. In case conversion is requested into the fund from another fund under the management of KFL 0.50% of NAV.

**Back-end Load:**

Nil

**Management Fees:**

2%

A remuneration of an amount not exceeding three percent (3.0%) per annum of the average daily Net Assets for the first five years of the Fund and there after of an amount equal to two percent (2.0%) per annum of the average daily Net Assets.

Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Notified Entities Regulations, 2007.

The Management Company offers a special rebate on the management fees to Type B Units (Presently the rebate shall be one- fourth of the management fee).

**Any change in the load and fee structure, provided it is within the maximum limit disclosed in this document, shall be notified through an addendum**

## Annexure "C"



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

Telephone +92 (21) 568 5847  
Fax +92 (21) 568 5095  
Internet www.kpmg.com.pk

The Board of Directors  
KASB Funds Limited  
9<sup>th</sup> Floor, Trade Centre  
I.I. Chundrigar Road  
Karachi

Our ref KA-ZQ-884

19 December 2007

Dear Sirs,

**Net Asset Value (Un-audited) of KASB Balanced Fund ("the Fund")**

As requested, we confirm to have verified from the un-audited books and records of the Fund and details provided to us by KASB Funds Limited (the Management Company of the Fund) that the Net Assets of the Fund as on 19 December 2007 amounted to Rs. 375 million as follows:

	<b>(Rupees)</b>
Total assets of the Fund	376,980,220
Less: Total liabilities of the Fund	<u>1,980,220</u>
Net assets of the Fund	<u>375,000,000</u>

Net Asset Value per unit based on the proposed issue of 7,500,000 units as at 19 December 2007 would amount to Rs.50 per unit. The Net Assets as on 19 December 2007 includes formation cost incurred up to that date amounting to Rs. 1.3 million.

This certificate is being issued only for inclusion as part of KASB Balanced Fund's "Offering Document".

Yours faithfully,

*Karam Taseer Hadi*

## Annexure "C"



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

Telephone + 92 (21) 568 5847  
Fax + 92 (21) 568 5095  
Internet www.kpmg.com.pk

The Board of Directors  
KASB Funds Limited  
9<sup>th</sup> Floor, Trade Centre  
I.I. Chundrigar Road  
Karachi

Our ref KA-ZQ-883

19 December 2007

Dear Sirs,

**Certificate on Core Investment in KASB Balanced Fund**

As requested we confirm to have verified from the books and records of KASB Balanced Fund (the Fund) that Rs.375 million (Rupees Three hundred and Seventy Five million only) have been received by the Fund as investment from Core Investors as follows:

<b>Name of Investors</b>	<b>Investment (Rupees)</b>
<b>Core Investors</b>	
■ KASB Bank Limited	250,000,000
■ The Bank of Punjab	125,000,000
	<u>375,000,000</u>

Yours faithfully,

*KPMG Taseer Hadi & Co*

Annexure "D"

## LIST OF DISTRIBUTORS / FACILITATORS

### **KASB Funds Limited**

Principal Office  
6<sup>th</sup> & 11<sup>th</sup> floor, Trade Centre  
I.I. Chundrigar Road  
Karachi  
Pakistan  
Tel: (021) 111 535 535

### **IGI Investment Bank Limited**

Floor 7, The Forum  
Khayaban-e-Jami  
Clifton  
Karachi  
Tel: (021) 111 234 234

### **KASB Securities Limited**

Head Office  
5<sup>th</sup> floor, Trade Centre  
I.I. Chundrigar Road  
Karachi  
Pakistan  
Tel: 111 222 000

### **KASB Bank Limited**

Head Office  
Business and Finance Centre  
I.I. Chundrigar Road  
Karachi, Pakistan  
Tel: 111 555 666

### Authorised Branches of KASB Bank Limited

#### KARACHI

#### **Main Branch**

Business & Finance Centre  
Ground Floor  
I.I. Chundrigar Road  
Tel: 021 244 6005-10  
244 6772-77

#### **Jodia Bazaar Branch**

Suleman Street, Behind Lal Masjid,  
Near Achi Qabar, Jodia Bazaar  
Tel: 021 240 0322  
240 0458

#### **Clifton Branch**

Plot No DC-4, Block-9  
KDA Scheme No. 5  
Merchant Centre, Clifton  
Tel: 021 587 8778  
586 1615

#### **Site Branch**

Site Commerce Park  
B/9 -B1, SITE  
Tel: 021 258 4530-9

#### **Gulistan-e-Jauhar Branch**

Shalimar Shopping Centre  
Shop # 30 & 31  
Plot # C-2 IX & X, Block-17  
KDA Scheme 36, Gulistan-e-Jauhar  
Tel : 021 402 9901

#### **Regal Saddar Branch**

Shop No. 1 & 2 (Ground+ Mezzanine)  
Bukhari Centre, Preedy Street  
Saddar  
Tel: 021 2724121, 021 2724135

#### **Korangi Branch**

Plot # 25/1, Sector-23  
Suzuki South Building  
Korangi Industrial Area  
Tel: 021 5078922-26

#### **Karachi Stock Exchange Branch**

93-95, 2nd Floor  
Karachi Stock Exchange Building  
Stock Exchange Road  
Tel: 021 247 3561-63

#### **Shahra-E-Faisal Branch**

1/1-A, Block-VI, P.E.C.H.S  
Main Shahra-E-Faisal  
Tel: 021 431 3236-38

#### **Gulshan-E-Iqbal Branch**

Friends Paradise, SB-36  
Block No. 13-B  
Main University Road, Gulshan-E-Iqbal  
Tel: 021 498 1330-31

#### **Shaheed-e-Millat Branch**

Shaheed-e-Millat Road, Shop # 4  
Ground Floor, Adam Arcade  
Tel: 021 414 5187-88-83-84

#### **DHA Shahbaz Branch**

Plot # 24/C  
Shahbaz Commercial Lane-2  
Main Khayaban-e-Hafiz/Khayaban-e-Shahbaz  
Phase VI, DHA  
Karachi  
Tel no: 021 534 9152-57

#### **North Karachi Branch**

Plot # SA-3, Sub-Sector ST-1/1  
Block 12-B,  
North Karachi  
Tel: 021 830 5692-93

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**LAHORE**


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**Gulberg Branch**

76-B, E-1, Main Boulevard  
 (Next To Hafeez Centre), Gulberg III  
 Tel: 042 576 4288-9  
 576 2146  
 576 4384

**Circular Road**

77-Main Circular Road  
 Tel: 042 763 9040-2

**Lahore Stock Exchange Branch**

Room # 110 & 111, 1<sup>st</sup> Floor LSE Building  
 19 Khayaban-E-Iqbal  
 Tel: 042 636 7794-97

**Shah Alam Lahore**

14/B Tibbet Centre  
 Shah Alam Market  
 Tel: 042 765 5721

**Abbot Road Branch**

19-Abbot Road,  
 Opposite PTV Station  
 Tel: 042 630 5143-4

**Defence Branch**

81-Y, Phase-III, DHA  
 Tel: 042 573 1811

**Raiwind Branch**

S.S Centre, Kibria Town  
 Main Raiwind Road  
 Tel: 042 542 6923

**PECO ROAD Branch Lahore**

Plot No 47-1/B-1  
 PECO Road, Township  
 Tel: 042 514 4950

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**RAWALPINDI**


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**Rawalpindi Branch**

Ferozesons Chambers  
 32 Saddar Road  
 Tel: 051 552 7841-2

**Behria Town Branch**

Behria Heights  
 Commercial Area  
 Phase-1, Behria Town  
 Tel: 051 573 0375

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**ISLAMABAD**


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**Islamabad Branch**

90- West Razia Sharif Plaza,  
 Jinnah Avenue, Blue Area  
 Tel: 051 282 6181-2

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**FAISALABAD**


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**Faisalabad Branch**

14-P, Kotwali Road  
 Tel: 041 649 667-71

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**QUETTA**


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**Quetta Branch**

2-10/29, Shahra-e-Iqbal  
 Tel: 081 836 518  
 842 531

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**PESHAWAR**


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**Peshawar Branch**

Ayas Centre, Arbab Road  
 Peshawar Cantt  
 Tel: 091 279 432,  
 279 652

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**HYDERABAD**


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**Hyderabad Branch**

194/29-194/29-30, Saddar Cantt.  
 Tel: 0222 729 917-8  
 729 502-3

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**NAWABSHAH**


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**Nawabshah Branch**

Press Club Road  
 Tel: 0244 33 0304-6

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**MIRPUR**


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**Mirpur Azad Jamu Kashmir**

629-Sector B/1  
 Bank Square Nangi Iqbal Road  
 Tel: 058610 44 877  
 42 841

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**GUJRAT**


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**Gujrat City Branch**

Near Science College GT Road  
 Gujrat  
 Tel: 053 351 7964

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**GURANWALA**


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**Gujranwala Branch**

84-85, G.D.A Trust Plaza, G.T Road  
 Tel: 0431 254 429  
 252 348  
 254 629

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**SUKKUR**


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**Sukkur Branch**

Racecourse Road  
 Tel: 071 561 9083-88

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**SIALKOT**


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**Sialkot Branch**

2/139, Abbot Road  
 Tel: 052 604 990-92

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**MULTAN**


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**Multan Branch**

76-Holiday Inn, Abdali Road  
 Tel: 061 458 7701-4

## Annexure " E "

Form Code	Nature of Form
KFL-01	Registration Form (For both individuals and institutions)
KFL-02	Investment Application Form
KFL-03	Redemption Form
KFL-04	Conversion / Transfer Form
KFL-05	Certificate Processing Form
KFL-06	Pledge / Lien of Units Form
KFL-07	Change in Account Information Form



