

**OFFERING DOCUMENT
OF
FIRST HABIB STOCK FUND

(An Equity Scheme)**

**RISK PROFILE: HIGH
RISK OF PRINCIPAL EROSION: PRINCIPAL AT HIGH RISK**

**MANAGED BY
Habib Asset Management 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 Regulation, 2008.

Date of Publication of Offering Document October 1, 2009.

Initial Offering Period October 08, 2009 to October 09, 2009 (both days inclusive)

The First Habib Stock Fund **(the Fund/the Scheme/the Trust/the Unit Trust/FHSF)** has been established through a Trust Deed **(the Deed)**, entered into between Habib Asset Management Limited, **(the Management Company)** and Central Depository Company of Pakistan Limited, **(the Trustee)** and is authorized under Non-Banking Finance Companies and Notified Entities Regulations, 2008 **(the Regulations)**.

REGULATORY APPROVAL AND CONSENT

Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan **(SECP)** has registered the First Habib Stock Fund under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The SECP has approved this Offering Document, under Regulation 54 of the Regulations. It must be clearly understood that in giving this 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, the Rules and the Regulations 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 recognize that all investments involve varying levels of risk. The portfolio of the Fund consists of market-based investments, listed as well as unlisted, that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is or can be assured. Investors are requested to read the Risk Disclosure and Warnings statement contained in Clause 2.9, clause 2.10 and Clause 14 respectively in this Offering Document.

Filing of the Offering Document

The Management Company has filed a copy of the Offering Document signed by the Chief Executive along with the Trust Deed with the SECP. Certified copies of these documents along with documents 3 to 6 below can be inspected at the registered office of the Management Company or the place of business of the Trustee:

1. The SECP's letter No. NBFC-II/14/HAML/AMS/10/2009 dated May 15, 2009 granting license to Habib Asset Management Ltd. to carry out Asset Management Services together with the copy of the license;
2. Trust Deed (Deed) of FIRST HABIB STOCK FUND dated August 21, 2008 between Habib Asset Management Limited (HAML) as the establisher and the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee;
3. SECP Letter No. NBFC/MF-RS/AD-KAM/HAM/553/2009 dated May 21, 2009 registering FIRST HABIB STOCK FUND as a notified entity;
4. SECP Letter No. NBFC-II/VS/HAML/619/2008 dated August 13, 2008, approving the appointment of CDC as the Trustee of First Habib Stock Fund;
5. Letter from KPMG Taseer Hadi & Co., Chartered Accountants consenting to act as Auditors of First Habib Stock Fund;
6. The SECP's letter No. NBFC/MF/DD-MSB/FHSF/903/2009 dated September 28, 2009, approving this Offering Document.

1. CONSTITUTION OF THE SCHEME

1.1 Constitution

The Fund is an open-end fund and has been constituted by a Trust Deed entered into at Karachi on August 21, 2008 between Habib Asset Management Limited (HAML), a Non-Banking Finance Company incorporated under the Companies Ordinance 1984, and licensed by SECP to undertake asset management services with its registered office at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi, as the establisher of the Fund and the Management Company; and Central Depository Company of Pakistan Limited (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 Shahrah-e-Faisal, Karachi, Pakistan as the Trustee.

1.2 Registered Address, Place and Date of Creation

The registered address of the Habib Asset Management Limited is 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi. The Trust was created on August 21, 2008. The official web site address of Habib Asset Management Ltd. is www.habibfunds.com.

1.3 Trust Deed

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008 and all other applicable laws. The terms

and conditions in the Deed and any supplemental deed(s) shall be binding on every Unit Holder.

1.4 Modification of Trust Deed and Offering Document

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed(s) / Offering Document to modify, alter or add to the provisions of the Deed / Offering Document on any of the following grounds:

- a) To such extent as may be required to ensure compliance with any applicable laws and regulations or any amendment of such laws and regulations;
- b) To enable the provisions of the Deed / Offering Document to be more conveniently and efficiently implemented;
- c) To enable the Units to be listed on a Stock Exchange or any other Exchange; or
- d) Otherwise to the benefit of the Unit Holders.

Provided that in case of (b), (c) and (d) above, such alteration or addition shall not prejudice the interest of the Unit Holders; and that in any event, it shall not release the Trustee or the Management Company of their responsibilities.

Where the Deed or the Offering Document has been altered or supplemented, the Management Company shall notify to the Unit Holders at their respective registered addresses and the dispatch of such notices to the Unit Holders will be announced in two daily newspapers having its primary circulation in Pakistan. However, if the Commission (SECP) modifies the Rules / Regulations to allow any relaxations or exemptions for all the funds, these will deemed to have been included in the Constitutive Documents without requiring any modification as such.

1.5 Duration

The duration of the Fund is perpetual. However, the SECP or the Management Company may, on the occurrence of certain events, wind it up as stated in **Clause 16** of this Offering Document under the heading "Termination of First Habib Stock Fund".

1.6 Units

The Fund is divided into Units having an initial Offer price of Rs. 100/- (Rupees one hundred only) each. This price is applicable to such Units that are issued before any of the assets of FHSF are invested in other than bank deposits, whether or not earning interest / mark-up. Thereafter, the Units shall be issued on the basis of the Net Asset Value (NAV) of FHSF, which shall form the base for determining the Offer and Repurchase Prices. All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in FHSF proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company

may issue Units with different options for different arrangements as chosen by the investor from time to time.

1.7 Open-ended Fund

It shall offer and redeem Units on a continuing basis subject to terms contained herein and to the Rules / Regulations. 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 impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. 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 Transfer Agent. Certificates representing the Units will 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 Rs. 50/- per certificate, subject to revision of this fee from time to time by the Management Company.

1.8 Initial Offer

Initial Offer is made during the Initial Period which will be two Business Days and start at the start of the banking hours on October 08, 2009 and shall end at the close of the banking hours on October 09, 2009. During the Initial Period Units will be issued at an Initial Price of Rs.100/- per Unit with a minimum investment size of Rs. 5,000/- only. This price is applicable to such Units that are issued before any of the assets of the Scheme are invested other than deposits, whether or not earning mark-up/profit. During the Initial Period of Offering, Units will not be redeemed.

1.9 Transaction in Units after Initial Offering Period

Subsequent to the Initial Offer, the Units can be purchased at the Offer (Purchase) Price and redeemed at the Redemption (Repurchase) Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the Stock Exchange(s) / Financial Market(s) Business hours. In the event there are closed days, for any reason, the next day the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed day(s), the NAV based price per unit shall be fixed after adjusting for the Front-end Load or the Back-end Load as the case may be and any Transaction Costs that may be applicable save under circumstances elaborated in Clause 4.9 mentioned herein, such prices shall be applicable to Purchase and Redemption requests as mentioned in clause 5.2 of this Offering Document.

The Management Company may issue Units without Sales Load or with a reduced Sales Load to Unit Holders.

2. INVESTMENT OBJECTIVES AND RESTRICTIONS

2.1 Investment Objectives

The objective of First Habib Stock Fund (FHSF) is to provide investors with long term capital growth from an actively managed portfolio invested primarily in diversified pool of listed equities and other approved instruments.

2.1.1 Investment Policy

The Fund will primarily focus on investment in undervalued shares listed on Stock exchanges. The Fund shall invest at least 70 per cent of its net assets in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and / or near cash instruments which include cash in bank accounts (excluding TDRs), and treasury bills not exceeding 90 days maturity. The Fund shall not take exposure to Continuous Funding System (CFS).

2.1.2 Benchmark

¹[KSE 30 Index **Total Return**]

2.2 Investment Exposure

The Fund would comprise of a diversified investment portfolio. The allocation between various investments will depend on prevailing market conditions.

²[

Asset Class	Exposure Limit
Listed Equity Securities	Minimum 70% based on quarterly average investment calculated on daily basis
Cash and/ or near cash instruments which include cash in bank accounts (excluding TD Rs) and treasury bills & GOP Ijara Sukuk not exceeding ninety (90) days maturity	Remaining Net Assets based on quarterly average investment calculated on daily basis
Investment in Futures contracts	Not exceeding 40% of Net Assets at any time
Foreign Investment	30% of Net Asset of the Scheme or USD 15 Million whichever is less, subject to SBP's approval.

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2.3 Changes in Investment Policy

The investment policy will be governed by the Rules / Regulations (subject to any exemptions provided to the Fund specifically by SECP). Any fundamental change in the Investment Policy 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 Investment outside Pakistan

Investments in overseas markets will enable the Fund to further diversify its risk as well as avail opportunities for higher returns. Subject to SECP or other regulatory approvals, the Scheme may seek to invest in foreign securities issued, listed or otherwise 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.

1. Substituted vide 4th supplement dated May 15, 2014

2. Inserted vide 6th supplement dated June 07, 2021.

- 2.4.1 Investments outside Pakistan will be to the extent 30% of the Net Assets of the Fund, subject to a cap of US\$ 15 million or such cap as may be defined in Rules from time to time. The investment would be subject to prior approval of SECP and State Bank of Pakistan.

Fund Property can be invested in international Investments including the following:

- (a) International equities;
- (b) International profit bearing securities;
- (c) International money market;
- (d) Foreign currency bank deposits and certificate of investments
- (e) Foreign currency bank account in Pakistan
- (f) Mutual Funds.

2.5 Investment Restrictions and Exposure Limits

- 2.5.1 The Fund shall follow the investment restrictions and exposure limits imposed by the Regulations. In the event of any changes in the investment restrictions in the Regulations, restrictions applicable to FHSF shall automatically be applied.

- 2.5.2 The Trust shall not take exposure of more than,-

- a) thirty five percent of net assets of the scheme in any single group; and
- b) ten percent of net assets of the scheme at the time of taking exposure in listed group companies of the Management Company and such exposure shall only be made through the secondary market.

- 2.5.3 The Trust will not at any time:

- (a) Apply any part of its assets to real estate, commodities or commodity contracts.
- (b) Affect short sale in a security whether listed or unlisted.
- (c) Purchase any security in a forward contract.
- (d) Purchase any security on margin.
- (e) Invest in securities of the asset Management Company
- (f) Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness.
- (g) Apply for delisting from stock exchange, unless it has obtained prior approval of the Commission.
- (h) Invest in any security of a company if any director or officer of the Asset Management Company owns more than five (5%) percent of the total amount of securities issued, or, the directors and officers of the Asset Management Company own more than ten (10%) percent of those securities collectively.
- (i) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- (j) sell units or issue shares or certificates for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Collective Investment Scheme.
- (k) without obtaining prior approval of the Commission merge Collective Investment Schemes or acquire or take over any other Collective Investment Scheme.
- (l) take Exposure in any other Collective Investment Scheme, except for overseas investment

- 2.5.4 The Scheme/Fund shall not invest more than twenty-five percent (25%) of its net assets in securities of any one sector as per classification of Stock Exchange or such limits as may be prescribed under the Regulations. Further, the exposure of

the scheme in any single company shall not, at any time exceed an amount equal to ten percent (10%) of the total net assets of the Scheme at the time of investment or ten percent (10%) of the issued capital (in case of debt issue, 10 per cent of that issue) of the investee company, whichever is lower.

- 2.5.5 The Scheme shall not invest in unlisted equity securities unless an application for listing of such securities has been accepted by the Stock Exchange, provided that the Scheme may make total investments in a Pre-IPO up to fifteen (15%) percent of its Net Asset Value, or such other limits as may be prescribed under the Regulations.
- 2.5.6 The cumulative exposure in all the collective Investment Schemes managed by the Asset Management Company, to a single company shall remain below 25% (twenty five percent) of the issued capital of that company.

2.6 Exception to Investment Restrictions

In the event the weightages of investments exceed the limits laid down in Offering Document or the Regulations as a result of the relative movement in the market prices of investments or through any disinvestments, the Management Company shall bring the exposure within the prescribed limits within three months of the event or such other period as may be allowed by SECP. However, this restriction shall not apply to any offer of right and bonus shares.

2.7 Borrowing Restrictions

- 2.7.1 Subject to any statutory requirements for the time being in force and the terms and conditions herein contained the Management Company may, at any time with the approval of Trustee make arrangements with Banks or other financial institutions for borrowing for the account of the Trust for meeting redemption requests. Provided, that the charges payable to such Bank or financial institution are not higher than the normal bank charges.
- 2.7.2 Provided further that the maximum borrowing for the account of the Trust shall not exceed 15% (fifteen percent) of the total Net Asset Value of Fund at the time of borrowing and shall be repayable within a period of ninety (90) days but if subsequent to such borrowing, the Net Assets have 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. The Management Company shall not make any investment or rollover of any investment of the Fund in case borrowing limit has already been exhausted and/or redemptions are pending for more than six days.
- 2.7.3 For the purpose of securing any such borrowing the Trustee may on the instruction of the Management Company; mortgage, charge or pledge in any manner all or any part of the Trust Property, provided that the aggregate amount to be secured by such mortgage, charge or pledge shall not exceed the limit provided in the Regulations.
- 2.7.4 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 on account of the Trust 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 any borrowings.
- 2.7.5 The Trustee or the Management Company shall not 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 hereunder in good faith.

2.8 Restriction of Transactions with Connected Persons

- i. The Fund 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 (5%) of the total nominal amount of the securities issued or collectively the Directors and Officers of the Management Company in their individual capacities own more than ten percent (10%) of those securities.
- ii. The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any Director, Officer or Employee of the Management Company or Trustee or to any person who beneficially owns ten percent (10%) or more of the equity of the Management Company or the Trustee, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.
- iii. For the purpose of sub-paragraphs (i) and (ii) above the term Director, Officer and Employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- iv. Where cash forming part of assets of Collective Investment Scheme is deposited with the trustee or the custodian that is a banking company or an NBFC, a return on the deposit shall be paid by such trustee or custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar amount and maturity.
- v. All transactions with connected persons carried out by an Asset Management Company on behalf of the Collective Investment Scheme shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the annual report of the Collective Investment Scheme.
- vi. Any transaction between the Trust and the Management Company or any of the Connected Person as principal, shall only be made, if permissible under the Regulations and with the prior written consent of the Commission, if required, under Regulation 59 of the Regulations.

2.9 Risk Disclosure

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of First Habib Stock Fund is subject to market price fluctuation, interest rates" movement, money market fluctuations and other risks inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

- A. Equity Risk: Share prices are generally volatile and may go up and down because of their dependence on market sentiments, speculative activity, supply and demand for the shares and liquidity in the market. The companies" performance, industry outlook, market activity and the larger economic scenario influence the price of the shares. When the economy is expanding, the outlook for many companies is positive and the value of these shares may rise, and vice versa.
- B. Derivative Risk: Derivatives may be used to limit or hedge potential losses associated with capital markets and return/mark-up/coupon rates. This process is called "hedging". Any use of derivatives, including but not limited to, has following risks:
 - a) The hedging strategy may not be effective.

- b) There is no guarantee that a market will exist when a fund wants to buy or sell the derivative contract.
 - c) A large percentage of the assets of a fund may be placed on deposit with one or more counter parties, which exposes the fund to the credit risk of those counterparties.
 - d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
 - e) The counter-party to the derivative contract may not be able to meet its obligation.
 - f) The exchanges on which the derivative contracts are traded may set daily trading limits, preventing a fund from closing out a particular contract.
 - g) If an exchange halts trading in any particular derivative contract, a fund may not be able to close out its position in that contract.
 - h) The price of a derivative may not accurately reflect the value of the underlying security or index.
- C. Government Regulation Risk: Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows and/or any governmental or court orders restraining payment of principal amount or profit/ dividend income.
- D. Voluminous Purchase/Redemption of Units Risk: Any significant transaction made by any investor could significantly impact fund's cash flow. If a third party purchases large amounts of Units, the Fund could temporarily have a high cash balance. Conversely, if a third party redeems large amounts of Units, the Fund may be required to finance the redemption by selling securities at an inopportune time. This unexpected sale / redemption may have a negative impact on the performance of the investment.
- E. Other Risks Involved:
- a) Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made or break down of law and order, war, terrorist activity, natural disasters etc.
 - b) Prices of Units of the Fund and income from them may go up or down.
 - c) Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up. In such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the

relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

- F. 3 [There may be times when a portion of the investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned 'Category. This non-compliance may be due to various reasons including, adverse market conditions, liquidity constraints or investment specific issue. Investors are advised to study the latest Fund Manager Report specially portfolio composition and Financial Statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the assigned category. The latest Fund Manager Report as the format prescribed by Mutual Funds Association of Pakistan (MUFAP) is available on the website of the Asset Management Company and can be obtained by calling / writing to the AMC.]

2.10 Disclaimer

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

3. OPERATORS AND PRINCIPALS

3.1 Management Company

3.1.1 Organization

Habib Asset Management Limited was incorporated on September 30, 2005 as a Public Limited unlisted Company and is licensed by SECP to undertake asset management services. The main objective of the company is to float open-end mutual funds for different class of investors. The major share holder of the company include Dawood Habib family and Bank AL Habib Ltd.

Name	Share Holding %	No. of Shares	Amount
Dawood Habib Family	59	6,637,500	66,375,000
Bank AL-Habib Ltd	30	3,375,000	33,750,000
Friends & Associates	11	1,237,500	12,375,000
TOTAL	100	11,250,000	112,500,000

The Habib Group is known for banking and financial services. They established Habib Bank Limited in 1941 in Bombay. This Muslim owned bank of the Indian subcontinent shifted its head office to Karachi prior to the creation of Pakistan. Being the only Muslim bank, it became instrumental in meeting the financial and banking needs of Pakistan. The Bank continued to record tremendous growth and progress and emerged as the leading commercial bank in Pakistan, when it was nationalized, along with all other banks. After nearly 18 years of nationalization of banks in Pakistan, the Government of Pakistan decided in 1991 to allow the private sector to establish commercial banks in the country. It was under this policy that Habib Group setup Bank AL-Habib Ltd. The bank is presently operating through 245 branches all over the country.

3.1.2 Board of Directors

Name	Address	Other Directorship
Mr. Ali Raza D. Habib Chairman	House No B- 579, KDA Scheme, Extension 1 Karachi	Habib Insurance Co. Ltd. Bank AL Habib Ltd. Habib Sugar Mills Ltd. Habib Sons (Pvt.) Ltd.
Mr. Mohammad Ali Jameel Director	122/1, 11th Street, Khyaban-e-Sehar, Phase VI, DHA, Karachi	Trakker (Pvt.) Ltd. Trakker Management Services (Pvt.) Ltd. TRG Pakistan Ltd. Dadex Enternit Ltd.
Mr. Shariq Abdullah Director	House No. 6-2, DHA, Phase 5, Karachi	None
Mr. Mansoor Ali Director	House No GF- 3-12-B Sea View Apartments Karachi	None
Mr. Imran Azim Chief Executive	11/1/2, Khayaban-e- Shujaat, Phase V, DHA, Karachi	Baba Farid Sugar Mills Ltd. Fecto Sugar Mills Ltd. Haroon Oils Ltd.

3.1.3 Particulars of the Directors

Mr. Ali Raza D. Habib - Chairman

Mr. Ali Raza D. Habib is currently the Chairman of Bank AL Habib Limited and Managing Director and Chief Executive of Habib Insurance Company Limited. He is also a Board member of Habib Sugar Mills Ltd. After completing his early training period within the family group business, including a short stay with Habib Bank Limited, Mr. Ali Raza D. Habib started his career with Habib Insurance Company Limited as a young officer.

During the period 1969 to 1984, Mr. Habib remained associated with Textile Business of the Group. In 1984, Mr. Habib took up an assignment in London with Habib & Sons Limited, the Parent Group Trading Company and during his stay in United Kingdom he also took active interest in Habibsons Bank Limited, a U.K. Registered Bank under License from Bank of England, where he served on the Board.

He returned to Pakistan in 1993 and soon after took charge of Habib Insurance Company Limited. During the last fifteen years the Company has progressed well and has managed respectable growth within the Industry.

Mr. Imran Azim - Chief Executive

Mr. Imran Azim is MBA in finance and has more than two decades of experience in Mutual Fund Industry. He served NIT from 1977 to 1998 where he worked in almost all the departments including Investment, Marketing, Business Development and Accounts. Prior to joining Habib Asset Management Limited he was Chief Executive of Haroon Oils Limited.

Mr. Mohammad Ali Jameel – Director

Mr. Mohammad Ali Jameel is a Chartered Accountant from England & Wales. He holds Bsc. degree from London School of Economics in Economics, Accounting and Finance. He has over 15 years of experience in the Financial Sector and has served as Chief Executive of Jahangir Siddiqui Investment Bank Limited from 1999-2001. He is presently Chief Executive Officer of Trakker (Pvt.) Ltd., Pakistan's largest vehicle tracking and fleet management company. He is also the CEO of Trakker Direct Insurance, Pakistan's first direct insurance company.

Mr. Shariq Abdullah - Director

Mr. Shariq Abdullah is a Chartered Accountant from England & Wales. He holds bachelor's degree from London School of Economics & Political Science and has done MBA from Imperial College of Science, London. He has around 20 years working experience in Trade and Industry locally as well as internationally.

Mr. Mansoor Ali – Director

Mr. Mansoor Ali is presently working with Bank AL Habib Limited as General Manager. He is an MBA and has more than 23 years local as well as foreign banking experience.

3.2 Management

Muhammad Shakeel Musani - CFO & Company Secretary

Mr. Shakeel Musani is a qualified Chartered Accountant. He has around 8 years of post qualification experience of which around 4 years are of mutual fund industry. He has fueled the growth of another asset management company in the capacity of Chief Financial Officer and member of the Investment Committee. During his stay at A. F. Ferguson & Co. Chartered Accountants, his responsibilities included strategic audit planning, system evaluation, documentation and risk management, corporate business and financial reporting, and taxation and allied matters. His responsibilities also included representing major companies of oil & gas and financial sectors before the Income Tax and Sales Tax assessing and appellate authorities. He was also responsible for advising to national and multinational clients on local and international taxation. He was member of the team making recommendations to the Central Board of Revenue on the Income Tax Ordinance, 2001.

Mr. Junaid Kasbati - Head of Treasury

Mr. Junaid Kasbati possesses over six years of rich and valuable experience and in-depth understandings of money market/fixed income investments. He is also an associate member of Financial Market Association of Pakistan (FMAP). He started his career from Jahangir Siddiqui & Company Limited as a Dealer in Fixed Income Sales. Subsequently he joined Global Securities Pakistan Limited as a Senior Dealer money market and gained expertise in dealing with Financial Institutions. Before joining Habib Asset Management he was Head of Treasury in Crescent Leasing Corporation Limited where he was supervising the money market and equity operations.

3.3 Details of Performance of Schemes Under Management and Listed Companies Where Directors Hold Similar office

3.3.1 Funds Under Management of Habib Asset Management Limited

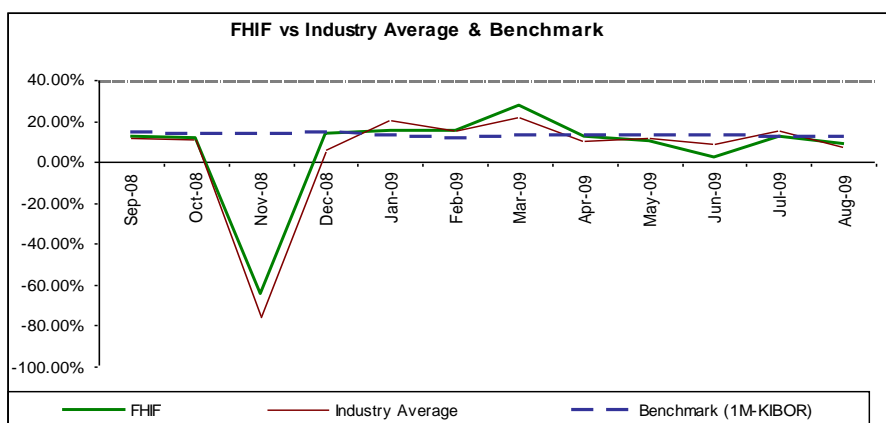
HAML is currently managing an open-ended income fund namely First Habib Income Fund (FHIF).

FIRST HABIB INCOME FUND (FHIF)

The Net Assets of FHIF are Rs. 2.09 billion as at August 31, 2009. The units of FHIF are listed on the Lahore Stock Exchange and were initially offered to the public on May 30, 2007, through an Offering Document.

FHIF's investment philosophy is to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The Fund's investment portfolio comprised of T-Bills (49%), TFCs (18%), Bank Term Deposits (17%) and cash and money market instruments (16%) as at August 31, 2009. The annualized yield for the current year up to August 31, 2009 comes to 10.65%.

The performance of FHIF versus benchmark (1 month KIBOR) and the industry is illustrated below:



3.3.2 Listed Companies Where Directors Hold Similar Office

	2003	2004	2005	2006	2007	2008
Habib Insurance Limited (as on 31st December)						
Total Assets	678.70	731.12	863.21	1,523.55	2,101.10	1,457.47
Shareholders' Equity	209.66	270.41	418.31	960.10	1,237.68	663.29
EPS	2.65	2.95	3.37	10.13	5.91	-5.57
Cash Dividend	25%	30%	35%	65%	60%	12.50%
Bonus	30%	30%	30%	35%	20%	12.50%
Bank Al-Habib Limited (as on 31st December)						
Total Assets	58,065.87	77,445.29	91,538.76	115,260.32	141,338.24	177,329.93
Shareholders' Equity	3,190.828	3,834.16	5,331.54	6,619.55	8,413.42	10,013.46
EPS	7.48	2.94	5.48	4.81	4.59	4.95
Cash Dividend	10%	-	15%	15%	15%	12.50%
Bonus	25%	35%	40%	40%	30%	27.50%
Habib Sugar Mills Limited (as on 30 September)						
Total Assets	1,570.13	1,809.51	2,019.21	2,395.71	2,939.44	3,354.48
Shareholders' Equity	771.70	948.19	1,206.31	1,563.07	1,979.67	2,030.46
EPS	1.43	4.44	3.76	3.74	3	5.61
Cash Dividend	20%	40%	20%	20%	20%	25.00%
Bonus	-	-	33.33%	33.33%	25%	33.33%
TRG Pakistan Limited (as on 30th June)						
Total Assets	683.24	1,610.19	4,447.08	4,628.14	5,650.15	6,314.98
Shareholders' Equity	648.92	502.42	2,133.89	1,537.19	2,711.92	1,721.27
EPS	-2.98	-1.03	-0.53	-2.46	-1.06	-3.97
Cash Dividend	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
BABA Farid Sugar Mills Limited (as on 30 September)						
Total Assets	385.551	656.206	832.563	805.914	953.141	1288.377
Shareholders' Equity	23.615	-20.104	-9.184	84.264	-69.485	472.645
EPS	-0.13	-4.63	1.16	-2.33	-16.27	-0.42
Cash Dividend	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
PECTO Sugar Mills Limited (as on 30 September)						
Total Assets	1501.164	1672.662	1563.804	1896.611	1845.717	1505.67
Shareholders' Equity	4.42	-67.814	-29.105	95.08	-12.532	-48.232
EPS	-29.54	-14.36	7.7	-16.94	-16.77	-2.45
Cash Dividend	-	-	15%	-	-	-
Bonus	-	-	-	-	-	-

3.4 Duties and Responsibilities of the Management Company

3.4.1 Role of the Management Company

The Management Company shall manage, operate and administer the Scheme in accordance with the Regulations, the Trust Deed and this Offering Document.

Following are the primary functions of the Management Company:

- A. Primary Functions of the Management Company
 - (i) Fund Management

The Management Company has the responsibility to make all investment decisions within the framework of the Regulations, the Trust Deed, and the Offering Document.

- (ii) Fund Manager and Investment Committee

The Management Company shall appoint a qualified fund manager and constitute an investment committee in accordance with the provisions of the Regulations to assist the Management Company in investing and managing the assets of the Scheme. All investment and disinvestment decisions shall be made through the investment committee within the framework of the Regulations, Trust Deed and this Offering Document.

- (iii) Announcement of Offer Price and Redemption Price

The Management Company shall announce Offer Price and Redemption Price on each subscription day latest by 6.30 p.m by posting it on its website.

- (iv) Investor Services

The Management Company has the responsibility to facilitate Unit Holders' transactions in the Scheme and to make adequate arrangements for receiving and processing all applications in this regard.

- (v) Investor Records

(a) The Management Company has the responsibility to maintain investors' records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. maintaining Unit Holder(s) records and providing related services. The Management Company or Registrar (as the case may be) shall carry out the responsibility of maintaining Unit Holder(s) records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities.

(b) The Management Company shall not remove the records or documents pertaining to the Trust from Pakistan to a place outside Pakistan without the prior written permission of the Commission and the Trustee.

- (vi) Distribution

The Management Company, shall from time to time appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) and /or Sub-

Distributor(s) for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in distribution and /or sub-distribution agreement(s) to be entered into between the Distributor(s) and /or Sub-Distributor(s) and the Management Company:

Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions and in such case also subcontract the Distribution Functions to a Sub Distributor(s). The Distributor(s) and/or Sub-Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee. Remuneration of the distribution shall be paid by the management company from the Front End Load or from its own sources.

(vii) Investment Facilitators

The Management Company may from time to time appoint Investment Facilitators at its own responsibility to assist it in promoting sales of Units on terms and conditions agreed between the Management Company and Investment Facilitators. Remuneration of the Investment Facilitators shall be paid by the management company from the Front End Load or from its own sources.

(viii) Record Keeping

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Trust.

B. Other Functions and Responsibilities of the Management Company

- a) The Management Company shall maintain proper accounts and records of the Fund to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of sale of Units and paid out on Redemption of Units and by way of distribution of profits, as required under the Regulations.
- b) The Management Company shall prepare and transmit (physically or through electronic means on the web subject to Commission's approval) the annual report, together with a copy of the balance sheet, income and expenditure account, cash flow statement and statement of movement in Unit Holders' Fund and the Auditors report of the Scheme within the prescribed period as required under the Rules and Regulations of the closing of the Accounting Period or such extended period permissible under the Rules, to the Unit Holders, the Commission, and the Trustee, and the balance sheet and income and expenditure accounts shall comply with the requirements as set out in the Regulations.
- c) 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 negligence, reckless or willful act or omission.

- d) The Management Company shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as a manager as if they were its own acts or omissions.
- e) The Management Company shall not be under any liability except such liability as may be expressly assumed under the Regulations, Circulars and the Constitutive Documents, nor shall the Management Company (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be in good faith hereunder.
- f) The Management Company shall if it considers necessary request the Trustee in writing, for the protection of Fund Property or safeguarding the interest of the Unit Holders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof.
- g) 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 not be appointed for more than five consecutive years and contents of the auditor's report shall be in accordance with the Regulations.
- h) the Management Company may appoint Investment advisors to assist in investing and managing the assets of the Scheme or to invest and manage part or whole of the assets of the Scheme abroad, at its own cost and discretion, provided that the Management Company will be responsible for all acts of such Investment advisers. The advisor or Custodian or trustee shall be of good standing and if so required licensed/registered in the relevant jurisdiction.
- i) the Management Company may in consultation with the Trustee further appoint advisors and professionals other than mentioned above in offshore countries for making Investments in offshore countries and/or for issuing Units to the investors in the offshore countries to determine the legal and regulatory requirements to be fulfilled by the Scheme, the Management Company and the Trustee and their respective obligations in relation thereto.
- j) The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker.
- k) The Management Company shall be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for ratings as per the rating criteria of the rating agency. Such rating shall be updated at least once every Accounting Period and also published in the annual and quarterly reports of the Scheme

- l) The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.
- m) be obliged to process payment instrument immediately on receipt of application.
- n) be obliged to provide such information and record to the trustee as may be necessary for the trustee to discharge obligations under these Regulations.
- o) Management Company shall ensure all valid redemption requests are paid on ranking of the request in a queue.

3.4.2 Restriction on the Management Company

The Management Company shall not;

- Merge with, acquire the management of another collective Investment Scheme, unless it has obtained the prior approval of the Commission in writing to do so;
- pledge any of the securities held or beneficially owned by a collective Investment Scheme except allowed under the Regulations;
- accept deposits from the Scheme;
- make a loan or advance money to any person from the assets of the collective Investment Scheme;
- participate in a joint account with others in any transaction on behalf of the collective Investment Scheme;
- apply any part of assets of collective Investment Scheme to real estate;
- make any Investment of the collective Investment Scheme with the purpose of the effect of vesting the management, or control over the affairs, of investee company by the Management Company or its Group;
- enter into transactions with any Broker, which exceed thirty percent of the Commission paid by a collective Investment Scheme in any one (1) accounting year; subject, however, that such Broker shall not have a common director, officer or employee with the Management Company;
- undertake Brokerage services on Stock Exchange or in the money market;
- enter into underwriting or sub underwriting contracts,
- maintain its own equity portfolio except for Investments made by Management Company into the collective Investment schemes or pension funds managed by it;

3.4.3 The Management Company shall not specifically use flipping mechanism (i.e. redemption and re-issuance of units to the same unit holders based on different NAVs without cash settlement). No netting off transaction (adjustment of assets of the scheme against the investment of unit holders) is allowed within the scheme.

3.4.4 Change of Management Company

3.4.4.1 The removal of the Management Company and appointment of a new management company shall always require the prior approval of the Commission and intimation of the same to the Trustee.

The Commission may remove the Management Company on its own or on recommendation of Trustee by giving at least ninety days notice for sub-clause (a) hereunder and immediate notice for sub-clauses (b) (c) and (d) hereunder in writing to the Management Company, if any of the following have occurred

- (a) The Management Company has wilfully contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within a reasonable period after the contravention has come to its notice by the Trustee and/or by the Commission;
- (b) The Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
- (c) A receiver is appointed over any of the assets of the Management Company.
- (d) If Management Company becomes ineligible to act as a Management Company of the Trust under the provisions of the Rules and Regulations or any other law for the time being in force.

- 3.4.4.2 The Management Company may voluntarily retire by giving at least ninety days notice at any time with the prior written consent of the Commission and the Trustee after giving a notice as per the Regulations.
- 3.4.4.3 If the Commission has cancelled the registration (license) of the Management Company under the provisions of the Regulations,, the Trustee shall appoint another asset management company as the management company for the Scheme according to the provisions of the Constitutive Documents and the Regulations with the approval of Commission.
- 3.4.4.4 Upon a new management company being appointed, the Management Company will take immediate steps to deliver all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee.
- 3.4.4.5 Upon its appointment the new management company shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 3.4.4.6 Furthermore, the Trustee may immediately upon the issuance of notice of removal of Management Company appoint Auditors with the consent of the Commission from amongst the list of approved Auditors issued by the Commission from time to time.
- 3.4.4.7 The Auditors so appointed shall be other than the existing Auditors of the Fund, the Management Company and the Trustee.
- 3.4.4.8 The Auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Trustee or Commission.
- 3.4.4.9 The report for the audit shall be submitted by the Auditors to the Trustee not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, the Management Company and the new management company.

- 3.4.4.10 The costs of the audit shall be shared equally by the outgoing Management Company and the new management company and the Fund.
- 3.4.4.11 Notwithstanding the removal/resignation of the Management Company and its subsequent discharge from its duties under this Trust Deed and the Regulations, the Management Company shall remain entitled to the benefits under the terms of this Trust Deed without prejudice to the Management Company's responsibility or obligation to liquidate any liability for which the Management Company may have become liable under this Trust Deed and/or the Regulations.

3.5 Trustee

Central Depository Company of Pakistan Limited (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 Shahra-e-Faisal, Karachi, Pakistan has been appointed as the Trustee for the Fund. The CDC has considerable amount of experience of trusteeship of open-ended Schemes which are successfully functioning in the country.

3.5.1 Basic Role of the Trustee

- 3.5.1.1 The Trustee will take into custody and/or hold under its control all the property of the Fund in trust for the Unit Holders. The cash and register able assets shall be deposited or registered in the name of or to the order of the Trustee.
- 3.5.1.2 The Trustee shall comply with the provisions of the Trust Deed, Rules/ Regulations and the Constitutive Documents for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with Management Company:
- Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless or willful act and/ or omission of the Trustee or any of its directors, officers, nominees or agents.
- 3.5.1.3 The Trustee shall provide the Management Company with regular reports indicating dividends, other forms of income and inflows, and rights or warrants relating to the investments that are due to be received.
- 3.5.1.4 The Trustee shall have all the obligations entrusted to it under the Regulations, this Trust Deed and the Offering Document. The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Holders. The Trustee shall not be under any liability on account of anything done or suffered by the Trust if the Trustee has acted 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 Constitutive Documents or the Rules and Regulations. Whenever pursuant to any provisions of this Deed any Certificate, notice, direction, instruction or other

communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:

- i. A document signed or purporting to be signed on behalf of the Management Company by any person whose signature the Trustee is for the time being authorised in writing by the Management Company to accept;
- ii. Any instruction received Online through the software solution adopted by the Management Company for managing and keeping records of the Fund managed by the Management Company and to the satisfaction of the Trustee. The Management Company shall advise the Trustee of software solution adopted by the Management Company for the purposes hereof;

- 3.5.1.5 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Trust Property, if such instructions are not in conflict with the provisions of the Constitutive Documents or the Rules or any applicable law and the Regulations.
- 3.5.1.6 The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's function and for interacting with the Management Company.
- 3.5.1.7 The Trustee may, with the approval of the Management Company, from time to time appoint, remove or replace one or more Custodian for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company, provided however, the Trustee may also itself provide custodial services for the Trust with the approval of the Management Company at competitive terms as part of its normal line of business.
- 3.5.1.8 The Trustee shall make available or ensure the availability of such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Scheme/Fund.
- 3.5.1.9 The Trustee shall report on all matters provided in the Regulation and shall issue to the Unit Holders a report on all the matters in which it is required to issue a report under the Constitutive Documents and the Regulations to the Unit Holders including a report to be included in the annual report and second quarter report whether in its opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of the Regulations and the Constitutive Documents and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.
- 3.5.1.10 The Trustee shall, if requested by Management Company, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized person(s). All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be on account of the Trust and the Trustee shall (out of the Trust Property) be indemnified against all such costs, charges and expenses: Provided

that no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under this Deed or the Regulations. The Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Trust.

- 3.5.1.11 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Regulations and this Offering Document nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Trustee shall not be under any liability 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 hereunder.

Notwithstanding removal / resignation of Trustee, the Trustee shall remain entitled to the benefit of this clause.

- 3.5.1.12 The Trustee shall promptly forward to the Management Company in a timely manner not later than two Business Days of receipt any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, Stock Exchange(s), clearing company, any other institution or any other party having any connection with the transaction. The Trustee shall promptly act on any instruction of the Management Company in all such matters relating to recovery of the Trust Property, provided the Trustee shall not be personally liable if such recovery is not possible in spite of the best efforts of the Trustee.
- 3.5.1.13 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Management Company in not later than two Business Days with regard to any voting rights attaching to any Investment.
- 3.5.1.14 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the Certificate required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- 3.5.1.15 The Trustee shall ensure that: (a) the sales, issue, repurchase, transfer, redemption, and cancellation of Units are carried out in accordance with the provisions of the Constitutive Documents and the Regulations; and (b) the methods and procedures adopted by the Management Company or any third party (on behalf of the Management Company) in calculating the value of the Units are adequate and the pricing and valuation for sale, issue, repurchase, redemption and cancellation are carried out in accordance with the provisions of the Constitutive Documents and the regulatory requirements.

- 3.5.1.16 The Trustee shall invest the Trust Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in the Trust Deed, Offering Document, the Regulations and the conditions (if any) which may be imposed by the Commission from time to time.
- 3.5.1.17 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any investment or enter into any other transaction with the Scheme save in the capacity of an intermediary.
- 3.5.1.18 The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money. For this purpose the Management Company shall provide the Trustee with the summary of investments in the Scheme on regular basis.
- 3.5.1.19 The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers at the time of offering of the Scheme and shall also ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration with any Broker.
- 3.5.1.20 The Trustee shall arrange for an annual system audit by its auditors and provide the report to this effect to the Commission and the Management Company, within three months of the close of the financial year.
- 3.5.1.21 The Trustee shall not invest in units of the Scheme.
- 3.5.1.22 The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations and the Constitutive Documents are complied with
- 3.5.1.23 The Trustee shall ensure that the conditions under which the Scheme has been registered are complied with.
- 3.5.1.24 The Trustee shall immediately inform the Commission, if any action of the Management Company contravenes the Ordinance, the Rules, the Regulations, the Constitutive Documents, guidelines, codes, circulars, directives and other applicable laws.
- 3.5.1.25 The Trustee shall comply with the directions of the Commission given in the interest of the Holders.

3.5.2 CHANGE OF TRUSTEE

- 3.5.2.1 The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee with the prior approval of the Commission. In the event of the Trustee desiring to retire, the Management Company within a period of three (3) months with the prior written approval of the Commission shall by a Deed supplemental hereto under the seal of the Management Company appoint a new trustee under the provisions of the Regulations in place of the retiring Trustee and also provide in such Deed for the automatic vesting of all the assets of the Trust in the name of the new trustee. The retirement shall take effect at the same time as the new trustee is appointed with the approval of the Commission or from the date of assumption of assets of the Scheme by the newly appointed trustee, whichever is later.

- 3.5.2.2 Where the Commission is of the opinion that the Trustee has been in violation of the Regulations or the Trust Deed or is found of guilty of misconduct or has failed to discharge its obligations under the obligations, it may remove the Trustee after giving the Trustee an opportunity of being heard.
- 3.5.2.3 The Management Company may by giving reasons in writing apply to the Commission for change of the Trustee and propose a new trustee. The Commission, if satisfied by the reasons given by the Management Company and after providing an opportunity of hearing to the Trustee, approve the removal of the Trustee and appointment of a new trustee.
- 3.5.2.4 Upon the appointment of a new trustee, the Trustee shall immediately deliver and hand over all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Bank Account(s) to the new trustee and make payments to the new trustee of all sums due from the Trustee.
- 3.5.2.5 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.
- 3.5.2.6 Furthermore, the Management Company may immediately upon the issuance of notice of removal of Trustee appoint Auditors with the consent of the Commission from amongst the list of approved Auditors issued by the Commission from time to time.
- 3.5.2.7 The Auditors so appointed shall be other than the existing Auditors of the Fund, the Management Company and the Trustee.
- 3.5.2.8 The Auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Management Company the Commission.
- 3.5.2.9 The report for the audit shall be submitted by the Auditors to the Management Company not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, the Trustee and the new trustee.
- 3.5.2.10 The costs of the audit shall be shared equally by the outgoing Trustee, the new trustee and the Fund.

3.6 Core Investors

Name	No. of Units	Amount
Bank AL Habib Limited	300,000	Rs. 30,000,000
Habib Insurance Company Limited	150,000	Rs. 15,000,000
Habib Asset Management Limited	50,000	Rs. 5,000,000

These Core Units shall remain invested in the Scheme for a period of two years or life of the collective investment Scheme whichever is earlier from the date of the closure of Initial Offer Period. However, these Units are transferable with the condition that these Units will not be redeemable before the expiry of the two years period. Any transfer of these Core Units, during the first two years of their

issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee. Further the Management Company will notify to the Trustee on each transfer of Core Units.

3.7 Pre- IPO Investors

Name	No. of Units	Amount
Bank AL Habib Limited	200,000	Rs. 20,000,000
Habib Insurance Company Limited	200,000	Rs. 20,000,000
Habib Asset Management Limited	100,000	Rs. 10,000,000

The above Core Investors plus the Pre-IPO Investors will be eligible to any bank profit / mark-up earned on their investment from the date the funds are credited in the Fund Account till the day before opening of Initial Period (i.e. till October 6, 2009). The purpose of this is to ensure that all Unit Holders (Core Investors, Pre- IPO Investors and IPO investors) are treated at par as far as their investment into the Fund is concerned.

3.8 Registrar

²[The Management Company will be performing the Registrar function at its Registered Office at 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi. In case of any change, the Unit Holders will be notified by a notice.]

3.9 Custodian

The Central Depository Company of Pakistan Limited (CDC) will also be performing the functions of the custodian of the Fund property. The salient features of the custodial function are:

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

The Trustee may, if it considers necessary, appoint additional custodians with the approval of the Management Company and at such terms and conditions approved by the Management Company, for the safekeeping of any portion of the Fund Property.

2. Substituted vide 6th supplement dated May 17, 2021. Before change point read as;

¹[JWAFFS Registrar Services (Pvt.) Ltd.

The Management Company has appointed JWAFFS Registrar Services (Pvt.) Ltd., 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Registrar will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.]

*1. Substituted vide 2nd supplement dated June 11, 2012. Before change point read as follows:
"Gangjees Registrar Services (Pvt.) Ltd.*

The Management Company has appointed Gangjees Registrar Services (Pvt.) Ltd., 516, Clifton Center, Khayaban-e- Roomi, Kehkashan, Block 5, Clifton, Karachi as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Registrar will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders."

3.10 Distributors/ Investment Facilitators/Sales Agent

- 3.10.1 Parties detailed in Annexure C of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in Annexure C of this Offering Document; these branches may be increased or decreased by the

Management Company from time to time. The Management Company may from time to time, appoint additional Distributors or terminate the arrangement with any Distributor and intimate the Trustee accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

- 3.10.2 The Distributors will be responsible for receiving applications for Purchase of Units and Redemption/Transfer applications. They will be interfacing with and providing service to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate certificates, requests for income tax exemption/Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action.
- 3.10.3 The Management Company may, at its sole responsibility, from time to time, appoint Investment Facilitators (Facilitators)/Sales Agents. The Facilitators"/Sales Agent"s function is to identify, solicit and assist investors in investing in the Fund.

3.11 Auditors

The Auditors of the Fund are:

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor, Sheikh Sultan Trust Building
Beaumont Road, Karachi

- 3.11.1 They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to Accounting Period and will be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for up-to five consecutive terms or such other terms as stipulated by the Rules and/or the Ordinance, as amended from time to time. Thereafter, that auditor may only be appointed after a break in appointment.
- 3.11.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Fund, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.11.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 3.11.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto.
- 3.11.5 The contents of the Auditors report shall be as mentioned in the Rules.

3.12 Legal Advisors

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

3.13 Bankers

Bank AL Habib Limited

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

3.13.1 Bank Accounts

- a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "CDC-Trustee First Habib Stock Fund" for the Unit Trust at designated Bank(s) at Karachi and other specified cities for collection, investment, redemption or any other use of the Trust's funds.
- b) The Trustee shall also open additional Bank Account(s) titled "CDC-Trustee First Habib Stock Fund" at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.
- c) The Trustee shall open additional Bank Account(s) titled "CDC-Trustee First Habib Stock Fund" 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 reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holder for redemption purposes.
- d) The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- e) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- f) All interest, income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.

- g) The amounts received from the Core Investors (Seed Capital) and Private Placement Investors (Pre-IPO) shall be deposited in a separate Bank Account and transferred to the main Bank Account of the Fund upon the start of the Initial Period. Income, profit, interest etc. earned on the investments by the Core Investors and Private Placement Investors till the day before opening of Initial Period (i.e. till October 07,2009) shall be paid to the Core Investors and Private Placement Investors and shall not form part of the Fund Property.
- h) The Trustee shall, if requested by the Management Company open off shore Bank Accounts titled CDC Trustee-First Habib Stock Fund in offshore countries where the Investments are made on account of the Scheme, if such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and Brokerage accounts with such Banks, Custodians, sub-Custodians, and Brokers, as may be required to be appointed for offshore Investments of the Scheme. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and Brokerage services accounts in offshore countries shall always be subject to the approval of the State Bank of Pakistan and the exchange control Regulations, as well as any directives of the State Bank of Pakistan and/or the Commission.
- i) The Management Company shall exercise due caution and diligence in appointing and arranging of such Bank, Brokerage houses and Custodian/sub-Custodian in offshore countries. The Management Company and the Trustee shall not incur any personal liability for any consequences that may arise in the opening and operation of such Bank Accounts, Brokerage accounts and/or custodial/sub-custodial services accounts. The Management Company and the Trustee shall be indemnified out of the Trust Property for any losses, costs and expenses that may be suffered, sustained or incurred by the Management Company /Trustee and against all consequences arising from and out of (1) the execution by the Management Company /Trustee of the account opening forms/ documents with all particulars as may be required by such Bank(s), Financial Institution(s), Custodian(s)/sub-Custodian(s) and Brokerage house(s), (2) the opening of such account(s) with the offshore Bank(s), Financial Institution(s), Custodian(s)/sub- Custodian(s) and Brokerage house(s), (3) the Investments made in offshore countries on account of the Scheme, (4) the appointment of Bank(s),Financial Institution(s), Broker(s) and/or Custodian(s)/sub-Custodian(s) for the Schemes" Investments, securities and other assets internationally and (5) all other related or incidental activities of the Management Company/Trustee in relation to the above. Provided that such indemnity shall not be available to the Management Company and/or the Trustee, if such loss, cost or expense is sustained or incurred due to willful or gross negligence on their respective part. For the purpose of making arrangements in offshore countries, the Management Company may in consultation with Trustee retain the services of advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee.

4. CHARACTERISTICS OF UNITS

4.1 Classes of Units

The Management Company may issue the following Classes and Types of Units:

- a. Class "A" (Restricted/Core Units) issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial offer. However, such Units are transferable.
- b. Class "A" Units being offered and issued during the Private Placement and Initial Period with no Sales Load.
- c. Class "B" Units, which shall be offered and issued after the Initial Period and with / without Sales Load.
- d. Class "C" Units will be issued with/ without sales load after the Initial Period. These Units will be entitled to cash dividend only even if the distribution to other classes is in the form of Bonus Units.

The investors may convert the Units from one class of Units to another class without any fee or load. However, if class "A" Units (core Units) is converted to class "C" Units such Units cannot be redeemed for a period of two years from the date of closure of initial offer. However such Units are transferable. The Management Company may, with the consent of the Trustee and after obtaining prior approval of the Commission, introduce and offer other classes of Units.

4.2 Features of Unit

- a. All Units and fractions thereof (rounded to four decimal places) represent an undivided share in the Scheme and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in FHSF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's pari passu rights, for the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time.
- b. The Registrar shall send statement of account to the Unit Holders after close of the Accounting Period and each time any activity takes place in the account indicating Units held on the statement date. The Unit Holders may obtain more frequent statements at designated address by paying a fee not exceeding Rs.25/= per statement representing the costs involved.
- c. Unit Holders may obtain certificates representing the Units they hold by paying a nominal fee of Rs. 50/- per certificate, subject to revision from time to time by the Management Company. Requests 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 to appropriate safeguards to the satisfaction of the Management Company / Trustee / Transfer Agent and the associated cost if any will be borne by the Unit Holder.

- d. Registration of Pledge / Lien - The Registrar may register a pledge / lien on any Units in favor 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 favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien. (Please see Clause 4.8 for details).

4.3 Minimum Amount of Investments

²[The minimum initial amount of investment in the Fund is Rs. 5,000/- and the minimum amount of any subsequent investment will be Rs.1,000/-. However, since as an administrative arrangement, the Management Company may be offering various plans, the minimum amounts for the plans shall be specified in the respective Supplementary Offering Documents. The Management Company reserves the right to alter the minimum amounts stated herein above subject to prior approval of the Commission. 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, transfer or transmission, the Management Company may 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.]

4.4 Purchase and Redemption of Units

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices on any Business Day during the dealing hours mentioned in Annexure „C“, in accordance with the procedure set out in Clauses 4.5 and 4.6 of this Offering Document.
- (b) During the period the register is closed, as mentioned in Clause 8.8 of this Offering Document, the sale and redemption of Units will be suspended.
- (c) The Management Company may decline to issue Units to any applicant, if it is of the opinion that it will not be possible to invest substantial inflow of fund or to meet any regulatory requirements.

4.5 Procedure for Purchase of Units

4.5.1 Who Can Apply?

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 4.5.2 below by including but not limited to:

- a. Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- b. Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan provided such investment is permitted under their respective memorandum and articles of association and / or bye-laws.
- c. Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person

2. Substituted vide 6th supplement dated May 17, 2021. Before change point read as;

1[The Management Company may from time to time amend minimum amount of initial investment that is required to open the account. At the initial stage, the minimum amount of investment to open an account is Rs. 1,000 and the minimum amount for adding to an existing account is Rs. 100 per transaction at applicable NAV or purchase price, other than reinvestment of Dividend and Bonus Units.. The Management Company reserves the right to alter the minimum amount stated herein above after giving thirty days prior notice to the

Unit Holders. However, enhancement in current minimum monetary investment shall not take effect retrospectively.]

1. Substituted vide 3rd supplement date January 01, 2014. Before change point read as follows:

"Minimum Amount of Investments

The Management Company may from time to time amend minimum amount of initial investment that is required to open the account. At the initial stage, the minimum amount of investment to open an account is Rs. 5,000 and the minimum amount for adding to an existing account is Rs. 1,000 per transaction. The Management Company reserves the right to alter the minimum amount stated herein above."

making an application for the Purchase of Units in the Fund shall warrant that he/she is duly authorized to purchase such Units.

- d. Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down by applicable laws and regulations.
- e. Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- f. Insurance companies under the Insurance Ordinance, 2000.
- g. Non Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

4.5.2 Account Opening Application Procedure

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

- A. Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form (HAML 01) attached to this Offering Document.
- B. Once the Investor Account has been opened, the Investor will be allotted a specific Registration/ Folio/ Account No. which can be used for all future transactions to facilitate reference and linking.
- C. After opening an account, Unit Holder may purchase Units of the Fund using the Purchase of Units Form (HAML 02) attached to this Offering Document.
- D. Fully completed Purchase Form, accompanied with the full amount for the investment and copies of the documents mentioned in the subparagraphs below should be delivered at any of the Authorized Branches of the Distribution Companies or may be submitted at the offices of the Management Company during the business hours on each Business Day as announced by the Management Company from time to time. Currently only the Authorized Branches of the Distribution Companies as mentioned in Annexure "C" of this Offering Document are authorized to collect application and payment for the issue of Units as laid down in Clause 4.5.4 of this Offering Document.
- E. In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company, need to be furnished.
- F. In case of body corporate or a registered society, institutions, corporate, trust attested copies of the following document may be submitted:
 - a. Investor's contact person's name
 - b. List of Authorized Signatories along with copies of CNIC and their specimen signatures.
 - c. Instructions for Redemption
 - d. Bank details.
 - e. Instructions for Dividend mandate, Zakat and Tax status.
 - f. Memorandum and Articles/ charter / bye-laws or rules and regulation. Power of attorney and / or relevant resolutions of the board of directors delegating any of its officers to invest in the fund and / or to realize the investments and
 - g. Other relevant documents as may be required by the Registrar.
- G. In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company and /or Transfer Agent.,

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

- H. The applicant will receive a note confirming the receipt of the Investment Form from Authorized Officer of the Distributor or Management Company.
- I. Payment of Units can be made by cheque, pay order, demand draft, bank transfer or any other mode acceptable to the management company. **No payment shall be accepted in cash.**
- J. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Account Opening Form and Purchase Form. If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; in the mean while the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any markup.
- K. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Transfer Agent or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days. If the investor, in the opinion of the Transfer Agent, 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.
- L. Investors will be allotted Units based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, for the day the payment is realized for correctly filled Purchase Form submitted to the Distributor and / or Management Company within the business hours on the Business Day as may be prescribed by the Management Company from time to time. However, the Investor will be provided the account statement within seven (7) Business Days after the said purchase amount of the Units purchased have been credited to the Fund Account.

4.5.3 Joint Application

- A. Joint application can be made by up to four applicants (including the Principal holder). 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 Computerized National Identity Card or other identification document.
- B. The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligation.
- C. In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Account Opening Form shall be the only person recognized by the Trustee 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 Trustee of its obligations. Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an

appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

4.5.4 Purchase of Units

An application for purchase of Units may be lodged with any authorized Distributor or presented to the Management Company or through an Investment Facilitator. The application shall be in the form prescribed by the Management Company. Account Opening Forms/ Purchase Forms are available with Distributors or Investment Facilitators (Facilitators) or may be obtained from the Management Company or its web site. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 5.2.

Payment for purchase of Units can be made in the form of:

- Cross Cheque, Demand draft or Pay order in favor of CDC-Trustee First Habib Stock Fund
- Online transfer of money

The Management Company may also notify from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it.

The aforesaid payments must be handed over to a Distributor and / or Investment Facilitator who will acknowledge the receipt on the Purchase Form.

4.6 Procedure for Redemption of Units

4.6.1 Who Can Apply?

All Unit Holders, other than the holders of Class "A" (Restricted/Core Units) Units are eligible to redeem the said Units. Core Unit Holders will be eligible for redemption after the expiry of the period of two years from the date of the closure of the Initial Period.

4.6.2 Redemption Application Procedure

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

- A. Request for redemption can be made by completing the prescribed Redemption Form (HAML03) and endorsing the relevant Certificate, if issued and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company or through an Investment Facilitator within business hours on the Business Day as announced by the Management Company from time to time. In case the Certificate is not issued, the applicant has only to complete the prescribed redemption form. The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder from the Register.
- B. The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- C. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Redemption Form. In case of any incorrect

information the application may be rejected if the applicant does not rectify the discrepancy.

- D. If subsequent to receipt of the application by the Distributor, but prior to the redemption of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.
- E. Units will be redeemed on the basis of daily Net Asset Value (NAV) announced as of the close of the Business Day on which a correctly filled Redemption Form is submitted within business hours.
- F. Unless otherwise instructed, payment of the redemption proceeds will be made by a cross cheque, in favor of Unit Holder's registered name or first name joint Holder in the event of Joint Holders, and will be sent to registered address of the Unit Holder or first name joint Holder, or if so authorized by all the joint holders, at the address of the Joint Holder who has signed the redemption form as provided, within six (6) Business Days of the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first- named joint holder in the event of joint Holder. The Trustee may under special circumstances or administrative arrangements agree to pay redemption amount to a duly authorized representative of the Unit Holder. No money shall be paid to any intermediary except the Unit Holder /joint Holder or his /their authorized representatives.
- G. In case the investor has opted for encashment of bonus Units at the time for declaration of dividend (bonus units) then such bonus Units will be redeemed at the ex-dividend Net Asset Value.
- H. Redemption of Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this please refer to Clause 4.9 and Clause 4.10 below.
- I. Partial Redemption of Units covered by a single Certificate is not permitted. However, Fund Unit Holders may apply for a splitting of the Certificate before applying for redemption.
- J. In the event the Units are redeemed by any major Unit Holder in such period of time that the Management Company believes, may adversely affect the interest of other Unit Holder(s), it may charge Contingent Load on such redemption.

4.6.3 Joint Unit Holder(s):

Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Redemption Form for such Units.

4.7 Procedure for Requesting Change in Unit Holder Particulars

4.7.1 Who Can Request Change?

All existing Unit Holders or those who have purchased Units as per Clause 4.5 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Special Instructions Forms

(HAML 06). These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

4.7.2 Application Procedure for Change in Particulars

- A. The information submitted at the time of purchase of Units can be changed through the Special Instructions Form.
- B. Some of the key information which the Unit Holder can change is as follows:
 - i. Address
 - ii. Joint Holder details
 - iii. Nominee details
- C. The Unit Holder can also issue the following instructions:
 - i. Change in Bank Account details
 - ii. Account operating instructions
 - iii. Dividend payments instructions
- D. Fully completed Special Instructions Form has to be submitted by both Individuals and/or Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within business hours on the Business Day as announced by the Management Company from time to time.
- E. The applicant must obtain a copy of the Special Instructions Form signed and duly verified by an Authorized Officer of the Distributor or Management Company.
- F. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Special Instructions Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- G. The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request via the Special Instructions Form.

4.7.3 Joint Unit Holder(s): Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instructions Form for such Units.

4.7.4 Partial Transfer

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

4.8 Procedure for Pledge / Lien / Charge of Units

4.8.1 Who Can Apply?

All Unit Holders are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form (HAML 05). These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

4.8.2 Any Unit Holder and / or Joint Unit Holder(s) may request the Transfer Agent to record a pledge / lien of all or any of his / her Units in favor of any third party legally entitled to invest in such Units in its own right. The Transfer Agent shall register a lien on any Units in favor of any third party with the consent of the

Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Transfer Agent with the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.

- 4.8.3 The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Transfer Agent, shall be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.
- 4.8.4 Payments of dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien /charge / pledge shall be paid to the order of the lien / charge / pledge holder"s bank account or posted to the registered address mentioned in the Pledge Form and/or Account Opening Form submitted.
- 4.8.5 The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Pledge Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 4.8.6 Fully completed Pledge of Units Form has to be submitted by both Individuals and/or Institutional Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within business hours on the Business Day as announced by the Management Company from time to time.
- 4.8.7 All risks and rewards, including the right to redeem such units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

4.9 Suspension of Dealing, Queue System and Winding Up

Under the circumstances mentioned below, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

4.9.1 Suspension of Fresh Issue of Units

The Management Company may at any time suspend issue of fresh Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue of units is announced. Such suspension shall, however, not affect 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 immediately notify the SECP if fresh issue of Units is suspended and shall also have the fact published, immediately following such decision, in any one newspaper largely circulated in Pakistan.

4.9.2 Suspension of Redemption of Units

In the event of extraordinary 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, terrorist threat and / or activities, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company, Transfer Agent, Trustee or the Distributors unable to function or any other conditions mentioned in the Regulations. Issuance and redemption may only be suspended simultaneously during extraordinary circumstances.

4.9.3 Queue System

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

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

4.9.4 Winding up in view of Major Redemptions

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the 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. 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.

4.10 Issue and redemption of Units in extraordinary circumstances

The Management Company may, at any stage, suspend the issue (sale) and redemption of Units and for such periods as it may so decide. The issue and 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 cannot 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 (10%) of the Units in issue. 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 Fund. Details of the procedure are given in Clause 4.9 herein above. 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 authorized 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 the newspaper in which the Fund's prices are normally published.

5. Valuation of Trust Property and Pricing

The valuation of the property for determining the value of the assets and liabilities and the net asset value shall be in compliance with the Regulations and is stated herein below:

5.1 Valuation of Trust Property

- i) A security listed on a Stock Exchange, local or foreign as the case may be, shall be valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such Exchange was open and if no sale is reported for such date the security shall be valued at an amount neither higher than the closing asked price nor lower than the closing bid price.
- ii) An investment purchased and awaiting payment against delivery shall be included for valuation purposes.
- iii) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price.
- iv) The value of any dividends, profits, interest, income, etc. which may have been declared on securities in the portfolio but not received by the Scheme as of the close of business on the valuation date shall be included as assets of the Scheme if the security upon which such dividends, profits, interest,

- etc. were declared is included in the assets and is valued ex-dividend, ex-profit, ex-income, ex-interest, etc. as the case may be.
- v) Mark-up accrued on any mark-up-bearing security in the portfolio shall be included as an asset of the Scheme if such accrued mark-up is not otherwise included in the valuation of the security.
 - vi) Any other income accrued up to the date on which computation was made shall also be included in the assets.
 - vii) All liabilities, expenses and other charges due or accrued up to the date of computation which are chargeable under the Regulations and taxes shall be deducted from the value of the assets.
 - viii) The remuneration and fees accrued up to the date of computation payable to the Management Company, the Trustee, the Commission and the Auditors of the Fund for providing the services shall be included as an expense.
 - ix) A security not listed or quoted on a Stock Exchange, other than a government or debt security shall be valued at investment price or its break up value as per last audited accounts, whichever is lower.
 - x) A government security not listed on a Stock Exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security.
 - xi) Any such method of valuation of assets and liabilities as may be specified or modified by the Commission from time to time;
 - xii) In respect of investments held in foreign currencies, the same will be translated in Pakistan Rupees using the closing buying spot rates declared by the State Bank of Pakistan.

5.2 Determination of Offer and Redemption Prices

- i) Subsequent to the Initial Period, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices daily, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be cleared to the Trustee's satisfaction that such method is adequate for ensuring accurate calculation of the prices.
- ii) The Purchase (Offer) Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days for any reason, the next day the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days) Transaction Cost, any Front-End Sales Load (Load) not exceeding 5% of the NAV (please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Purchase (Offer) Price so determined shall apply to those purchase requests where the payment has been realized on the business day. In case the day on which the payment is realized is not a business day, the Purchase (Offer) Price so determined for the next business day shall apply to the purchase request. 1 [The Offer Price shall be rounded off to the nearest four decimal place or such decimal places as decided by the management company from time to time with the consent of the Trustee and properly disclosed to the Unit Holders.]
- iii) The Redemption Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days for any reason, the next day the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days) less Transaction Cost, if any, a Back-End Sales Load (Load) not exceeding 5% of the NAV (Please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate

provision for Duties and Charges. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Redemption Form has been received. However, the Back-end Load may not be deducted from the NAV for such units that are being converted in another scheme being run by the Management Company. 2 [The redemption Price shall be rounded off to the nearest four decimal place or such decimal places as decided by the management company from time to time with the consent of the Trustee and properly disclosed to the Unit Holders.]

- iv) The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Regulations, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document, the Management Company may suspend the announcement of the prices.
- v) The Management Company shall publish the Purchase (Offer) and Redemption (Repurchase) Prices in at least one daily newspaper widely circulated in Pakistan.
- vi) The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

6. Purchase and Redemption of Units outside Pakistan

- i) Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for issuance (sale) of Units to persons not residing in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the Purchase (Offer) Price, as hereinbefore provided, a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.
- ii) In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility.
- iii) The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising there from.

7. Transfer, Transmission and Conversion Procedure.

- i) Unit Holders may, subject to the law, transfer any Units held by them to any other account holder. The transfer shall be carried out after the Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with. A Unit certificate shall be transferable only in its entirety.
- ii) Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register in respect thereof. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value as per the law. Where Certificates have been issued the Trustee may dispense with the production of any Certificates where the Certificates have been lost, destroyed, subject to compliance by the transferor with like requirements to those arising in the case of an application by him for the replacement of thereof as provided in this Offering Document or the Trust Deed. The Transfer Agent shall retain all instruments of transfer.
- iii) The Transfer Agent shall, with the prior approval of the Management Company and the Trustee, shall be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificates duly and properly cancelled, provided always:
 - (a) the provision aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant;
 - (b) nothing in this sub-clause shall be imposing upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled and (ii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.
- iv) Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent after satisfying as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission.

- v) A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the same Management Company. The Transfer Agent shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, have been received. The Management Company may impose a time limit before which conversion may not be allowed.
- vi) A Unit Holder may merge the Units when he/she has invested with two folio/registration numbers and wishes to merge both the Units into one registration number/ Folio number/ Account Number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, have been received.
- vii) The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee (which consent shall not be unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law.

8. DISTRIBUTION POLICY

8.1 Distribution Policy

The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of retained earnings, the revenues earned by the Fund including the net impact of the revenue collected and paid out in the NAV calculation through Purchase (Offer) and Redemption (Repurchase) of Units, less all expenses incurred or accrued attributable to the Fund. The Fund may distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends or both in order to avail tax exemption or any other benefits in the interest of the Unit Holder.

8.2 Declaration of Dividend

The Management Company shall decide from time to time whether to distribute among unit holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash, additional units, or a combination of both as the Management Company may determine except for class "C" Units which will be entitled to cash dividend only.

8.3 Determination of Distributable Income

The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:

- a) The total income earned on the Fund Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, etc.;
- b) 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 Fund 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 realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account.

- c) Net realized appreciation as set out in (b) above from which shall be deducted expenses as set out in Clause 9.3 below and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Regulations and the provisions of the Income Tax Ordinance, 2001.
- d) Opening balance of retained earnings

8.4 Reinvestment of Dividend

A Unit Holder may at the time of purchase of Units or at a later date instruct the Management Company in writing to reinvest the future dividends to which he/she will be entitled into additional Units. The issue price shall be determined on the basis of the NAV of June 30 or relevant date after appropriation of income of that year/ relevant period, but without any charge of the front-end load normally included in the offer price.

8.5 Bonus Units

The Management Company may decide to distribute, wholly or in part the distributable income in the form of a stock dividend if it is in the interest of Unit Holder, which would comprise of the Bonus Units. The Bonus Units would rank pari passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen days of the issue of Bonus Units.

The Unit Holder(s) have the option to encash the Bonus Units at ex-dividend Net Asset Value as on June 30 or the relevant period.

8.6 Payment of Dividend

All payments for dividend shall be made by transfer of funds to the Unit Holder(s) designated bank account (or the charge-holder"s designated bank account in case of lien / pledge of Units as the case may be) or through any other mode(s) of payment and such payment shall be subject to the Rules and the Regulations.

8.7 Dispatch of Dividend Warrants/Advice

Dividend warrants/advice and or Account Statement as the case may be shall be dispatched to the Unit Holder"s or the charge-holder"s at their registered address.

8.8 Closure of Register

The Management Company may close the Register by giving at least seven (7) days notice to Unit Holders and for period not exceeding six (6) subscription days at a time and forty-five (45) days in a calendar year. During the period the Register is closed the sale and redemption of units, including transfer applications, will remain suspended.

9 FEE AND CHARGES

9.1 Fees and Charges Payable by an Investor

9.1.1 Sales and Processing Charges (Front-end Load)

The Unit Purchase Price includes front-end load of a maximum of five percent (5%) of the NAV (The current level of Front End Load is indicated in Annexure B). The issue price applicable to bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any front-end load. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value at the date the request is lodged within business hours on the Business Day to the Authorized Distributor, or Transfer Agent or Management Company, which shall be recovered from the transferee. However, no processing charge shall be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

9.1.2 Remuneration of Distribution Company / Investment Agent / Investment Facilitator

- i) The Distribution Company or any Investment Facilitator/Investment Agent/Sales Agents employed by the Management Company will be entitled to a remuneration payable by the Management Company (out of its own resources) and/or from Front End Load on terms to be agreed between the Management Company and the Distribution Company/Agent/ Facilitator/Sales Agent.
- ii) The remuneration of the Distribution Company shall be paid by the Management Company and shall not be charged to the Trust Property.
- iii) Distributor/Investment Facilitators or Agents located outside Pakistan may, if so authorized by the Management Company would be entitled to remuneration to be agreed between the Management Company and the Distributor located outside Pakistan, subject to the law for the time being in force.

9.2 Redemption Processing Charge (Back-end Load)

The Unit Redemption Price is calculated after deducting a processing charge not exceeding 5% percent from the Net Asset Value of the Unit (The current level of Back-end Load is indicated in Annexure B).

9.3 Fees and Charges Payable by the Fund

The following expenses will be borne by the Fund:

9.3.1 Remuneration of the Management Company

The Management Company shall be entitled to receive a remuneration of an amount not exceeding three percent (3%) per annum of the average daily Net Assets of the Fund during the first five years of the Scheme and thereafter two percent (2.0%) per annum of the average daily Net Assets as provided in the Regulations. The current level of Management fee is indicated in Annexure B. The remuneration shall begin to accrue from the close of the Initial Offer period. 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 in proportion to the total number of days accrued in the Accounting

Period concerned. The Management Company shall be entitled to draw advance remuneration on a monthly basis from the Trust Property out of its accrued remuneration.

9.3.2 Remuneration of the Trustee

The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure A), which shall be applied to the average daily Net Asset Value during such calendar month. The remuneration shall begin to accrue from the close of the Initial Period. 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. Any costs incurred by the Trustee such as legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders, are reimbursable at actual, out of the Fund's properties. All expenses incurred by Trustee affecting the registration of all registerable property in Trustee's name for the benefit of the Fund, are reimbursable at actual, out of the Fund's properties.

Other Costs and Expenses Payable by the Scheme

- (a) Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property.
- (b) Legal and related costs incurred with the prior consent of the Trustee in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holder(s).
- (c) Bank charges and borrowing/ financial costs; provided that the charges payable to any Bank or financial institution against borrowings on account of the Scheme shall not be higher than prevailing Bank charges or normal market rates.
- (d) Auditors' remuneration and related expenses
- (e) Listing fee payable to the Stock Exchange(s) including renewal on which Units may be listed.
- (f) Annual fee payable to the Commission under the Rules and Regulations
- (g) Taxes, fees, charges, cess and other charges if any, applicable to the Scheme and its income and/or its properties.
- (h) Rating fees and other expenses payable to the approved rating agency
- (i) Charges and levies of Stock Exchanges, National Clearing and Settlement Company, CDC charges, capital value tax, laga, transfer charges as payable to the Bank at the time of transfer of funds to Unit Holder and such other levies and charges.
- (j) Expense incurred by the Trustee in effecting registration of all registerable assets in the name of the Trustee.
- (k) Hedging costs including forward cover, forward purchase or option purchase costs.
- (l) Remuneration of both local and international Trustee or Custodian.
- (m) Any printing costs and related expenses for issuing of Fund's quarterly, half yearly and annual reports etc.
- (n) Any other expense or charge as may be permitted by the Commission.

9.4 Expenses of the Management Company and the Trustee

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

10. TAXATION

10.1 Taxation on the Income of the Fund

10.1.1 Liability for Income Tax

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

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

- Dividend income at applicable tax rates.
- Capital gain arising on sale of securities listed on any Stock Exchange(s) in Pakistan is exempt from tax up to tax year ending on 30th day of June 2010.
- Income from Term Finance Certificates or Corporate Paper(s), Government Securities, return on deposits/Certificates of Investment/deposits with banks/financial institutions, money market transactions, profit and loss sharing accounts with banks etc., is taxable at the rate applicable to a public company (as per Income Tax law). However, income from brokerage and commission is subject to final taxation and the applicable withholding tax will be the final tax on this income.

Notwithstanding the tax rates given above, the income from the Fund will be exempted from tax if 90% or more of its accounting income for the year as reduced by capital gains whether realized or unrealized, is distributed amongst the Unit Holders. Further under the provisions of Clause 47 (B) of Part (IV) of the Second Schedule to the Income Tax Ordinance 2001, the Fund's income from dividend, profit on debt, brokerage and commission is exempt from withholding tax under relevant provision of Law.

10.1.2 Zakat

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

10.2 Taxation on Unit Holders

Disclaimer: The information set forth below is included for general information purposes only. Each investor is advised to consult a tax advisor regarding the specific tax consequences to him/her of investing in the Fund.

10.2.1 Unit Holders of the Fund will be subject to Income Tax @ 10% on dividend income.

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

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

10.2.2 Capital Gains

Capital Gains on disposal of Units in the Fund will be subject to tax at the applicable tax rate. The Units of the Fund will be listed on the Stock Exchange(s). Consequently, subject to such listing, the Capital Gain on disposal of the Units shall be exempt from tax up to Tax Year ending on 30th day of June 2010 (in the case of banking companies, this exemption period has already been completed as their new tax year 2009 has commenced from January 01, 2008).

10.2.3 Tax Credit

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested in purchase of new Units, (b) 10% of the taxable income of the Unit Holder or (c) Rupees three hundred thousand, 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 12 months, the amount of tax payable for the tax year in which the Units are disposed shall be increased by the amount of tax credit.

10.2.4 Zakat

Units held by resident Pakistani Unit Holders shall be subject to Zakat at 2.5% of the Par value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds.

10.2.5 Dividend

The Fund shall distribute 90% or more of its accounting income for the year as reduced by unrealized capital gains amongst the Unit Holders as Bonus Units and/or cash dividend in order to avail tax exemption in the interest of the Unit Holders(s).

10.3 Disclaimer

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

The entire information in Clause 10 is based on the current taxation status. The exemptions and rates of taxation are subject to change from time to time.

11. REPORTS AND ACCOUNTS

11.1 Financial Year of First Habib Stock Fund

The Accounting Period will commence from the close of the initial period of the Fund for the first year to June 30, and from July 01 to June 30 for all the following years.

11.2 Financial Reporting

The following reports will be sent to the Unit Holders:

- a) Audited financial statements, together with the auditor's report, the report of the Directors of the Management Company and the report by the Trustee within four months of the close of each Accounting Period.
- b) Un-audited financial statements (subject to limited scope review by auditors), together with the report of the Directors of the Management Company within two months of the close of the second quarter of the Accounting Period, as per the Regulations.
- c) Un-audited financial statements, together with the report of the Directors of the Management Company within one month of the close of the first and third quarter of each Accounting Period or such period as prescribed by SECP or the Regulations.
- d) The Trustee shall issue a report to the Unit Holders to be included in the annual report and the second quarterly report, or at such times as directed by the Commission, in accordance with the Regulations, whether in its opinion, the Management Company has in all material respects managed the Fund Property in accordance with the provisions of the Rules and Regulations and the 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. The regularity of reporting may change if so required by the Commission or under the Regulations and the Ordinance.

12. SERVICE TO UNIT HOLDERS

12.1 Availability of Forms

All the Forms mentioned and/or included in this Offering Document will be available at the Authorized Branches of the Distribution Companies as well as from the Management Company or on its web site at www.habibfunds.com.

12.2 Register of Unit Holders

- a. A Register of Unit Holders will be maintained by Gangjees Registrar Services (Pvt.) Ltd. at, 516, Clifton Center, Khayaban-e- Roomi, Kehkashan, Block 5, Clifton, Karachi as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Registrar will be responsible for maintaining the Unit Holder's Register, preparing and, or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

- b. Every Unit Holder will have a separate Registration Number. The Management Company shall use such Registration Number for recording Units held by the Unit Holder. Unit Holder's account identified by the registration number will reflect all the transactions in that account held by such Unit Holder.
- c. The Holder will be entitled to ask for copies of his account statement thereof on any Business Day within business hours by applying to the Transfer Agent in writing and providing such fee that the Management Company may notify from time to time.
- d. The Register shall be conclusive evidence as to the Units held by each Unit Holder.

12.3 Information in the Register

The Register will normally contain the following major information:

12.3.1 About Unit Holders

- a) Name of Unit Holder / Joint Unit Holders;
- b) Address of Unit Holder / first named Joint Holder;
- c) National Identification Number(s) of Unit Holder/ Joint Unit Holders and or identification number of passport 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 signature of Unit Holder/ Joint Holders;
- j) Particulars of Nominee(s);

12.3.2 About Units

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

12.3.3 Instructions

- a) Instruction about reinvestment or payment of dividend or the encashment of bonus Units;
- b) Instructions for redemption application;
- c) Information and instruction about Pledge of Units / lien;
- d) Information and instruction about Nominee(s) in case of death of Unit Holder;
- e) Bank details for Redemption / Dividend mandate.

12.4 Account Statement

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

12.5 Certificates

- 12.5.1 Unit Certificate(s) will be issued only if requested by Units Holder(s) together with the prescribed as determined by the Management Company from time to time.
- 12.5.2 The issued Certificate would be sent through postal or courier service at the applicant's risk within 21 Business Days after the request for the Certificate has been made, to the address of the Unit Holder or to the address of the first named Joint Holder / Principal Account Holder, if the relevant Unit or Units are jointly held.
- 12.5.3 In the case of Units held jointly the Transfer Agent shall not issue more than one Certificate for the Units held by such Joint Holder(s) and delivery of such Certificate to the first named Joint Holder/Principal Account Holder named first therein shall constitute sufficient delivery to all Joint Holders. All payments required under this document (i.e. redemption and dividend) will be made to first name Joint Holder/Principal Account Holder.
- 12.5.4 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.

12.6 Replacement of Certificates

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

12.7 Nomination

Subject to any Personal Laws that may applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by filling in the relevant portion of the Investment Form (or may request a nomination or change in nomination through the Special Instructions Form). The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not restrict the Management Company or the Trustee or the Transfer Agent from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.

13. FINANCIAL INFORMATION

13.1 Auditors Certificate on Net Asset Value of Units in the Fund



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

Telephone +92 (21) 588 5847
Fax +92 (21) 588 5095
Internet www.kpmg.com.pk

The Board of Directors
Habib Asset Management Limited
1st Floor, Imperial Court
Dr. Ziauddin Ahmed Road
Karachi – 75530

Our ref KA-ZS-381

11 September 2009

Dear Sirs,

Net Asset Value (Un-audited) of First Habib Stock Fund ("the Fund")

As requested, we have verified from the un-audited books and records of the Fund provided to us by Habib Asset Management Limited (the Management Company of the Fund) that the Net Assets of the Fund as on 10 September 2009 amounted to Rs. 100 million as follows:

Total assets of the Fund	100,050,685
Total liabilities of the Fund	(50,685)
Net assets of the Fund	<u>Rupees 100,000,000</u>
Proposed units to be issued against the funds received	<u>Number 1,000,000</u>
Net Assets Value per unit	<u>Rupees 100</u>

Management is responsible for the above information. We have not audited or reviewed the financial statements from which the above information have been extracted and accordingly express no assurance thereon.

Yours faithfully,

KPMG Taseer Hadi & Co.

13.2 Auditors Certificate on Core Investors in the Units of the Fund



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

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

The Board of Directors
Habib Asset Management Limited
1st Floor, Imperial Court
Dr. Ziauddin Ahmed Road
Karachi – 75530

Our ref KA-ZS-380

11 September 2009

Dear Sirs,

Certificate on Core Investment and Pre - Initial Public Offering (IPO) Investment in First Habib Stock Fund

As requested, we have verified from the un-audited books and records of First Habib Stock Fund (the Fund), managed by Habib Asset Management Limited that Rs.100 million has been received by the Fund from Core Investors and other Pre-IPO investors as follows:

Name of Investor	Amount (Rupees)
Core Investors	
■ Bank Al Habib Limited	30,000,000
■ Habib Insurance Company Limited	15,000,000
■ Habib Asset Management Limited	5,000,000
Other Pre-IPO Investors	
■ Bank Al Habib Limited	20,000,000
■ Habib Insurance Company Limited	20,000,000
■ Habib Asset Management Limited	10,000,000
	<u>100,000,000</u>

Yours faithfully,

KPMG Taseer Hadi & Co.

13.3 Formation Cost

All preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of the Offering Document, marketing of the Fund and inviting investment therein and all expenses incurred during the period leading up to the close of Initial Period, shall be borne by the Asset Management Company and amortized over a period of not more than five years. Such cost will not exceed one percent (1%) of the Pre IPO Capital of the Fund or Rs. 5 million whichever is lower. The Formation Cost shall be reimbursed by the Fund to the Asset Management Company over a period of 5 years.

14. WARNING

14.1 Offering Document

The provisions of the Trust Deed and the Rules and Regulations 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. Prospective investors should consult one or more from amongst their legal adviser, stockbroker, bank manager or other financial adviser.

14.2 Fluctuation in Price and Income

Prices of Units and income from them may go up or down.

14.3 Disclaimer

The investor must recognize that all investments involve varying level of risk. Neither the value of Units in the Fund nor the dividend declared by the Fund can be assured.

The historical performance of the Fund, the financial/ stock market or that any one security or transaction included in the Fund's portfolio does not necessarily indicate future performance.

Investors are advised to read risk disclosure as mentioned in this document in Clause 2.9 and Clause 2.10 above for more information concerning risk.

15. GENERAL INFORMATION

15.1 Inspection of Constitutive Documents

The copies of constitutive documents, such as Trust Deed and Offering Document, can be inspected free of charge at the addresses given below:

Habib Asset Management Limited
1st Floor,
Imperial Court
Dr.Ziauddin Ahmed Road
Karachi,
Pakistan.

Central Depository Company of Pakistan Limited
 CDC House, 99-B, Block „B“
 S.M.C.H.S.,
 Main Shakra-e-Faisal,
 Karachi,
 Pakistan.

15.2 Date of Publication of Offering Document

The Offering Document has been published on October 1, 2009. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.

15.3 Directors' Consent

The Directors of Asset Management Company accept responsibility for the information contained in the Offering Document as being accurate at the date of publication.

16. TERMINATION OF FIRST HABIB STOCK FUND

16.1 By the Management Company

The Fund may be terminated by the Management Company by giving three (3) months notice in writing to the Unit Holders on the grounds given in the Trust Deed and Clause 4.9 of this Offering Document. The grounds on which termination is made shall be mentioned in the notice to the Unit Holders.

16.2 By the Securities and Exchange Commission of Pakistan

If the Commission considers that further continuation of the authorization of the Fund will not be in the interest of Unit Holders, it will give a three months notice to the Unit Holders about its intention not to maintain such authorization, provided that no notice shall be served without offering an opportunity of hearing to the Management Company.

16.3 Winding up

In case of the termination of the Fund, the Management Company shall be required to wind-up the Fund and refund the proceeds to the Unit Holders in such a manner and within such time as may be specified by the Commission.

17. GLOSSARY

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

- 17.1 **“Accounting Date”** means the thirtieth day of June in each year and any interim date at which the financial statements of the trust are drawn up, provided that the Management Company with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income tax, change such date to any other date

- 17.2 **"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 Fund Property is first paid or transferred to the Trustee and in any other case from the end of the preceding Accounting Period.
- 17.3 **"Account Statement"** means statement of transactions in Units in the Unit Holder's Account.
- 17.4 **"Administrative Plans"** means investment plans offered by Management Company, where such plans allow investors a focused investment strategy in any one or a combination of unit trust schemes managed by the Management Company and for which the Trustee is appointed as the trustee.
- 17.5 **"Auditor"** means the Auditors of the Trust appointed by the Management Company with the consent of the Trustee as per the Rules.
- 17.6 **"Authorised Branch"** or **"Branches"** means those branches of the Distributors authorized by the Management Company to perform the Distribution Function.
- 17.7 **"Authorized Investment"** includes the following:-
- Listed Equity Securities including securities for which application of for listing has been made;
 - Money Market placement or money market transaction
 - Global Depository Receipts and American Depository Receipts
 - Treasury Bills not exceeding 90 days maturity;
 - Short term placements with Commercial banks;
 - Spread transaction, aimed at earning a spread in the prices of securities resulting from timing and pricing difference between ready and future settlement or between two future settlements of locally listed securities and also between GDR's issued by local entities and its local shares equivalent. The fund may buy a security in the ready settlement market and sell in future settlement market or buy a security in the one future settlement market and sell in succeeding future settlement market and reverse thereof (including unwinding of transactions). Such transactions to be carried out simultaneously to the extent possible so as to avoid any risk emanating from the movements in the prices of underlying securities;
 - Reverse Repurchase transaction against *government and debt securities*;
 - Any other security and/or instruments that may be allowed by the SECP, the Rules / Regulations or any other regulatory authority from time to time.
 - Investments in overseas products/ instruments in accordance with prescribed guidelines of SECP and State Bank of Pakistan and subject to such cap as may prescribed by SECP/SBP, from time to time; and.
 - Derivative instruments such as warrants, options, subject to prior approval of SECP. 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.
- 17.8 **"Back-end Load"** means a processing charge deducted from the Net Asset Value in determining the Redemption Price. The load so deducted shall form part of the Trust Property.
- 17.9 **"Bank"** means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force and shall

include a bank incorporated outside Pakistan and carrying on Banking Business in Pakistan as a scheduled bank.

- 17.10 **"Bank Accounts"** means those accounts of the Fund the beneficial ownership of which rests in the Unit Holder(s).
- 17.11 **"Broker"** means any person engaged in the business of effecting transactions in securities for the account of others or a member of Stock Exchange.
- 17.12 **"Business Day"** means ¹[any day on which stock exchange is open for business in Pakistan.]
- 17.13 **"Continuous Funding System (CFS)"** means a form of financing through the Stock Exchange consisting of two simultaneous transactions, the first for purchase of an underlying security (shares) on the following scheduled settlement date for the security and the second for selling back the security for a subsequent settlement date.
- 17.14 **"Certificate"** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Deed.
- 17.15 **"Companies Ordinance"** or **"Ordinance"** means the Companies Ordinance, 1984, as amended from time to time.
- 17.16 **"Commission"** means the Securities and Exchange Commission of Pakistan, established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.
- 17.17 **"Connected Person"** shall have the same meaning as in the Regulations.
- 17.18 **"Constitutive Document"** means the Trust Deed that is the principal document governing the formation, management or operation of the Trust, the Offering Document and all material agreements in relation to the Trust.
- 17.19 **"Contingent Load"** means load deductible on redemption of Units within a certain number of years from the date of purchase and/ or at a rate declining for every year Units are held. The load so deducted shall form part of the Deposited Property.
- 17.20 **"Core Investors"** means the initial investors who shall be required to subscribe to the number of Units of the aggregate par value as prescribed in the Rules and to hold the same for a minimum period of two years from the date of close of Initial Offer.

1. Substituted vide 6th supplement dated May 17, 2021. Before change point read as;

a day on which Scheduled Banks, Stock exchanges and authorized offices of Distribution Companies or Asset Management Company are open for business in Pakistan.

- 17.21 **"Core Units"** means such Units of the Trust that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the close of Initial Offer. However, such Units are transferable and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the Transferee.

- 17.22 **"Custodian"** includes Bank(s) or such other company as may be approved by the commission to act as a custodian, which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself, provide custodial services for the Trust at competitive terms.
- 17.23 **"Deposited Property" or "Trust Property"** means the aggregate proceeds of the sale of all Units at Offer Price after deducting there from or providing there out any applicable Front end Load and Duties and Charges and includes the investment and all income, profit and other benefits arising there from and all cash and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to this Offering Document but does not include any amount standing to the credit of the Distribution Account.
- 17.24 **"Distribution Account"** means the account (which may be a current with or without profit, saving or deposit account) maintained by the Trustee with a Bank, approved by the Management Company in which the amount required for the distribution of income to the Unit Holders shall be transferred and held till such time until the entire amount of dividend is distributed.
- 17.25 **"Distributor / Distribution Company"** means a person, company, firm or a Bank appointed by the Management Company for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.
- 17.26 **"Distribution Function"** means with regard to:
- (a) Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
 - (b) Issuing of receipts in respect of (a) above;
 - (c) Issuing Units to the applicants as may be allowed by the Management Company;
 - (d) Interfacing with and providing services to the unit holders including receiving redemption applications, transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission, in accordance with the instructions given by the Management Company; and
 - (e) Accounting to the Management Company for all (1) moneys received from the applicants for issuance of Units; (2) payments made to the Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.
- 17.27 **"Duties and Charges"** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and charges in connection with the issue or 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 the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any charges or costs which may have been taken into account in ascertaining the Net Asset Value.

- 17.28 **"Formation Cost"** means all preliminary and floatation expenses of the Trust including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation and publication of the Offering Document and all expenses incurred during the period leading up to close of Initial Offer Period.
- 17.29 **"Front-end Load"** means the Sales Load that is included in the Offer Price of Units.
- 17.30 **"Government Securities"** means debt securities issued by Federal Government, entities owned/controlled/managed by the Federal Government, Provincial Governments and Local Governments provided that the debt securities issued by the Local Governments are guaranteed by Federal Government and any other security as the Federal Government may, by notification in the Official Gazette, declare from time to time, to be Government Securities.
- 17.31 **"Holder" or "Unit Holder"** means the investors for the time being entered in the Register as owner of a Unit, including investors jointly so registered pursuant to the provisions of this Deed.
- 17.32 **"Initial Period" or "Initial Offering Period"** means a period determined by the Management Company not exceeding fifteen calendar days during which Units will be offered at the Initial Price in terms of the Offering Document.
- 17.33 **"Initial Price"** means the price per Unit during the Initial Offering Period determined by the Management Company.
- 17.34 **"Investment"** means any Authorized Investment forming part of the Trust Property.
- 17.35 **"Investment Facilitator / Sales Agents"** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme.
- 17.36 **"Net Assets"** shall have the same meaning as in the Rules.
- 17.37 **"Net Asset Value" or "NAV"** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 17.38 **"Offer Price"** means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to clause 5.2 of this Offering Document.
- 17.39 **"Offering Document"** means the prospectus, advertisement or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission), which contains the investment and distribution policy and all other information in respect of the Scheme, as, required by the Rules and is circulated to invite offers by the public to invest in the Unit Trust.
- 17.40 **"Online"** means transactions through electronic Data Interchange whether real-time transactions or otherwise which may be through the internet, intranet networks and the like.

- 17.41 **"Ordinance"** means the Companies Ordinance 1984, as amended from time to time.
- 17.42 **"Par Value"** means the face value of a Unit that shall be Rs.100/= (Rupees one hundred) or such other amount as may be determined by the Management Company in consultation with the Trustee.
- 17.43 **"Redemption Price"** means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to clause 5.2 of this Offering Document.
- 17.44 **"Register"** means the Register of the Unit Holders kept pursuant to the Rules and this Offering Document.
- 17.45 **"Registrar Functions"** means the functions with regard to:
- (a) Maintaining the unit holder Register;
 - (b) Receiving application for redemption and transfer/ transmission of Units directly from Holder or legal heirs or through Distributor;
 - (c) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledge or for recording of changes in information/ particulars/ data with regard to the Unit Holders;
 - (d) Issuing Account Statements to Unit Holders;
 - (e) Issuing and dispatching of Unit Certificates to Unit Holders;
 - (f) Dispatching income distribution warrants and / or bank transfer intimation.
 - (g) Cancelling old Certificates on redemption or replacement;
 - (h) Maintaining record of lien/ pledge/ charge on units, transfer/switching of units, zakat; and
 - (i) Keeping record of changes in addresses/ other particulars of the Unit Holders.
- 17.46 **"Relevant Date"** means the date on which the Management Company decides to distribute income on Units.
- 17.47 **"Relevant Period"** means accounting period in respect of which income distribution for Units are proposed to be made by the Management Company.
- 17.48 **"Reporting Currency / Base Currency"** means the currency used in presenting the financial statements which will be the Pakistani Rupee.
- 17.49 **"Restricted Investments"** means
- (a) Bearer securities;
 - (b) Securities on margin;
 - (c) Securities which result in assumption of unlimited or undetermined liability (actual or contingent);
 - (d) Commodities or commodity contracts; and
 - (e) Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein and are approved by the Management Company;

Any investment, which is not an Authorized Investment as defined in Definition 17.7 of this Offering Document, unless such investment has been approved by the Commission as Authorized Investment.

- 17.50 **"Rules"** mean the Non Banking Finance Company (Establishment and Regulation) Rules 2003, as amended from time to time.
- 17.51 **"Regulations"** means Non Banking Finance Companies and Notified Entities Regulations 2008.
- 17.52 **"Sales Load"** means the sales and processing charge or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Net Asset Value, which may be included in the Offer Price of certain class of units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of Units. The Management Company may apply different levels of Sales Load for different types of Units and/or for different types of Plans under the Fund.
- 17.53 **"Stock Exchange"** means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under Securities and Exchange Ordinance, 1969.
- 17.54 **"Subscription Day"** means every Business Day on which any class of Units are available for subscription provided that the Management Company may with the prior written consent of the Trustee, declare any particular Business Day not to be a Subscription day.
- 17.55 **"Supplementary Offering Document"** means a document issued by the Management Company, with the consent of Trustee, after seeking approval of the Commission relating to any amendment or introduction of any administrative plans in the Offering Document.
- 17.56 **"Supplemental Trust Deed"** means a supplemental deed executed between the Management Company and the Trustee with the approval of the Commission, describing any amendments made to the Trust Deed.
- 17.57 **"Transaction Cost"** means the cost incurred or estimated by the Management Company to cover the cost (such as but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust's portfolio, inter alia, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.
- 17.58 **"Transfer Agent"** means a partnership firm or company including a Bank that the Management Company may appoint for performing the Registrar Function. The Management Company may itself perform the registrar function.
- 17.59 **"Trust", "Unit Trust", "Fund" or "Scheme"** means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.
- 17.60 **"Trust Deed" or "Deed"** means the Trust Deed executed between the Management Company and the Trustee.

17.61 **"Unit"** means one undivided share in the Trust and where the context so indicates a fraction thereof.

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

18. ARBITRATION

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

Subject to Arbitration Clause above applicable between the Management Company and the Trustee inter se, each party, including the Unit Holders, irrevocably submit to the exclusive jurisdiction of the courts at Karachi.

ANNEXURE A**Central Depository Company of Pakistan Limited
Tariff Structure for Trusteeship of Open-ended Mutual Funds (Unit Trusts)**

The Trustee's remuneration shall consist of reimbursement of its actual custodial and other charges, plus the following tariff:

Upto Rs.1,000 million	Rs.0.7 million or 0.20% p.a of NAV, whichever is higher
On amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a of NAV exceeding Rs.1,000 million

ANNEXURE B

Current Level of Front-end and Back-end Loads and Management Fee Effective From Close of Initial Offer

8 [Current Level of Front-End (Sales) Load: 2%
(Management has the discretion to reduce or waive SL on any transaction)]

Further, AMC shall ensure that no sales load is charged if the investor approaches directly for investment or where transactions are done online through a website.]

Back-end Load NIL

Management Fee

- A remuneration of an amount not exceeding three percent (3.00%) per annum of average annual Net Assets for the first five years of the scheme and thereafter of an amount equal to two percent (2.00%) per annum of the average annual Net Assets.
- Current level of Management Company's remuneration: 3.00% per annum of average annual Net Assets.
- 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.

5. Substituted vide 5th Supplement dated October 28, 2016. Before change point read as "Front –end Load upto 2.00%"

8. Substituted vide 2nd Supplement dated June 11, 2012. Before change point read as "Front-end Load upto 5 [NIL]"

ANNEXURE C**DEALING HOURS**

Applications for investment, redemption, conversion etc shall be received during 9.am to 4.30 p.m on business days (the timings for the holy month of Ramzan shall be notified separately)

¹[DISTRIBUTION OFFICES

AL HABIB ASSET MANAGEMENT LIMITED
(formerly: Habib Asset Management Limited)
3rd Floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi
UAN: +92 (21) 111-342-242 (PABX +92 (21) 32469115-19
Fax+92(21)32469121
Email info@alhabibfunds.com

BANK AL HABIB LIMITED (AUTHORISED BRANCHES ONLY)

Visit our website: www.alhabibfunds.com

]

1. Substituted vide 6th supplement dated May 17, 2021. Before change point read as;

HABIB ASSET MANAGEMENT LIMITED

1st Floor, Imperial Court Building,
Dr. Ziauddin Khan Road, Karachi
UAN: +92 (21) 111-342-242 (111-DHABIB)
PABX +92 (21) 522 3701-5
Fax +92 (21) 5223710
Email info@habibfunds.com

**BANK AL HABIB LIMITED (AUTHORISED BRANCHES ONLY)
Karachi**

Lahore

Main Branch

Mackinnons Building,
I.I. Chundrigar Road,
Tel: (92-21) 2412986
UAN: (92-21) 111-786-110
Fax: (92-21) 2425423 & 2412028
Telex: 21286 ALHAB PK

S.I.T.E Branch

B/76, S.S. Chambers, S.I.T.E.,
Tel: (92-21) 2571710-11,
2571521
Fax: (92-21) 2571522

Main Branch

87, Shahrah-e-Quaid-e-Azam
Tel: (92-42) 6305042-45
UAN: (92-42) 111-786-110
Fax: (92-42) 6368864 &
6305046
Telex: 44 610 BAHLR PK

Tariq Road Branch

Shop No. 1 & 2, Plot No. 277-278
Ahmed Chamber, Main Tariq
Road,
P.E.C.H.S
Tel: (92-21) 4397632-34
Fax: (92-21) 4397631

Rizvia Society Branch

D-9, Ishrat Arcade, Rizvia Co-
Operative
Housing Society, Nazimabad.
Tel: (92-21) 6607992-95
Fax : (92-21) 6607996

Gulberg Branch

3-E, Block E, Ground Floor,
Main Market, Gulberg II.
Tel: (92-42) 5750145-47
Fax: (92-42) 5762501

Shahrah-e-Faisal Branch

19-1-A, Block 6, PECHS,
Shahrah-e-Faisal.
Tel: (92-21) 4544383-87
Fax: (92-21) 4530143

Barkat-E-Hydari Branch

Al-Burhan Arcade, Block-E,
North Nazimabad
Tel: (92-21) 6670115,
6631793-94

Fax: (92-21) 6670116

Defence Branch

82-Y Commercial,
Phase III, D.H.A

Tel: (92-42) 5894113-
5894116
Fax: (92-42) 5893303

ZamZama Branch

16-C, Commercial Lane 3, Phase
V
Zamzama Boulevard, D.H.A.
Tel: (92-21) 5302230-37
Fax: (92-21) 5863914

Gulshan Chowrangi Branch

Plot No. FL-3, Block No. 3,
KDA Scheme No. 24,
Gulshan-e-Iqbal.
Tel: (92-21) 4811971-3
Fax: (92-21) 4985045

Allama Iqbal Town Branch

7-Chenab Block,
Main Boulevard,
Allama Iqbal Town
Tel: (92-42) 5340918-20
Fax: (92-42) 5340921

Korangi Road Branch

Speedy Towers Plot No. 131/1
Phase-1, D.H.A.
Tel: (92-21) 5386797-99
Fax: (92-21)5386796

Hyderabad

Qasre Fatima
90/1-2 Saddar Bazar,
Cantonment Area.
Tel: (92-22) 2785803

Faisalabad

Bank Square,
Outside Kutchery Bazar.
Tel: (92-41) 2637301-3
UAN: (92-41) 111-786-110

Sialkot

Paris Road
Tel: (92-52) 4597064
UAN: (92-52) 111-786-110
Fax: (92-52) 4592747
Telex: 46426 ALHAB PK

Peshawar

105-106, F.C. Trust Building
Branch,
Snonehri Masjid Road.
Tel: (92-91) 5279814
UAN: (92-91) 111-786-110
Fax: (92-91) 5279861

Fax: (92-22) 2781955

**Islamabad
Main Branch**

90-91, Razia Sharif Plaza,
Jinnah Avenue, Blue Area.
Tel: (92-51) 2270883-4
UAN: (92-51) 111-786-110
Fax: (92-51) 2270885

Multan

Hussain Agahi Branch
Lohari Gate Shopping Centre,
Hussain Agahi Road.
Tel: (92-61) 4513893 &
4513577
Fax: (92-61) 4513793

Fax: (92-41) 2614266
Telex: 43528 ALHAB PK

**Rawalpindi
City Branch**

C/30, C/32, Iqbal Road,
Trunk Bazar, Rawalpindi City.
Tel: (92-51) 5553462-
5553664
Fax: (92-51) 5554493

www.bankalhabib.com

HABIB INSURANCE COMPANY LIMITED (AUTHORISED BRANCHES ONLY)**Karachi****Karachi Branch:**

1st Floor, State Life Building No.
6-A
Habib Square, M. A. Jinnah Road,
Karachi.
UAN: 111-030-030
Tel: (92-21) 2418120
Fax: (92-21) 2419183
Email:
karachi@habibinsurance.net

Multan**Multan Branch:**

2nd Floor, Jalil Centre,
Abdali Road,
Multan.
Tel: (92-61) 4583558, 4584467
Fax: (92-61) 584467
Email:
multan@habibinsurance.net

Peshawar

548-C Lamsi Arcade,
Fakhre Alam Road,
Peshawar Cantonment,
Peshawar.
Tel: (92-91) 5286412
Fax: (92-91) 5286412
Email:
peshawar@habibinsurance.net

Lahore**Al-Falah Branch:**

Room No. 314,
Al-Falah Building, 3rd Floor,
Shahrah- e-Quaid-e-Azam,
Lahore.
Tel: (92-42) 6301766, 6314395
Fax: (92-42) 6314174
Email:
Alfalah@habibinsurance.net

Trust Plaza Branch:

Room No. 17, 3rd Floor,
Trust Plaza LMQ Road,
Multan.
Tel: (92-61) 4784637-38
Fax: (92-61) 4782876
Email:
multantrust@habibinsurance.net

Rawalpindi

Bank Road, P.O. Box No. 237,
Rawalpindi.
Tel: (92-51) 5510739-
5564302
Fax: (92-51) 5564302
Email:
pindi@habibinsurance.net

Eden Branch:

307, Eden Centre,
Jail Road,
Lahore.
Tel: (92-42) 7576031, 7560436
Fax: (92-42) 7566982
Email: eden@habibinsurance.net

Hyderabad

Office No.1 & 2, Jamia Trade
Centre,
Opp. Jamia Masjid Saddar
Cantt,
Hyderabad .
Tel: (92-22) 9201231-32
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