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## **CONSOLIDATED OFFERING DOCUMENT OF**

### **AL Habib Pension Fund (AHPF) A Voluntary Pension Fund**

**MANAGED BY**

**AL Habib Asset Management Limited  
(Pension Fund Manager)**

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**OFFERING DOCUMENT OF**

**AL Habib Pension Fund (AHPF)**

**A Voluntary Pension Scheme**

**MANAGED BY**

**AL Habib Asset Management Limited**

The Pension Fund Manager (AHAM) is a Non-Banking Finance Company licensed by the Commission under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through and Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") license **AMCW/15/HAML/AMS/09/2020** dated **July 01, 2020** to carry out Asset Management Services registered with the Commission under the Voluntary Pension System Rules, 2005 through Certificate of Registration No. **44/SEC/PRDD/VPS/ALHAML/2022** dated **May 16, 2022** as a Pension Fund Manager;

**Date of Publication of Offering Document Dated June 30, 2022**

**1. INTRODUCTION TO AL HABIB PENSION FUND**

AL Habib Pension Fund (AHPF) is established in Pakistan as a Voluntary Pension Fund through a Trust Deed, dated **June 20, 2022** on the basis, entered in between AL Habib Asset Management Limited in its capacity as the Pension Fund Manager and Central Depository Company of Pakistan Limited in its capacity as the Trustee and authorized under the Voluntary Pension System (VPS) Rules, 2005.

The Pension Fund shall initially consist of three (3) Sub-Funds to be called:

- I. **AL Habib Pension Fund - Equity Sub Fund (the Equity Sub Fund);**
- II. **AL Habib Pension Fund - Debt Sub Fund (the Debt Sub Fund);** and
- III. **AL Habib Pension Fund - Money Market Sub Fund (the Money Market Sub Fund)**

After successfully managing the above-mentioned Sub-Funds, the Pension Fund Manager (AHAML) may, with the approval of the Commission, launch other Sub-Funds through a Supplementary Offering Document for investments in other asset classes (for avoidance of doubt, additional Sub-Funds may include combinations of new and existing classes of assets. Thereafter, any reference to the Sub-Funds in the Trust Deed or the Offering Document shall be construed to include any such new Sub-Fund.

**1.1. Structure of Pension Fund**

The Pension Fund shall be in the form of a trust being made up of equity Sub Fund, a debt Sub-Fund and a money market Sub-Fund and such other Sub-Funds as may be allowed by the Commission. The Pension Fund shall have different Allocation Schemes that may be specified by the Commission from time to time. Details of Allocation Schemes currently being offered by the Pension Fund Manager is given in this Offering Document. When the Additional Allocation Schemes or Sub-Funds are launched, the Pension Fund Manager shall announce the same by Supplementary Offering Document. The Pension Fund established is perpetual in life.

## 1.2. Salient Features of the Pension Fund

## Term Sheet

<b>Fund Name</b>	AL Habib Pension Fund (AHPF)			
<b>Fund Structure</b>	Unit Trust Scheme consisting of Sub-Funds under the VPS Rules 2005			
<b>Sub-Funds</b>	AL Habib Pension Fund will initially consist of three Sub Funds, to be called "AL Habib Pension Fund - Equity Sub Fund" (the "Equity Sub-Fund"), "AL Habib Pension Fund - Debt Sub Fund" (the "Debt Sub-Fund") and "AL Habib Pension Fund - Money Market Sub Fund" (the "Money Market Sub-Fund")			
<b>Fund Objective</b>	To provide a secure source of savings and regular income after retirement to the Participants			
<b>Eligibility</b>	Every Pakistani national over the age of 18 years holding a valid CNIC or NICOP or such other Identity approved by the SECP			
<b>Minimum Contribution</b>	The minimum amount of Contribution to open an account is Rs. 1,000/- and the minimum amount of contribution to an existing account is Rs. 1,000/- per transaction. There is no maximum limit of contribution. However, Tax Credit will be available to the extent specified in the Income Tax Ordinance, 2001.			
<b>Contribution Frequency</b>	Annual, Semi-Annual, Quarterly or Monthly or as desired by the Participant.			
<b>Contribution Mechanism</b>	Cheque, demand draft, pay order (crossed account payee only), banker cheque or online transfer; titled: CDC -Trustee AL Habib Pension Fund payable to the Trustee on any Dealing Day. Any other electronic form of Transfer as may be acceptable to the Pension Fund Manager and the Trustee. Contribution in the form of Cash shall not be made accepted.			
<b>Investment Mechanism</b>	Insurance premium (for optional insurance covers) shall be deducted from Contributions made by the Participant, followed by deduction of front-end load (sales charge) (if applicable). The remaining Contribution amount is then credited to the Participant's Individual Pension Account and is invested in the underlying Sub-Funds of the AL Habib Pension Fund (AHPF) as per the Allocation Scheme selected by the Participant. Front-end fee (Sale charges) and insurance premium will be transmitted in the name of Pension Fund Manager and specified insurance company respectively.			
<b>Allocation of Contributions &amp; Allocation Schemes</b>	Contributions shall be allocated among the Units of Sub-Funds at Net Asset Value, as per the selected Allocation Scheme, offered by the Pension Fund Manager from amongst the following Schemes:			
	<b>Allocation Scheme</b>	<b>Equity Sub Fund</b>	<b>Debt Sub Fund</b>	<b>Money Market Sub Fund</b>
	High Volatility	70%	30%	Nil
	Medium Volatility	40%	50%	10%
	Low Volatility	10%	60%	30%
	Lower Volatility	Nil	40%	60%
	Customized	0-100%	0-100%	0-100%
Life Cycle Plan	Automatically adjusts allocation from high-risk assets towards lower risk with the increasing age			

<b>Investment Strategy</b>	The Pension Fund Manager shall design investment strategy to optimize returns on investments within the parameters of Investment Policy specified by the Commission. The Pension Fund Manager shall also offer different Allocation Schemes to Participants to choose from, allowing them to adopt an investment strategy, according to their risk / return requirements.
<b>Reallocation Policy</b>	Units held in the Individual Pension Account shall be reallocated by the Pension Fund Manager between the Sub-Funds at least once a year to ensure that the allocation of Units of all Participants is in line with the Allocation Scheme selected by them.
<b>Management Fee</b>	Up to 1.5% p.a. on average Net Assets of each Sub-Fund.
<b>Front-end fee (Sales Charge)</b>	Up to 3% on all Contributions
<b>Taxation</b>	Tax Credit will be available to Participants on contributions during any Tax Year subject to the limits prescribed under Income Tax Ordinance 2001.
<b>Benefits / Withdrawal on Retirement</b>	<p>At the date of retirement of the Participant all the units of the sub funds of participant account shall be redeemed at the net asset value notified at close of the day of retirement and the amount due shall be credited to participant individual pension account in the lower volatility scheme where no option is selected by the participant offered by the Pension Fund Manager. The Participant shall then have the following options, namely:</p> <p>(a) to withdraw up to fifty percent (50%) or such percentage as admissible under the Income Tax Ordinance, 2001, of the amount in participant Individual Pension Account, without any Tax deductions. Tax will be deducted at a rate of the average tax percentage of the Participant for the previous three years, if the Participant withdraws any amount over the limit as admissible under the Income Tax Ordinance, 2001 or amended time to time in Income Tax Ordinance; and</p> <p>(b) either to use the remaining amount to purchase an annuity from a life insurance company of participant choice; or</p> <p>(c) enter into an agreement with the Pension Fund Manager to transfer participant balance to an Approved Income Payment Plan offered by the Pension Fund Manager or another Pension Fund Manager and withdraw from its monthly installments for up to 15 years following the date of retirement, according to the Approved Income Payment Plan by the Commission.</p>
<b>Withdrawal before Retirement</b>	Participants at any time before retirement are entitled to withdraw the whole or any part of the Units held to their credit in their Individual Pension Account. Tax may be applicable in accordance with the requirements of the Income Tax Ordinance, 2001 and, if applicable, will be deducted by the Pension Fund Manager from the amount withdrawn.

<b>Transfers to and from Other Pension Funds</b>	Participants shall be entitled to transfer part or whole of their Individual Pension Accounts from this Pension Fund to another Pension Fund and this shall only take place as per the discretion of the participant by giving at least seven working days' notice before the effective date of the proposed change. There shall be no charges on such transfers. Similarly, Participants are allowed to transfer-in their funds from other Pension Funds and approved Occupational Savings Schemes or approved superannuation funds to this Pension Fund without having to pay any Front-end fee (Sale Charges) to the Pension Fund Manager.
<b>Transparency</b>	Daily calculation and announcement of NAV of each Sub fund.
<b>Distribution Restriction</b>	Any income earned shall be retained and accumulated in the respective sub-funds and no distribution / dividend shall be made from the Pension Fund.

## 2. REGULATORY APPROVALS AND CONSENT

### 2.1. Registration of the Pension Fund Manager

AL Habib Asset Management Limited, the Pension Fund Manager of AL Habib Pension Fund, having its registered office at **3rd Floor, MacKinnons Building, I. I. Chundrigar Road, Karachi, Pakistan**, is a Non-Banking Finance Company and has been licensed by the Securities and Exchange Commission of Pakistan under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through and Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") to, inter-alia, carryout Asset Management Services under License **No. AMCW/15/HAML/AMS/09/2020 dated July 01, 2020** (appended hereto as **Annexure "A"**) to carry out Asset Management Services registered with the Commission under the Voluntary Pension System Rules, 2005 through Certificate of Registration **44/SEC/PRDD/VPS/ALHAML/2022 dated May 16, 2022** appended hereto as **Annexure "A" & "A-1"**.

### 2.2. Authorization of the Pension Fund

The Pension Fund Manager has been authorized by the Commission through its letter No. **SCD/AMCW/PW/ALPF/80/2022** dated **June 29, 2022** appended hereto as **Annexure "B-1"**, to constitute the Pension Fund under the name and title of **AL Habib Pension Fund (AHPF)** (hereinafter referred to as the AL Habib Pension Fund (AHPF), "Pension Fund" or AHPF, or "Trust") and authorized the formation of a scheme, under the name, **"AL Habib Pension Fund"**, under rule (9) of the Voluntary Pension System Rules, 2005.

### 2.3. Appointment of the Trustee

The Central Depository Company of Pakistan Limited, having its registered office at **CDC House, 99- "B", Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan**, has been approved by the Commission to act as the trustee of "AL Habib Pension Fund" through its letter No. **SCD/AMCD/AHPF/354/2022** dated **June 04, 2022** appended here to as **Annexure "C"**.

### 2.4. Registration of the Trust Deed

The Pension Fund Manager has been authorized by the Commission to execute and to register the Trust Deed. Approval of Trust Deed is appended hereto as **Annexure "B-3"**.

- Assistant Director of Industries and Commerce Directorate of the Department has issued a Certificate of Registration No **KAR/ST/035/2022** dated **June 20, 2022** upon registration of the Trust under Sindh Trust Act 2020.

**2.5. Approval of the Offering Document**

The Commission has, through its letter No. **SCD/AMCW/PW/AHPF/396/2022** dated **June 30, 2022** appended hereto as Annexure "B-2" approved this Offering Document as per the guidelines for Authorization of Pension Fund under sub-Rule (1) of Rule (9) of the Rules.

This Offering Document sets out the arrangements covering the basic structure of **AL Habib Pension Fund**. The provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 and guidelines issued by SECP from time to time, hereafter govern this Offering Document and in case of any ambiguity in the constitutive documents of **AL Habib Pension Fund**, the VPS Rules 2005 shall prevail. It sets forth information about the Fund that a prospective Participant should know before contributing to the Pension Fund. Participants should read this Offering Document carefully prior to contributing to / participating in the Pension Fund, and retain the Offering Document for future reference.

However, it must be distinctly understood that such an approval or authorization by the Commission neither implies official recommendation by the Commission to participate in /contribute to the Pension Fund nor does the Commission take any responsibility for the financial soundness of the Pension Fund and its Sub Funds or forth correctness of any statements made or opinions expressed in this Offering Document.

If you have any doubt about the contents of this Offering Document, you should seek independent professional advice, from your legal, financial or tax advisor.

This Offering Document contains necessary information for the public to make an informed decision to participate in the Pension Fund described herein. The Participants are advised, in their own interest, to carefully read the contents of the Offering Document, in particular, the risks mentioned in Clause 7.9 and Warnings in Clause 14, before making any participation/contribution decision. Participants may note that this Offering Document remains effective until a material change occurs and they should retain this Offering Document for future reference. Material changes shall be filed with the Commission and circulated to all Participants or may be notified by advertisements in the newspapers, or on the Pension Fund Manager's website, subject to the applicable provisions of the Trust Deed and the Rules.

Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub Funds of the Pension Fund consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments. It should be noted that the value of Units of the Sub Funds can fall as well as rise, in response to market conditions. It should also be noted that under certain circumstances the realization of Units may be restricted.

**3. CONSTITUTION OF THE PENSION FUND****3.1. Constitution of AL Habib Pension Fund (AHPF)**

The Pension Fund has been established as a trust under the Sindh Trust Act, 2020 through a trust deed dated **June 20, 2022** executed between AL Habib Asset Management Limited (AHAM) (the Pension Fund Manager), as party of the one part, and The Central Depository Company of Pakistan (CDC) (the Trustee), as party of the other part.

**AND**

**Central Depository Company of Pakistan Limited** incorporated in Pakistan under the Companies Ordinance, 1984, Companies Act, 2017 and registered by SECP to act as a Trustee of the Collective Investment Scheme & Voluntary Pension Scheme, having its registered office

at CDC House, 99-B, Block "B", S.M.C.H.S Main Shahrah-e-Faisal Karachi, Pakistan, as the Trustee.

### **3.2. Trust Deed (the "Deed")**

The Trust Deed shall be subject to, and governed by the Voluntary Pension System Rules, 2005 (Rules) and all other applicable laws and regulations and shall be deemed, for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel hereof and, in the event of any conflict between the Trust Deed and the Rules, the latter will supersede and prevail over the provisions contained in the Trust Deed unless specific exemption has granted by the Commission.

The terms and conditions in the Trust Deed, and any Supplementary Trust Deed shall be binding on each Participant as if he has been a party to it.

### **3.3. Modification of the Constitutive Documents**

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

### **3.4. Seed Capital provided by the Core Participant**

The seed capital of the Pension Fund shall be provided, invested or arranged by the Pension Fund Manager. Seed Capital Units have been issued to the Seed Investor as under:

<b>Name of Sub-Fund</b>	<b>No. of Units</b>	<b>Initial Par Value of each Unit (PKR)</b>	<b>Amount (PKR in Millions)</b>
<b>AL Habib Pension Fund - Equity Sub Fund</b>	300,000	100	30
<b>AL Habib Pension Fund - Debt Sub Fund</b>	300,000	100	30
<b>AL Habib Pension Fund - Money Market Sub Fund</b>	300,000	100	30

The Seed Capital Units subscribed by the Seed Investor have been issued at a par value of Pakistan Rupees One Hundred per Unit (Rs. 100/-Unit) and shall not be redeemable/ transferable or tradable for a minimum period of three (3) years from the date of issue or as maybe determined by the Commission. Such restriction and its termination date shall be entered into the Register and shall be noted on any Accounts Statement or certificate issued in respect of such units.

### **3.5. Type / Feature of Units of the Sub-Funds**

The Pension Fund shall initially consist of three Sub-Funds to be called:

- I. AL Habib Pension Fund - Equity Sub Fund (the Equity Sub Fund)**
- II. AL Habib Pension Fund - Debt Sub Fund (the Debt Sub Fund) and**
- III. AL Habib Pension Fund - Money Market Sub Fund (the Money Market Sub Fund)**

- (a) All Units and fractions thereof represent an undivided share in the respective Sub-Fund and rank pari passu as to their rights in the Net Assets and earnings of that Sub-Fund. Each Participant has a beneficial interest in the Pension Fund proportionate to the Units held by such Participant in the respective Sub-Fund in participant Individual Pension Account. The liability of the Participant shall be limited to the amount paid against the number of Units or in certain circumstances cash, as may be allowed by the Rules, held by each Participant in participant Individual Pension Account.
- (b) All Units shall be issued in a non-certificated form, except the Seed Capital Units that may be issued in a certificated form, if required by the Seed Investor.
- (c) The Units in the Sub-Funds issued to the Participants would be non-transferable to another Participant/person. They shall only be redeemable in case of retirement (including retirement in the instance of disability), premature encashment/ withdrawal, death of the Participant, and change of pension fund manager, change of Allocation Schemes and/or rebalancing of the portfolio/ Allocation Schemes.
- (d) The initial Par value of the Units of each of the Sub-Funds is Pakistan Rupees One Hundred (Rs. 100), which is applicable to the first offering. The amount received from the Seed Investors has been allocated to each Sub-Fund. From the Launch Date, the Pension Fund Manager shall open participation in the AL Habib Pension Fund to the eligible Participants on a continuous basis, through offer of Units of Sub-Funds issued at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time, after deduction of Front-end fee (sale charges) and insurance premium, if opted by the participant, from the Contribution amounts received.
- (e) Units of the relevant Sub Fund shall be issued to each Participant as per the selected 'Allocation Scheme', identified in clause 5.15, for the contributions among the Sub-Funds.

#### **4. OPERATORS AND PRINCIPALS**

##### **4.1. The Pension Fund Manager**

AL Habib Asset Management Limited is the Pension Fund Manager of **AL Habib Pension Fund (AHPF)**, having its registered office as mentioned below:

**AL Habib Asset Management Limited**

3<sup>rd</sup> Floor, MacKinnons Building,

I.I. Chundgrigar Road

Karachi, Pakistan

UAN: (111-342-242)

URL: [www.alhabibfunds.com](http://www.alhabibfunds.com)

Any change in the registered office address of the Pension Fund Manager shall be notified by the Pension Fund Manager to the Commission and the Trustee from time to time.

##### **4.1.1 Organization**

AL Habib Asset Management Limited ("AHAML") is an Investment Advisory and Asset Management Company licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. AHAML was formed in 2007 and has a successful track record of almost fourteen years of managing mutual funds.

AHAML has been able to successfully launch and manage nine mutual funds including four Islamic Funds. The Mutual Funds currently under management include AL Habib Cash Fund (Formerly: First Habib Cash Fund), AL Habib Money Market Fund, AL Habib Islamic Cash Fund,

AL Habib Income Fund (Formerly: First Habib Income Fund), AL Habib Islamic Income Fund (Formerly: First Habib Islamic Income Fund), AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund), AL Habib Stock Fund (Formerly: First Habib Stock Fund) and AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund). All these funds are adequately performing funds in their respective categories. AHAML is 100% wholly owned subsidiary of Bank AL Habib Limited.

#### 4.1.2 Rating of the Pension Fund Manager

AHAML has been assigned Management Quality Rating of AM2 by PACRA which denotes 'High management industry standards and benchmark'.

#### 4.1.3 Principal Shareholders

##### Bank AL Habib Limited

Dawood Habib Group, the sponsor of Bank AL Habib Limited has a long track record in banking that dates back to the 1920s. The Group was among the founder members of Habib Bank Limited and played a major role in meeting the financial and banking needs of Pakistan. It was nationalized along with other Banks in Pakistan on January 1, 1974. Under the subsequent privatization policy of Government of Pakistan, Dawood Habib Group was granted permission to set up a commercial bank.

Bank AL Habib was incorporated as a Public Limited Company in October 1991 and started banking operations in 1992. In a short span of 28 years, the Bank's assets have grown to more than PKR 1 trillion, with a network of 1,000 branches and sub-branches, a Wholesale Branch in the Kingdom of Bahrain, Seychelles and Malaysia and Representative Offices in Dubai, Istanbul, Beijing and Kenya.

#### 4.2. Board of Directors of the Pension Fund Manager

Name	Position
Mr. Abbas D. Habib	Chairman & Director
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Mr. Saeed Allawala	Independent Director
Ms. Zarine Aziz	Independent Director
Mr. Kashif Rafi	Director / Chief Executive

##### 4.2.1 Profile of Directors

###### Mr. Abbas D. Habib – Chairman

Mr. Abbas D. Habib became Chairman of the Board of Directors of Bank AL Habib on November 1, 2016. He is also Chairman of the IT Committee of the Board. In 1991 with the inception of Bank AL Habib Limited, he became its Director and Joint Managing Director. On May 8, 1994 he assumed responsibilities as the Managing Director and Chief Executive of the Bank and served in that position till October 31, 2016.

Mr. Abbas D. Habib is a Fellow Member of the Institute of Bankers Pakistan and a Director on the Board of Habib Insurance Company Limited. He has to his credit a rich experience of over 40 years in commerce, industry and banking in local and international environment. He has held senior management positions with various organizations of the Habib Group and gained international banking experience while working with Habib sons Bank Limited, London, as

Regional Director and later as Executive Director

**Mr. Kashif Rafi - Chief Executive**

Mr. Kashif Rafi has vast experience expanding over 19 years in the field of Investments and Fund Management. He has worked on senior level positions with some of the top names in Asset Management Industry like MCB Arif Habib, ABL Asset Management & JS Investments. Prior to joining AL Habib Asset Management as CEO, he was associated with Bank AL Habib Limited with a primary task to acquire and run a successful asset management company from Bank AL Habib's platform. Mr. Kashif holds an MBA in Finance from IBA and is an Executive Committee Member of the Financial Markets Association of Pakistan (FMAP) and served on various committees of Mutual Fund Association of Pakistan.

**Mr. Mansoor Ali - Director**

Mr. Mansoor Ali is presently working with Bank AL Habib Limited as Chief Executive Officer. He is a seasoned banking professional with overall 34 years working experience. He joined Bank AL Habib Limited in 1992 and worked as COO, Group Head and other senior level positions. He is an MBA in Banking and Finance from Preston University of Science & Technology.

**Mr. Imran Azim - Director**

Mr. Imran Azim is MBA in finance and has more than thirty years 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. After leaving NIT he joined Khalid Majid Hussain Rehman, a Chartered Accountants firm and later on joined Universal Insurance Company Limited. Prior to joining AL Habib Asset Management Limited, he was Chief Executive of Haroon Oils Limited. He is associated with AL Habib Asset Management Limited since inception.

**Mr. Saeed Allawala - Director**

He has done his Master in Business Administration from Institute of Business Administration from University of Karachi. He is a seasoned businessman and successfully concluded collaborations and joint ventures with many multinational companies of Europe, Australia & USA. He is Chairman of Atco Laboratories Limited and director of various reputable companies.

**Ms. Zarine Aziz - Director**

Ms. Zarine Aziz is a former President, First Women Bank Ltd. She is a professional par excellence and a mission driven leader for the socio-economic development of women of Pakistan. During her career, she has also managed and headed different key position in Punjab, KPK & Federal Capital. She has a distinguished academic background, with Masters in Public Administration from University of Punjab, Lahore. Presently, Ms. Aziz is serving on the Board of Governors, University of Health Sciences, Board of Director of Urban Sector Planning and Management Services Unit (Pvt) Ltd. And Member National Executive Council Family Planning Association of Pakistan.

**4.2.2 Management Profile:**

**Mr. Kashif Rafi – Chief Executive Officer**

Mr. Kashif Rafi has vast experience expanding over 19 years in the field of Investments and Fund Management. He has worked on senior level positions with some of the top names in Asset Management Industry like MCB Arif Habib, ABL Asset Management & JS Investments. Prior to joining AL Habib Funds as CEO, he was associated with Bank AL Habib with a primary task to acquire and run a successful asset management company from Bank AL Habib's platform. Mr. Kashif holds an MBA in Finance from IBA and is an Executive Committee Member

of the Financial Markets Association of Pakistan (FMAP) and served on various committees of Mutual Fund Association of Pakistan.

**Mr. Zahid Hussain Vasnani – Chief Operating Officer & Company Secretary**

Mr. Zahid Hussain Vasnani has been associated with the Mutual Fund Industry for over 20 years. Before joining AL Habib Asset Management Limited as a Chief Operating Officer and Company Secretary, Mr. Vasnani was associated with Bank AL Habib Ltd. Prior to this he was associated with ITMinds Ltd as Chief Executive Officer. He has served in CDC, KASB Funds and MCB Arif Habib spearheading various segments of mutual funds operations on senior level. Mr. Vasnani a Professional Accounting Affiliate from Institute of Chartered Accountants of Pakistan (ICAP) and member of Pakistan Institute of Public Finance Accountants. He completed his four years article-ship from KPMG Taseer Hadi & Co., Chartered Accountant.

**Ms. Rida Jiwani – Chief Business Development Officer**

Ms. Rida Jiwani holds a BSc degree from University of London with vast experience spanning up to 20 Years in the Financial Sector. She possesses sharp business acumen, Team spirit and Leadership qualities as she has been actively involved in fields related to product development, Marketing, Corporate Sale and Retail Sale Nationwide. Ms. Rida Jiwani started her career track from Equity Desk of JSCL and later became a Fund Manager of UTP Income Fund at Abamco Limited JSCL Group Company. Over the years she has refined her core expertise in key financial areas related to Sales, Investment Advisory and Business development. Prior to joining AL Habib Asset Management Limited, she has been associated with Primus Investment Management Limited as Chief Strategy Officer, PICIC Asset Management as Country Head Corporate Sales and (NAFA) NBP Fullerton Asset management Company Limited. Her vision and strategic planning led to sizeable institutionalized business growth for Mutual Funds and is responsible for launching countless Investment Advisory Mandates.

**Mr. Abbas Qurban – Chief Financial Officer**

Mr. Abbas Qurban is Fellow member of Institute of Cost & Management Accountants (ICMAP) and Institute of Public Finance Accountant (PIPFA). He is also Diplomaed from Institute of Bankers (IBP) and MBA (Finance). He has overall working experience of over 25 years in various financial services (modaraba, leasing, investment banking and Takaful) and manufacturing sectors like textile and packaging industry. He is associated with AL Habib Asset Management Limited since year 2013.

**Mr. Ahmed Abbas – Fund Manager - Fixed Income**

Mr. Ahmed Abbas is an MBA in Finance, having ten years of rich and valuable experience and in depth understanding of money market/fixed income investment and operations. He started his career with Global Securities Pakistan Limited as a Dealer Fixed Income Sale and gain expertise in Dealing with Financial Institutions. Subsequently he joined AL Habib Asset Management Limited as Assistant Manager Treasury and used his analytic and planning skills for better returns of Funds. He is currently serving in capacity of Fund Manager at AL Habib Asset Management Limited.

**Mr. Talha Akhter Siddiqui - Fund Manager - Equity**

Mr. Talha Siddiqui brings with himself a rich vein of experience of Pakistani Capital Markets where he has experienced life on both the sell-side and buy-side of the industry. He has previously served in the capacity of Head of Research at BMA Funds and before that he was associated with Taurus Securities as Manager Equity Sales. He is a student of behavioral aspect of equity market dynamics and is currently pursuing a Chartered Market Technician's certification. He is academically trained as an economist and holds a postgraduate degree in

Economics from the University of Manchester. Mr. Talha has been associated with AL Habib Asset Management Limited for past 4 years.

**Mr. Muhammad Tahir – In charge SMA**

Working with AL Habib Funds since 2017, Mr. Muhammad Tahir possesses profound insight of economy and capital market. He has around four years of rich experience in Equity and Fixed income research. He has a thorough understanding of Risk Management. He has done BBA (Hons) and CFA Institute Level 2 candidate.

**Mr. Hunaid Haroon Al Qureshi – Manager - Infrastructure**

A qualified RHCE MCITP I.T professional, seasoned, self-driven, Hybrid Systems' expert. Over 10 years of experience covering I.T Infrastructure, systems availability & fault tolerance, BCPs, virtualization, data replication, data recovery, automation, software development, data center and database administration. He is associated with AL Habib Asset Management Limited since year 2007 and responsible for all IT implementations within the entity.

**Mr. Shafiq Ur Rehman Bhatti – Regional Head of Retail & Distribution**

Mr. Shafiq Bhatti has been working in the Mutual Industry for the past 11 years in different capacities. Mr. Shafiq has done his MBA in Finance & MSc. In Statistics with 1st Class, 1st Position (Gold Medalist). He carries extensive experience in Corporate Sales, Retail Sales, Distribution & Investor Services. Prior to joining AL Habib Asset Management Limited he was serving as Head of Retail, SME, Channel Distribution & Branch Operations. He has also served as Deputy Manager – Investment Advisory in IGI Investment Bank Limited. He also holds multiple certificates from Institute of Capital Market namely ICM – Fundamentals of Capital Market and ICM-CMFD.

**Mr. Muhammad Salman – Regional Head Sales**

Mr. Muhammad Salman is an experienced professional with a successful career in banking, business development, and administration. He holds an MBA degree in Finance and has done various courses in the field of Management, Leadership and positive psychology, an effective leader with the skills necessary to direct, train, and motivate team to its fullest potential. His core specialty is negotiation, making new relationships and deepening old ones, he holds 17 years of rich working experience.

**Mr. Furqan Miriwala – Head of Internal Audit**

Mr. Furqan Miriwala is associated with AL Habib Asset Management Limited as a Head of Internal Audit. Prior to joining AHAM, he was engaged with Faysal Asset Management Limited as Head of Compliance and Internal Audit. His past experience has been with organizations such as Central Depository Company of Pakistan Limited, PricewaterhouseCoopers (PWC) and Russell Bedford International. He is a member of the Associate Chartered Certified Accountant and having more than 9 years of experience.

**Mr. Nabeel Zafar – Research & Risk Manager**

Nabeel Zafar is an ACCA member and have cleared 2 levels of CFA. His diverse experience of financial and risk analysis in different public and private sector organizations bestowed him with business and financial acumen necessary for the role. Prior to joining AL Habib Asset Management Limited, he was associated with a public sector entity evaluating liquidity and credit risk of numerous projects, as well as developing internal systems to eliminate operational and business risk.

### 4.2.3 Performance of Listed Associated Companies

#### Bank AL Habib Limited

(Rupees in million)

	CY21	CY20	CY19	CY18	CY17
<b>Paid-up Capital</b>	11,114	11,114	11,114	11,114	11,114
<b>Equity</b>	83,569	69,570	55,489	46,283	40,409
<b>Total Assets</b>	1,849,652	1,522,091	1,298,682	1,048,239	944,134
<b>Deposits</b>	1,309,823	1,099,686	903,703	796,901	692,576
<b>Advances</b>	733,799	510,252	488,669	478,215	339,833
<b>Net Profit</b>	18,702	17,812	11,169	8,418	8,501

### 4.3. Existing Schemes under Management and their performance

AL Habib Asset Management Limited are currently managing nine open end mutual funds namely:

1. AL Habib Income Fund (Formerly: First Habib Income Fund);
2. AL Habib Stock Fund (Formerly: First Habib Stock Fund);
3. AL Habib Cash Fund (Formerly: First Habib Cash Fund);
4. AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund);
5. AL Habib Islamic Income Fund (Formerly: First Habib Islamic Income Fund);
6. AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund);
7. AL Habib Money Market Fund;
8. AL Habib Islamic Cash Fund;
9. AL Habib Islamic Savings Fund;

#### **AL Habib Income Fund (Formerly: First Habib Income Fund)**

The objective of the Fund 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 management team would seek to enhance returns through active portfolio management using efficiency tools.

Fund Name	AL Habib Income Fund (Formerly: First Habib Income Fund)
Fund Type	Open End
Category	Income Scheme
Date of Launching	June 02, 2007
Par Value	100
Stability Rating	"AA (f)" by PACRA
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountant
Risk Profile	Medium (Principal at medium risk)
Listing	Pakistan Stock Exchange

Distribution Details are as under:

AL Habib Income Fund (Formerly: First Habib Income Fund)				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2007	1,046,444,433	101.67	1.55%	1.50 %
2008	1,906,710,772	102.33	9.12 %	9.25 %
2009	1,731,680,266	102.15	6.31 %	6.35 %
2010	1,695,463,411	102.53	10.22 %	10.25 %
2011	1,251,462,087	103.07	10.93 %	10.50 %
2012	1,019,082,812	101.00	10.29 %	10.00 %
2013	873,510,373	100.70	9.42 %	9.00 %
2014	508,412,622	100.13	7.64 %	7.30 %
2015	1,203,225,554	101.24	10.10 %	9.00 %
2016	1,330,383,339	100.97	6.66 %	7.00 %
2017	1,087,191,717	101.79	6.29 %	5.50 %
2018	965,356,358	100.51	5.24 %	6.75 %
2019	732,815,500	100.96	8.10 %	8.04 %
2020	1,122,721,780	100.81	12.79 %	12.35%
2021	1,412,563,995	100.82	6.43 %	6.60 %

**AL Habib Stock Fund (Formerly: First Habib Stock Fund);**

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.

Fund Name	AL Habib Stock Fund (Formerly: First Habib Stock Fund)
Fund Type	Open End
Category	Equity Scheme
Date of Launching	October 10, 2009
Par Value	100
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountants
Risk Profile	High (Principal at high risk)
Listing	Pakistan Stock Exchange

Distribution Details are as under:

AL Habib Stock Fund (Formerly: First Habib Stock Fund)				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2010	130,227,424	95.43	-	-
2011	123,304,708	110.11	18.39 %	12.80 %
2012	113,032,191	103.79	3.67 %	3.50 %
2013	168,338,520	133.48	33.43 %	32.50 %
2014	147,627,556	103.62	22.60 %	20.00 %
2015	114,073,489	102.91	14.95 %	16.00 %
2016	132,665,201	104.21	1.26 %	4.10 %
2017	207,504,749	105.25	21.12 %	16.00 %
2018	137,400,095	89.79	-14.71 %	-
2019	104,014,761	73.31	-19.23 %	-
2020	104,842,301	71.83	-0.95 %	-
-2021	234,470,611	89.20	27.66 %	2.50 %

**AL Habib Cash Fund (Formerly: First Habib Cash Fund)**

The investment objective of FIRST HABIB CASH FUND is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high Liquidity.

Fund Name	AL Habib Cash Fund (Formerly: First Habib Cash Fund)
Fund Type	Open End
Category	Money Market Scheme
Date of Launching	March 10, 2011
Par Value	100
Stability Rating	'AA+(f)'
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountants
Risk Profile	Very Low (Principal at very low risk)
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

AL Habib Cash Fund (Formerly: First Habib Cash Fund)				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2011	569,987,893	103.03	11.44 %	3.50 %
2012	2,026,950,083	101.07	11.22 %	10.80 %
2013	2,307,646,371	100.75	9.03 %	8.65 %
2014	3,705,406,924	100.14	8.13 %	7.75 %
2015	1,278,204,409	100.70	8.30 %	7.75 %
2016	1,034,533,067	100.33	5.34 %	5.75 %
2017	1,040,983,790	100.40	6.56 %	6.50 %
2018	2,782,120,548	105.82	5.42 %	5.60 %
2019	2,205,981,328	100.35	8.65 %	8.32 %
2020	3,636,935,889	100.38	12.94 %	12.19 %
2021	16,899,350,030	100.62	6.84 %	6.40 %

**AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund);**

The investment objective of First Habib Islamic Stock Fund (FHISF) is to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws.

Fund Name	AL Habib Islamic Stock Fund
Fund Type	Open End
Category	Shariah Compliant Equity Scheme
Date of Launching	December 09, 2012
Par Value	100
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountants
Risk Profile	High (Principal at high risk)
Listing	Pakistan Stock Exchange

Distribution Details are as under:

AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund)				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2013	358,401,372	110.51	11.36 %	10.50 %
2014	332,876,768	102.16	12.34 %	11.00 %
2015	109,939,850	101.81	5.08 %	5.50 %
2016	113,933,075	103.50	1.66 %	3.35 %
2017	153,673,147	104.17	14.90 %	11.00 %
2018	115,342,028	87.35	-16.16 %	-
2019	100,854,739	70.63	-19.81 %	-
2020	103,405,214	69.97	-0.09 %	-
2021	288,367,818	79.23	26.88 %	9.50 %

**AL Habib Islamic Income Fund (Formerly: First Habib Islamic Income Fund);**

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instruments while taking into account liquidity considerations.

Fund Name	AL Habib Islamic Income Fund (Formerly: First Habib Islamic Income Fund)
Fund Type	Open End
Nature of Fund	Shariah Compliant Income Scheme
Date of Launching	January 23, 2017
Par Value	Rs. 100/-
Stability Rating	"AA (f)" by PACRA
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountants
Risk Profile	Medium (Principal at medium risk)
Listing	Pakistan Stock Exchange

Distribution Details are as under:

AL Habib Islamic Income Fund (Formerly: First Habib Islamic Income Fund)				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2017	101,947,521	100.0374	3.32 %	1.40 %
2018	192,595,690	103.5227	3.49 %	9.96 %
2019	110,147,728	100.2068	6.58 %	6.65 %
2020	9,030,091,888	100.3565	11.79 %	11.06 %
2021	14,129,777,964	100.5590	6.57 %	6.20 %

**AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund)**

The objective of First Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund) is to provide risk adjusted competitive returns to its investors by investing in multiple assets classes based on market outlook.

Fund Name	AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund)
Fund Type	Open End
Category	Asset Allocation Scheme
Date of Launching	December 08, 2017
Par Value	100
Stability Rating	
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountants
Risk Profile	High (Principal at high risk)
Listing	Pakistan Stock Exchange

Distribution Details are as under:

AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund)				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2018	215,749,112	100.8318	0.83 %	0.77 %
2019	100,847,954	91.7057	-8.46 %	0.41 %
2020	106,552,066	90.7097	-0.55 %	-
2021	108,950,532	103.3323	17.22 %	3.00 %

#### AL Habib Money Market Fund;

The investment objective of AL Habib Money Market Fund is to provide its unit-holders optimum return from a portfolio of low risk and short duration assets while being highly liquid.

Fund Name	AL Habib Money Market Fund
Fund Type	Open End
Category	Money Market Scheme
Date of Launching	December 20, 2021
Par Value	100
Stability Rating	N/A
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountant
Risk Profile	High
Listing	Pakistan Stock Exchange

#### AL Habib Islamic Cash Fund;

The investment objective of the Fund is to provide its unit-holders optimum return from a shariah compliant portfolio of low risk and short duration assets while being highly liquid.

Fund Name	AL Habib Islamic Cash Fund
Fund Type	Open End
Category	Shariah Compliant Money Market Scheme
Date of Launching	December 20, 2021
Par Value	100
Stability Rating	N/A
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountant
Risk Profile	Very Low (Principal at very low risk)
Listing	Pakistan Stock Exchange

**AL Habib Islamic Savings Fund**

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instruments while taking into account liquidity considerations.

Fund Name	AL Habib Islamic Savings Fund
Fund Type	Open End
Category	Shariah Compliant Income Scheme
Date of Launching	December 20, 2021
Par Value	100
Stability Rating	N/A
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes & Co. Chartered Accountant
Risk Profile	Medium (Principal at medium risk)
Listing	Pakistan Stock Exchange

**4.4. Role of the Fund Manager of AL Habib Pension Fund Manager (AHPF)**

The Pension Fund Manager shall designate a Fund Manager for AL Habib Pension Fund (AHPF), who shall, use his investment experience and knowledge of pensions and based on the input from the Research Department, structure the portfolios for the individual Sub-Funds.

Additionally, the allocation of the asset classes within the plans offered under the Pension Fund, will be reviewed by the Investment Committee from time to time and based on the assessment of key economic indicators, the Fund Manager will, in conjunction with the Investment Committee of the Pension Fund, decide on the relative attractiveness and valuation of various asset classes available (i.e., equity, debt and money market). In case of a change in the economic circumstances, the Fund Manager will re-allocate the relative weights of the asset classes within the Schemes with an appropriate increase or reduction in exposure in those asset classes that are expected to be most impacted. However, such changes shall be made within the limits set out in the Approved Allocation Policy specified by the Commission.

**4.4.1 Appointment of Distributors**

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

The Pension Fund Manager shall ensure, where it delegates the Distribution Function, that:

- (a) The Distributors to whom it delegates, have acquired license \ registration from SECP as registered service providers.
- (b) The written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

The Pension Fund Manager and Distributor shall not:

- i. Involve either directly or indirectly in the mis-selling of Voluntary Pension Scheme; and
- ii. Sell units of Voluntary Pension Fund Scheme directly or indirectly by making a false and mis-leading statement, concealing or omitting material facts of the Scheme and concealing the risk factors associated with the Scheme;

- (c) The Pension Fund Manager or distributor shall take reasonable care to ensure suitability of the scheme to the participant.
- (d) The Pension Fund Manager or distributor shall ensure that;
  - i. Any performance reporting/ presentation is accompanied by all explanations, qualifications, limitations and other statements that are necessary to prevent such information from misleading participants;
  - ii. Promotional materials do not contain untrue statements or omit to state facts that are necessary in order to prevent the statements from being misleading, false or deceptive; and
  - iii. Performance is measured and presented after taking into account the risk-tolerance, investment objectives, level of understanding and knowledge of the recipient.

#### **4.4.2 Disclaimer**

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

#### **4.5. Obligations of the Pension Fund Manager**

A Pension Fund Manager shall ensure compliance with the obligations as specified in the regulations and constitutive documents of the Pension fund.

- (a) be obliged to manage the assets of the Pension fund in the interest of the participants in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties or its officers.
- (b) be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as Pension Fund Manager, howsoever designated, as if they were its own acts and omission;
- (c) account to the trustee for any loss in value of the assets of the Pension fund where such loss has been caused by its gross negligence, reckless or willful act or omission;
- (d) maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Pension fund, all transactions for the account of the Pension fund and contributions received by the Pension fund and withdrawals by the participants including detail of withholding tax deducted at source and transfer or receipt of balances in the individual Pension accounts of the participants to or from other Pension Fund Managers;

- (e) Prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of the Pension fund within four months of closing of the accounting period to the Commission and the participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I:  

“Provided that the Pension Fund Manager may transmit or make available on its website annual report of the Pension fund for participants and it shall make the printed copy available to a participant free of cost as and when required”;
- (f) within one month of the close of the first and third quarter of its year of account of the fund and within two months of the close of second quarter, prepare and transmit to the participants and the Commission a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the Pension fund and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule I. The companies may, with the prior approval of the Commission, post the said quarterly accounts on their website;
- (g) maintain a register of participants of the Pension fund and inform the Commission of the address where the register is kept;
- (h) appoint with the consent of the trustee, at the establishment of the Pension fund and upon any vacancy, an auditor independent of the auditor of the company and the trustee and such auditor shall not be appointed for more than three consecutive years;
- (i) furnish to the Commission within one month of the close of any accounting period.
  - i. particulars of the personnel (executive, research and other) managing the Pension fund;
  - ii. total number of participants; and
  - iii. such other information that may be prescribed by the Commission from time to time.
- (j) furnish to the Commission a copy of its annual report together with copies of the balance sheet, profit and loss account, the directors' report and the auditors' report within one month of its annual general meeting and shall furnish its half yearly report to the Commission within two months of close of its half year;
- (k) send an account statement as at the 30<sup>th</sup> June and the 31<sup>st</sup> December each year, within thirty days after the end of each date, to individual participants, giving detail of the amounts received or withdrawn and tax deducted and the number of units allocated and held, the current valuation of the units and such other information as may be specified by the Commission, free of charge. The Pension Fund Manager shall also send an account statement each time when there is an activity in the participant's account within seven working days of such activity and the participant shall be entitled to receive any information, in respect of participant account, at any time, on written application;
- (l) send any other statement or certificate to the participants which may be necessary under the rules' regulations; and
- (m) send a notice to a participant at least thirty days before the chosen date of retirement informing him/her the options available to him/her on retirement. The notice should be sent physically on the mailing address as well as electronically on email or cellular phone number.

- (n) specify a criteria in writing to provide for a diverse panel of brokers at the time of offering of a pension fund or for any subsequent change and shall not enter, on behalf of a pension fund, into transactions with any broker that exceed twenty-five per cent of the commission payable by a pension fund in any one accounting year:

Provided that this restriction shall not apply to transactions relating to money market instruments or debt securities.

#### **4.6. Restrictions for Pension Fund Manager**

The Pension Fund Manager on behalf of Pension Fund shall not:

- (a) merge with, acquire or take over management of any other Pension fund or Pension fund manager unless it has obtained the prior approval of the Commission in writing for such merger, acquisition or takeover;
- (b) pledge any of the securities held or beneficially owned by the pension fund except for the benefit of the pension fund subject to prior approval of the Commission;
- (c) Accept deposit from another Pension Fund;
- (d) make a loan or advance money to any person except in connection with the normal business of the Pension Fund;
- (e) participate in a joint account with others in any transaction Apply any part of its assets to real estate provided that the company may purchase real estate for its own use out its shareholders' fund;
- (f) participate in a joint account with others in any transaction except for placement of orders under a single Universal Identification Number (UIN) subject to mechanism approved by the Commission;
- (g) make any investment with the purpose of having the effect of vesting the management, or control, in the Pension Fund;
- (h) [1] employ as a broker, directly or indirectly, any of its director, officer or employee or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any connected broker, which shall equal or exceed twenty-five per cent or more of the brokerage or commission paid by the Pension fund in any one accounting year;

Provided that this restriction shall not apply to transactions relating to money market instruments or debt securities; and

- (i) Enter into a short sale transaction in any security.

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**[1] Substituted clause 4.6(h) vide First Supplemental dated May 04, 2023. Before change point read as:**

(h) employ as a broker, directly or indirectly, any of its director, officer or employee or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any connected broker, which shall equal or exceed ten per cent or more of the brokerage or commission paid by the Pension fund in any one accounting year;

Provided that the Commission may in each case on merit permit the ten percent to be exceeded if the connected broker offers advantage to the pension fund not available elsewhere; and

**4.7. Retirement or Removal of the Pension Fund Manager**

- 4.7.1 The Pension Fund Manager may, by giving at least three (3) months prior written notice in writing to the Participants with the prior written approval of the Commission, retire from management of the Pension Fund.
- 4.7.2 Where the Pension Fund Manager has given notice in accordance with above Clause, its retirement shall be effective on the date being not less than three (3) months after the date of such notice on which, with the approval in writing of the Commission, it appoints a new Pension fund manager to manage the Pension Fund in accordance with the constitutive documents and the Rules.
- 4.7.3 If the Commission is of the opinion that the Pension Fund Manager has contravened any provision of the Rules, or has otherwise neglected or failed to comply with any order or direction of the Commission or with any requirement of the Rules or has failed or neglected to carry out its duties to the satisfaction of the Trustee, or the Commission, as the case may be, and considers that it would be in the interest of the Participants so to do, the Commission, on its own motion or on the report of the Trustee, by order in writing may immediately:-
- (a) cancel or suspend the registration of the Pension Fund Manager;
  - (b) remove the Pension Fund Manager managing the Pension Fund;
  - (c) issue appropriate orders to the Pension Fund Manager;
  - (d) order compensation to be paid to the Participants;
  - (e) impose fine; or
- 4.7.4 The Trustee may, by giving notice in writing to the Pension Fund Manager with the prior approval of the Commission, remove the Pension Fund Manager if any of the following events have occurred:
- (a) the Pension Fund Manager has contravened the provisions of the constitutive documents in any material respect and has failed to rectify the contravention within (i) 30 days from the date of notice in writing given by the Trustee to the Pension Fund Manager regarding the contravention, such notice to be given under intimation to the Commission, or (ii) such other period as may be specified by the Commission, in respect of the subject contravention; provided that such notice by itself shall not be considered as an admission of contravention on part of the Pension Fund Manager who shall have the right to defend such action;
  - (b) the Pension Fund Manager goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation); or
  - (c) a receiver is appointed over any of the assets of the Pension Fund Manager.
- 4.7.5 The removal of the Pension Fund Manager from management of the Pension Fund by the Trustee shall be effective on the date on which, with the approval in writing of the Commission, the Trustee appoints a new Pension fund manager to manage the Pension Fund whose registration has not cancelled is eligible as Pension Fund Manager in accordance with the constitutive documents and the Rules.
- 4.7.6 The Commission may, in exercise of its powers under the Rules, remove the Pension Fund Manager from management of the Pension Fund and appoint in its place a new Pension fund

manager to manage the Pension Fund in accordance with this the constitutive documents and the Rules.

- 4.7.7 The Commission may, in exercise of its powers under the Rules, cancel the registration of the Pension Fund Manager as a Pension fund manager, in which case the Pension Fund Manager, if not already removed from the management of the Pension Fund, shall stand removed from such management upon such cancellation.
- 4.7.8 If the Commission has cancelled the registration of the Pension Fund Manager, the Commission shall appoint another Pension fund manager to manage the Pension Fund in accordance with the Rules.
- 4.7.9 Upon a new Pension fund manager being appointed, the Pension Fund Manager shall take immediate steps to deliver all the documents and records pertaining to the Trust to the new Pension fund manager and shall pay all sums due to the Trustee.
- 4.7.10 Upon its appointment the new Pension fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Pension Fund Manager hereunder as fully as though such new Pension fund manager had originally been a party hereto.
- 4.7.11 If so, directed by the Commission, the Pension Fund Manager shall not receive any Contributions from any of the Participants or make any other transaction on account of the Pension Fund as from the date of issue of the notice or as from the date of issue of the Commission's order in writing under Rule 6 of the Rules.
- 4.7.12 The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Pension Fund Manager are audited by the Auditors of the Pension Fund and the audit report is submitted, within one month from the date of such appointment, to the Commission, the Trustee and the new Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.

#### **4.8. Obligations of Trustee of Pension Fund**

- 4.8.1 The Trustee shall ensure compliance with the obligations as specified in the provisions of the constitutive document and the Rules when performing 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 the Pension Fund Manager; 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 Pension Fund 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 of any of its directors, officers, nominees or agents.
- 4.8.2 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Participants. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Pension Fund Manager, provided that the Trustee's actions and the Pension Fund Manager's requests are not in conflict with the provisions of the constitutive document or the Rules. Whenever pursuant to any provision of the constitutive document, any certificate, notice, direction, instruction or other communication is to be given by the Pension Fund Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Pension Fund Manager by any person

whose signature the Trustee is for the time being authorized in writing by the Pension Fund Manager to accept.

The Trustee shall;

- (a) take into its custody or under its control all the Trust property, including proprieties of the Sub Funds of the Pension Fund and hold it in trust for the Participants in accordance with the applicable law, the Rules and the provisions of the Constitutive Documents; and the cash and registerable assets shall be registered in the name of or to the order of the Trustee;
- (b) be liable for any loss caused due to its willful act or omission or that of its agent or delegate in relation to custody of assets or any investment forming part of the property of the pension fund;
- (c) be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the Pension Fund and, where financing is undertaken for the account of the Pension Fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender;
- (d) ensure that the issue, withdrawal and cancellation of units are carried out in accordance with the provisions of the Rules, Regulations and the Constitutive Documents of the Pension Fund;
- (e) ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub- Fund of the Pension Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of the Constitutive Documents or as specified by the Commission;
- (f) carry out the instructions of the Pension Fund Manager in respect of Investment Policy, unless they are in conflict with the provisions of the Constitutive Documents;
- (g) ensure that the investment policy prescribed by the Commission from time to time and the financing limitations set out in the Trust Deed, the Rules, Regulations and other conditions under which the AL Habib Pension Fund was authorized are complied with;
- (h) issue a report to be included in the annual report to be sent to participants whether, in the trustees' opinion, the Pension Fund Manager has in all material respects managed the pension fund in accordance with the provisions of the constitutive documents, and if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the trustee has taken in respect thereof;
- (i) ensure that Units are not allocated until Contributions have been received.
- (j) ensure that the Pension Fund Manager has specified a criteria in writing to provide for a diverse panel of brokers at the time of offering of a pension fund or for any subsequent change;
- (k) ensure that the Pension Fund Manager has been diligent in appointing brokers and shall not enter, on behalf of a pension fund, into transactions with any broker that exceed twenty-five per cent of the commission payable by a pension fund in any one accounting year:

- (l) immediately inform the Commission if any action of the Pension Fund Manager contravenes any provision of the Ordinance, the rules, constitutive document, offering document, guidelines, codes, circulars, directives or any other applicable laws; and
- (m) comply with the directions of the Commission given in the interest of the participants.

#### **4.9. Retirement or Change of Trustee**

- 4.9.1 The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee and the retirement shall take effect at the same time as the new trustee is appointed. In the event of the Trustee desiring to retire, the Pension Fund Manager with the prior written approval of the Commission and within a period of three months of the Trustee giving notice of its intention to retire to the Pension Fund Manager shall by a deed supplemental hereto under the seal of the Pension Fund Manager and the Trustee appoint a new trustee under the provisions of the Rules 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 of the Trustee shall take effect at the same time as the new trustee is appointed and the supplemental trust deed reflecting this appointment is executed. The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Trustee are audited by the Auditors and the audit report is submitted within one month time from the date of such appointment to the Commission, the newly appointed Trustee and the Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.
- 4.9.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Pension Fund Manager) or ceases to carry on business of trusteeship or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Pension Fund under the provisions of the Rules, the Pension Fund Manager shall forthwith by instrument in writing remove the Trustee from its appointment under this Trust Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and this Trust Deed as the new trustee.
- 4.9.3 The Commission after giving thirty days' notice, may remove the Trustee by order in writing on grounds of any material default or non-compliance with the provisions of the Rules or this Trust Deed, negligence of its duties or incompetence in performing its duties or if the Commission is of the opinion that the Trustee has otherwise neglected or failed to comply with any order or direction of the Commission and considers that it would be in the interest of the Participants so to do; provided that such notice shall not per se be regarded as an admission of contravention on part of the Trustee who shall have the right to defend such notice or action.
- 4.9.4 The Pension Fund Manager may also remove the Trustee with the prior approval of the Commission after giving thirty days' notice if the Pension Fund Manager feels that the Trustee is charging a remuneration that is not comparable to the market norm and it would be in the interest of the Participants to appoint another trustee. For this purpose, if the Pension Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified to be appointed as trustee of a Pension fund) determines that the remuneration being paid to the Trustee is not comparable to the market norm and that for this reason it would be in the interest of the Participants to appoint another trustee on such favorable terms, it will issue a thirty days' notice of removal of the Trustee on this ground; provided that after receiving such notice from the Pension Fund Manager, the Trustee shall have the option to continue as trustee of the Pension Fund on such favorable terms offered by the alternate institution or to retire as trustee of the Pension Fund and notify the Pension Fund Manager accordingly. The change of Trustee

shall become effective with the Commission's approval once the newly appointed trustee takes charge of all duties and responsibilities.

- 4.9.5 Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Individual Pension Account held by or for the Trustee under any Approved Income Payment Plan to the new trustee and shall make payments to the new trustee of all sums due from the Trustee.
- 4.9.6 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 as trustee of the Pension Fund.
- 4.9.7 Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under this Trust Deed and the Rules, the Trustee shall remain entitled to the benefit of the terms of this Trust Deed till the removal or resignation of the Trustee is effective without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under this Trust Deed and / or the Rules.

#### **4.10. Transfer Agent**

The Pension Fund Manager will perform duties as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Pension Fund Manager 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.

#### **4.11. Auditor**

The Auditor of the Fund are:

##### **BDO Ebrahim & Co.**

Lakson Square Building No.1, 9Floor, Block C, Sarwar Shaheed Road, Civil Lines,  
Karachi 75530, Sindh

- 4.11.1 The Pension Fund Manager shall, with the consent of the Trustee, appoint as the Auditor a firm of chartered accountants who shall be independent of the auditor of the Pension Fund Manager and the Trustee. The Pension Fund Manager may at any time, with the concurrence of the Trustee, and shall, if required by the Commission, remove the Auditor and appoint another Auditor in its place. At all times the Pension Fund Manager shall ensure that the Auditor is appointed from the panel of auditors, if any, prescribed by the Commission for this purpose. The appointment of Auditor and contents of the Auditor's report shall be in accordance with provision of the Rules and Regulations. The Auditors shall have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Manager, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Pension Fund Manager, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit. The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Pension Fund Manager as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 4.11.2 The Auditors shall prepare a written report to the Participant on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in participants' Funds and on every other document forming part of

the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.

In case the Rules or other Applicable Laws relating to appointment of auditors of Pension funds are amended or substituted, the amended Rules or other Applicable Laws, as the case may be, shall be deemed to become part of this Constitutive Document without the need to execute a supplemental constitutive document.

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

4.11.4 The Commission shall monitor general financial condition of the Pension Fund, and, at its discretion, may order special audit and appoint an auditor who shall not be the external auditor of the Pension Fund, to carry out detailed scrutiny of the affairs of the Pension Fund, provided that the Commission may, during the course of the scrutiny, pass such interim orders and give directions as it may deem appropriate. On receipt of the special audit report, the Commission may direct the Pension Fund Manager to do or to abstain from doing certain acts and issue directives for immediate compliance which shall be complied forthwith or take such other action as the Commission may deem fit.

**4.12. Legal advisor**

The legal advisor of the Fund is:  
Mohsin Tayebaly & Co.  
Barristers & Advocates,  
Corporate Legal Consultants

2nd Floor, Dime Centre  
BC-4 Block 9, KDA Scheme 9  
Clifton, Karachi, Pakistan

**4.13. Bankers**

The bankers to the Fund may include Bank AL Habib Limited, and any other bank as per the discretion of the Pension Fund Manager to change from time to time.

The Pension Fund Manager may appoint any other with banks. The Trustee shall operate the bank accounts on instruction from the Pension Fund Manager.

**4.14. Bank Accounts**

The Trustee shall, at the request of the Pension Fund Manager from time to time, open separate Bank Accounts in Bank titled "CDC-Trustee AL Habib Pension Fund" , or any other as deemed necessary, at designated Bank(s) for the Pension Fund and each Sub-Fund for, inter alia, (i) receipt of proceeds of Seed Capital Units and subsequent Contributions into the Pension Fund, (ii) credit of proceeds realized on account of any transfer or withdrawal at or before retirement or re-allocation in relation to Individual Pension Accounts, and (iii) withdrawals from Approved Income Payment Plans for the Pension Fund.

The Bank Accounts shall be opened by the Trustee at such branches of Banks and financial institutions approved by the Pension Fund Manager having entity rating awarded by a credit rating agency approved by the Commission and at such locations as determined by the Pension Fund Manager, subject to compliance with Applicable Laws and after obtaining all necessary Approvals as may be required from time to time.

Notwithstanding anything in this Trust Deed, the beneficial ownership of the balances in the

Bank Accounts opened by the Trustee shall vest at all times in the Participants collectively.

Further on the request of the Pension Fund Manager, the Trustee shall open Sub account(s) titled:

- CDC Trustee AL Habib Pension Fund
- CDC Trustee AL Habib Pension Fund - Equity Sub Fund
- CDC Trustee AL Habib Pension Fund - Debt Sub Fund
- CDC Trustee AL Habib Pension Fund - Money Market Sub Fund

All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.

## **5. CHARACTERISTICS OF THE PENSION FUND**

### **5.1 Eligibility**

- 5.1.1 All individuals fulfilling the eligibility criteria prescribed by the Commission from time to time under the Rules or any directive/circular shall be eligible to contribute to the Pension Fund authorized under the Rules, directly as well as through employers.
- 5.1.2 All Pakistani nationals who have a valid National Tax Number (NTN) or Computerized National Identity Card (CNIC) and National Identity Card for Overseas Pakistanis (NICOP), issued by the National Database and Registration Authority (NADRA) shall be eligible to contribute to the Pension Fund.
- 5.1.3 As per the Income Tax Ordinance, each eligible person who opens an Individual Pension Account with the Pension Fund Manager may make Contributions to the Pension Fund, directly as well as through Participants having pension policies approved by the Commission under Section 63 of 2001 and issued by Insurance/Takaful Companies before 30<sup>th</sup> June, 2005 are eligible to withdraw their units and transfer the balance to their Individual Pension Account, subject to the Rules.
- 5.1.4 Accumulated balance from Approved Employment Pension or Annuity Scheme or Approved Occupational Savings Scheme (i.e., approved gratuity fund or recognized provident fund) can be transferred to the Pension Fund.
- 5.1.5 The eligibility criteria may be reviewed by the Commission from time to time.

### **5.2 Application Procedures**

The procedure herein below is designed for paper-based transactions. The Pension Fund Manager may at a later date introduce electronic/ Internet based options for the transactions, for which the Pension Fund Manager shall be responsible for obtaining all approvals.

- (a) Participation in the Pension Fund shall be offered through Authorized Branches of Distributors and Sales Agents.
- (b) Before contribution, either himself or through the employer, to the Pension Fund, eligible person must open an account with the Pension Fund Manager, to be known as Individual Pension Account (the "IPA"), using the Prescribed Application Form.

- (c) Details of documents required to be submitted along with the Forms would be as per the Offering Document and as per the Rules, Regulations and Guidelines issued by the Commission from time to time.
- (d) The Pension Fund Manager shall make arrangements that all Forms shall be available and can be obtained in hard copy or electronic form from the offices of Pension Fund Manager, Sales Agents any authorize branches / offices of Distributor of the Pension Fund Manager or downloaded from the Pension Fund Manager's website or requested from the Pension Fund Manager by courier or through electronic means.

The Pension Fund Manager or the Distributor shall verify the particulars given in the Prescribed Application Form. The sales agents and distributors shall ensure that only those forms are received and forwarded to the Registrar for further processing which are complete in every respect.

- (e) The Participant shall have the option to select any one of the Allocation Schemes offered by the Pension Fund Manager. In the event of no choice made by the Participant, the Pension Fund Manager will have the right to allocate the Contributions to a default Allocation Scheme in light of the Prescribed Allocation Policy, as may be considered in the interest of the participants.
- (f) After opening an account or at the time of opening of account a Participant may by using the Form, make Contribution towards Pension Fund. Allocation of Contributions among Sub-Funds will be made as per the Allocation Scheme selected by the Participant and the Allocation Scheme once selected can be changed as per the Rules, Regulations and Circulars issued from time to time. Initially the Allocation Scheme is intimated to the Pension Fund Manager through a Prescribed Application Form.
- (g) Application for Contribution shall be made by completing the Form and submitting it physically or electronically via designated website to the Authorized Branches of the Distributor or to the Pension Fund Manager together with the payment by cheque, bank draft, pay order, banker cheque or online transfer (except cash transfer) as the case may be in favor of "**CDC- Trustee AL Habib Pension Fund**" and crossed "Account Payee only".
- (h) If subsequent to receipt of the application by the Distributor or Pension Fund Manager, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance up to fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded out of collection account without any profit or mark-up.
- (i) If the cheque has been returned unpaid, the application for Contribution will be rejected.
- (j) The Applicant must obtain a copy of the application or the receipt signed and stamped by an authorized officer of the Distributor /Sales Agents acknowledging the receipt of the application, copies of other documents prescribed therein and the demand-draft, pay-order, cheque or deposit slip, as the case may be, submitted together with the application. Such receipt for applications and payment instruments (other than cash) shall only be validly issued by the Distributors. However, in case of online Contributions, if any offered by the Pension Fund Manager and with consent of trustee and approval

by the Commission the online acknowledgement will be sufficient for the purpose of this clause.

- (k) If an application received pursuant to this clause is found by the Pension Fund Manager, Registrar or the Distributor to be complete and correct in all material respects, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant in writing of the opening of the applicant's Individual Pension Account with the Pension Fund Manager and shall also advise the applicant the number of such account.
- (l) The Pension Fund Manager may make arrangements to accept applications for opening Individual Pension account through electronic means upon satisfaction of the Trustee, subject to the conditions of Customer Due Diligence (CDD) / Know Your Customer Policy (KYC), specified by the Commission through notifications / circulars / Rules / Regulations, etc.
- (m) Subject to the State Bank of Pakistan's Regulations, outside Regulators or any other authority, the Pension Fund Manager will make arrangements, from time to time, for receiving the Forms and payments from outside Pakistan from Non-Resident Pakistanis (NRPs), having valid CNIC or NICOP who meet with the eligibility criteria and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- (n) The prescribed forms can be lodged with any Distributor or sales agents. Sales Agent or authorized representatives of the Distributor can collect these Forms for onward submission to the Distributor or Pension Fund Manager.
- (o) If an employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required form entitled 'Employer and Third-Party Contributor Form'.
- (p) The application procedure described in this clause may be altered by the Pension Fund Manager from time to time with the approval of the Commission and the Trustee. Such alterations shall be announced through Supplementary Offering Documents issued by the Pension Fund Manager from time to time and shall be deemed to correspondingly alter the provisions of this clause without the need to execute a Supplementary Constitutive document.

### **5.3 Allocation/ Issue of Units**

- (a) The Prescribed Application Form, complete in all respects including payment (on realized basis), received by the Pension Fund Manager or Distributor at its/their Authorized Branches during Business Hours on any Dealing Day from any Participant shall be immediately credited to the Individual Pension Account of the Participant after deducting the Front-end fee (sale charges) or insurance contributions if any. Such amount in the Individual Pension Account shall be used to purchase the Units of Sub-Funds of the Pension Fund as per the Allocation Scheme selected by the Participant, at the Net Asset Value notified by the Pension Fund Manager at the close of that Dealing Day for each Sub-Fund. Any Form received after Business Hours will be transferred to the next Dealing Day.
- (b) The Pension Fund Manager shall make reallocation of the Units between the Sub-Funds as per Rules and Offering Document to ensure that the allocation of Units of all the

Participants is according to the Allocation Schemes selected by the Participants or where no selection has been made, according to the Default Allocation Scheme.

#### **5.4 Contribution Procedures and Minimum Contribution**

- (a) A Participant or their employer, if any, may make Contributions in one lump sum or in installments during any Tax Year.
- (b) The Offering Document shall stipulate the minimum amount of initial and subsequent Contribution that is required to open an Individual Pension Account and the Pension Fund Manager reserve the right alter the minimum amount through announcement on its website or through Supplementary Offering Document with the prior consent of the Trustee and approval of the Commission. The Participant can make Contribution at any frequency into participant Individual Pension Account. Contribution made in Pension fund shall be subject to provision of the Rules and/ or the Income Tax Ordinance, 2001.
- (c) The Pension Fund Manager shall directly or through the Registrar send an acknowledgment of receipt of each Contribution along with a statement of account to the Participant within 07 Business Days of the receipt of the Prescribed Application Form complete in all respects along with realization of payment. Such account statement shall provide all the information as per Guidelines issued by the Commission in this regard.
- (d) Dispatch of the account statement as an acknowledgment through registered post / courier/email/or any other electronic means, shall be sufficient to meet the needs of the above obligation. However, for contributions routed through the employers only the acknowledgement receipt of documents provided to the employers shall suffice for the above obligation. Contribution or any other frequency or any other frequency as prescribed by the Commission from time to time.
- (e) The Pension Fund may be marketed in conjunction with group life or other insurance schemes or any other scheme. Such supplementary schemes shall not be compulsory for all the Participants to join, and the Trustee shall on the instruction of Pension Fund Manager deduct any premium payable in respect of such schemes from the Contributions of those Participants who have opted to join such schemes. The premium in respect of such schemes deducted by the Trustee from the Contributions of any Participant shall be paid by the Trustee on the instruction of Pension Fund Manager to the relevant companies issuing such schemes for account of the Participant and only the net amount of Contributions received after deduction of such premium and any bank charges shall form part of the Trust Property.
- (f) The Pension Fund Manager may make arrangements to accept contributions through electronic means upon satisfaction of the Trustee.
- (g) Any alterations to the contribution procedure enunciated in above Clauses arising out of amendments to or substitutions of the Rules and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules shall be announced by the Pension Fund Manager from time to time on its website and such alterations shall be deemed to correspondingly alter the provisions in this deed without the need for executing a supplemental trust deed.

##### **5.4.1 Minimum Investment Amounts**

- (a) The minimum amount of Contribution to open an Account is Rs.1,000/- and the minimum amount for contribution to an existing account is Rs. 1,000/- per transaction. There will be no penalties on delayed payments. The Pension Fund Manager may from

time to time change such minimum amount through announcement on its website or through Supplementary Offering Document, may require the prior approval of the Commission.

- (b) There is no maximum limit of Contributions to the Pension Fund. Participants can contribute any amount in one lump sum or in installments. However, tax credits will be available to the Participants up to a maximum allowable amount of contribution within any financial year according to the Income Tax Ordinance, 2001

#### **5.5 Options and Procedures in case of Cessation, Temporary or Permanent, of Contributions by the Participants**

The Pension Fund Manager shall allow the Participants or their employers, if any, to pay the desired contribution into the Pension Fund in one lump sum or in installments during any fiscal year.

There will be no penalties on delayed payments or temporary or permanent cessation of Contributions, Participants may continue to make the payments at any time till their retirement.

#### **5.6 Individual Pension Account**

- (a) The Pension Fund Manager shall assign distinct number to Individual Pension Account held in the name of each participant.
- (b) The net Contribution received in the Individual Pension Account shall be used for the purchase of the Units by the Pension Fund Manager and to allocate such number of Units to the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that Business Day.
- (c) Contributions shall not be treated as having been received from or on behalf of any Participant unless they are received by the Trustee in cleared funds and only the amount received in cleared funds shall be treated as the Contribution received.
- (d) The Pension Fund Manager shall make reallocation of the Units between the Sub-Funds as per Rules, Regulations and Offering Document to ensure that the allocation of Units of all the Participants are according to the Allocation Scheme selected by the Participants or where no selection has been made, a Pension Fund Manager, keeping in view the profile and age of the Participant, shall allocate the contributions preferably to an approved Lifecycle Allocation Scheme specified, and if such a scheme has not been offered, then allocate contributions to either Low or Lower Volatility Scheme.
- (e) If any Contribution is received from or on behalf of any Participant by in cleared funds on a day which is not a Dealing Day, it will be treated as having been received on the first following Dealing Day.
- (f) The Participant shall have a right to change Allocation Scheme as per the Rules and Circulars issued from time to time.
- (g) Individual Pension Account and the Units shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a Participant, no sum shall pass to any trustee or person acting on behalf of participant creditors.

Provided that the individual pension account may be subject to be pledged, lien or encumbrance against the loan or advance given by the employer to the employee

- (h) The criteria of allocation may be subject to changes and modifications from time to time in accordance with the change in the Prescribed Investment Policy and Prescribed Allocation Policy. All such changes shall be announced by a Supplementary Offering Documents with the consent of the Trustee and shall be deemed to become part of this Trust Deed without the need to execute Supplementary constitutive document.

### **5.7 Change of the Pension fund Manager/ Pension Fund**

- (a) Participant shall be allowed to transfer whole or any part of their individual pension account with a particular Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund. For this purpose, the units shall be encashed at the net asset value of each sub-fund notified on the working day prior to the date of transfer.
- (b) Subject to sub-rules (2) and (3), and provisions of Income Tax Ordinance, 2001, a participant shall be allowed to transfer their accumulated sum from an approved occupational savings scheme or an approved superannuation fund to a pension fund.

No charge whatsoever called shall be deducted for transfer of the individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund and from approved occupational savings scheme and approved superannuation fund to a pension fund.

- (c) The Pension Fund Manager shall use any cleared funds received for the account of a Participant's Individual Pension Account from a Pension fund managed by another Pension fund manager to purchase such number of Units of the relevant Sub-Funds as is determined in accordance with Constitutive Documents and the Units shall be purchased at Net Asset Value notified at the close of the Business Day on which such cleared funds are received by the Trustee.
- (d) Policy Holders having Pension policies approved by the Commission pursuant to Section 63 of the Income Tax Ordinance, 2001 and issued by Insurance Companies before 30 June 2005 would be eligible to redeem their units and transfer the balance to their Individual Pension Account, with a Pension Fund Manager subject to the Rules. No charge whatsoever shall be deducted from such withdrawal. This may be subject to change due to any changes in or substitutions of the Income Tax Ordinance, 2001 and shall be deemed to become part of this document without the need to execute any Supplementary Constitutive document.

### **5.8 Retirement Age**

- 5.8.1. Retirement age of a Participant shall be any age between sixty and seventy years or twenty-five years since the age of first contribution to a Pension fund, whichever is earlier. Participant may also change date of retirement age between sixty and seventy years by giving notice in writing to the Pension Fund Manager.
- 5.8.2. If a Participant suffers from any of the following disabilities, as mentioned in VPS Rules, 2005, which render the participant unable to continue any employment and the participant may, so elects, be treated as having reached the retirement age at the date of such disability and all the relevant provisions shall apply accordingly namely:
  - (a) loss of two or more limbs or loss of a hand and a foot;

- (b) loss of eyesight;
- (c) deafness in both ears;
- (d) severe facial disfigurement;
- (e) loss of speech;
- (f) paraplegia or hemiplegia;
- (g) lunacy;
- (h) advanced case of incurable disease; or
- (i) any injury or disease resulting in a disability due to which the Participant is unable to continue any work or generate any income.

A doctor's assessment certificate confirming the said disability shall be required for sub-rule 2.

### **5.9 Benefits on Retirement**

At the date of retirement of the Participant all the units of the sub funds of participant account shall be redeemed at the net asset value notified at close of the day of retirement and the amount due shall be credited to participant individual pension account in the lower volatility scheme where no option is selected by the participant offered by the Pension Fund Manager. The Participant shall then have the following options, namely:

- (a) To withdraw up to fifty per cent or such percentage of the amount from his individual Pension account as cash which is permissible under the Income Tax Ordinance, 2001 and subject to payment of tax as required thereunder;
- (b) To use the remaining amount to purchase an annuity from an Life Insurance Company of participant choice, such payment shall be made directly to the Insurance Company by the Trustee of the Fund on the instruction of the Pension Fund Manager; or
- (c) to enter into an agreement with the Pension Fund Manager to withdraw from the remaining amount, monthly installments for up to fifteen years following the date of retirement, according to an income payment plan, approved by the Commission. Details of the Approved Income Payment Plan shall be disclosed in the offering document of the plan; and
- (d) the transfer of an individual income payment plan account from one Pension Fund Manager to another Pension Fund Manager or from one income payment plan to another income payment plan shall only take place once in a financial year and notice for the change, specifying the name of new Pension Fund Manager and the income payment plan shall be sent by the participant at least seven working days before the effective date of the proposed change. At the expiry of the Approved Income Payment Plan, the Participant shall have option to use the outstanding balance in participant Individual Pension account to purchase an Approved annuity plan from an Life Insurance Company, of participant choice or buy an Approved income payment plan for another term or to withdraw the amount from participant account subject to the conditions laid down in the Income Tax Ordinance, 2001.

According to the rules, the annuity purchased may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment -linked and retail price index linked or with any additional features as may be offered by the Life Insurance Companies.

**5.10 Withdrawal of Funds before Retirement**

- 5.10.1 On any Dealing Day and from time to time before the date of retirement a Participant may redeem the whole or any part of the Units held in participant Individual Pension Account subject to the conditions laid down in the Income Tax Ordinance, 2001. The withdrawals may be through single or multiple payments and may be liable to withholding tax or tax penalty, and in case any such liability exists the amount of withholding tax or tax penalty shall be deducted by the Pension Fund Manager from the amount withdrawn and such deducted amount shall be paid in the Government Treasury.
- 5.10.2 Where the request made by a Participant is for partial withdrawal from his Individual Pension Account, the request shall be given effect to by withdrawal of Units of Sub-Funds at the Net Asset Value at the close of the Dealing Day on which the request, complete in all respects was received. Afterwards, the Pension Fund Manager shall forward the request to the Trustee to make payment.
- 5.10.3 The Pension Fund Manager shall ensure that the request, shall be taken to be the notice to the Pension Fund Manager.
- 5.10.4 On any Dealing Day being not later than the sixth (6th) Business Day after the Participant submitted the completed form to any Authorized Branch, the Pension Fund Manager shall, withdraw the relevant number of Units held by Participant in Individual Pension Account at Net Asset Value notified at close of the day on which the Participant submitted the completed form as aforesaid or, if such day is not a Dealing Day, on the first Dealing Day following that day and the proceeds realized thereby shall be paid to the Participant.
- 5.10.5 The provisions relating to withdrawal of funds before the date of retirement set out in above Clauses may change due to amendments in or substitutions of the Rules and/or the Income Tax Ordinance, 2001. Any such changes shall be deemed to become part of this Constitutive Documents without the need for executing supplemental Constitutive Documents.

**5.11 Benefits on Death before Retirement**

- 5.11.1 In case of death of a Participant before the date of retirement, all the Units of the Sub-Funds of the participant account shall be withdrawn at Net Asset Value notified at close of the day on which information of the Participant's death is given in writing to the Pension Fund Manager by next of kin, executor, administrator or successor of the deceased Participant complete in all respects and acceptable to the Pension Fund Manager and/or Trustee. Provided that or, if such day is not a Dealing Day, the first Dealing Day following such day, and the proceeds realized thereby shall be transferred to participant Individual Pension Account in the lower volatility scheme offered by the Pension Fund Manager.
- 5.11.2 The total amount in the Individual Pension Account of the deceased Participant shall be divided among the successors according to the percentages specified in the succession certificate or as may be ordered by the court, and each successor shall then have the following options, namely:
- (a) withdraw participant share of the amount subject to the conditions laid down in the Income Tax Ordinance 2001
  - (b) in accordance with rules transfer participant share of the amount into his/her existing Individual Pension Account with the Pension Fund Manager or new individual Pension account or income payment plan account to be opened with a Pension Fund manager;

- (c) use participant share of the amount to purchase an approved annuity plan on his/her life from an Insurance Company, only if the age of the survivor is fifty-five years or more; or
- (d) use participant share of the amount to purchase a deferred annuity on his/her life from an insurance company to commence at age fifty-five years or later.

Such payment mentioned in clause (c) and (d) above will be made directly by the Trustee of the Fund to the Insurance Company without tax deduction on the instruction of the Pension Fund Manager.

- 5.11.3 Death benefits paid to the successor(s) under any group life cover taken out by the Participant as part of the Pension Fund shall be additional benefits payable to them.
- 5.11.4 After a Participant's death the only persons recognized by the Registrar, Trustee and the Pension Fund Manager as having title to the Sub-Fund Units held in the deceased Participant's Individual Pension Account shall be:
  - (a) the successor(s) nominated in the succession certificate; or
  - (b) as may be ordered by the court.
- 5.11.5 Any person or persons becoming entitled pursuant to above clause to any Sub-Fund Units in consequence of the death of any Participant may, subject as hereinafter provided, upon producing such evidence as to participant title as the Registrar, Trustee and Pension Fund Manager shall think sufficient, exercise rights under clause 5.11.2;
- 5.11.6 The Pension Fund Manager or the Trustee shall not be liable or be involved in any manner whatsoever in any disputes among the nominated survivors and/or such executors, administrators or successors and/or the rest of the legal heirs or the legal representatives of the deceased Participant;
- 5.11.7 The limitations, restrictions and provisions of this Constitution Documents related to withdrawal of funds before retirement shall be applicable to withdrawals pursuant to this clause.

## **5.12 Nomination of the Heir/ Survivor**

The successor(s) of the deceased Participant shall be the only person(s) recognized by the Trustee as having any title or interest in the Units held by such Participant in their Individual Pension Account, provided that the Registrar or the Pension Fund Manager or the Trustee may at their discretion request the successor(s) to provide mandate from a court of lawful authority, if they consider the same to be necessary.

## **5.13 Instruction from the Participants**

All the instructions from a Participant or Participant's successors, executors, administrators or survivors with regard to this Pension Fund shall be in writing or such other means as, any be accepted the Pension Fund Manager and the Trustee.

## **5.14 Allocation Scheme**

- 5.14.1 The Pension Fund Manager shall offer different Allocation Schemes to the Participants to choose from, allowing the Participants to adopt a focused investment strategy, according to their risk/return requirements, through Sub-Funds of the **AL Habib Pension Fund**, managed

by the Pension Fund Manager. The risk profile of each Allocation Scheme shall be dependent on the percentage allocation of that Scheme in the various Sub Fund. Each Allocation Scheme being offered can have exposure to the following sub-Funds:

- (a) AL Habib Pension Fund - Equity Sub Fund;
- (b) AL Habib Pension Fund - Debt Sub Fund; and
- (c) AL Habib Pension Fund - Money Market Sub Fund

The Contributions received from any Participant shall be allocated amongst the Sub-Funds in accordance with the Allocation Scheme selected by the Participant. The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening of Individual Pension Account. The Participant may change the Allocation Scheme as and when required till retirement. Form for the change in Allocation Scheme must be sent by the Participant in writing or in such other form as may be acceptable to the Pension Fund Manager.

5.14.2 The Pension Fund Manager is offering the following six Allocation Schemes to allocate the Contributions received from the Participants in the Sub-Funds:

**(a) High Volatility Allocation Scheme**

This Scheme shall allocate a major portion of the Contribution to the Equity Sub-Fund; the remaining portion will go to the Debt Sub-Fund, while there will be no allocation to the Money Market Sub-Fund. The Scheme is therefore suitable for participants with a high-risk tolerance and preference for equity exposure.

Allocation Scheme	Equity Sub- Fund	Debt Sub- Fund	Money Market Sub-Fund
High Volatility	70%	30%	Nil

**(b) Medium Volatility Allocation Scheme**

This Scheme shall seek to allocate a major portion of the Contributions to the Equity Sub-Fund and Debt Sub-Fund and the remaining portion will be allocated to the Money Market Fund. This Scheme aims to strike a balance between investments in equities and debt, thereby suiting Participants who have moderate risk tolerance.

Allocation Scheme	Equity Sub- Fund	Debt Sub- Fund	Money Market Sub-Fund
Medium Volatility	40%	50%	10%

**(c) Low Volatility Allocation Scheme**

This scheme shall allocate a major portion of the Contribution to the Debt Sub Fund and the remaining portion will be allocated between the Equity Sub-Fund and Money Market Sub-Fund. By placing a major portion of the funds in the Debt Sub-Fund, this scheme offers a low risk and less volatile avenue to Participants. It is therefore appropriate for individuals who are relatively risk averse in nature and prefer safer investments.

Allocation Scheme	Equity Sub- Fund	Debt Sub- Fund	Money Market Sub- Fund
Low Volatility	10%	Min 60%	Min 30%

**(d) Lower Volatility Allocation Scheme**

This scheme shall not allocate any portion of the Contribution to the Equity Sub-Fund. The entire contribution will be allocated between the Debt Sub-Fund and the Money Market Sub-

Fund. By investing only in debt and money market instruments, this scheme is thereby suiting Participants who have least risk tolerance.

Allocation Scheme	Equity Sub- Fund	Debt Sub- Fund	Money Market Sub- Fund
Lower Volatility	Nil	Min 40%	Min 60%

**(e) Customized Allocation Scheme**

Customized Allocation Scheme offers a personalized investment allocation between the equity and fixed income instruments through investments in Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund, Participants can choose varying allocations between the Sub-Funds in line with their own risk/return profile.

Allocation Scheme	Equity Sub- Fund	Debt Sub- Fund	Money Market Sub- Fund
Customized	0-100%	0-100%	0-100%

**(f) Life Cycle Allocation Scheme**

This Allocation Scheme provides the Participants with an option to allocate their contributions in a pre-planned allocation strategy as per their age. The younger the Participant the higher the allocation towards equity market due to his/ her risk-taking ability with reference to long term horizon.

Age	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
18 – 30 years	70%	30%	0%
31 – 40 years	50%	40%	10%
41 – 50 years	25%	50%	25%
51 – 60 years	10%	40%	50%
61 years and above	0%	30%	70%

The exact exposure to each Sub Fund within the Allocation Scheme 'a' to 'd' would be decided by the Pension Fund Manager from time to time and informed through Pension Fund Manager's website.

- 5.14.3 In the event no choice is made by the Participant, a Pension Fund Manager, keeping in view the profile and age of the participant, shall allocate the Contributions preferably to an approved Lifecycle Allocation Scheme specified above.
- 5.14.4 If Pension Fund Manager want to provide additional allocation schemes or products, it may do so subject to the approval of the Commission.
- 5.14.5 The percentage allocations of each Allocation Scheme will be changed at least once in a given financial year as the Pension Fund Manager deems fit, if in the opinion of the Pension Fund Manager the market conditions warrant such change and such change shall be intimated to the Participants in a manner that the Pension Fund Manager may deem appropriate.
- 5.14.6 The Participant shall have the option to change selection Allocation Scheme to another Allocation Scheme being offered by the Pension Fund Manager as and when required till retirement. The form for the change in Allocation Scheme shall be provided to the Pension Fund Manager by the Participant before the relevant date, in writing through submission of the Change of Allocation Scheme Form or in such form as may be acceptable to the Pension Fund Manager. On the relevant date, the Units shall be reallocated in accordance with the

new Allocation Scheme and any subsequent allocations and reallocations shall be made according to the new selected Allocation Scheme.

- 5.14.7 As a part of the Prescribed Application Form, each Participant shall provide an undertaking that participant has no objection to the investment/allocation policy determined by the Commission and offered by the Pension Fund Manager and participant is fully aware of the risks associated with them of Allocation Scheme.

#### **5.15 Allocation among the Sub-Funds**

- 5.15.1 Each Participant of the Pension Fund will in turn be the holder of Units of the Sub-Funds in proportions determined in accordance with the Allocation Scheme selected by the Participant or as per clause 5.14.3 of this Offering Document.
- 5.15.2 The Pension Fund Manager shall manage the equity allocation within the prescribed limits of the scheme using various investment management tools. Increase or decrease in allocation to the Debt Sub Fund (normally higher-yielding than money market investments) in preference to the Money Market Sub Fund (normally lower risk and lower return investments) will be based on anticipated profit rates movements and risk-reward profile of underlying debt instruments.
- 5.15.3 The Pension Fund Manager will make reallocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to percentages selected by the participants or where no selection has been made according to the prescribed allocation scheme.
- 5.15.4 All Participants of the Pension Fund will, in turn, be holders of Units of the Sub-Funds in various proportions.

#### **5.16 Allocation Policy**

- 5.16.1 A Participant has the option to select any Allocation Scheme in relation to the Contributions and shall make such selection at the date of opening his/her Individual Pension Account. A Participant may change any Allocation Scheme selected in relation to his/her Contributions to a different Allocation Scheme selected by him by sending Form of the change to the Pension Fund Manager as per the Allocation Policy approved by the Commission.
- 5.16.2 The number of Units of any Sub-Fund purchased out of Contributions made by any Participant shall be determined in accordance with the Allocation Scheme selected by the Participant.
- 5.16.3 The Pension Fund Manager may assist a Participant in the selection of a suitable Allocation Scheme but the final decision and responsibility as to which Allocation Scheme to choose shall lie with the Participant.
- 5.16.4 The Pension Fund Manager or the Registrar shall ensure a built-in mechanism to facilitate the changes in asset allocation automatically between the Sub-Funds within the limits of the Prescribed Allocation Policy as and when required by the Pension Fund Manager.
- 5.16.5 If any Participant fails to select an Allocation Scheme at the date of opening Individual Pension Account, the Pension Fund Manager shall allocate Contributions of the Participant as per clause 5.14.3 of this Offering Document.

- 5.16.6 The Default Allocation Scheme mentioned in above sub-clause, shall then be deemed to be a Participant's selected Allocation Scheme in the event that the Participant fails to select an Allocation Scheme at the date of opening participant Individual Pension Account.
- 5.16.7 The Pension Fund Manager shall make re-allocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that allocations of Sub-Fund Units of all the Participants are according to the Allocation Schemes selected or deemed to be selected by the Participants.
- 5.16.8 Individual Pension account shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a participant, no sum shall pass to any trustee or person acting on behalf of participant creditors. Provided that the individual Pension account can be subject to pledge, lien or encumbrance against the loan or advance given by the employer to the employee.
- 5.16.9 Each Participant shall provide an undertaking when establishing their Individual Pension Account or when selecting or deemed to be selecting an Allocation Scheme that they have no objection to the Investment Policy and the Approved Allocation Policy and that they are fully aware of the risks associated with the Allocation Scheme selected by them.
- 5.16.10 The criteria of allocations may be subject to changes and modifications from time to time in accordance with the changes in the Investment Policy and the Prescribed Allocation Policy. All such changes shall be announced through Supplementary Offering Documents.

**5.17 The Method of Determining Net Assets value of the Pension Fund**

Net Assets of the Pension Fund will comprise of the Net Assets of all the Sub Funds, Individual Pension Account, Approved Income Payment Plan, and any other assets in any other account related to the Pension Fund.

Net Asset Value of the Unit of each Sub-Fund shall be calculated on the basis of the Sub Fund's total Net Asset divided by the number of outstanding Units in that Sub-Fund.

**NET ASSET VALUE OF SUB FUNDS:** Net asset value in relation to a Sub-Fund means the excess of total value of assets over total value of liabilities of the Sub -Funds. The values of assets and liabilities will be computed in the manner specified in the Rules or as may be specified by the Commission from time to time.

**5.18 Frequency of Valuations of the Net Assets value and Dealings etc.;**

- 5.18.1 The valuation of the Sub-Fund Units will be carried out on each Business Day and any other day determined by the Pension Fund Manager.
- 5.18.2 The valuation shall be conducted as at the close of a Business Day.
- 5.18.3 Contributions from Participants and requests for withdrawals and transfer to other pension fund manager will be received on all Business Days.
- 5.18.4 The Dealing Days shall be all Business Days when banks and stock exchange both are open for normal business, or as notified otherwise by the Pension Fund Manager from time to time and made available on the website of the Pension Fund Manager.

5.18.5 The Net Asset Value of each Sub-Fund means the excess of assets over liabilities of the Sub-Fund, divided by the number of Units outstanding of the respective Sub-Funds, such excess being computed in the manner as specified in the Rules, from time to time. Such sum shall be rounded off to the nearest four decimal places.

**5.19 Unit Pricing and the Circumstances under which it can Change**

- (a) Units of the Sub-Funds will be priced at Net Asset Value per Unit determined at the close of the Business Day as per criteria given in the Rules and amendment therein from time to time.
- (b) Unit pricing may change from time to time subject to change in Rules without any need to register the supplementary Constitutive Documents.

**5.20 The Mode of Announcement of Net Asset Value and unit price**

The Net Asset Value of Units determined by the Pension Fund Manager shall be made available to the public at office of the Pension Fund Manager. The Pension Fund Manager shall make it available on its website.

**5.21 Payment of Proceeds on Withdrawals and Transfers**

5.21.1 Payment of proceeds on withdrawals and transfers shall be determined as per the Rules and the Income Tax Ordinance, 2001.

5.21.2 The Trustee shall, at any time during the life of the Pension Fund, authorize withdrawal from the Individual Pension Account through withdrawal of Units of Sub Funds through the authorized Distribution Companies of the Fund.

5.21.3 The amount payable on withdrawal shall be paid to the Participant or, in accordance with the constitutive documents, to participant, nominated successors, executors, or administrators by crossed cheque, pay order, banker cheque or transfer to their designated banker or Insurance Company, as the case may be, provided that the documents are complete and have been found as satisfactory, not later than the sixth (6th) Business Day from the date of presentation of the duly completed "Early withdrawal Form" at any Authorized Branch.

5.21.4 On receiving the Early Withdrawal Form mentioned in above sub clause, complete in all respects, the Pension Fund Manager will withdraw the required Units of the Sub-Funds equal to the requested withdrawal amount at the Net Asset Value prevailing on the close of the Business Day on which the request was received.

5.21.5 In the event of notification of death, or retirement (through notice), the Pension Fund Manager shall automatically with draw all the Units from the Sub-Funds of the respective Participant on the close of the Business Day at which the date of retirement falls or death of a Participant has been notified. The proceeds of Units redeemed will be credited to the Participant's Individual Pension Account. The Participants or their nominated successors, executors, or administrators, as the case may be, shall be entitled to withdraw amounts from the Pension Fund in accordance with the provisions of the Trust Deed, the Rules and any circulars and notices.

5.21.6 The transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund as per the discretion of the participant and the notice for the change of the Pension Fund Manager or pension fund, specifying the name of the new Pension Fund Manager or the pension fund

shall be sent by the participant at least seven working days before the effective date of the proposed change.

- 5.21.7 Participants may make transfer requests, by filling the “Change of Pension Fund Manager/Pension Fund Form” and submitting the same with any authorized Distributor or designated offices of the Pension Fund Manager.
- 5.21.8 On receiving a transfer request application mentioned in above clause, complete in all respects, the Pension Fund Manager shall redeem all Units of the Sub-Funds in the Individual Pension Account of the respective Participant and shall transfer the requisite encashed/ with draw amount to the requested pension fund/pension fund manager.
- 5.21.9 For the purposes of purchasing (issuance) and withdrawing (encashment) of Units of the respective Sub Fund, the Pension Fund Manager shall announce the Net Asset Value of each Sub-Fund at the close of each Dealing Day.
- 5.21.10 The Distribution Companies, Pension Fund Manager and Registrar shall verify the particulars given in the applications for withdrawals and transfers.
- 5.21.11 In the event that any withdrawal request or request to transfer the whole or any part of a Participant’s Individual Pension Account is incomplete in any respect, the Pension Fund Manager or the Registrar shall inform the Participant of the discrepancies within one week of the receipt of the request. The payment shall not be made unless all discrepancies have been removed.
- 5.21.12 In the event requests for transfer or withdrawal from the Pension Fund would result in withdrawal of Units on any day in excess of ten per cent (10%) of the issued Units of any Sub-Fund, the transfer or withdrawal requests so in excess may be deferred in accordance with the procedure set out in clause 5.23 of this Offering Document.
- 5.21.13 The receipt of a Participant or, in accordance with the Constitutive Document, of the participant executors, administrators or successors, or banking documents showing transfer to the Participant or, in accordance with the Constitutive Document, to the participant executors, administrators or successors, or in accordance with their instructions to any designated banker, Insurance Company or another pension fund, as the case may be, or proof of issue of a cheque and its mail to the Participant’s or, in accordance with the Constitutive Document, to the participant executors’, administrators’ or successors’ address for or of any moneys payable in respect of the Participant’s Individual Pension Account shall be a good discharge to the Trustee and the Pension Fund Manager in respect of such moneys.
- 5.21.14 The Pension Fund Manager will make arrangements, from time to time, for receiving withdrawal forms from outside Pakistan and payment of withdrawal amounts outside Pakistan, and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 5.21.15 The method for payment of proceeds shall be subject to change due to any changes prescribed by the Commission under the Rules and such changes shall be deemed to become part of the Constitutive Document without the need to execute any Supplementary Offering Document.

5.21.16 The Pension Fund Manager may avail financing from any Bank; with the consent of the Trustee for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such financing shall not exceed limits provided in the Rules.

## **5.22 Withholding Tax**

The Trustee on the advice of the Pension Fund Manager shall withhold any tax or tax penalty from payments to the Participants or, in accordance with the Constitutive Document, to their executors, administrators or successors, as the case may be, applicable under the Income Tax Ordinance, 2001 and shall deposit the same in the Government treasury.

## **5.23 Dealing, Suspension, and Deferral of Dealing**

### **5.23.1 Temporary Change in the Method of Dealing 'Or' Suspension of Dealing**

Under the circumstances mentioned in the Offering Document, the Pension Fund Manager may request the Trustee to consent to a temporary change in the method of dealing in Units of all or any of the Sub-Funds. The Pension Fund Manager may, at any stage with the consent of the Trustee and intimation to the Commission, suspend the dealing of Units and for such periods it may so decide. Such suspension shall be immediately communicated to the Participant through publication on the website of Pension Fund Manager.

### **5.23.2 Suspension of Fresh Issue of Units**

The Pension Fund Manager may, with consent of the Trustee and under intimation to the Commission, at any time, subject to the Rules, suspend acceptance of all or any class of Contributions and suspend the issue of fresh Units in relation to such Contributions; provided that any such suspension shall not affect making of Contributions by the existing Participants.

### **5.23.3 Refusal to Accept the Contributions**

The Pension Fund Manager or the Distributor may at any time refuse to accept any Contribution in any of the following cases:

- (a) In case the contribution is contrary to the Know-Your-Customer (KYC) rules or policy of the Pension Fund Manager or any other Applicable Laws relating to money laundering that the Pension Fund may be subject to or that the Pension Fund Manager may frame for self-regulation;
- (b) In case the contribution is made by an applicant who has not provided a valid CNIC or NICOP Number;
- (c) In case the contribution is contrary to the Applicable Laws of the foreign jurisdiction that the Pension Fund or the Participant or prospective Participant may be subject to or if accepting the contribution may subject the Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction;
- (d) If accepting the contribution would in any case be contrary to the interests of the Pension Fund Manager or the Pension Fund or the Participants; or
- (e) If advised by the Commission to do so.

### **5.23.4 Suspension of withdrawal of Units/ Withdrawal of Funds**

The Pension Fund Manager may with the consent of the Trustee and intimation to the Commission suspend withdrawal from any of the Sub Funds, subject to the Rules at any time during:

- (a) Extraordinary circumstances including war (declared or otherwise), natural disasters, a major breakdown in law and order, breakdown of the communication system, closure of Stock Exchange on which any of the Securities invested in by the Pension Fund are listed, closure of banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function;
- (b) The existence of a state of affairs, which in the opinion of the Pension Fund Manager, constitutes an emergency as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interests of the Pension Fund or of the Participants;
- (c) Break down in the means of communication normally employed in determining the price of any Investment; or
- (d) When remittance of money cannot be carried out in reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to withdraw Units at a price so determined in accordance with the Net Asset Value (NAV); and
- (e) Execution of withdrawal of Units on any Dealing Day would result in more than ten percent (10%) of the issued Units of any Sub-Fund being withdrawn; provided that any suspension or deferral of withdrawal of Units shall not affect any Approved Income Payment Plans.

The Pension Fund Manager may announce, with the consent of the Trustee and intimation to the Commission, a suspension or deferral of withdrawal and such a measure shall be taken to protect the interest of the Participants in the event of extraordinary circumstances or in the event withdrawal requests accumulate in excess of ten (10) per cent of the Units of the pertinent Sub-Fund in issue or ten (10) per cent of the pertinent Sub-Fund's NAV. In the event of a large number of withdrawal requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Pension Fund Manager may decide to wind up the Pension Fund by transferring the assets and records to another Pension Fund Manager with the Prior approval of the Commission.

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 Pension Fund Manager have ceased to exist and no other condition under which suspension or queue system is authorized under the Constitutive Documents exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Pension Fund Manager shall immediately notify the Commission and the Trustee and also inform Participants through its website.

#### **5.24 Queue system**

If the Pension Fund Manager suspends or defers the withdrawal of Units of any Sub Fund, the Pension Fund Manager shall invoke a queue system whereby withdrawals initiated for the affected Units shall be processed on first come- first-served basis for such of the affected Units as do not exceed ten percent (10%) of the issued Units of the relevant Sub-Fund. Where it is not practical to determine the chronological ranking of any initiated withdrawals in comparison to other withdrawals initiated on the same Business Day, such initiated shall be processed on a proportional basis proportionate to the size of each initiated withdrawal. Withdrawals of Units in excess of 10% of the issued Units of the relevant Sub-Fund shall be treated as initiated on the next Dealing Day; provided that if the carried over

withdrawals or the carried over withdrawals together with the fresh withdrawals initiated on such next Dealing Day together exceed ten per cent (10%) of the issued Units of the relevant Sub Fund, such withdrawals shall once again be processed on a first-come-first-served basis and the process for withdrawals Units shall be repeated and shall continue till such time the outstanding initiated withdrawals come down to a level below ten percent (10%) of the then issued Units of the relevant Sub Fund.

## **5.25 De-authorization and winding up of the Pension Fund**

- 5.25.1 The duration of the Pension Fund shall be perpetual and shall not be wound up by way of liquidation.
- 5.25.2 If the Pension Fund Manager does not wish to maintain the authorization of the Pension Fund, it shall apply to the Commission to de-authorize the Pension Fund by giving at least three (03) months or such other notice as allowed by the Commission' in writing to the Participants, the Trustee and the Commission, subject to conditions of the Rules.
- 5.25.3 In the event the Pension Fund Manager is of the view that the quantum of withdrawal requests that have built up shall result in the Sub-Funds or the Pension Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Participants who are not withdrawing, it may apply to the Commission to de-authorize the Pension Fund. In such an event, the queue system, if already invoked, shall cease to apply.
- 5.25.4 The Pension Fund may also be de-authorized by the Commission on the grounds provided in the Rules.
- 5.25.5 Upon the Pension Fund being de-authorized, the Pension Fund Manager shall suspend receiving contributions forthwith from any of the Participants from the date of issue of the notice under this clause, proceed to transfer all the records of Individual Pension Accounts and books of accounts of the Pension Fund to another pension fund manager.
- 5.25.6 The Trustee shall ensure that accounts of the Pension Fund till the day of the transfer to the new Pension Fund Manager are audited by the Auditor of the Fund and the audit and Trustee report is submitted within one month from the date of such appointment, to the Commission, the new pension fund manager and the trustee (in case of any new appointment). The Trustee with the prior approval of the Commission shall decide the cost of such interim audit and the same shall be charged to the Pension Fund with the prior approval of the Commission.
- 5.25.7 Once the Pension Fund has been de-authorized by the Commission, the Pension Fund Manager may, after transferring all the records of Individual Pension Accounts and books of accounts of the Pension Fund to the new pension fund manager, wind up the Pension Fund under the provisions of the Rules and in the court of jurisdiction.

## **5.26 Features of Insurance in the Pension Fund**

- 5.26.1 The Pension Fund may be marketed in conjunction with Insurance scheme and the Trustee shall be authorized to deduct any insurance contribution or premium only from the contributions of those participants who have opted to join and contribute to such schemes. However, it should be clearly understood that it is not mandatory for the Participants to opt for the insurance scheme.

- 5.26.2 In the event the Participant opts for an insurance coverage with one of the insurance companies, the Participant will send the amount of the applicable premium along with participant contribution. The Trustee will pass on the insurance contribution or premium to the Insurance Company on the instruction of Pension Fund Manager concerned as a free service to the Participant.
- 5.26.3 The Pension Fund Manager may also offer free Insurance cover for accidental death, disability etc. Such free service may be terminated by the Pension Fund Manager at its discretion.

## **6 FEES, CHARGES AND EXPENSES**

All the following fees and charges are subject to changes in Rules, Regulations or direction of Commission without any need to alter this Offering Document.

### **6.1 Front-end fee (Sale Charges) Out of the Contributions**

- 6.1.1 The Pension Fund Manager may charge front-end fee (Sale Charges) up to maximum limit prescribed by the commission from time to time. Currently the limit is of front-end fee (sale charges) is up to 3% on all the contribution received from any participant of the pension fund. Unless such contribution is exempted from front end fee as prescribed in the rule.
- 6.1.2 The following contributions are exempt from Front-end fee (Sale Charges):
- (a) Incoming transfer of the Individual Pension Account from another pension fund manager to AL Habib Pension Fund;
  - (b) Incoming transfer from pension policies approved by the Commission under section 63 of the Income Tax Ordinance, 2001, and issued by life insurance companies before the 30th June, 2005; or
  - (c) Such other contributions/transfers as may be declared by the Commission from time to time to be exempt from Front-end fee (sale charges).
- 6.1.3 The remuneration of Distributors and Investment Facilitator / Sales Agents shall be paid from any Front-end fee (Sale charges) received by the Trustee and/or may be paid by the Pension Fund Manager when the Trustee pays the Front-end fee (Sale charges) to the Pension Fund Manager for onward payments to Distributors or Sales Agents.
- 6.1.4 Payments mentioned in above Clause shall be made by the Trustee on the instruction of Pension Fund Manager to the Pension Fund Manager, on monthly basis in arrears within thirty days following the end of the calendar month.
- 6.1.5 Any Distributor or Sales Agents, whether in Pakistan or overseas, shall not receive any amount of Contributions in his/her own account (so he/she will not be able to deduct any distribution fee on his/her own). Every cheque/demand draft /instrument shall be in the name of the Trustee and then the Trustee shall, either directly or through the Pension Fund Manager, remit the commission to the Distributor/ Sales Agents as the case may be.
- 6.1.6 The Pension Fund Manager, at its sole discretion, may choose to reduce or altogether waive the Front-end fee (sale charges) to any Participant or employer. Once the Pension Fund Manager has made an exception to reduce or waive the Front-end fee (Sale Charges) for a contribution, accepted that contribution without imposing a Front-end fee (Sale Charges), the Pension Fund Manager may not later recharge that Front-end fee (Sale Charge). However, the decision by a Pension Fund Manager to reduce or waive a Front-end fee (Sale Charges) for one Participant or for one contribution of a single Participant does not obligate the

Pension Fund Manager to reduce or waive the Front-end fee (Sale Charges) for other Participants' contributions or for future contributions of the same Participant.

- 6.1.7 The Front-end fee (Sale Charge) of up to 3% contribution may be subject to change due to any review by the Commission and any change shall be deemed to become part of Constitutive document.

## **6.2 Remuneration of the Pension Fund Manager**

- 6.2.1 The Pension Fund Manager shall be entitled to remuneration for its services out of the Trust Property by way of an annual management fee up to 1.5% of the average values of the Net Assets of each Sub Funds, calculated during the year for determining the prices of the units of the Sub Funds.

- 6.2.2 The remuneration due to the Pension Fund Manager shall be accrued on daily basis and paid on monthly basis, within fifteen (15) Business Days after the close of each month.

- 6.2.3 The Pension Fund Manager shall be responsible for the payment of all expenses it incurs from time to time in connection with its responsibilities as Pension Fund Manager. Pension Fund Manager shall not make any charge against the Participants or against the Fund Property or against any individual pension account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and the constitutive documents to be payable out of Fund Property. In consideration of the foregoing and save as aforesaid and as provided the Pension Fund Manager shall be responsible for the payment of all expenses incurred by the Pension Fund Manager from time to time in connection with its duties as Pension Fund Manager of the Trust. The Pension Fund Manager shall also bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provision of the constitutive documents. In the event that a Pension Fund Manager erroneously makes an incorrect charge, The Pension Fund Manager shall credit the incorrectly charged amount to the respective Sub-Funds, at its own expense.

- 6.2.4 The remuneration shall begin to accrue from the date of payment in full for all the Seed Capital Units subscribed by the Seed Investors in such manner as to achieve compliance with the undertaking given to the Commission by the Pension Fund Manager pursuant to **Rule 9(3)(b)** of the Rules (the "**Contribution Date**"). In respect of the first and the last Accounting Periods, such remuneration shall be prorated on the basis of the actual number of days during such period for which such remuneration has accrued against the total number of days during such period.

## **6.3 Remuneration of the Trustee**

- 6.3.1 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-2"**), which shall be applied to the average daily Net Assets of the Pension Fund during such calendar month.

- 6.3.2 Such remuneration shall be paid to the Trustee in arrears within fifteen Business Days after the end of each calendar month.

- 6.3.3 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, in accordance with the provisions of the Constitutive document.

- 6.3.4 The remuneration shall begin to accrue from the date of payment in full of the Seed Capital units subscribed by the Seed Investors. 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 for the total number of days in the calendar month concerned.

- 6.3.5 In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Participants or against the Trust Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Rules and the constitutive document.
- 6.3.6 Any change in the remuneration of the Trustee agreed to by the Pension Fund Manager shall require the prior approval of the Commission.

#### **6.4 Formation Cost**

Formation Costs shall be divided equally among all the Sub-Funds and shall be amortized over a period of five years. Formation cost shall not exceed 1.5 per cent of the net assets at the close of initial public offering (IPO) as mentioned in NBFC & NE Regulations, 2008.

#### **6.5 Other expenses**

Other expenses that shall be chargeable to the Pension Fund in accordance with Clause 6.6 shall include:

- (a) brokerage and transaction costs solely related to investment purchases and sales of the Trust Property;
- (b) legal costs incurred in protecting the interests of the Pension Fund or the collective interest of the Participants;
- (c) bank charges and financial costs related to financing for withdrawals or transfers in relation to the Pension Fund as permissible under the rules, shall not be higher than the normal prevailing bank charges or normal market rates.
- (d) audit fees in relation to the Pension Fund;
- (e) annual fee payable to the Commission but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies, in each case in relation to the Pension Fund;
- (f) custody charges, including Central Depository Company of Pakistan Limited charges,
- (g) Taxes, fees, duties if any, applicable to the Fund and on its income, turnover assets or otherwise if any.

#### **6.6 Fees, Charges, Costs, etc. To be charged to the Sub-Funds**

- 6.6.1 The Pension Fund Manager's management fee and the Trustee's remuneration shall be charged each Sub Fund in proportion to the Net Assets of each Sub-Fund.
- 6.6.2 Formation Cost shall be divided equally among all the Sub-Funds.
- 6.6.3 Brokerage and transaction costs, bank charges and financial costs, custody charges and Taxes, and all direct expenses of Sub Fund, shall be charged to the pertinent Sub-Funds. Legal costs, audit fees and annual fees payable to the Commission and any other common expenses in accordance with the Rules and Regulations, shall be charged to the pertinent Sub-Funds in proportion to their respective Net Assets.

**7. INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER****7.1. Objective of the AL Habib Pension Fund**

The objective of AL Habib Pension Fund is to provide individuals with an individualized, funded (based on defined contribution) as well as flexible pension scheme which is managed by professional investment managers to assist them to plan and provide for their retirement. The design of the scheme empowers the participants to invest their pensions as per their desired asset allocations.

**7.2. Investment Policy of the Pension Fund**

7.2.1 The Pension Fund Manager shall invest assets of the Pension Fund in those securities which are declared eligible by the Commission.

7.2.2 The Pension Fund Manager shall make investment of the Pension Fund in a transparent, efficacious, prudent and sound manner. The Pension Fund will initially consist of three Sub Funds.

7.2.3 Prior to the Contribution Date the Trustee shall hold the Trust Property in respect of each Sub-Fund in cash in a separate account for each Sub-Fund with a Commercial Bank having at least the minimum rating by a credit rating agency as specified by the Commission or shall invest such cash in short term money market investments, as advised by the Pension Fund Manager. Any income from such investments shall accrue to the Sub Fund to which it pertains. After the Contribution Date all cash shall be invested by the Trustee strictly in compliance with the Investment Policy at the direction of the Pension Fund Manager, in Authorized Investments or in cash.

7.2.4 All the investments of the AL Habib Pension Fund shall be strictly in compliance with the Prescribed Investment Policy (subject to relaxations if any, granted by the Commission from time to time). Subject to prior approval of the Commission, the Pension Fund may invest in foreign securities issued, listed or otherwise and traded outside Pakistan on such terms, guidelines and directions as may be prescribed by the Commission and the State Bank of Pakistan from time to time.

**7.3. Investment Objective and Investment Policy of the AL Habib Pension - Equity Sub Fund**

7.3.1 The Investment Objective of the Equity Sub Fund of the Pension Fund is to earn returns from investments in Pakistani Capital Markets.

7.3.2 The Investment limits of the Equity Sub Fund are determined by the Commission. The current Investment policy/limits for equity sub-fund as stated below:

(a) Assets of Equity Sub-fund shall be invested in equity securities which are listed on a Stock Exchange or for the listing of which an application has been approved by a Stock Exchange and Equity sub-fund shall be eligible to invest in units of Real Estate Investment Trusts and Exchange Traded Funds provided that entity/sector/group exposure limits as prescribed are complied with;

(b) At least ninety percent (90%) of Net Assets of Equity Sub-fund shall remain invested in listed equity securities during the year based on rolling average investment of last ninety (90) days calculated on daily basis;

- (c) Pension fund manager may make investment maximum up to 5% of net assets of Equity Sub-Fund in units of Private Equity and Venture Capital Funds registered under Private Funds Regulations 2015;
- (d) Pension fund manager may make investment maximum up to 10% of net asset; of Equity Sub-Fund in public offering and pre-initial public offering of equity securities;
- (e) Investment in equity securities of any single company shall not exceed ten percent (10%) of Net Assets of Equity Sub-Fund or paid-up capital of that single company, whichever is lower;
- (f) Pension fund manager may invest up to thirty percent (30%) or the index weight, whichever is higher, subject to maximum of thirty-five (35%) of net assets of an Equity Sub-Fund in equity securities of companies belonging to a single sector as classified by Pakistan Stock Exchange;
- (g) Pension Fund Manager may invest any surplus (un-invested) funds in government securities having less than one-year time to maturity or keep as deposits with scheduled commercial banks which are rated not less than "A"; and
- (h) Pension Fund Manager shall ensure that the investment in equity securities of the following, companies shall not exceed 10% of the net assets of the equity sub fund on monthly average basis:
  - i. Securities which are not eligible for Central Depository System;
  - ii. Company is not traded on regular trading counter of the Pakistan Stock Exchange;
  - iii. The minimum free float of the company is less than 15% or 50,000,000 shares, whichever is less;
  - iv. The securities of the company are traded less than 50% of the total trading days during the last six months or from the date of listing as the case may be;
  - v. Company's paid-up capital is fully eroded owing to accumulated losses as per the annual audited accounts or half yearly limited scoped reviewed accounts, whichever is latest;
  - vi. There are major non-compliance issues i.e., holding of annual general meeting, finalization of annual audited accounts, appointment of board of directors and non-compliance with any specific direction(s) of the Commission except those companies that have obtained relaxation or extension to comply with such regulatory requirements from the Commission. For the purpose of this clause, the word "specific direction" shall mean an explicit direction issued to a particular company in a certain matter;
  - vii. Auditor's report is qualified with respect to company's ability as going concern or contains adverse opinion or disclaimer of opinion; or
  - viii. Winding up proceedings have been initiated against the company.

#### **7.4. Investment Objective and Investment Policy of the AL Habib Pension Fund - Debt Sub Fund**

- 7.4.1 The investment objective of the Debt Sub Fund is to earn returns from investments in debt markets of Pakistan, thus incurring a relatively lower risk than equity sub fund.
- 7.4.2 The Investment limits of the Debt Sub Fund are determined by the Commission. The current Investment policy/limits for debt sub-fund as stated below:

- (a) The Debt Sub-fund shall consist of government securities, placement in the banks, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM), TDRs, TFC/ Sukuk or any other mode of placement, deposits/placements with any other approved debt/money market security issued from time to time;
- (b) Rating of any security in the portfolio shall not be lower than A+;
- (c) Rating of any bank and DFI with which funds are placed should not be lower than A+;
- (d) Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AA;
- (e) At least 25% of the net assets shall be invested in deposit with scheduled Commercial banks (excluding TDRs) or government securities not exceeding 90 days' maturity;
- (f) Exposure to any single entity shall not exceed 10% of net assets of debt sub fund;
- (g) Exposure in debt security of an entity shall not exceed 10% of net assets for debt sub fund or 10% of size of the issue of that debt security, whichever is lower;
- (h) The limits specified in clause (f) and (g) above are applicable to all securities mentioned other than the securities issued by Federal Government;
- (i) Exposure to securities issued by entities of a single sector shall not exceed twenty five percent (25%) of Net Assets of Debt Sub-fund;
- (j) A pension fund manager shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI and money market placements) of more than 25% of net assets of debt sub-fund with all non-bank finance companies and Modarabas;
- (k) The weighted average time to maturity of Debt Sub-fund shall not exceed five (5) years and this condition shall not apply to securities issued by the Federal Government; and

**7.5. Investment Objective and Investment Policy of the AL Habib Pension - Money Market Sub Fund**

7.5.1 The Investment Objective of the Money Market Sub-Fund is to earn returns from investments in Money Markets of Pakistan, thus incurring a relatively lower risk than debt sub fund.

7.5.2 The Investment limits of the Money Market Sub Fund are determined by the Commission. The current Investment policy/limits for money market sub-fund as stated below:

- (a) Investment avenues - government securities, cash and near cash instruments which include cash in bank accounts (excluding TDRs), treasury bills, money market placements, deposits, certificate of deposits (COD), certificate of musharakas (COM) or any other mode of placement, TDRs, reverse repo;
- (b) Rating of any security in the portfolio shall not be lower than AA;
- (c) Rating of any bank and DFI with which funds are placed should not be lower than AA;

- (d) Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AAA;
- (e) At least 10%, of the net assets shall be invested in deposit with scheduled commercial bank (excluding TDRs) or government securities not exceeding 90 days' maturity;
- (f) Exposure to any single entity shall not exceed 10% of net assets for money market sub fund;
- (g) Exposure in security of entity shall not exceed 10% of net assets for money market sub fund or 10% of size of the issue of that security;
- (h) The limits specified in clause (f) and (g) above are applicable to all securities mentioned other than the securities issued by Federal Government;
- (i) Exposure to securities issued by entities of a single sector shall not exceed twenty five percent (25%) of Net Assets of a money market Sub-fund;
- (j) A pension fund manager shall not place funds (including TDR, PLS Saving Deposit, COD, COM, COI and money market placements) of more than 25% of net assets of money market sub-fund with all non-bank finance companies and Modarabas;
- (k) The weighted average time to maturity of assets of a Money Market Sub-fund shall not exceed ninety (90) days, and
- (l) Time to maturity of any asset in the portfolio of Money Market Sub-fund shall not exceed six (6) months.

## **7.6 Investment Restrictions**

7.6.1 The Fund Property shall be subject to such exposure limits as are provided in the Rules, subject to relaxations granted by the Commission from time to time.

7.6.2 The Fund shall not at any time:

- (a) Enter into a short sale transaction in any security, whether listed or unlisted;
- (b) Purchase from or sell any security to any Connected Person;
- (c) Enter into transactions with any single broker who is a Connected Person that account for twenty-five per cent or more of the Fund's brokerage commission in any one accounting year of the Fund.
- (d) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (e) Invest in any security of a company if any director or officer of the Pension Fund Manager or their lineal ascendant or descendants owns more than five per cent of the total nominal amount of the securities issued, or, collectively the directors and officers of the Pension Fund Manager own more than ten per cent of those securities;
- (f) Except where it is necessary to protect its investment, seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest, which would give it primary responsibility for management.

- 7.6.3 Pension Fund Manager shall be responsible for managing and meeting the liquidity requirements of the Pension Fund.
- 7.6.4 Pension Fund Manager on behalf of a Pension fund shall not take exposure of more than 20% of net assets in any single group and the term "group" means persons having at least 30% of more shareholding in any other company, as per publicly disclosed information.
- 7.6.5 Pension Fund Manager shall not invest assets of Pension Fund in securities of a company if equity is less than paid-up capital of the company, irrespective of the limits stated in the Investment Policy.
- 7.6.6 Pension Fund Manager shall not invest or deposit or place assets of pension fund, if the issuer or the bank or the security does not fulfill the minimum rating specified in the investment policy.
- 7.6.7 Pension Fund Manager shall adhere to the limits stipulated herein below; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in Net Assets resulting; from fluctuation in price of securities or due to withdrawals, the Pension Fund Manager shall regularize the deviation within four months of the breach.
- 7.6.8 The investment of properties of the Sub-Funds shall be subject to the restrictions/limitations prescribed by the Commission vide its Prescribed Investment Policy from time to time.

**7.7 Financing Restriction**

- (a) Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Pension Fund Manager concur with the Pension Fund Manager in making and varying arrangements with Banks for financing by the Trustee for the account of the Pension Fund; provided that the financing shall not be resorted to, except for meeting the withdrawal requests or transfer of funds to other Pension Fund Managers.
- (b) Financing shall not be resorted to except for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such financing shall not exceed fifteen percent of the total net assets value of the pension fund at any time, and shall be repayable within a period of ninety days.
- (c) The charges payable to any Bank or Financial Institution against financings on account of the Trust as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.
- (d) The maximum financing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Pension Fund and the maximum financing for the account of any Sub-Fund shall not exceed fifteen per cent of the total Net Asset Value of such Sub-Fund or such other limit as may be provided in the Rules. If subsequent to such financing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or withdrawal of funds, the Pension Fund Manager or the Trustee shall not be under any obligation to reduce such financing.

- (e) Neither the Trustee, nor the Pension Fund Manager shall be required to issue any guarantee or provide security over their own assets for securing such financings from Banks and Financial Institutions. The Trustee or the Pension Fund Manager shall not in any manner be liable in their personal capacities for settlement of such financing.
- (f) For the purposes of securing any such financing the Trustee may upon instruction of the Pension Fund Manager mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Rules.
- (g) Neither the Trustee nor the Pension Fund Manager shall incur any liability by reason of any loss to the Trust or any loss that a Participant may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made in accordance with the Trust Deed.

### **7.8 Participants Rights in terms of Investment Choice**

The Participant has a right to allocate their Contributions between the three Sub Funds in a manner to allow them to adopt a focused investment strategy, according to their risk/return requirements. Each Allocation Scheme being offered shall have a different percentage allocation in Sub-Funds based on which their risk/return may be assessed.

### **7.9 Risk Disclosure**

The Pension Fund Manager shall ensure that effective risk control measures are in place for the protection of the participants.

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

- (1) Equity Risk:** Share prices are generally volatile and may go up or down because of their dependence on market sentiments, speculative activity, supply and demand for the shares and liquidity in the market. Mutual funds that purchase shares become part owners in the companies. The companies' performance, domestic and/or industry outlook with respect to technological and consumer behavior dynamics, market activity and the larger economic scenario influence the price of these shares. Moreover, lack of trading in the investee companies' securities may result in liquidity crisis. When the economy is expanding, the outlook for many companies is positive and the value of these shares may rise, and vice versa. Share prices are also affected by the quality of the management of investee companies.
- (2) Government Regulation Risk -** Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) Credit Risk -** Credit Risk comprises default risk, credit spread risk and down grade risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc.
  - **Default Risk -** The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;

- (4) **Country or Political Risk** – The uncertainty of returns caused by the possibility of a major change in the political or economic environment of the country such as break down of law and order, war, natural disasters, etc. and any governmental actions or legislative changes or court orders restraining payment of principal or income.
- (5) **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.
- (6) **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- (7) **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund’s performance etc.
- (8) **Reinvestment Rate Risk** – In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
- (9) **Sovereign Risk** - Payment of bonds/ notes may be affected by the economic and political events in the country of the relevant issuer. The occurrence of a sovereign risk event could result in the loss of all or a portion of the principal invested, as a result of any economic or political circumstance.
- (10) **Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
- (11) **Withdrawal Risk** - There may be special circumstances in which the withdrawal of Units may be suspended or the withdrawal payment may not occur within six working days of receiving a request for withdrawal from the participant.

#### **7.10 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.
- (b) Breakdown of law and order, war, terrorist activity, natural disasters etc.
- (c) Senior rights of some stake holders over other stake holders in the event of winding up.

7.10.1 Under exceptional (extraordinary) circumstances, the Pension Fund Manager may suspend withdrawal, invoke a queue system or announce winding-up of the Fund. In such events, the participant will probably have to wait for payment beyond the normal period and the withdrawal amount so determined may be lower than the price at the time the withdrawal request was lodged. Participants are advised to read the relevant clauses of the Fund’s Trust Deed for more detailed information regarding this clause.

7.10.2 Risk specific to foreign investments: The Fund may invest outside Pakistan & such investments may be exposed to additional risks including political, economic & exchange rate risks that may reduce the value of the investments. However, evidence shows that diversifying internationally tends to reduce the overall volatility of the portfolio and thus may reduce risks for participants.

7.10.3 Investment in the Pension Fund is suitable for participants who have the ability to take the risks associated with financial and capital market investments. Capital invested in the financial and capital markets could, in extreme circumstances, lose its entire value. However,

diversification of the investment into a number of highly liquid equities, income securities and repurchase transactions tends to reduce the risk substantially. The historical performance of the Funds, the financial and capital market or that of any one security or transaction included in the Fund's portfolio does not indicate the future performance.

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

#### **7.11 Disclaimer**

- (a) The Units of the Sub Funds of the Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the investors of the Seed Capital Units or any other Bank or financial institution.
- (b) Investment Risks and Tax Implication: All investments in the Pension Fund are subject to market risks. The value of such investments varies subject to market fluctuations and risks inherent in all such investments. Participants should read this Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax advisors before making any investment decision.
- (c) Withdrawals from the Pension Fund before the retirement age is subject to tax under the provisions of the Income Tax Ordinance, 2001 and the Rules.
- (d) The target return of the Sub-Funds cannot be guaranteed. It should be clearly understood that the portfolio of the Sub-Funds is subject to market fluctuations and risks inherent in all such investments.
- (e) It should be noted that the value/price of Units of the Sub-Funds can fall as well as rise.
- (f) It should be noted that under certain circumstances the withdrawal from the Pension Fund may be restricted or subject to tax penalties.
- (g) It should be noted that there will be no dividend distribution by the Sub-Funds.

#### **8. CHANGE OF THE PENSION FUND MANAGER / PENSION FUND**

- (a) Participants shall be allowed to transfer the entire or part of his/her Individual Pension Account with the AL Habib Pension Fund to another pension fund manager/pension fund by completing the Forms. For this purpose, the Units shall be encashed at the Net Asset Value of each Sub-Fund, notified on the dealing day prior to the date of transfer.
- (b) No charge whatsoever called shall be deducted for transfer of the Individual Pension Account from AL Habib Pension Fund to another pension fund manager/pension fund.

- (c) The transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager or from one pension fund to another pension fund shall take place at the discretion of participant.
- (d) The application for transfer of the account, specifying the name of the new pension fund manager/pension fund and Individual Pension Account number with the new pension fund manager must be sent by the Participant at least seven days before the effective date of the proposed change.
- (e) On receiving a transfer application mentioned in above clause, complete in all respects, the Pension Fund Manager shall redeem the requested amount out of the balance available in Individual Pension Account of the Participant at the close of first Business Day that falls on or after the effective date of the proposed change and transfer the requisite amount to the requested pension fund.
- (f) In the event the Commission cancels the registration of the Pension Fund Manager as a pension fund manager or discontinues the authorization of the Pension Fund, in each case in accordance with the Rules and other Applicable Laws, the Pension Fund Manager shall, as soon as practicably possible thereafter, transfer the Individual Pension Accounts of the Participants to pension funds managed by other pension fund managers as selected by the Participants or as directed by the Commission.
- (g) Above procedures will be followed both in case of Transfer in and transfer out of the AL Habib Pension Fund. However, in case of transfer in, units shall only be issued upon realization of amount.
- (h) Policyholders having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 and issued by Life Insurance Companies before 30 June 2005 would also be eligible to redeem their Units and transfer the balance to an Individual Pension Account with the AL Habib Pension Fund, subject to the Trust Deed and the Rules. This may be subject to change due to any changes in or substitutions of the Income Tax Ordinance, 2001 and shall be deemed to become part of the constitutive document without the need to execute any Supplementary constitutive document.

## **9. SAFEGUARD OF MONEY**

No contribution should be paid to an intermediary, except to the Pension Fund Manager or its authorized representatives as prescribed. Contributions should be in the form of "Account Payee Only" cheques, payment orders or demand drafts or direct bank transfers to the account of "**CDC Trustee AL Habib Pension Fund**". No contribution should be made in the form of cash or any bearer instrument.

## **10. DISTRIBUTION RESTRICTION POLICY**

No distribution of Income or dividend shall be allowed from any of the sub-funds. Any income earned shall be accumulated and retained in the respective sub-funds.

## **11. TAXATION**

### **11.1 Tax Credit for Contributions to the Pension Fund**

An eligible person, as defined in the Income Tax Ordinance, 2001, deriving income chargeable to tax under the head "Salary" or the head "Income from Business", will be entitled to a Tax Credit for a Tax Year in respect of any contribution paid in the year by the person to the Pension Fund.

**11.2 Tax Exemptions**

Total income of the Pension Fund approved by the SECP under the VPS Rules, 2005, will be exempt under the Second Schedule of the Income Tax Ordinance, 2001.

**11.3 Withholding Tax**

A Pension Fund Manager making payment from individual pension accounts, maintained under an approved pension fund, shall deduct tax from any amount:

(a) Withdrawn before the age of retirement, provided that tax shall not be withheld in the following cases.

- eligible person suffering from any disability which render him unable to continue with any employment at the age which he may so elect to be treated as retirement age or the age as on the date of such disability if not so elected by him/her; or
- on the share of the nominated survivor of the deceased eligible person.

(b) Withdrawn, if in excess of fifty per cent of his accumulated balance at or after the retirement age, provided tax shall not be withheld in the following cases.

- the balance is invested in an approved income payment plan;
- the balance is paid to a Takaful company for the purchase of an annuity plan;
- the balance is transferred to another individual pension account of the eligible person; or
- the balance is transferred to the survivors approved pension account in case of the death of the eligible person.

The tax is required to be withheld at the last three year's average rate of tax which shall be computed in accordance with the following formula:

A/B

Where,

A= the total tax paid or payable by the person on the person's total taxable income for the three preceding years; and

B= the person's total taxable income for the preceding three years.

**11.4 Zakat**

Units held by resident Pakistani Participants shall be subject to Zakat at two and a half per cent (2.5%) on lower of the par value of Units and withdrawal price under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from withdrawal payment, and paid into the Government Treasury.

**11.5 Disclaimer**

The tax and Zakat information given above is based on the Pension Fund Manager's interpretation of the law which, to the best of the Pension Fund Manager's understanding, is correct but Participants are requested to seek independent advice from their tax advisors so as to determine the taxability arising from their Contributions to the Pension Fund.

**12 REPORTS AND ACCOUNTS****12.1 Fund Accounts**

Pension Fund Manager shall prepare Financial Accounts and Reports required under Rules for AL Habib Pension Fund including Sub-Funds as prescribed by the Commission from time to time.

**12.2 Annual Accounting Period**

The Annual Accounting Period shall commence on 1<sup>st</sup> July and shall end on 30<sup>th</sup> June of the succeeding calendar year.

Accounting Date shall be the 30<sup>th</sup> day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.

Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the full amount of Seed Capital is received and in any other case from the end of the preceding Accounting Period.

**12.3 Periodic Reports to be sent to Participants**

Annual report and quarterly reports will be prepared and sent to the Participants. For details, please refer to Obligations of Pension Fund Manager.

The balance sheet and income and expenditure accounts mentioned shall be prepared separately for each Sub-Fund and in addition thereto consolidated accounts shall be prepared for the entire Fund.

**12.4 Periodic Reports to be sent to Commission**

Annual report and quarterly reports will be prepared and sent to the Commission. For details, please refer to Obligations of Pension Fund Manager, clause 4.5 (e) and (f).

**13 SERVICE TO PARTICIPANTS****13.1 Availability of Forms**

All forms mentioned and/or included in this Offering Document will be available at all the Authorized Branches of the Distribution Companies, the Pension Fund Manager's website and may also be requested via post. Sales Agents will also have sufficient stocks of such forms.

**13.2 Register of Participants**

13.2.1 The Pension Fund Manager shall perform the Registrar Functions directly or it may appoint a Registrar for such purpose, but in each case the responsibility for performing the Registrar Functions shall be that of the Pension Fund Manager itself. Where the Pension Fund Manager appoints a Registrar for performing the Registrar Functions, the Pension Fund Manager shall

ensure that the Registrar complies with all relevant provisions of the constitutive document and the Rules.

- 13.2.2 The Pension Fund Manager or the Registrar, as the case may be, the Registrar shall maintain the Register at their respective registered office.
- 13.2.3 The Pension Fund Manager shall ensure that the Registrar at all reasonable times during Business Hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without any charge. The Commission may however at any time inspect, remove or take possession of the register without any prior notice.
- 13.2.4 The Registrar shall, within three working days of receiving a written request from any Participant, give to such Participant (whether by post, courier or through electronic means) details of such Participant's account in the Register. Such service shall be provided free of charge to any Participant so requesting once in any financial year. The Pension Fund Manager may, with the approval of the Commission, prescribe charges for servicing any additional requests. The details of charges, if any, shall be disclosed in the Offering Document or in any Supplementary Offering Document from time to time.

The Register shall contain the information required by or under the Rules and shall be maintained in line with the Guidelines on record keeping issued by the Commission from time to time.

- 13.2.5 The Register shall be conclusive evidence as to the Units of Sub-Funds held in a Participant's Individual Pension Account or balances of the Participant's Approved Income Payment Plan Account balances held by each participant.
- 13.2.6 Any change of address or status of any Participant shall forthwith be notified in writing to the Registrar who, upon being satisfied with the supporting evidence provided therefor, shall update the Register with the change accordingly.
- 13.2.7 The Participant or their successors (in case of death of the Participant), as the case may be, shall be the only persons to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to the Units held by the Participant and the Trustee, the Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction.
- 13.2.8 Upon being satisfied that any Contribution has been received by the Trustee in cleared funds from any Participant, the Registrar shall, within one week (seven days) of the receipt of the Contribution, issue an account statement that shall constitute evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan balances registered in the name of the Participant and shall contain such other information as may be prescribed by the Commission from time to time. However, for contributions routed through the employers only the acknowledgement receipt of documents provided to the employers shall suffice as an acknowledgement.

13.2.9 While making payment of the benefits from the Pension Fund to any Participant, the Pension Fund Manager shall ensure that adequate description of the reasons for the payment (for example, retirement, disability, death benefit) is mentioned in the Register.

13.2.10 The Pension Fund Manager shall ensure that the information on the Register shall remain accessible for three years after the last amount in relation to the Pension Fund payable to the Participant, to any other Pension fund manager nominated by the Participant to which the Individual Pension Account has been transferred or to any successors of the Participant, has been paid.

### **13.3 Statement of Accounts**

Upon being satisfied that the Contribution to the Fund has been received, in full, from the Participants, the Registrar will send directly to each Participant Account Statement that will constitute evidence of the number of Sub-Fund Units or Individual Pension Account or periodic payment account balances registered in the name of the Participant.

The Registrar will issue an Account Statement, each time there is a transaction in the Individual Pension Account and it will be posted or electronically transmitted to the Participant within six (6) Business Days of each transaction.

## **14 WARNINGS**

**INVESTMENT RISKS AND TAX IMPLICATION:** All investments in AL Habib Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Participants should read the Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decisions. Withdrawals from the Pension Fund before the retirement age is subject to tax under the provisions of the Income Tax Ordinance, 2001.

## **15 COMPLAINTS**

Any unresolved complaint or dispute between a Participant and the Pension Fund Manager under the VPS Rules, it shall be referred to the Insurance Ombudsman appointed under Section 125 of the Insurance Ordinance, 2000. (XXXIX of 2000). The Insurance Ombudsman shall have all the powers and shall follow the procedures as required under PART XVI of the Insurance Ordinance, 2000.

### **15.1 Procedure for lodging a complaint with the Federal Insurance Ombudsman**

The procedure for lodging a complaint with the Insurance/ Takaful Ombudsman shall be as provided in Section 129 of the Takaful Ordinance, 2000 and reproduced below:

- (a) A complaint shall be made in writing, addressed to the Insurance/ Takaful Ombudsman. The complaint shall set out the full particulars of the transaction complained of and the name and address of the Participant (complainant).
- (b) Prior to making a complaint, the Participant (complainant) shall intimate in writing to the Pension Fund Manager regarding their intention of filing a complaint and if the Pension Fund Manager either fails to respond, or makes a reply which is unsatisfactory to the complainant, within a period of one month, the Participant (complainant) may file a complaint, at any time thereafter, within a further period of three (3) months:

Provided that the Insurance/ Takaful Ombudsman may, if satisfied that there were reasonable grounds for the delay in filing the complaint, condone the delay and entertain the complaint.

- (c) The Insurance/ Takaful Ombudsman may adopt any procedure he considers appropriate for investigating a complaint.

Provided that he shall not pass any order against the Pension Fund Manager without first giving it a notice and an opportunity to be heard.

- (d) Subject to Section 128 of Insurance/ Takaful Ordinance, 2000, the Insurance/ Takaful Ombudsman shall not have any power to issue an order in the nature of a stay order or to entertain any complaints if the matter is pending before a Court, Tribunal or other legal forum.

- (e) The Insurance/ Takaful Ombudsman may reject a complaint summarily or he may accept the same or pass any other order he deems fit.

Provided that in each case he shall pass a reasoned order for participant decision.

- (f) The Federal Government may further prescribe rules for the conduct of proceedings in relation to complaints brought before the Insurance/ Takaful Ombudsman.

**Note:** The Pension Fund Manager will not be responsible or liable for maintaining service levels and /or any delay in processing claims arising out of this facility. The Pension Fund Manager, the Trustee and the underlying Fund shall not be held liable for honoring any Takaful claims.

## **15.2 Contact Details of Office of Federal Insurance Ombudsman**

The Present Insurance Ombudsman and participant contact details are as follows:  
Federal Insurance Ombudsman Office 2<sup>nd</sup> Floor, Pakistan Red Crescent Society, Annexe Building, Plot # 197/5, Dr. Doud Pota Road, Karachi.  
Phone: 021-99207761-62

## **16 TRANSACTIONS WITH CONNECTED PERSONS**

- (a) No Pension Fund Manager on behalf of the Pension Fund shall take exposure in any form or invest in debt or equity securities of connected persons or purchase from or sell any security to any of the Connected Person with the approval of its Board of Directors in writing and consent of Trustee.
- (b) Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Pension Fund Manager shall sell or purchase any Investment with the Pension Fund save in the capacity of intermediary or in the normal course of business.
- (c) All cash forming part of the AL Habib Pension Fund assets shall be deposited with the Trustee or the Custodian, which is a Bank, return shall be paid on the deposit by such Trustee or Custodian at a rate that is not lower than the rate offered by the said Bank to depositors of similar duration.

**17 ARBITRATION IN CASE OF DISPUTES BETWEEN THE PENSION FUND MANAGER AND THE TRUSTEE**

In the event of any disputes arising out of Constitutive Documents between the Pension Fund Manager on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and conditions of the constitutive document and/or the Supplementary Offering Documents, relating to the Fund, the same shall be referred first to the Commission and thereafter, if the dispute still continues, for arbitration by two arbitrators, one to be appointed by the Pension Fund Manager 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 any Stock Exchange (who may even be the heads of corporate members of any Stock Exchange). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

**18 DISPUTES BETWEEN THE PARTICIPANTS AND THE PENSION FUND MANAGER**

If any complaint or dispute arises between the any Participant or any of its any nominated survivors, executors, administrators or successors and Pension Fund Manager under this the constitutive document or the Rules, it shall be referred to an authority as provided in the Rules.

**19 GENERAL INFORMATION**

The Constitutive Documents concerning the AL Habib Pension Fund may be inspected at the registered office of the Pension Fund Manager at, **AL Habib Asset Management Limited, 3rd Floor, MacKinnons Building, I. I. Chundrigar Road, Karachi, Pakistan.**

**20 STATEMENT OF RESPONSIBILITY**

AL HABIB ASSET MANAGEMENT LIMITED ACCEPTS RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION HEREIN CONTAINED AS OF THE DATE OF PUBLICATION.

**21 TERMINATION OF THE PENSION FUND****21.1 TERMINATION AND LIQUIDATION OF THE TRUST**

- (a) The Pension Fund Manager subject to conditions of the Rules, the Trust Deed and approval of the Commission, may terminate the Pension Fund by giving at least three (03) months' notice, in writing, to the Participants, the Trustee and the Commission.
- (b) The Trust may also be terminated by the Commission on the grounds provided in the Rules.
- (c) The Trust Deed of the Pension Fund may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and the Pension Fund Manager regarding the Pension Fund. Both parties shall act in a manner that causes the least degree of inconvenience to the Participants and is the most cost efficient for the Pension Fund and the Pension Fund Manager.
- (d) Upon the Trust being terminated, The Pension Fund Manager will suspend the acceptance of registration, Contribution(s) and withdrawals, forthwith, and proceed to transfer all assets and liabilities and records of the Pension Fund and each Sub-Fund to another pension fund manager under a scheme of arrangement to be approved by the Commission.

- (e) The Pension Fund Manager shall ensure that accounts of the Pension Fund, till the day of the transfer to the new Pension Fund Manager, are audited by the Auditors of the Fund and the Audit and Trustee Report is submitted, within one month from the date of such appointment, to the Commission, the new pension fund manager and the Trustee. Pension Fund Manager, with the approval of the Commission, will decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.
- (f) The Trustee, subject to **clauses** 21.1.(d) and 21.1.(e), on the recommendation of Pension Fund Manager and approval of the Commission, shall transfer all the assets and liabilities and records of the Pension Fund and each Sub-Fund, including Individual Pension Accounts of Participants, to the other Pension Fund managed by the other Pension Fund Manager.
- (g) Thereafter, the Pension Fund Manager shall proceed to dissolve the Pension Fund under the relevant law and in the court of jurisdiction.

## **22 GENERAL**

- (a) Any notice required to be served upon a Participant shall be deemed to have been duly given if sent by post or courier service to or electronically submitted or left at participant address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.
- (b) In case a general notice is required to be served upon all the Participants through newspaper, the Trustee or the Pension Fund Manager shall advertise any such notice in any leading daily newspapers in Pakistan having primary circulation in Karachi, Lahore and Islamabad. The cost of issuing and publishing a general notice shall be charged to the Trust.
- (c) Service of a notice or document on any employer shall be deemed effective service on all the Participants registered through that employer unless the Participant has given notice to the Pension Fund Manager that he is no longer in the employment of that employer.
- (d) Any notice or document sent by post or courier service to or left at the registered address of a Participant shall notwithstanding that such Participant be then dead or bankrupt and whether or not the Trustee or the Pension Fund Manager have notice of participant death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units registered in favor of that Participant.
- (e) A copy of this Offering Document, Trust Deed and of any deed supplemental hereto shall be made available for inspection at the respective head offices of the Trustee and the Pension Fund Manager at all times during usual Business Hours and shall be supplied by the Pension Fund Manager to any person on application at a charge disclosed in the Offering Document.

## **23 DEFINITIONS**

Unless the context requires otherwise, in this Offering Document (including in its Recitals) the following words or expressions shall have the meaning respectively assigned to them below:

**"Accounting Date"** means 30<sup>th</sup> June in each year; provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date;

**"Accounting Period"** means the period ending on and including an Accounting Date or, if nearer, on and including the day on which the Net Assets of all the Sub-Funds becomes zero and commencing from and including the date of establishment of the Pension Fund or, if nearer, from and including the day after the last Accounting Date.

**"Account Statement"** means statement of transactions in Units of each Sub-fund in the Individual Pension Account of the Participant, containing such information as may be prescribed by the Commission from time to time;

**"Allocation Schemes"** means the allocation schemes offered by the Pension Fund Manager from time to time in conformity with the Prescribed Allocation Policy issued by the Commission;

**"Annuity"** means a series of payments of set frequency,

**"Applicable Law"** means any common or customary law, constitutional law, any statute, regulation, resolution, rule, ordinance, enactment, judgment, order, code, decree, directive, notification, clarification, guideline, policy, requirement or other governmental restriction and any form or decision of or determination by or interpretation of any of the foregoing (whether or not having the force of law) by any Authority, now or hereafter in effect, in each case as amended, re-enacted or replaced to the extent applicable.

**"Approval"** means any consent, registration, filing, notarization, certificate, license, approval (including foreign exchange control approval), permit, Authority, confirmation or exemption from or by or with any national, supranational or regional government or administrative, fiscal, judicial or governmental body, commission, agency, authority, central bank or similar entity and all corporate, creditors', shareholders' and directors' approvals or consents required for execution of this Trust Deed and performance of the transactions contemplated herein.

**"Approved Annuity Plan"** has the meaning ascribed to it by Section 2(3A) of the Income Tax Ordinance, 2001.

**"Authorized Branch"** means those branches of the Distributors that from time to time have been authorized by the Pension Fund Manager under intimation to the Trustee to perform the Distribution Function, and whose addresses have been given in the Offering Document, or on the website of the Pension Fund Manager.

**"Company"** means an asset management company registered as a Pension Fund Manager.

**"Constitutive Document"** include the trust deed, offering document, supplemental documents and other principal documents governing the formation of a Pension Fund and all other related material agreements.

**"Contribution"** means an amount as may be voluntarily determined by an individual payable annually, semiannually, quarterly, or monthly to one or more Pension Fund Managers and held in one or more individual Pension accounts of a participant, subject to any specified minimum limit.

**“Custodian”** means a Bank, a central depository company or any other depository for the time being appointed by the Trustee to hold and protect the Trust Property or any part thereof as custodian or nominee on behalf of the Trustee; provided that the Trustee may also itself provide custodial services for the Fund.

**“Cut-Off Time”/ “Business Hours”** means the day time for dealing in Units of the Fund. The Cut-Off Timing/Business Hours will be mentioned on the website of Pension Fund Manager.

**“Dealing Day”** means every Business Day on which dealing in the Pension Fund is conducted as disclosed in the Offering Document, provided that the Pension Fund Manager may with the prior written consent of the Trustee and upon giving not less than seven days’ notice declare any particular Business Day not to be a Dealing Day;

**“Deed” or “Trust Deed”** means this Trust Deed which is the principal document governing the formation management or operation of the Fund.

**“Default Allocation Scheme”** means the default asset allocation scheme as determined by the Pension Fund Manager in conformity with the Prescribed Allocation Policy for allocating between the Sub-Funds the Contributions received from Participants who have not themselves selected any Allocation Scheme;

**“Distributor” or “Distribution Company”** means a company, firm or bank appointed by the Pension Fund Manager under intimation to the Trustee for performing any or all of the Distribution Functions, and shall include the Pension Fund Manager itself, if it performs the Distribution Function;

**“Distribution Function”** means the functions with regard to:

- (a) receiving applications and amounts for the issue of Units, in the name of the Trustee, from the Participants;
- (b) issuing receipts in respect of (a) above;
- (c) interfacing with and providing services to the Participants including receiving withdrawal / transfer to / from other Pension Fund Manager(s), applications for withdrawal, forwarding transfer applications and applications for change of address or any other status, instructions, in writing, of any kind or any other information for immediate transmission to the Pension Fund Manager or the Registrar, as appropriate; and
- (d) accounting to the Pension Fund Manager for (i) Payment Instruments received from Participants for issuance of Units in Sub-fund; and (ii) payments instruments delivered to the Participants on withdrawal of Units in the Sub-fund.

**“Eligible Person”** means any person who qualifies the eligibility criteria under the Rules in respect of persons who can make contributions to Pension funds authorized under the Rules.

**“Front-end fee (Sale Charges)”** means the Sales charges which may be included in the offering price of the Units; provided however that different levels of Front-end fee (sale charges) may be applied to different investors, as determined by the Pension Fund Manager. However, aggregate of Front-end fee (sale charges) should not exceed 3% of Net Asset Value.

**“Exposure”** includes finance, subscription to or investment in securities, debt instruments, units or certificates or shares of a Notified Entity, placements, and deposits, with financial institutions, certificates, derivatives, margin trading system or any mechanism that replaces it, but does not include:

- (a) obligations under letters of credit and letters of guarantee to the extent of cash margin held by an NBFC;
- (b) finance provided to financial institutions through REPO transactions with underlying statutory liquidity requirement eligible securities; and
- (c) deposits in current and savings accounts other than term deposits.

**“AL Habib Pension Fund”, “AHPF” or “Trust”** means the Pension fund constituted under this Trust Deed and made up of the Sub Funds.

**“Federal Government”** means the Federal Government of Islamic Republic of Pakistan.

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

**“Formation Costs”** means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Fund and its application fee payable to the Commission, execution and registration of the Constitutive Document, issue, legal costs, and all expenses incurred during the period leading up to the authorization.

**“Government Securities”** includes monetary obligations of the Government or a Provincial Government or a corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government and any other security as the Federal Government may, by notification in the official Gazette, declare, to the extent determined from time to time, to be a Government Security.

**“Income Payment Plan”** means a plan constituting an agreement with the Pension Fund Manager after retirement enabling withdrawal of the remaining amount in any Individual Pension Account in monthly installments till the age of seventy-five years or as allowed under the Rules.

**“Investment”** means any Authorized Investment forming part of the Trust Property of any Sub-Fund.

**“Lifecycle Allocation Scheme”** means an Allocation Scheme where the percentage allocations to each Sub-Fund will automatically vary based on the age of the Participant.

**“Management Company/Pension Fund Manager”** is defined in the preamble hereto;

**“Net Assets”** means, in relation to a Voluntary Pension Scheme, means the excess of assets over liabilities of the Pension fund, computed in the manner provided in this regulation.

**“Offering document”** includes, -

- (a) a published document containing information on a Voluntary Pension Scheme to invite the public for purchase of certificates or units in that scheme;
- (b) a document inviting contributions from eligible persons for a Pension fund; and
- (c) all supplementary documents thereto or any document relating to an income payment plan;”

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

**“Ordinance”** means the Companies Ordinance, 1984 and Companies Act, 2017.

**“Par Value”** means the face value of Rs. 100 for a Unit of allocation Plan under the Fund.

**“Participant”** means any eligible person who has contributed or on whose behalf Contributions are made into one or more pension funds and held in one or more identifiable Individual Pension Accounts managed by one or more Pension Fund Managers;

**“Personal Law”** means the law of inheritance and succession as applicable to the individual Participant.

**“Provincial Governments”** mean the Provincial Governments of all four provinces of Pakistan.

**“Pension Fund”** means a fund made up of Sub-Funds created from the Contributions paid by the Participants and would consist of all the assets for the time being held or deemed to be held by Sub-Funds and includes all income or investment returns thereon but excludes fees, charges and expenses related to the management of the investments of Sub-Funds.

**“Pension Fund Manager”** means an asset management company, any pension fund manager or a life Insurance/Takaful company duly authorized by the Commission to efficaciously manage the contributions made by or on behalf of participants in pension fund and meet such other conditions as may be prescribed from time to time by the Commission;

**“Prescribed Allocation Policy”** means the allocation policy as prescribed by the Commission from time to time under the Rules;

**“Prescribed Investment Policy”** means Investment Policy prescribed by the Commission from time to time under the Rules.

**“Records”** include ledgers, day books, cash books and all other manuals or magnetic records used in the business of a Pension Fund Manager.

**“Regulations”** means regulations made by the Commission under the Rules.

**“Register”** means the register of Participants kept pursuant to the Rules and this Trust Deed.

**“Registrar”** means an organization that the Pension Fund Manager appoints for performing the Registrar Functions and, if no such organization is performing such functions, it shall mean the Pension Fund Manager.

**“Registrar Functions”** means the functions with regard to:

- (a) maintaining the Register as per the Rules, this Deed or as may be prescribed by the Commission from time to time;
- (b) processing requests for opening of Individual Pension Account, issue, withdrawal, transfer and transmission of Units and requests for recording changes in data / information / particulars with regard to the Participants or that of their survivors or nominees;
- (c) issuing statements of account in respect of Individual Pension Account to Participant;
- (d) such other functions as may be required under the Rules with respect to record keeping; and
- (e) such other functions as are required under this Trust Deed to be carried out by the Registrar.

**“Retirement Age”** means any age between sixty and seventy years or such age as may be prescribed in the Rules from time to time, which the Participant selects for retirement, in accordance with the provisions of the Rules.

**“Retirement Date”** means the date on which the retirement of a Participant from the Pension Fund becomes effective.

**“Rules”** means the Voluntary Pension System Rules, 2005, and includes all Guidelines issued, directions given, regulations and interpretations made and conditions imposed (either specifically in relation to the Pension Fund or generally) by the Commission thereunder from time to time.

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

**“Seed Capital”** means the amount invested or arranged by the Pension Fund Manager as initial investment in each Sub-Fund of the Pension Fund. This investment will be kept for a minimum period of three years from the date of investment or as determined by the Commission

**“Seed Capital Units”** means the amount invested or arranged by the Pension Fund Manager as initial investment in each Sub-Fund of the Pension Fund. This investment will be kept for a minimum period of three years from the date of investment or as determined by the Commission;

**“Sales Agent”** means an individual, firm, corporate or other entity appointed by the Pension Fund Manager to identify, solicit and assist Eligible Persons to become Participants and make Contributions. The Pension Fund Manager shall compensate Sales Agents out of the Front-end fee (Sale charges) received by the Pension Fund Manager.

**“Seed Investors”** of the Pension Fund shall be such initial investors, which may include the Pension Fund Manager, whose subscription shall in aggregate be in compliance of the requirements of Rule 9(3)(b) of the Rules. The Seed Investors shall be issued with Seed Capital Units representing their subscription.

**“Seed Capital Investors”** means the investor of Seed Capital.

**“Stock Exchange”** means any Stock Exchange registered under the Securities & Exchange Ordinance, 1969 (XVII 1969).

**“Sub-Fund”** means a collective investment sub-scheme of a specified investment class and/or investment policy set up within the overall Pension Fund. The Trust Property shall be accounted for and segregated with respect to each Sub-Fund;

**“Supplementary Offering Document”** means a document issued by the Pension Fund Manager, with consent of the Trustee after approval of the Commission, describing the new features of the Pension Fund to invite offers by the public to invest in the Fund;

**“Supplementary Trust Deed”** means a deed registered between the Pension Fund Manager and the Trustee, with approval of the Commission, amending or adding to the Trust Deed. Such Supplementary Trust Deed shall be binding on each Participant, as if he/she is party to it and so to be bound by its provisions;

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

**“Insurance Company”** includes Insurance Company or Takaful Company as defined in Insurance Ordinance 2000.

**“Tax Year”** shall have the same meaning as ascribed under the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001).

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

**“Trust Property”** means the aggregate proceeds credited in the Pension Fund including the Contributions received and seed capital received from Seed Investors of each Sub-Fund after deducting therefrom or providing there out any applicable Front-end fee (sale charges) and any other expenses chargeable to the Pension Fund including each Sub-Fund; and includes the Investments and all income, Profit and other benefits arising therefrom and all cash, bank balances and other assets, movable or immovable, 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 Participants pursuant to this Trust Deed;

**“Trustee”** means Central Depository Company of Pakistan Limited (CDC) or any other company appointed with approval of the Commission from time to time;

**“Withdrawal Form”** means a standardized form prescribed by the Pension Fund Manager Company to be duly filled by the participant to redeem Units.

**“Unit”** means one undivided share in the Sub-Fund to which the share pertains, and where the context so indicates, includes a fraction of a Unit.

**“Zakat”** has the same meaning as in the Zakat and Ushr Ordinance, 1980.

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

## **24 INTERPRETATION**

In this Offering Document, unless the context shall otherwise require:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a company, firm, trust, Authority or government and vice versa;
- (d) a reference to any gender includes all genders;

- (e) a reference to a Recital, Clause or Annexure is to a Recital, Clause or Annexure of or to this Offering Document;
- (f) a Recital or Annexure forms part of this Offering Document;
- (g) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time;
- (h) a reference to any party to this Offering Document or any other document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns;
- (i) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning;
- (j) a reference to any "Account" or "account" includes any renewal, redenomination, redesignation or sub-account thereof;
- (k) "include", "includes" and "including" shall be respectively construed as "include without limitation", "includes without limitation" and "including without limitation", and all derivative terms shall be construed accordingly; and
- (l) words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.

## **25 HEADINGS**

In this Offering Document, headings are for convenience of reference only and do not affect interpretation.

**LICENCE TO CARRY OUT ASSET MANAGEMENT SERVICES (A)**

**CERTIFICATE OF REGISTRATION AS PENSION FUND MANAGER (A-1)**

**ANNEXURE "A-2"****REMUNERATION OF TRUSTEE**

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

<b>Net Assets (Rupees)</b>	<b>Tariff</b>
Up to 1 billion	Rs.0.3 million or 0.15% p.a. of Net Assets, whichever is higher.
1 billion to 3 billion	Rs.1.5 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1 billion.
3 billion to 6 billion	Rs.3.5 million plus 0.08% p.a. of Net Assets, on amount exceeding Rs.3 billion.
Over 6 billion	Rs.5.9 million plus 0.06% p.a. of Net Assets on amount exceeding Rs.6 billion.

Annexure "B-1"

**Authorization of Pension Fund**

Annexure "B-2"

**Approval of Offering Document**

Annexure "B-3"

**Registration/Approval of Trust Deed**

Annexure "C"

**Approval of Trustee**

**ANNEXURE 'C-1'****Current Level of Front-end fee (Sale Charge)**

<b>Front-end fee (Sale Charge) (%)</b>
Up to 3%

**Note:** There shall be no sales charge payable in the event of the transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager.

**Current Level of Remuneration of Pension Fund Manager**

Pension Fund Manager shall be entitled to an accrued management fee up to 1.5% of the average of the value of the net assets.

Management shall disclose actual rate of management fee charged as percentage of net assets of Voluntary Pension Scheme in monthly Fund Manager Report.

**Business Hours and Current Cut off Time**

<b>Transactions</b>	<b>Business Hours</b>	<b>Cut off Time</b>
Application for issuance of units and Withdrawal of Units	Monday to Thursday 9:00 am to 5:30 pm  Friday 9:00 am to 6:00 pm	Monday to Friday 9:00 am to 4:30 pm

The Cut-Off Time may vary from time to time as may be determined by the Pension Fund Manager, under intimation to the trustee and SECP and the same shall be communicated to the participants before such unit transactions shall be effectuated.

**Note:**

- (a) Any change in the charges structure and/or management fee shall be notified after prior approval of the Commission through a supplemental.
- (b) Any change in the Cut-off Timing including for the month of Ramadan shall be notified to Participants via Company's Website.

**ANNEXURE 'E'**

**Designated Distribution Outlets**

Pension Fund Manager of the Fund is AL Habib Asset Management Limited and other information of the Fund can be collected from the address of the Pension Fund Manager available on [www.alhabibfunds.com](http://www.alhabibfunds.com) or from the branches of the Distribution Company.

**AL Habib Asset Management Limited**

3<sup>rd</sup> Floor, MacKinnons Building,

I. I. Chundrigar Road,

Karachi, Pakistan,

UAN: (111-342-242)

URL: [www.alhabibfunds.com](http://www.alhabibfunds.com)