

**Supplement I** dated October 16, 2008 to the Offering Document of  
**KASB Balanced Fund** issued on December 27, 2007

**(Managed by KASB Funds Limited, an asset management company registered under the Non- Banking Finance Companies ( Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.**

Established in Pakistan by a Trust Deed dated October 25, 2007, registered under the Trusts Act 1882 (11 of 1882) between KASB Funds Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee and authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.

**1. Amendment in Clause 2.3:**

At the end of paragraph 2.3, the following has been added:

Where ratings are mentioned

- either the entity or the instrument should be rated to qualify for investment.
- either the entity or the instrument should have investment grade rating to qualify for investment

Where ratings are not available for both entity and instrument; fundamental analysis will be carried out before investing. Fundamental analysis shall include the following:

- Analysis of balance sheet and profit and loss account
- Forecasting of future cash flow generation ability
- Measuring company's financial strength
- Establishing an internal rating of the company

Further, for instruments issued by the local, provincial or federal government or one of its agencies, the rating requirement shall not apply.

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**Supplement II** dated March 30, 2009 to the Offering Document of  
**KASB Balanced Fund** issued on December 27, 2007

**(Managed by KASB Funds Limited, an asset management company registered under the Non- Banking Finance Companies ( Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.**

Established in Pakistan by a Trust Deed dated October 25, 2007, registered under the Trusts Act 1882 (11 of 1882) between KASB Funds Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee and authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.

**1) Clause 2.5.4 of the Offering Document has been amended to read in its entirety as follows:**

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 owns more than five percent of the total nominal amount of the securities issued, or, the directors and officers of the Management Company own more than ten percent of those securities collectively, except as may otherwise be permissible from time to time as per NBFC Rules and NBFC Regulations.

**2) Clause 2.7.1 of the Offering Document has been amended to read in its entirety as follows:**

Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange borrowing on account of the Scheme, with the approval of the Trustee from banks, financial institutions, non-banking finance companies or collective investment schemes. The borrowing, however, shall not be resorted to, except for meeting redemption requests, and shall be repayable within a period of ninety days or such time as may be prescribed from time to time as per NBFC Rules and NBFC Regulations.

**3) Clause 2.7.3 of the Offering Document has been amended to read in its entirety as follows:**

The charges payable 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.

**4) Clause 2.7.6 of the Offering Document has been amended to read in its entirety as follows:**

**No Guarantee or Security by the Management Company or the Trustee**

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

**5) Clause 6.2.4.3 of the Offering Document has been amended to read in its entirety as follows:**

Bank charges, fees and duties payable on remittances and investments as well as borrowing/financial costs; provided that the charges payable against borrowings on account of the Trust as permissible under Clause 2.7 above, shall not be higher than the normal prevailing bank charges or normal market rates;

**6) Clause 12.10 of the Offering Document has been amended to read in its entirety as follows:**

**“Business/ Dealing Day”** means any day from Monday to Friday but does not include any day which is a gazetted Government of Pakistan holiday or on which the Stock Exchange or Banks are closed for business in Pakistan”

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**Supplement III** dated January 31, 2011 to the Offering Document of **KASB Asset Allocation Fund (previously KASB Balanced Fund)** issued on December 27, 2007

**(Managed by KASB Funds Limited, an asset management company registered under the Non- Banking Finance Companies ( Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.**

Established in Pakistan by a Trust Deed dated October 25, 2007, registered under the Trusts Act 1882 (11 of 1882) between KASB Funds Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee and authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2007.

**1) The following text is being added on the first page of the Offering Document.**

In the Offering Document all references to the name of the Scheme be and is hereby replaced from KASB Balanced Fund to "KASB Asset Allocation Fund" and the abbreviation "KBF" be and is hereby replaced by abbreviation "KAAF".

**2) Clause 1.3 of the Offering Document is hereby amended in its entirety to read as follows:**

### **1.3 Modification of the Trust Deed or Offering Document**

The Trustee and the Management Company, acting together and with the approval of the SECP, shall be entitled, by supplemental deed or supplementary offering document, to modify, alter, or add to the provisions of the Trust Deed or Offering Document, in accordance with the terms thereof, subject to the NBFC Rules, and the NBFC Regulations; provided that such alteration or addition shall not prejudice the interests of the Unit Holders; and in any event, shall not release the Trustee or the Management Company of their responsibilities. If the SECP modifies or substitutes the NBFC Regulations, or through any other circular or notification, allow any relaxations or exemptions, these will be deemed to have been included in the Constitutive Documents without requiring any modification as such.

Where the Trust Deed or this Offering Document has been altered or supplemented the Management Company shall notify the Unit Holders regarding such alteration in accordance with the provisions of the Trust Deed and the Offering Document. However any change in the load and fee structure within the maximum limit disclosed in this document, as specified in Annexure "B" shall be notified through an addendum.

**3) Clause 1.8 of the Offering Document is hereby amended in its entirety to read as follows:**

### **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 Front-end Load or with a reduced Front-end Load to Unit Holders opting to receive Units in lieu of dividends or to Unit Holders switching their investments from another Fund managed by the Management Company. The level of Front-end Load and Back-end Load charged shall be disclosed in Annexure 'B' of the Offering Document.

**4) Clause 2.1 of the Offering Document is hereby amended in its entirety to read as follows:**

### **2.1 Investment Objective**

The objective of the Fund is to generate a positive return and long term capital appreciation for unit holders by investing in both the Equity and Debt markets.

**5) Clause 2.2 of the Offering Document is hereby amended in its entirety to read as follows:**

### **2.2 Investment Policy**

To achieve the objective of generating a positive return and long term capital appreciation, the Fund can invest in equity securities or debt instruments in a range of 0-

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100%, based on a number of factors including (but not limited to) economic outlook, equity/income market conditions, interest rate movements, sector/stock fundamentals etc. For investment in fixed Income securities, the Fund would invest both in shorter duration and longer duration debt instruments as well as fixed income transactions in the capital market keeping in view capital preservation. For investment in Equity securities, 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.

**Benchmark:** 50% 6 month KIBOR + 50% KSE-30 index

**6) New Clause 2.2A hereby stands incorporated in the Offering Document as follows:**

## **2.2.A Asset Classes of the Fund**

The Fund has been categorized under the **Asset Allocation** category and the two asset classes it shall be investing in are **Aggressive Income** and **Equity**. The Fund shall comply with the criteria applicable for these asset classes outlined in SECP Circular 7 of 2009, as amended from time to time, subject to clause 2.5.12 of the Offering Document.

**7) Clause 2.3 of the Offering Document is hereby amended in its entirety to read as follows:**

## **2.3 Investment Universe**

<b>Asset Class</b>	<b>* Maximum Exposure Limit</b>
Equity Securities	Range of 0-100%
Debt Securities	Range of 0-100%
PIB's, Federal Investment Bonds, T-Bills and other Government Sec.	100%
Certificates of Musharika (COMs)	30%
Deposits with Banks or Financial institution	100%
Secured Debt Sec. Which includes TFCs, PPTFC, Sukuks. Issued by local govt. and govt. agencies	100%
Unsecured Debt Sec. Which includes TFCs, PPTFC, Sukuks. Issued by local govt. and govt. agencies	50%
Certificates of Investment + Deposits, TDR, LOP issued by Financial Institutions	100%
Debt Sec. traded over the Counter (OTC) markets.	50%
Reverse REPOs against govt.sec or Debt sec. that are listed on the stock exchange	40%

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Money market placements	100%
CFS or any such replacements subject to relevant SECP approval.	50%
COI and LOP issued by NBFCS	30%
Commercial Papers	30%
Spread Transactions	50%
Listed Sec. shares, preference shares and any form of equity	100%
Derivative instruments shall be made with the SECP approval. Derivative instruments shall include options, warrants, equity derivatives, convertibles, interest rate swaps, forward rate agreements and any other derivative instruments as permitted by SECP. The investment in this asset class will be for hedging purpose only.	50%
Subject to prior approval of SECP and other regulatory approvals the Scheme may seek to invest in foreign securities issued, listed or traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time.	15%
Unsecured Debt Sec. Issued by Public sector entities and/or financial institution	50%
Unsecured Debt Sec. Issued by Private sector entities and/or financial institution	50%

- For investment in fixed income securities, both rated and unrated securities will be eligible for investment, below investment grade rated securities shall also be eligible for investment
- Any other security and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules, the NBFC Regulations, or any other regulatory authority from time to time

**8) Clause 2.5.1 of the Offering Document is hereby amended in its entirety to read as follows:**

**2.5.1** The Trust Property shall be subject to such exposure limits as are provided in the NBFC Regulations (subject to any exemptions or relaxations that may be specifically given to the Fund by the SECP) and Circulars issued by the SECP.

**9) Clause 2.5.2 of the Offering Document is hereby amended in its entirety to read as follows:**

**2.5.2** The Scheme shall not invest more than thirty per cent of total Net Assets of the Fund in securities of any one sector as per classification of the Karachi Stock Exchange or index weight, whichever is higher, subject to maximum of 35%.

**10) Clause 2.5.3 of the Offering Document is hereby deleted in its entirety.**

**11) Clause 2.5.5.2 of the Offering Document is hereby amended in its entirety to read as follows:**

2.5.5.2 Participate in a joint account with others in any transaction on behalf of the Scheme except for collection account

**12) Clause 2.5.6 of the Offering Document is hereby amended in its entirety to read as follows:**

**2.5.6** Investment of the Scheme in any entity shall not exceed an amount equal to ten percent of total net assets of the Scheme subject to the following:

(i) Exposure to equity securities of a company shall not exceed ten percent of the issued capital of that company;

Provided that subject to the condition prescribed in (i) above, the exposure of the Fund to any single entity shall not exceed an amount equal to ten per cent of the Net Assets of the Fund or the index weight of the security subject to the limit of fifteen percent, whichever is higher.

(ii) Exposure to any debt issue of a company shall not exceed ten percent of that issue

**13) Clause 2.5.8 of the Offering Document is hereby amended in its entirety to read as follows:**

2.5.8 Enter into transactions with any Broker which exceed thirty per cent of the commission paid by Scheme in any one accounting year.

**14) Existing Clauses 2.5.4 to 2.5.8 stand renumbered as 2.5.3 to 2.5.7 to take effect of the above changes.**

**15) New Clauses, 2.4.5.5, 2.4.5.6, 2.5.8, 2.5.9, 2.5.10, 2.5.11, and 2.5.12 are hereby incorporated in the Offering Document as follows:**

**2.4.5.5** Invest in securities of the Management Company

**2.4.5.6** Apply for de-listing from Stock Exchange unless it has obtained prior written approval of the SECP

**2.5.8** As an **Asset Allocation Fund** investing in **Aggressive Income** and **Equity** classes, the Fund shall be governed by the investment restrictions and criteria for these asset classes outlined in Circular 7 of 2009, as amended from time to time, subject to clause 2.5.12 of the Offering Document.

**2.5.9** For investment in fixed income securities, both rated and unrated securities shall be eligible for investment, below investment grade rated securities shall also be eligible for investment

**2.5.10** The weighted average time to maturity of non-equity assets shall not exceed five years and this condition shall not apply to securities issued by the Federal Government.

**2.5.11** For investment in fixed income securities, there is no restriction regarding time to maturity of any single security in the portfolio

**2.5.12** The investment in each asset class, Aggressive Income and Equity, shall be governed by the criteria applicable to the schemes of that asset class as outlined in SECP Circular 7 of 2009, as amended from time to time. The requirement of maintaining 10% in cash and cash equivalents, as required under the Aggressive Income category, and maintaining atleast 70% in listed equity securities, as required under the Equity category, shall not apply to the Fund.

**16) Clause 2.6 of the Offering Document is hereby amended in its entirety to read as follows:**

## **2.6 Exception to Investment Restrictions**

In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue, owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within three months of the event as specified in the NBFC Regulations and prescribed by SECP. The period to regularize excess exposure may be extended by the SECP on the Management Company's request. But in any case, the Management Company shall not invest further in such securities or sectors while the deviation exists.

**17) New Clause, 2.7.7 is hereby incorporated in the Offering Document as follows:**

**2.7.7** The Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of Trustee, the Fund would not be able to issue payment instrument for the redemption money to the Unit Holder within time period stipulated in the NBFC Regulations.

**18) Clause 2.8.2 of the Offering Document is hereby amended in its entirety to read as follows:**

**2.8.2** Subject to the NBFC Rules and the NBFC Regulations, any transaction between the Trust and the Management Company or any of the Connected Persons as principal shall only be made with the approval of the Board of Directors in writing and the consent of the Trustee or as may be specified by the SECP from time to time.

**19) Clauses 2.8.5 and 2.8.6 of the Offering Document hereby stand deleted in entirety.**

**20) New Clauses 2.8.5 and 2.9.1.8 hereby stand incorporated in the Offering Document as follows:**

**2.8.5** No investment shall be made into the Units of the Fund by the Trustee.

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

**21) Clause 3.6.3 of the Offering Document is hereby amended in its entirety to read as follows:**

**3.6.3** The Management Company shall prepare and circulate (physically and through electronic means or on the web subject to the SECP's approval) an annual report as per the requirements set out in the NBFC Regulations to the Trustee, SECP, Stock Exchange on which Units are listed and the Unit Holders within four months of the closing of the Accounting Period, including:

- (i) copy of the balance sheet and income statement;
- (ii) cash flow statement;
- (iii) statement of movement in Unit Holders fund or Net Assets or reserves; and
- (iv) the auditors' report and the Trustee's report of the Scheme

Annual Reports shall be posted on the website, [www.kasbfunds.com](http://www.kasbfunds.com) and shall also be provided to Unit Holders, free of charge, at their registered address.

Details of non-compliant investments, if any, shall also be disclosed in the annual statement as required under NBFC Regulations and related circulars, as amended from time to time.

**22) Clause 3.6.4 of the Offering Document is hereby amended in its entirety to read as follows:**

**3.6.4** The Management Company shall within one month of the closing of first and third quarters and within two months of the closing of second quarter of each Accounting Period, prepare and circulate (physically or through electronic means or on the web subject to the SECP's approval) to the Unit Holder(s), the Trustee, the SECP and Stock Exchanges on which the Units of the Scheme may be listed,

- (i) balance sheet as at the end of that quarter ,
- (ii) income statement,
- (iii) cash flow statement,
- (iv) statement of movement in Unit Holders' fund or Net Assets or reserves; and
- (v) statement showing securities owned at the beginning at the relevant period, securities purchased or sold during such period and securities held at the end of such period together with the value (at carrying and at market) and percentage in relation to its own net assets and the issued capital of person whose securities are owned for that quarter, whether audited or otherwise and Trustee report,, whether audited or otherwise.

Where the quarterly accounts and statements mentioned above are placed on the Management Company's website [www.kasbfunds.com](http://www.kasbfunds.com), printed copies thereof shall be provided to the Unit Holders as and when requested. The printed copy of the quarterly accounts shall be provided to Unit Holders, free of charge, at their registered address, within seven (7) Business Days of such request.

Details of non-compliant investments, if any, shall also be disclosed in the quarterly statement as required under NBFC Regulations and related circulars as amended from time to time.

**23) New Clauses 3.6.9, 3.6.10, 3.6.11, 3.6.12, 3.6.13, 3.7.2.8, 3.7.2.9, 3.7.2.10, 3.7.2.11 and 3.7.3 hereby stand incorporated in the Offering Document as follows:**

**3.6.9** The Management Company shall maintain the books of accounts and other records of the Trust for a period of not less than ten (10) years. The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of SECP and the Trustee.

**3.6.10** The Management Company shall obtain a rating of the Scheme as per the NBFC Regulations or conditions prescribed by SECP

**3.6.11** The Management Company shall appoint brokers in compliance with the NBFC Regulations and such other conditions and criteria as it may decide from time to time and shall also ensure that it has been diligent in appointing brokers to avoid undue concentration of business with any broker.

**3.6.12** The Management Company shall ensure minimum disclosure in the Fund Managers' Report, as prescribed under NBFC Regulations, SECP circulars and directives issued from time to time. These may include but are not limited to details of non-compliant investments, credit quality / asset quality of the debt portfolio etc.

The Fund Managers' Report shall be made available on the Management Company's website [www.kasbfunds.com](http://www.kasbfunds.com) and shall be submitted to SECP simultaneously.

**3.6.13** The Management Company shall not use flipping mechanism (i.e. redemption and re-issuance of units to the same unit holders based on different applicable prices without cash settlement). Further the Management Company on behalf of the Fund shall not at any time net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.

**3.7.2.8** The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers and shall also ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration with any Broker.

**3.7.2.9** The Trustee shall arrange for an annual system audit and provide respective report to the SECP and the Management Company in accordance with the NBFC Regulations.

**3.7.2.10** The Trustee shall immediately inform the SECP if any action of the Management Company contravenes the Ordinance, the NBFC Rules, the NBFC Regulations, the Constitutive Documents, guidelines, codes, circulars, directives or any other applicable laws.

**3.7.2.11** The Trustee shall comply with the directions of the SECP given in the interest of the Unit Holders of the Fund

**3.7.3** The Trustee and Management Company shall not be liable for any losses resulting from any element of force majeure. For the purposes of this Deed, the term "force majeure" shall mean any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any Party and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes,

riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

**24) Clause 3.12.5 of the Offering Document is hereby amended in its entirety to read as follows:**

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 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 Front end Load.

**25) Clause 4.1.2 and 4.1.3 of the Offering Document are hereby amended in entirety to read as follows:**

**4.1.2** Class “A” Units shall be offered and issued after the Initial Period of Offer and may be charged Front end Load, not exceeding 5 % of Net Asset Value at the discretion of the Management Company and Back-end load. (The current level of Front-end Load and Back-end Load is specified in Annexure B of this Offering Document.)

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

**26) Clause 4.5.1 and 4.6.1 of the Offering Document are hereby amended in entirety to read as follows:**

**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 and NBFC Regulations 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 not exceeding 5 % (five per cent) of the Net Asset Value (the applicable Front end Load shall be disclosed in the Annexure B;
- c) Such amount as the Management Company may consider an appropriate provision for Duties, Charges and levies etc;

Such sum shall be adjusted upwards to the nearest Paisa. The Offer price so determined shall apply to purchase requests, complete in all respects, received by the Distributor during the business hours on a Business Day

#### **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 not exceeding 5% (five per cent) of the Net Asset Value (the applicable Back-end Load shall be disclosed in the Annexure B);
- b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and

Such amount shall be adjusted downwards to the nearest Paisa. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor during the business hours on a Business Day. Any taxes imposed by the Government may however, be deducted from the respective redemption proceeds.

**27) Clause 4.10.5 of the Offering Document is hereby amended in entirety to read as follows:**

#### **4.10.5 Book Closure**

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

**28) Clause 4.10.7 of the Offering Document is hereby amended in entirety to read as follows:**

#### **4.10.7 Frequency of Valuation and Dealing**

The valuation and pricing of the Trust Property will be in accordance with the provisions of the NBFC Rules and NBFC Regulations.

After the Initial Offering Period 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 and the NBFC Regulations, the Trust Deed and the Offering Document. The Management Company will announce the applicable prices of the Fund on its website [www.kasbfunds.com](http://www.kasbfunds.com) as well as on MUFAP's website by 6:30 pm on all Business Days, or any other time as may be specified by the SECP for announcement of prices from time to time.

**29) Clause 4.11.2.1 of the Offering Document is hereby amended in entirety to read as follows:**

**4.11.2.1** The redemption of Units may be suspended by the Management Company with the approval of its Board of Directors during extraordinary circumstances including closure of one or more Stock Exchange(s) on which any of the Securities invested in by the Scheme 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 Scheme 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 with the approval of its Board of Directors may announce a suspension or deferral of redemption and inform the SECP and the Trustee. 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 outstanding or 10% of the Scheme Net Assets. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Scheme. Details of the procedure are given herein below. In case of suspension of redemption of Units the issuance of fresh Units shall also be kept suspended until and unless redemption of Units is resumed. The suspension of redemption of units shall end on the day the cause of such suspension ceases to exist. The issue of fresh Units shall be resumed on the day the suspension on redemption of Units is revoked by the Management Company. In the event of extra-ordinary circumstances, the Management Company may suspend or defer redemption of Units, with the approval of its Board of Directors and intimate such decision to the Trustee and the SECP. 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 or the Distributors unable to function. The Management Company shall immediately notify the SECP and the Trustee of such suspension.

**30) Clause 4.11.2.2 hereby stands deleted in entirety. Existing clause 4.11.2.3 stands re-numbered as 4.11.2.2 to take effect of the above change.**

**31) Clause 4.11.3 of the Offering Document is hereby amended in entirety to read as follows:**

#### **4.11.3 Queue System**

In the event redemption requests on any day exceed ten percent of the number of Units outstanding or 10% of the Net Assets of Scheme, 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 outstanding. The Management Company shall proceed to sell adequate assets of the Scheme 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 Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of 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 outstanding, 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 outstanding.

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

**32) New clauses 4.12, 4.13 and 4.14 hereby stand incorporated in the Offering Document as follows:**

**4.12 Cut Off Timing**

The cut off timing for issuance, redemption, conversion etc. of Units for all Business Days will be upto PST 12:00 pm. Such cut-off timing shall uniformly apply on all Unit Holders.

**4.13 Time Stamping**

The Management Company will ensure that all applications received by Distributors (including Management Company itself) and all other designated points for issuance, redemption, conversion etc of Units, have date and time stamping mechanism in place for timely acknowledgement of applications. All information regarding issuance, redemption, conversion etc. of Units shall be forwarded to the Trustee within 24 hours of receipt of such applications

**4.14** The Management Company may offer “Administrative Plans” approved by the SECP, where such plans allow investors a specific investment strategy in any one or a combination of Schemes managed by the Management Company in accordance with the conditions specified by SECP

**33) Clause 5.2 of the Offering Document is hereby amended in entirety to read as follows:**

**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 dividends, if any, available for the distribution at the end of the Accounting Period or such other interim period as decided by the Management Company, and shall advise the Trustee of the amount of such distribution per Unit. The Management Company shall also authorise the Unit Holders to select in writing the mode of dividend distribution i.e. bonus Units and/or cash dividends.

**34) Clause 5.2.2.1 of the Offering Document is hereby amended in entirety to read as follows:**

**5.2.2.1** Subject to clause 5.2.3 hereafter, in case of cash distribution, all payment for dividend shall be made either by issuance of payment instrument or 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 thereof.

**35) Clause 6.2.3 of the Offering Document is hereby amended in entirety to read as follows:**

**6.2.3 Formation Cost**

6.2.3.1 Formation Cost shall be charged to the Scheme which are estimated at and shall not exceed one (1%) percent of Pre-IPO capital or Rupees five million, whichever is lower.

6.2.3.2 The Formation Cost shall be reimbursable by the Fund to the Management Company subject to audit of expenses. The said Formation Cost will be amortized by the Fund over a period of not less than five years.

**36) Clauses 6.2.4.1 and 6.2.4.2 of the Offering Document are hereby amended in entirety to read as follows:**

**6.2.4.1** Brokerage Cost related to investing and disinvesting of the Trust Property;

**6.2.4.2** Legal and related costs incurred in protecting or enhancing the interest of the Scheme and its investments or the collective interest of the Unit Holders

**37) Clause 7 and 7.1 of the Offering Document are hereby amended in entirety, to read as follows:**

**7. TAXATION**

The following is a brief description of the Income Tax Law (Income Tax Ordinance, 2001) applicable in respect of the Fund.

**7.1 Taxation of the Fund**

**7.1.1 Liability for Income Tax**

# KASB ASSET ALLOCATION FUND

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Under the Income Tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend income – ten percent 10%.
- (a) Capital gains arising on sale of securities listed on any Stock Exchange in Pakistan – taxed as per the following table:

S.No.	Period	Tax Year (applicable for tax)	Rate of Tax (%age)
1	Where holding period of a security is less than six (6) months	2011	10%
		2012	10%
		2013	12.5%
		2014	15%
		2015	17.5%
2	Where holding period of a security is more than six (6) months.	2011	7.5%
		2012	8%
		2013	8.5%
		2014	9%
		2015	9.5%
3	Where holding period of a security is more than one year	-	0%

- (c) Return from all other sources/ instruments are taxable at the rate of thirty-five 35%, applicable to a public company.

**38) Clause 7.1.2 of the Offering Document is hereby amended in entirety, to read as follows:**

### **7.1.2 Liability for Income Tax, if 90% of Income is distributed as Dividend**

Notwithstanding the tax rates and withholding tax stated under 7.1.1 and 7.1.3, the income of the Fund will be exempt from tax, if not less than ninety percent (90%) of the accounting income for the year, is distributed amongst the Unit Holders as dividend(cash or stock). The ninety percent (90%) of the income shall be calculated after excluding capital gains whether realized or unrealized.

For achieving tax efficiency, the Fund shall strive to distribute at least 90% of the income as dividend, calculated after excluding capital gains whether realized or unrealized.

**Note:** In terms of the NBFC Regulations the Management Company, on behalf of the Fund, for every annual Accounting Period, is required to distribute by way of dividend to Holders not less than ninety per cent (90%) of the accounting income of the Fund earned from sources other than unrealized capital gains as reduced by such expenses as are permitted to be charged to the Fund.

For the purpose of the NBFC Regulations the expression “accounting income” means income calculated under the International Accounting Standards and verified by the auditors.

**The Management Company intends to comply with the requirement of the NBFC Regulations.**

**39) Clause 7.1.3 of the Offering Document is hereby amended in its entirety, to read as follows:**

#### **7.1.3 Withholding Tax**

Under the provisions of Clause 47 (B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, return from term finance certificates or corporate papers, profit on government securities, return on deposits/certificates of investment with Banks/ Financial Institutions, profits from money market transactions, profit from profit or loss sharing accounts with banks of the Fund will not be subject to any withholding tax.

**40) Clause 7.1.4 of the Offering Document is hereby substituted in its entirety, to read as follows:**

#### **7.1.4 Zakat**

The Fund is Saheb-e-nisab under Zakat and Ushr Ordinance, 1980. The balance in the credit of Saving bank Account, or similar account with a Bank standing on 1st day of Ramazan-ul-Mubarak will be subject to deduction of 2.5% Zakat.

**41) Clause 7.2 and 7.2.1 of the Offering Document are hereby substituted in entirety, to read as follows:**

#### **7.2 Taxation of Unit Holders and Liability to Zakat**

**7.2.1 Withholding Tax:** Unless exempted from such taxation or at reduced rate under any law or avoidance of double taxation agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax @ ten percent (10%) according to the present rates, which may change in future.

In terms of the provisions of the Income Tax Ordinance, 2001, withholding tax shall be deemed to be full and final liability in respect of such distribution.

**42) Clause 7.2.2 and its sub-clauses are hereby substituted in entirety, to read as follows in the Offering Document:**

**7.2.2 Capital Gains Tax:** Capital gains on disposition of Units of the Fund will be subject to capital gains tax at the rates prescribed in the Income Tax Ordinance, 2001. The currently applicable rates are as below:

Sr.No.	Period	Tax Year (applicable for tax)	Rate of Tax (%age)
1	Where Units are redeemed within six (6) months of the purchase/investment	2011	10%
		2012	10%
		2013	12.5%
		2014	15%
		2015	17.5%
2	Where Units are redeemed after six (6) months but before twelve (12) months of the purchase/investment	2011	7.5%
		2012	8%
		2013	8.5%
		2014	9%
		2015	9.5%
		2016	10%
3	Where Units are - redeemed after twelve (12) months		0%

**43) Clause 7.2.3 of the Offering Document is hereby substituted in its entirety, to read as follows:**

**7.2.3 Tax Credit:** Subject to the listing on any Stock Exchange in Pakistan, a person other than a company as defined in the Income Tax Ordinance, 2001, shall be entitled to a tax credit under section 62 (1) and (2) of the Income Tax Ordinance, 2001 on purchase of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested, (b) ten percent of the taxable income of the Unit Holder, and (c) three hundred thousand Rupees (PKR 300,000/-), and will

be calculated by applying the rate of tax of Unit Holder for the tax year before allowance of any tax credit under the Income Tax Ordinance, 2001. If the Units so acquired are disposed by the Unit Holder within twelve (12) months, the amount of tax payable by the Unit Holder for the tax year shall be increased by the amount of the tax credit allowed to the Unit Holder.

**44) Clause 7.2.4 of the Offering Document is hereby substituted in its entirety, to read as follows:**

**7.2.4 Zakat:** Units held by resident Pakistani Holders shall be subject to Zakat at 2.5% of the Par Value or Redemption Price of Units, whichever is lower at the time of determining Zakat under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount payment or from the redemption payment, if Units are redeemed during the Zakat year before payment of dividend.

**45) Clause 7.2.5 and its sub-clauses hereby stand deleted in entirety.**

**46) New Clause 7.3 hereby stands incorporated in the Offering Document as follows:**

### **7.3 Disclaimer:**

The tax and Zakat information given above is included for general purpose only and is based on the Management Company'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.

All information contained in this Part is based on current taxation status. The exemptions and rates of taxation are subject to change from time to time, as may be announced by the Government.

**47) Clause 8.2 of the Offering Document is hereby amended in its entirety, to read as follows:**

### **8.2 Reports to the Unit Holders**

8.2.1 Following reports will be sent to the Unit Holders physically (or through electronic means or on the web, as the case may be, subject to SECP approval):

a) Annual report, together with a copy of balance sheet, income statement, cash flow statement and statement of movement in Unit Holders' fund or net assets or reserves, Trustee report and the Auditors report of the Fund to the Trustee, SECP, Stock

Exchange and the Unit Holders within four months of the closing of the Accounting Period. Annual Reports shall be posted on the website, [www.kasbfunds.com](http://www.kasbfunds.com) and shall also be provided to Unit Holders, free of charge, at their registered address.

Details of non-compliant investments, if any, shall also be disclosed in the annual statement as required under NBFC Regulations and related circulars as amended from time to time.

b) Within one month of the closing of first and third quarter and within two months of the closing of second quarter of each Accounting Date, balance sheet as at the end of that quarter, income statement, cash flow statement, statement of movement in Unit Holders' fund or Net Assets or reserves and statement showing securities owned at the beginning at the relevant period, securities purchased or sold during such period and securities held at the end of such period together with the value (at carrying and at market) and percentage in relation to its own net assets and the issued capital of person whose securities are owned for that quarter, whether audited or otherwise and Trustee report, whether audited or otherwise. Where the quarterly accounts and statements mentioned above are placed on the Management Company's website [www.kasbfunds.com](http://www.kasbfunds.com), printed copies thereof shall be provided to the Unit Holders as and when requested. The printed copy of the quarterly accounts shall be provided to Unit Holders, free of charge, at their registered address, within seven (7) Business Days of such request.

Details of non-compliant investments, if any, shall also be disclosed in the quarterly statement as required under NBFC Regulations and related circulars as amended from time to time.

c) Trustee shall issue a report to the Unit Holders to be included in the annual and second quarter report of the Fund 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 Trust Deed, this Offering Document, the NBFC Rules and NBFC Regulations, 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.

**48) Clause 12.4 of the Offering Document is hereby amended in its entirety, to read as follows:**

**12.4 "Authorised Branch(es)"** means those branches of the Distributors which are authorised to perform the Distribution Functions by the Management Company. The list of Authorised Branches will be disclosed in the Offering Document as Annexure "D."

**49) Clause 12.5 of the Offering Document is hereby amended in its entirety, to read as follows:**

**12.5 "Authorised Investment"** means investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:

**12.5.1** Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government issued or Government backed Securities

**12.5.2** Certificates of Musharika (COMs)

**12.5.3** Deposits with banks or financial institutions as per the criteria that may be laid down by SECP.

**12.5.4** Debt Securities which includes TFCs, PPTFCs, Sukuks. Securities issued by local governments, government agencies

**12.5.5** Certificates of Investment / Deposits, TDR, Letter of Placements issued by financial institutions and NBFCS

**12.5.6** Debt Securities traded Over- the- Counter (OTC) markets.

**12.5.7** Reverse REPOs against Government securities or such debt securities that are listed on the stock exchanges.

**12.5.8** Commercial Papers and money market placements

**12.5.9** Continuous Funding System (CFS) or any such replacements subject to relevant SECP approvals.

**12.5.10** Spread Transactions. The Fund 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 sell 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 securities.

**12.5.11** Listed securities, shares, preference shares and any form of equity. Such investments shall include those for ready settlement as well as those for future settlement;

**12.5.12** Any other equity security in respect of which permission to deal on a Stock Exchange is effective subject to the criteria that may be laid down by SECP;

**12.5.13** Investment in Derivative instruments, shall be made with the approval of SECP. Derivative instruments shall include options, warrants, equity derivatives, convertibles, interest rate swaps, forward Rate Agreements subject to prior approval of SECP and any other derivative instruments as permitted by SECP. The investment in this asset class will be for hedging purpose only and subject to such other terms and conditions as may be notified by the SECP.

**12.5.14** Subject to prior approval of SECP and other regulatory approvals the Scheme may seek to invest in foreign securities issued, listed or traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time.

**12.5.15** Any other security and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules, the NBFC Regulations, or any other regulatory authority from time to time

**12.5.16** The investments in above asset classes shall be subject to such Exposure limits and minimum ratings, where applicable, as specified in the Offering Document of the Fund, SECP directives, the NBFC Rules and the NBFC Regulations as amended or substituted from time to time.

**50) Clause 12.6 of the Offering Document is hereby amended in its entirety, to read as follows:**

**12.6 "Back-end Load"** means the charges (excluding Duties and Charges) not exceeding 5% (five per cent of the NAV) payable as specified under clause 4.7.1, which are deducted from NAV for determining Redemption Price, on redemption of Units Any such charges shall be treated as part of the Trust Property. Provided however that different level of Back-end Load may be applied to different classes of Units and disclosed in the Offering Document.

**51) Clause 12.19.4 of the Offering Document is hereby amended in its entirety, to read as follows:**

**12.19.4** Accounting to the Management Company for (i) payment instruments received from the applicants for issuance of Units (ii) payment instruments delivered to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.

**52) Clause 12.20 of the Offering Document is hereby amended in its entirety, to read as follows:**

**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 increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

**53) Clause 12.23 of the Offering Document is hereby amended in its entirety, to read as follows:**

**12.23 Front-end Load"** means the sales and processing charges (excluding Duties and Charges) that is received by the Management Company and/ or its Distributors that may be included in the Initial Price or Offer Price of the Units not exceeding five percent (5%)

of the Par Value or Net Asset Value, whichever is applicable. The details of Front-end Load applicable to the Offer Price shall be specified in the Offering Document. Provided however that different levels of Front-end Load may be applied to different investors.

**54) New Clause 12.29 hereby stands incorporated in Offering Document as follows:**

**12.29** "NBFC Regulations" mean Non-Banking Finance Companies and Notified Entities Regulations, 2008 and shall include any amendments to or substitutions thereof from time to time.

**55) Existing Clauses 12.29 to 12.42 renumbered 12.30 to 12.43**

**56) Clause 12.43 of the Offering Document hereby stands deleted in entirety.**

**57) Clause 12.48 of the Offering Document hereby stands deleted in entirety.**

**58) Clause 12.49.1 of the Offering Document is hereby amended in its entirety, to read as follows:**

**12.49.1** The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges and applicable Front-end Load as charged by the Management Company and after adding thereto charges for redemption in the form of Back-end Load.

**59) Existing clauses 12.49 to 12.51 renumbered as 12.48 to 12.50 to take effect of the above changes.**

**60) Annexure B of the Offering Document hereby stands amended in entirety, to read as follows:**

## **Annexure "B"**

### **CURRENT LEVEL OF LOADS AND MANAGEMENT FEE**

**A maximum of 5% of NAV can be charged as Front End Load. Current level of Front end Load as decided by the Management Company is as follows:**

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

Effective from the close of First Offer

**Front-end Load:** 2 % of the Offer Price. In case conversion is required into the Fund from another fund under the management of KFL  
0.50% of NAV

**Back-end Load:** Nil

# **KASB** ASSET ALLOCATION FUND

Formerly: KASB Balanced Fund

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## **Management Fees:**

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, 2008.

**An increase in the load structure and management fee shall be made after obtaining prior approval of the Commission and shall be notified through an addendum.**