

**Risk Disclaimer:** All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2, Risk Factors mentioned in clause 2.14, Taxation Policies mentioned in Clause 7 and Warnings in Clause 9 before making any investment decision.

## **OFFERING DOCUMENT OF**

**Faysal Islamic Dedicated Equity Fund (FIDEF)**

**(Shariah Compliant Islamic Equity Scheme)**

**(Wakalatul Istithmar based fund)**

**Duly vetted by Shariah Advisor namely  
Mufti Abdul Zahid Farooqi for and on behalf of**

<b>Category of CIS/Plan</b>	<b>Risk Profile</b>	<b>Risk of Principal Erosion</b>
<b>Shariah Compliant Equity Scheme</b>	<b>High</b>	<b>Principal at High risk</b>

**Faysal Asset Management Limited**

**MANAGED BY**

**Faysal Asset Management Limited**

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**OFFERING DOCUMENT OF**  
**Faysal Islamic Dedicated Equity Fund (FIDEF)**  
**(Shariah Compliant Islamic Equity Scheme)**

**MANAGED BY**

**Faysal Asset Management Limited**

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

**Date of Publication of Offering Document Dated April 29, 2019**

**Initial Offering Period from July 04, 2019 to July 05, 2019 (both days inclusive)**

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The **Faysal Islamic Dedicated Equity Fund** (the Fund/the Scheme/the Trust/the Unit Trust/FIDEF) has been established through a Trust Deed (the Deed), entered into and between **Faysal Asset Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee,

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The Shariah Advisors of the Fund and Management Limited has reviewed this Offering Document and provided their consent that this Offering Document adheres to the principles of Shariah.

**REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of **Faysal Islamic Dedicated Equity Fund (FIDEF)** and registered as a notified entity under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 (“Regulations”) vide letter no. SCD/AMCW/FIDEF/286/2019 dated February 12, 2019. SECP has approved this Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008 vide letter no. SCD/AMCW/FAML/FIDEF/370/2019 dated April 08, 2019.

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

**Offering Document**

This Offering Document sets out the arrangements covering the basic structure of the **Faysal Islamic Dedicated Equity Fund** (the “Fund”, the “Scheme”). It sets forth information about the Fund that a prospective investor should know before investing in any class of Unit of the Fund. The provisions of the Trust Deed, the Rules, the Regulations (*and the Shariah guidelines*), circulars, directives etc as specified hereafter govern this Offering Document.

Prospective investors in their own interest are advised to carefully read this Offering Document to understand the Investment Policy, Risk Factors, Warning and Disclaimer. If prospective investor has any doubt about the contents of this Offering Document, he/she should consult one or more from amongst their investment advisers, Shariah advisor, legal advisers, bank managers, stockbrokers, or financial advisers to seek independent professional advice.

**Investors must recognize that the investments involve varying levels of risk. The portfolio of the Fund consists of investments, listed as well as unlisted, that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is, or can be, assured. Investors are requested to read the Risk Disclosure and Warnings statement contained in Clause 2.14 and Clause 9 respectively in this Offering Document.**

All Investments of the Fund shall be in adherence to the principles of Shariah. It is possible that adherence to principles of Shariah will cause the Fund to perform differently from Funds similar objectives, but that are not subject to the requirements of principles of Shariah.

### **Filing of the Offering Document**

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

- (1) License No. AMCW/17/FAML/AMS/09/2017 dated November 15, 2017 granted by SECP to Faysal Asset Management Limited to carry out Asset Management Services and Investment Advisor;
- (2) SECP's Letter No. SCD/AMCW/FIDEF/287/2019 a dated February 12,2019 approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of the Fund;
- (3) Trust Deed (the Deed) of the Fund;
- (4) SECP's Letter No. SCD/AMCW/FIDEF/286 /2019 dated February 12,2019 registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (5) Letters No. from E &Y Ford Rhodes, Chartered Accountants, Auditors of the Fund, consenting to the issue of statements and reports;
- (6) Letters No. from Mohsin Tayebaly & Co. Barristers , Legal Advisers of the Fund , consenting to act as adviser;
- (7) Letters No. dated from Mufti Abdul Zahid Farooqi, Shariah Advisors consenting to act as Shariah advisor of Faysal Islamic Dedicated Equity Fund; and
- (8) SECP's letter No. SCD/AMCW/FAML/FIDEF/370/2019 dated April 08, 2019 approving this Offering Document.

## **1. CONSTITUTION OF THE SCHEME**

### **1.1 Constitution**

The Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on February 18, 2019 between:

**Faysal Asset Management Limited**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 and licensed by SECP to undertake asset management services, with its principal place of business at **7<sup>th</sup> Floor, Faysal House, ST-02, Main Shahrah-e-Faisal Karachi, Pakistan**, as the Management Company; and

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

## **1.2 Trust Deed (the “Deed”)**

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities Act 2015, Companies Act 2107 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

(Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency.)

## **1.3 Modification of Trust Deed**

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

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

## **1.4 Duration**

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause 10.4 of this document.

## **1.5 Trust property**

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

## **1.6 Initial Offer and Initial Period**

Initial Offer is made during the Initial Period which will be 02 Business Days and begins at the start of the banking hours on **July 04, 2019** and shall end at the close of the banking hours on **July 05, 2019**. During the initial period, the Units shall be issued at the Initial Price of **Rs.100 per Unit** and subsequently at the price calculated and announced by the Management Company for every Dealing Day. Units shall not be redeemable during the Initial Period.

## **1.7 Transaction in Units after Initial Offering Period**

Subsequently the Public Offering will be made at the Offer Price and redeemed at the Redemption Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices for every Dealing Day on the basis of the Net Asset Value (NAV). The NAV based price shall be fixed after adjusting for the Sales Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in Clause 4.10 & 10.4 of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Dealing Day.

## **1.8 Offering Document**

The provisions of the Trust Deed, the Rules, the Regulations, circulars and the Directive issued by the Commission govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in any Unit. Prospective investors in their own interest are advised to carefully read this Offering Document to understand the Investment Policy, Risk Factors and Warning and Disclaimer and should also consult their legal, financial and/or other professional adviser before investing.

## **1.9 Modification of Offering Document**

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

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

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

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

## 2.1 Investment Objective

**Faysal Islamic Dedicated Equity Fund (FIDEF)** is an Open-end Shariah Compliant Islamic Equity Fund. The objective of FIDEF is to provide other ‘Fund of Funds’ Schemes an avenue for investing in Shariah Compliant Equities.

## 2.2 Investment Policy

The Fund shall invest only in Authorized Investments. The Fund’s investment strategy shall be based on fundamental analysis. Specifically, the investment strategy shall focus on reducing risk while providing competitive returns and maintaining liquidity. through the following key broad parameters:

- a) **Sponsor of the company:** Investments shall be made keeping in mind the market reputation and past track record of the main sponsors of the company.
- b) **Strength of financials and Growth / Value offering:** The strength and stability of company’s earnings shall be taken into consideration.
- c) **Rate of return offered:** Attempt shall be made to invest in those instruments that offer competitive returns vis-à-vis other similar investments in the market.
- d) **Industry fundamentals and future outlook:** Industry outlook and its future potential shall also be looked into at the time of investing.

### 2.2.1 Authorized Investments

Asset Class	Entity Rating	Instrument Rating	Exposure Limit (% of NAV)
Shariah Compliant Listed Equity Securities	N/A	N/A	70% - 100% The above exposures Limit are based on quarterly average investment calculated on daily basis.
Cash and/or near cash instruments which include cash in Islamic bank accounts (excluding TDRs) and Shariah Compliant Government Securities and GOP Ijarah Sukuk not exceeding ninety (90) days maturity.	For cash at bank A-, for T-Bills requirement is not applicable.	N/A	0%-30% The above exposure limit is based on quarterly average investment calculated on daily basis.
Shariah Compliant Equity Securities not listed on the Stock Exchange, where application for listing has been accepted by the Stock Exchange.	N/A	N/A	0%-15%
Any other Shariah Compliant equity related securities or instruments (mutual funds/ETFs in case of investments outside Pakistan) with prior approval of SECP and SBP	N/A	N/A	0-30% of Net Assets or subject to cap of USD 15 million whichever is lower.



Any other securities or instrument that may be permitted by the Commission.	N/A	N/A	0%-30% As per allowed by SECP from time to time

### **2.2.2 Benchmark**

The benchmark shall be KMI-30 Index.

### **2.3 Shariah Investment Guidelines**

- (a) The Fund must at all times and all stages of its operation comply with Shariah principles.
- (b) The Fund must be raised, operated and finally redeemed on the basis of the contracts which are acceptable in Shariah. The banking facilities and short-term Shariah Compliant Government Securities and GOP Ijarah Sukuk not exceeding ninety (90) days maturity used for the Fund has to be those which comply with Shariah principles.

### **2.4 Risk Control in the Investment Process**

In line with the investment objective of the scheme, the Investment Committee aims to identify investment opportunities which offer superior risk adjusted returns, The Investment Committee will be guided through the internal and external rating of the investee companies, research covering in-depth evaluation of the strength / stability of earnings, and industry dynamics pertinent to the proposed investment.

In addition to the above mentioned controls the Investment Committee will continuously monitor the macroeconomic developments, political environment, and other factors impacting equity markets.

The Investment process would adapt a preemptive risk management framework to dilute risk levels. The investment restrictions defined in section 2.10 will also contribute to the reduction in overall portfolio risk and result in diversification of exposure.

### **2.5 Investments outside Pakistan**

The Trustee shall, if requested by Faysal Asset Management Limited, open Bank Accounts titled “CDC – Trustee Faysal Islamic Dedicated Equity Fund” in foreign countries where investments are made on account of the Fund, if such investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign and submit the prescribed account opening forms of such Banks. The opening, operation and maintenance of such Bank Accounts in foreign countries shall always be subject to the approval of the SBP & SECP and the exchange control regulations, as well as any directives of the SBP and the Commission. Any such proposal by Faysal Asset Management Limited shall be submitted to the Commission and SBP with the prior consent of the Trustee. While opening and operating any type of account and/or making investments in Outside Pakistan countries on the instructions of Management Company, if the Trustee is required to provide any indemnities to Outside Pakistan parties then Trustee

and the Fund would be counter indemnified by Faysal Asset Management Limited to such extent.

## **2.6 Disposal of Haram Income**

Where some Haram income accrues to the Fund, it will be donated to a registered charitable institution in order to purify the Fund's income. This will be done in accordance with the guidelines issued by the Shariah Advisor from time to time.

## **2.7 Changes in Investment Policy**

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

## **2.8 Investment Restrictions**

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing . If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.
- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.
- (c) The Management Company on behalf of the Scheme shall not:
  - i. (Make Investments in Non-Shariah complained instruments and against the guidelines of Shariah Advisor of the Fund.)
  - ii. Purchase or sell -
    - a. Bearer securities;
    - b. Securities on margin;
    - c. Real estate, commodities or commodity contracts;
    - d. Securities which result in assumption of unlimited liability (actual or contingent);
    - e. Anything other than Authorized Investments as defined herein;
  - iii. Participate in a joint account with others in any transaction;
  - iv. Affect a short sale in a security whether listed or unlisted;
  - v. Purchase any security in a forward contract

- vi. Take Exposure in any other Collective Investment Scheme.
- vii. Take exposure to Margin Trading System (MTS)
- viii. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
- ix. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- x. Invest in securities of the Management Company.
- xi. Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission.
- xii. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xiii. Sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
- xiv. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
- xv. Invest the subscription money until the closure of initial offering period.
- xvi. Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xvii. Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xviii. Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xix. Accept deposits
- xx. Make a loan or advance money to any person from the assets of the Scheme.
- xxi. Fund shall comply with exposure limits elicited in the Regulations and SECP circulars.
- xxii. In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.
- xxiii. The management company shall not take exposure of more than Thirty-Five percent (35%) of Net Assets of the scheme in any single group. For this purpose, “group” means persons having at least thirty per cent (30%) common directors or 30% or more shareholding in any other company, as per publicly disclosed information.

- xxiv. The management company, on behalf of CIS, shall not take exposure of more than ten (10%) of Net Asset of scheme in listed group companies of the asset management company and such exposure will only be made through secondary market.
- xxv. The scheme shall not invest more than 35% or index weight whichever is higher, subject to maximum of forty (40%) of its total net asset of the scheme in securities of any one sector as per classification of the stock exchange.
- xxvi. The investment in Shariah Compliant equity securities of a company shall not, at any time, exceed an amount equal to fifteen per cent (15%) of total Net Assets of the Scheme or fifteen per cent (15%) of the issued capital of that company, whichever is lower.
- xxvii. Where the Exposure of the Scheme exceeds the limits specified in (XXV), or (XXVI) of this Clause because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in net assets due to redemption, the excess Exposure shall be regularized within four (4) months of the breach of limits.

At least seventy per cent (70%) of the total Net Assets of the Scheme shall remain invested in Shariah complaint listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining Net Assets shall be invested in cash and/ or near cash instruments which include cash in Shariah Compliant bank accounts / Islamic windows of conventional banks (excluding TDRs) & GOP Ijarah Sukuk not exceeding 90 days maturity.

Rating of any Shariah Compliant bank / Islamic window of conventional bank with which Funds are placed shall not be lower than A- (A minus).

Further, where redemption requests exceed 10% of total number of units in issue of fund on any one dealing day, the redemption request of AMCs and its sponsors, if any shall have least priority for redemption on that day.

## **2.9 Exemption to Investment Restrictions**

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

## **2.10 Shariah Compliant Financing Arrangements**

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

- (b) If subsequent to such financing the Net Assets has reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such financing.
- (c) The charges payable to any Bank or institution against financing on account of the Fund as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.
- (d) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financing from Banks and Financial Institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such financing.
- (e) For the purposes of securing any such financing the Trustee may upon instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property of the Scheme, as the case may be, provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and/or any law for the time being in force.
- (f) Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder, in good faith.

#### **2.11 Restriction of Transactions with Connected Persons**

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

#### **2.12 Risk Disclosure**

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

- (1) **Equity Risk** - Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger

economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.

- (2) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) **Credit Risk** - Credit Risk comprises Default Risk and Credit Spread Risk a. Each can have negative impact on the value of the income and money market instruments including Sukuks etc.
  - **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
  - **Credit Spread Risk** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;
- (4) **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.
- (5) **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- (6) **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund's performance etc.
- (7) **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.
- (8) **Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
- (9) **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.
- (10) **Distribution Risk** – Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by fund and not out of the profits earned by each unit holder. Unit holders who invest in a fund before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.
- (11) **Shariah non-compliance Risk:** The risk associated with employing funds in investments that are not consistent with the Principles of Shariah.

## **2.13 Disclaimer**

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

### **Disclosure**

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

## **3. OPERATORS AND PRINCIPALS**

### **3.1 Management Company**

Faysal Asset Management Limited is the Fund Manager of **Faysal Islamic Dedicated Equity Fund (FIDEF)**, having its registered office as mentioned below:

#### **Faysal Asset Management Limited**

7<sup>th</sup> Floor, Faysal House, ST-02,  
Main Shahrah-e-Faisal,  
Karachi, Pakistan  
UAN: (111-329-725)  
URL: [www.faysalfunds.com](http://www.faysalfunds.com)

#### **3.1.1 Organization**

Faysal Asset Management Limited ("FAML") is an Investment Advisory and Asset Management Company was incorporated on 6th August 2003 and registered as an Asset Management Company with the SECP on November 12, 2003. FAML has been assigned Management Quality Rating of AM3 by The Pakistan Credit Rating Agency which denotes 'High management industry standards and benchmarks'.

The following is the current shareholding structure of the company:

<b>Sr. No.</b>	<b>Sponsors</b>	<b>Shareholding Percentage</b>
1	Faysal Bank Limited (FBL)	99.995%
2	Others (individuals)	0.005%
	<b>Total</b>	<b>100%</b>

#### **3.1.2 Principal Shareholders**

**Faysal Bank Limited**

Faysal Bank Limited (FBL), holding 99.99% shares of FAML, started operations in Pakistan in 1987, first as a branch set-up of Faysal Islamic Bank of Bahrain and then in 1995 as a locally incorporated Pakistani bank under the present name of Faysal Bank Limited. On January 1, 2002, Al Faysal Investment Bank Limited, another group entity in Pakistan, merged into Faysal Bank Limited which resulted in a larger, stronger and much more versatile institution.

FBL is a full service banking institution offering consumer, corporate and investment banking facilities to its customers. The Bank’s widespread and growing network of branches in the four provinces of the country and Azad Kashmir, together with its corporate offices in major cities, provides efficient services in an effective manner. The strength and stability of FBL is evident through the Credit Rating assigned by JCR-VIS Credit Rating Company Limited for entity ratings AA/A-1+ (Double A/A One Plus) with stable outlook and from PACRA Credit rating company of “AA” (Double A) for long term and “A1+” (A One Plus) for short term with stable outlook. The majority shareholding of Faysal Bank Limited is held by Ithmaar Bank B.S.C an investment bank listed in Bahrain.

### 3.2 Board of Directors of the Management Company

Name	Position	Other Directorships	Current Occupation	Address
Mr. Salman Ahmed Usmani	Chairman	Nil	Faysal Bank Limited as Head of Treasury	4 <sup>th</sup> Floor, Faysal House, ST-02, Shahrah-e-Faisal, Karachi.
Mr. Osman Asghar Khan	Director	Nil	CEO at SG Technical (Pvt) Ltd	7 <sup>th</sup> Floor, Faysal House, ST-02, Main Shahrah-e-Faisal, Karachi
Mr. Farooq Hassan	Director	Nil	President of the Karachi Boat Club	Karachi Boat Club, Lalazar, Karachi
Mr. Mian Salman Ali	Director	Nil	Chief Risk Officer - Faysal Bank Limited	4 <sup>th</sup> Floor, Faysal House, ST-02, Shahrah-e-Faisal, Karachi
Mr. Tahir Yaqoob Bhatti	Director	Nil	Head of Retail Banking - Faysal Bank Limited	4 <sup>th</sup> Floor, Faysal House, ST-02, Shahrah-e-Faisal, Karachi

#### 3.2.1 Profile of the Management

##### Mr. Salman Ahmed Usmani-Chairman & Director

Salman Ahmed Usmani has an extensive experience of over 28 years in both the multinational and local banking sector, with expertise in Treasury and Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic



Negotiations, Acquisitions and Strategic Alliances and International Operations. Presently he is associated with Faysal Bank Limited as Head of Treasury. Prior to joining Faysal Bank Limited, he was associated with MCB Bank Limited as Global Treasurer and Head Investment Banking Group. His past experience has been with organizations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank and United Bank Limited.

**Mr. Osman Asghar Khan – Director**

Mr. Osman Asghar Khan serves as a CEO at SG Technical (Pvt.) Ltd. Before that he was associated with EMC Information Systems as Country Manager of Pakistan and Afghanistan. Mr. Khan has been a Director of Lahore Stock Exchange (G) Ltd and National Clearing Company of Pakistan Ltd. Mr. Khan also served a Director of Karachi Stock Exchange (Guarantee) Limited. Mr. Osman Asghar Khan is a Certified Public Accountant from USA and a Chartered Accountant from Canada and Pakistan. He has completed his MBA (Accounting) from Boston University (USA) and BA (Economics & International Relations) from Brown University (USA).

**Mr. Farooq Hassan-Director**

Mr. Farooq Hassan is Pakistan's leading Management Consultant. His forte is Corporate Strategy, Turnaround Strategy, Marketing and Branding Strategy. For 9 years (2000-2009) he was Chief Executive of the Management Association of Pakistan (MAP). Under his tutelage the Brand Equity of MAP grew by 1,800%. Before that he has worked for ICI, Exxon Corp and a Bank (NDFC). Mr. Hassan is Pakistan's premier Management Journalist. He has contributed over 120 articles in the leading newspaper. Mr. Hassan lectures at prestigious institutions, nationally and internationally. He also has contributed to the Code of Corporate Governance, 2002. He is the president of the Karachi Boat Club.

**Mr. Mian Salman Ali**

Mian Salman Ali brings with him a banking experience of over 15 years in large local and multinational banks. During his career, he has held various leadership / supervisory roles in business and control functions. He has a diversified experience in the field of Corporate Banking, Commercial / SME Banking & Credit / Risk Management. Prior to joining Faysal Bank Limited, he has been associated with ABN AMRO Pakistan and Allied Bank Limited. Mian Salman holds a Master of Business Administration degree from Lahore School of Economics. He is also a certified Islamic Banking Professional from NIBAF.

**Mr. Tahir Yaqoob Bhatti**

Mr. Tahir Yaqoob Bhatti has over 30 years of diverse experience in Retail, Commercial, Corporate, Operations, Special Assets Management and Digital Banking. He has previously been associate mainly with Allied Bank Limited, Askari Bank Limited and National Bank of Pakistan. Presently he is associated with Faysal Bank Limited as Head, Retail Banking. Prior to joining Faysal Bank Limited, his last assignment was Business Head – Wholesale and Private Banking at JS Bank. Tahir Bhatti holds MBA Finance from IBA, Lahore and a Masters in Commerce from Hailey College. He also qualified DCMA and holds a Banking Diploma from the Institute of Bankers in Pakistan.

**3.2.2 Management Profile:**

**Mr. Khaldoon Bin Latif- CEO**

Mr. Latif has been associated with the capital markets for over a fifteen years, with both domestic and international experience providing a comprehensive blend. Prior to joining

Faysal Asset Management, Mr. Khaldoon was associated with BMA Asset Management Company Limited as its Chief Executive Officer (CEO). Earlier he was associated with JS Investments Limited as its Chief Investment Officer (CIO) and KASB Funds Limited as its CEO. Before KASB Funds he was the General Manager and Director of TSWLL Bahrain, a wholly owned subsidiary of TAIB Bank BSC. which offered custody, brokerage, asset management, and advisory services for over 40 different markets spanning across the US, Europe, MENA, Far East and South Asia. Mr. Latif has also held non-Executive Directorships at TSLLC, a brokerage firm which was a member of both Abu Dhabi and Dubai Stock Exchanges. He has also been an non-executive director on the board of TSML - a broad based fund incorporated out of Mauritius dedicated to investing in India. He has also represented a European hedge fund on the board of PACE Pakistan Ltd and has served on the board of TMT Ventures - venture capital firm based in Pakistan with successful incubation startups particularly in the telecom space. He has been a member of the Mutual Fund Association over the last four years and has been an Executive Director between FY17&18. He is also a non-executive director on a bank holding company out of Bahrain, IIBank LLC, that has operations in Africa and Europe.

Mr. Latif also brings both buy and sell side exposure of domestic capital markets in Pakistan. Mr. Latif began his career on the sell side with AKD Securities Ltd in various capacities including Head of Foreign Institutional Sales and Equity Research in the capacity of Head of Research and Chief Economist. On the Buy side, Mr. Latif has worked with PICIC AMC as Head of Research and Product Development where his tenor also included active management of the PICIC Energy Fund. Mr. Latif is a LUMS Alumni and has done a number of capital market courses with CFA association, Daiwa, J.P. Morgan and Bahrain Institute of Banking and Finance (BIBF). He has also completed his Director certification program from IBA.

#### **Mr. Ayub Khuhro - Chief Investment Officer**

Mr. Ayub Khuhro is the Chief Investment Officer of Faysal Asset Management Limited, and has over nine years of experience in asset management and research. Mr. Ayub started his career with Pak Oman Asset Management Company in the research division before moving on to Faysal Bank Limited as Research Head in the Equity Capital Markets Division. At Faysal Bank, he was involved in managing the equity portfolio worth over USD 80mn and spearheading the research effort to provide indepth advice and coverage across the capital markets for the Investment Committee. He was also involved in IPO's and private equity valuations for the bank. He joined Faysal Asset Management in 2012 as Head of Research and revamped the department to cater to the ever growing needs of the Funds and Capital Markets.

Mr. Ayub has developed a unique understanding of equity, fixed income and money market investments. With the power to exercise all investment options for FAML, he has ensured that his investment decisions have encompassed both strategic and tactical asset allocations, implemented via thorough research, evaluation of historical performance of classes and instruments. Mr. Ayub holds a Bachelors of Science (BSc Hons) degree in Economics from Lahore University of Management Sciences (LUMS).

#### **Mr. Nafees Malik - Head Of Business Development & Investment Advisory**

Mr. Malik has more than 9 year of diversified work experience at local and Multinational financial services. His core areas of expertise are in business development, Product restructuring, financial sales, Marketing & Investment advisory. Prior to joining FAML, he was with Primus Investment Management Ltd (A wholly owned subsidiary of Pak Brunei Investment Company) where he served as Head Business Units. During his professional

career he also served on various roles in KASB Group his last assignment being head of Marketing and Channel management at KASB Funds & Union Bank.

Mr. Malik holds Master degree in Economics and Business administration (MBA) and currently pursuing his M.Phil. Leading to PHD. Mr. Malik is also a member of Management association of Pakistan, Institute of capital market.

### **Mr. M. Furqan Miriwala- Head of Compliance and Internal Audit**

Mr. M. Furqan Miriwala is associated with Faysal Asset Management as a Head of Compliance and Internal Audit. He is a member of the Associate Chartered Certified Accountant. Mr. Furqan is having more than 8 years of experience. Prior to joining FAML, he was engaged with Central Depository Company of Pakistan Limited as Desk Head Compliance for 5 years and also worked for A.F. Ferguson & Co (a member firm of PwC network) in their Assurance Department as Consulting Associate.

### **3.2.3 Performance of Listed Associated Companies**

#### **Faysal Bank Limited**

Year December 31	Paid up Capital	Shareholders' equity	Total Assets	Profit after tax	Earnings per share	Cash dividend per share	Bonus
					PKR	PKR	
2012	9,274	20,977	313,123	1,422	1.53	Nil	12.5%
2013	10,433	22,166	355,280	1,850	1.77	Nil	12.5%
2014	10,433	26,302	388,127	2,477	2.37	Nil	15.0%
2015	11,997.6	30,352	430,073	4,222	3.52	1	0
2016	11,997.6	35,008	444,464	4,302	3.59	Nil	10.0%
2017	13,197	39,232	488,026	4,514	3.42	Nil	15%

### **3.3 Existing Schemes under Management and their performance**

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

- 1- Faysal Income & Growth Fund (FIGF);
- 2- Faysal Money Market Fund (FMMF);
- 3- Faysal Islamic Savings Growth Fund (FISGF);
- 4- Faysal Asset Allocation Fund (FAAF);
- 5- Faysal Stock Fund (FSF) (Formerly Faysal Balanced Growth Fund) (FBGF);
- 6- Faysal MTS Fund (FMTSF);
- 7- Faysal Islamic Asset Allocation Fund (FIAAF);
- 8- Faysal Financial Sector Opportunity Fund (FFSOF); and
- 9- Faysal Savings Growth Fund (FSGF).

## 1. Faysal Income & Growth Fund (FIGF)

The prime objective of Faysal Income & Growth Fund is to provide superior long-term risk adjusted returns by investing in a diverse pool of fixed income securities, including money market instruments; in particular, the aim is to minimize interest rate risk through duration management and default risk through portfolio diversification. The Fund will employ prudent and disciplined investment management, and maximize the total investment return through systematic and informed security selection.

Fund Name	Faysal Income & Growth Fund
Fund Type	Open Ended
Category	Aggressive Fixed Income Scheme
Date of Launching	October 10, 2005
Par Value	100
Stability Rating	A(f) (PACRA)
Trustee	Central Depository Company of Pakistan Limited
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Risk Profile	Medium
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

Faysal Income & Growth Fund				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2006	1,501.00	105.59	7.73%	5.50%
2007	2,553.60	112.86	12.75%	12.75%
2008	2,304.00	103.43	9.94%	10.00%
2009	722.97	101.8	8.90%	8.00%
2010	746.97	104.12	11.04%	10.75%
2011	604.00	104.45	9.71%	9.00%
2012	530.54	107.11	13.55%	11.50%
2013	565.62	105.92	9.50%	8.50%
2014	460.12	104.92	8.82%	8.98%
2015	556.63	105.15	12.14%	12.50%
2016	1,836.48	105.56	9.41%	9.50%
2017	1,003.46	105.86	4.56%	4.26%
2018	902.33	111.31	5.15%	4.89%

## 2. Faysal Money Market Fund (FMMF)

Faysal Money Market Fund aims to generate competitive returns with minimum risk and enhanced liquidity by investing primarily in short-term government securities, term deposits and money market instruments with weighted average time to maturity of Net Assets not exceeding 90 days.

Fund Name	Faysal Money Market Fund
Fund Type	Open Ended
Category	Money Market Scheme
Date of Launching	December 13, 2010
Par Value	100
Stability Rating	AA (f) (PACRA)

Trustee	Central Depository Company of Pakistan Limited
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Risk Profile	Low
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

<b>Faysal Money Market Fund</b>				
<b>Year Ended June 30</b>	<b>Net Assets</b>	<b>NAV Per Unit</b>	<b>Annual Yield</b>	<b>Dividend Payout</b>
2011	579.74	103.68	11.20%	5.75%
2012	1,639.45	102.87	10.98%	10.60%
2013	2,782.10	102.27	9.06%	8.45%
2014	5,191.66	100.86	8.35%	8.05%
2015	3,329.63	101.06	8.35%	8.50%
2016	757.33	101.10	5.67%	5.70%
2017	783.16	101.35	7.14%	6.87%
2018	2,246.55	106.65	5.23%	4.97%

### **3. Faysal Islamic Savings Growth Fund (FISGF)**

Faysal Islamic Savings Growth Fund an open end mutual fund seeks to provide maximum possible preservation of capital and a reasonable rate of return via investing in Shariah Compliant money market and debt securities having good credit quality rating and liquidity.

Fund Name	Faysal Islamic Savings Growth Fund
Fund Type	Open Ended
Category	Islamic Income Scheme
Date of Launching	June 14, 2010
Par Value	100
Stability Rating	A + (f) (JCRVIS)
Trustee	Central Depository Company of Pakistan Limited
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Risk Profile	Low
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

<b>Faysal Islamic Savings Growth Fund</b>				
<b>Year Ended June 30</b>	<b>Net Assets</b>	<b>NAV Per Unit</b>	<b>Annual Yield</b>	<b>Dividend Payout</b>
2010	333.58	100.38	9.04%	0.35%
2011	295.40	103.51	10.33%	9.75%
2012	536.52	103.00	11.24%	10.35%
2013	784.98	102.56	8.28%	7.80%
2014	665.42	101.49	7.65%	7.42%
2015	886.84	101.81	8.22%	8.00%
2016	636.15	101.92	5.50%	5.50%
2017	1253.76	102.62	5.30%	4.61%
2018	1013.27	107.16	4.42%	4.20%

#### 4- Faysal Asset Allocation Fund (FAAF)

Faysal Asset Allocation Fund endeavors to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.

Fund Name	Faysal Asset Allocation Fund
Fund Type	Open Ended
Category	Asset Allocation Scheme
Date of Launching	July 24, 2006
Par Value	100
Stability Rating	2 Star (1 Year Ranking) 2 Star (3 Year Ranking) 2 Star (5 Year Ranking) by PACRA updated on 26-Sep-2017.
Trustee	Central Depository Company of Pakistan Limited
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Risk Profile	Moderate to High Risk
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

Faysal Asset Allocation Fund				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2007	650.30	123.54	23.52%	19.26%
2008	544.83	91.31	-10.48%	NIL
2009	231.21	56.34	-38.30%	NIL
2010	305.51	73.64	30.70%	15.00%
2011	351.58	70.71	20.58%	4.75%
2012	297.08	65.95	-0.02%	NIL
2013	106.32	79.31	20.26%	12.75%
2014	125.90	68.94	17.01%	9.00%
2015	587.69	70.59	16.16%	9.50%
2016	738.80	68.85	-2.46%	NIL
2017	702.21	68.73	4.67%	5.08%
2018	186.78	53.86	-21.64	Nil

#### 5. Faysal Stock Fund (FSF) (Formerly Faysal Balanced Growth Fund) (FBGF)

Faysal Balanced Growth Fund is an open-ended mutual fund. The units of FBGF are listed on the Pakistan Stock Exchange and were initially offered to the public on April 19, 2004. FBGF seeks to provide long-term capital appreciation with a conservative risk profile and a medium to long-term investment horizon. FBGF's investment philosophy is to provide stable returns by investing in a portfolio balanced between equities and fixed income instruments.

Fund Name	Faysal Balanced Growth Fund
Fund Type	Open Ended
Nature of Fund	Balanced
Date of Launching	April 19, 2004
Par Value	Rs. 100/-
Stability Rating	3 Star (1 Year Ranking) 2 Star (3 Year Ranking) 1 Star (5 Year Ranking) by PACRA updated on January 07, 2016

Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes Chartered Accountants
Risk Profile	High
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

<b>Faysal Balanced Growth Fund</b>				
<b>Year Ended June 30</b>	<b>Net Assets</b>	<b>NAV Per Unit</b>	<b>Annual Yield</b>	<b>Dividend Payout</b>
2004	1,998.00	98.59	-1.57%	NIL
2005	1,761.00	112.9	14.70%	12.50%
2006	1,621.00	106.26	26.00%	26.00%
2007	1,076.40	121.49	21.16%	18.00%
2008	1,020.00	101.8	-0.09%	3.40%
2009	640.00	76	-24.00%	NIL
2010	516.30	92.71	21.99%	27.00%
2011	360.19	72.27	9.98%	9.55%
2012	210.02	59.78	-4.69%	NIL
2013	107.69	71.23	19.15%	10.85%
2014	119.80	61.79	14.69%	7.50%
2015	130.15	64.00	19.83%	10.00%
2016	107.30	65.08	7.39%	4.40%
2017	311.15	73.47	14.30%	NIL
2018	211.42	60.02	-18.31%	NIL

#### **6. Faysal MTS Fund (FMTSF)**

The Fund provides a platform to diversify the portfolio within the income market primarily through the MTS market by providing leverage to investors looking to finance their exposure within the Stock Market through the Margin Trading System (MTS) offered by NCCPL. FMTSF shall act as trade financiers and will be able to provide trade financing for ‘Eligible Securities through NCCPL’.

Fund Name	Faysal MTS Fund
Fund Type	Open Ended
Category	Income Scheme
Date of Launching	April 08, 2016
Par Value	100
Stability Rating	'A+'(f) (PACRA)
Trustee	Central Depository Company of Pakistan Limited
Auditor	Ernst & Young, Ford Rhodes Chartered Accountants
Risk Profile	Moderate
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

<b>Faysal MTS Fund</b>				
<b>Year Ended June 30</b>	<b>Net Assets</b>	<b>NAV Per Unit</b>	<b>Annual Yield</b>	<b>Dividend Payout</b>
2016	175.62	100.11	5.96%	1.31%
2017	172.60	100.29	6.14%	5.90%

2018	644.28	105.94	5.63%	5.35%
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### 7. Faysal Islamic Asset Allocation Fund (FIAAF)

The objective of Faysal Islamic Asset Allocation Fund is to earn competitive Riba free return by investing in various Shariah Compliant asset classes/instruments based on the market outlook and may easily change allocation to take advantage of directional macro and micro economic trends and undervalued stocks.

Fund Name	Faysal Islamic Asset Allocation Fund
Fund Type	Open Ended
Category	Shariah Compliant Asset Allocation Scheme
Date of Launching	September 09, 2015
Par Value	100
Stability Rating	4-Star 1 year Ranking- by PACRA updated on 26-Sep-2017
Trustee	Central Depository Company of Pakistan Limited
Auditor	Ernst & Young, Ford Rhodes Chartered Accountants
Risk Profile	Moderate to High Risk
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

Faysal Islamic Asset Allocation Fund				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2016	192.60	95.98	-4.02%	NIL
2017	374.35	99.93	23.04%	19.27%
2018	428.62	80.17	-19.77%	NIL

### 8. Faysal Financial Sector Opportunity Fund (FFSOF)

Faysal Financial Sector Opportunity Fund seeks to provide a competitive rate of returns to its investors by investing in money market and debt instruments with major exposure in financial sector instruments.

Fund Name	Faysal Financial Sector Opportunity Fund
Fund Type	Open Ended
Category	Income Scheme
Date of Launching	July 05, 2013
Par Value	100
Stability Rating	AA-(f) (PACRA)
Trustee	Central Depository Company of Pakistan Limited
Auditor	Ernst & Young, Ford Rhodes Chartered Accountants
Risk Profile	Moderate
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

Faysal Financial Sector Opportunity Fund				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2014	394.65	100.22	9.12%	8.52%
2015	204.36	100.23	7.41%	7.41%
2016	191.14	101.09	7.08%	6.25%



2017	102.07	101.41	5.27%	4.95%
2018	110.67	106.33	4.85%	4.61%

### 9. Faysal Savings Growth Fund (FSGF)

To generate competitive returns by investing primarily in debt and fixed income instruments having investment grade credit rating.

Fund Name	Faysal Savings Growth Fund
Fund Type	Open Ended
Category	Income Scheme
Date of Launching	May 12, 2007
Par Value	100
Stability Rating	AA-(f) (PACRA)
Trustee	Central Depository Company of Pakistan Limited
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Risk Profile	Low
Listing	Pakistan Stock Exchange

**Distribution Details are as under:**

Faysal Savings Growth Fund				
Year Ended June 30	Net Assets	NAV Per Unit	Annual Yield	Dividend Payout
2007	1,133	101.4	10.42%	1.25%
2008	4,044.80	103.58	9.97%	10.00%
2009	6,422.19	103	12.74%	12.75%
2010	7,070	103.17	10.98%	10.95%
2011	4,556	102.99	11.01%	10.75%
2012	1,726.45	103.26	11.14%	9.00%
2013	898.45	102.42	8.67%	7.85%
2014	1,418.35	101.46	8.81%	8.57%
2015	2,004.26	101.59	12.81%	12.85%
2016	4,111.37	101.68	7.75%	7.80%
2017	3,148.49	102.01	5.99%	5.65%
2018	2,187.33	107.01	4.90%	4.66%

### 3.4 Role and Responsibilities of the Management Company

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

The Fund is based on the Shariah principles of “Wakala”, in which the Management Company shall administer the Scheme in accordance with the Rules, the Regulations, the Deed and this Offering Document. The Management Company shall manage and operate the Scheme and Fund Property in the interest of the Principal (Unit Holders) in good faith, and to the best of its ability.

#### 3.4.1 Management of Fund Property

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

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

### **3.4.2 Appointment of Distributors**

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

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

- (a) The Distributors to whom it delegates, have acquired 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 Management Company and Distributor shall not:

- i. Involve either directly or indirectly in the mis-selling of Collective Investment Scheme; and
  - ii. Sell units of Collective Investment 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 Management Company or distributor shall take reasonable care to ensure suitability of the scheme to the investor.
  - (d) The Management Company 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 investors;
- 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.

### **3.4.3 Appointment of Investment Facilitator**

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

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

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

### **3.4.4 Maintenance of Accounts and Records**

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

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

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

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

The Management Company shall ensure all valid redemption request are paid based on

ranking of the request in a queue.

### **3.4.5 Back Office Accounting**

The Management Company has delegated its Back Office Accounting Function to IT minds Limited in line with SECP Circular No. 24/2013 dated December 06, 2013, as amended from time to time.

### **3.5 Maintenance of Unit Holders Register**

**3.5.1** A Register of Unit Holders may be maintained by the Management Company itself or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

**3.5.2** The office of the Transfer Agent is located at ~~407-408, Al-Ameen Centre, Shahrah-e-Iraq Saddar Karachi~~ **CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan**, where Register of Unit Holder will maintain.

**3.5.3** Every Unit Holder will have a separate Registration Number. The Management Company shall use such Registration Number for recording Units held by the Unit Holder. Unit Holder's account identified by the registration number will reflect all the transactions in that account held by such Unit Holder.

### **3.5.4 Disclaimer**

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

### **3.6 Role of the Trustee**

- The trustee shall perform its role as specified in the Rules, Regulation and directives issued there under, this Deed and the Offering Document.
- The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the provisions of this Trust Deed or the Rules and Regulations. Whenever pursuant to any provision of this Trust Deed, any instruction, certificate, notice, direction or other communication is required to be given by the Management Company, the Trustee may accept as sufficient evidence thereof:

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1- Amendment through 1<sup>st</sup> Supplemental Offering Document approved by Trustee through Letter No. CDC/T&C-S II/DH/0438/2019 dated October 23, 2019.

- a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Committee to accept; and
  - any Instructions received online through the software solution adopted by the Management Company/Trustee in consultation with each other shall be deemed to be instructions from the authorized representative(s).
- The Trustee shall not be liable for any loss caused to the Fund or to the value of the Trust Property due to any elements or circumstances of Force Majeure.
  - In the event of any loss caused due to any gross negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss. However the trustee shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.6.1 Obligations under Regulations and Constitutive Document**

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

### **3.6.2 Custody of Assets**

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

### **3.6.3 Investment of Fund Property at direction of Management Company**

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

### **3.6.4 Carrying out instructions of the Management Company**

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

### **3.6.5 Liabilities of the Trustee**

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

### **3.6.6 Disclaimer**

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

### **3.7 Shariah Advisor**

The Management Company has appointed a Shariah Advisor who shall advise the Management Company regarding Shariah compliance.

Management Company, on its own expense, has appointed 1) **Mufti Abdul Zahid Farooqi** as the Shariah Advisor for the Fund. The profile(s) of the Shariah Advisor(s) is annexed as **Annexure “D”** in the Offering Document.

The Shariah Advisor has been appointed under intimation to the Trustee for a period of three years, but may be reappointed on completion of the term. The Management Company may at any time, with prior notice to the Trustee and intimation to the Commission, terminate the Agreement with the Shariah Advisor by giving a notice as per the Agreement with the Shariah Advisor, before the completion of the term, and fill the vacancy with the approval of the Commission and the Trustee. Furthermore, the agreement entered into for the appointment of the Shariah Advisor shall be furnished to the Commission.

#### **3.7.1 Duties and Responsibilities of Shariah Advisor**

The Shariah Advisor shall advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with Shariah. Any verdict issued by the Shariah Advisor in respect of any Shariah related matter would be final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties.

The Shariah Adviser shall do the research as appropriate on the criteria followed by Islamic Unit Trusts all over the world for the purpose of screening of investments. The Shariah Advisor will then decide as to which screening criteria are relevant to be used in

the context of Pakistan’s capital markets and the instruments available therein, and which need to be modified/added/deleted.

The Shariah Advisor shall provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mold the Fund into a Shariah Compliant Investment.

The Shariah Advisor has certified that Investment Policy of the Trust is compliant with the requirements of Shariah. However, in case there is a requirement for any amendment, based on future research for purposes of increasing the Shariah acceptability of the Investment Policy, permission for necessary amendments of the Deed may be sought from the Commission.

The Shariah Advisor shall determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and will recommend to the Management Company the criteria for selecting the Charities to whom such sums shall be donated, subject to the condition that such approved charity organization is not related to the Shariah Adviser, Management Company or any of their employees.

At the end of each Annual and Semi Annual Accounting Period or such other interval as the Commission may require, the Shariah Advisor shall issue a Shariah certificate to be included in the Annual reports or such other report in respect of the Shariah compliance of the preceding year’s or past operations of the Fund in accordance with the Shariah guidelines issued by the Shariah advisor.

### **3.8 Transfer Agent**

~~The Management Company has appointed Jwaffs Registrar Services Limited having its office at 407-408, Al Ameen Centre, Shahrah-e-Iraq Saddar, Karachi as the Transfer Agent of the Fund until any further notice and intimation to the Trustee.~~

~~The Management Company will be responsible for maintaining the Unit Holder’s Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.~~

The Management Company has appointed ITMinds Limited having its registered office at CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan, as the Transfer Agents of FIDEF. The ITMinds Limited will be responsible for maintaining the Unit Holder’s Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### **3.9 Custodian**

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

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1- Amendment through 1<sup>st</sup> Supplemental Offering Document approved by Trustee through Letter No. CDC/T&C-S II/DH/0438/2019 dated October 23, 2019.

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

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

### **3.10 Distributors/Facilitators**

**3.10.1** Parties detailed in **Annexure "C"** of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in **Annexure "C"** of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may, from time to time, appoint additional Distributors (if they fulfill the requirements of regulations) or terminate the arrangement with any Distributor and intimate the Trustee and Commission accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

**3.10.2** The Distributors will be responsible for receiving applications for Purchase, Redemption, Conversion or Transfer of Units etc. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address or other particulars or applications for issuance of duplicate certificates, requests for income tax exemption or Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The Management Company shall remunerate the Distributors out of its resources and/or from Sales Load.

**3.10.3** The Management Company may, at its sole discretion, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources and/or from Front-end Load.

### **3.11 Auditors**

The Auditor of the Fund are:

**EY Ford Rhodes**  
Chartered Accountants

(Registered Address)  
Progressive Plaza, 601,  
Civil Lines, Karachi.

**3.11.1** They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Act, as amended from time to time. The



appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and Regulations.

- 3.11.2** The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.11.3** The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 3.11.4** The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.
- 3.11.5** The contents of the Auditors report shall be as mentioned in the Regulations.

**3.12 Legal Advisors**

The legal advisor of the Fund are:

**Mohsin Tayebaly & Co.**  
Barristers & Advocates,  
Corporate Legal Consultants

Registered Address  
2<sup>nd</sup> Floor, Dime Centre  
BC-4 Block 9, KDA Scheme 9  
Clifton, Karachi, Pakistan

**3.13 Bankers**

Bankers to the Scheme shall be any bank (must be Shariah compliant/ Islamic banks and Shariah compliant/ Islamic banks window) appointed by the Management Company. The Trustee shall maintain and operate the Bank Accounts of the Scheme at the said Bank(s).

**3.13.1 Bank Accounts**

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "**CDC-Trustee Faysal Islamic Dedicated Equity Fund**", for the Unit Trust at designated Islamic Bank(s)/ Islamic Window of Conventional Banks having a minimum rating A- (A minus) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust's Funds.
- (b) The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.

- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, profit etc., earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (e) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account of the Fund and any income, profit etc., earned and/or accrued on the investments of that amount up to and including the day before the opening of Initial Period shall not form part of the Trust Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Initial Period, either in cash or in additional Units as agreed with those Investors, in proportion of their investments.
- (f) The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them. Such accounts shall be in the title of **CDC Trustee – FAML Funds**.

### **3.14 Rating of the Scheme**

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

### **3.15 Minimum Fund Size**

There shall be no minimum fund size requirement for FIDEF. The Fund will be exempt from any 'Minimum Fund Size' requirements in NBFC and Notified Entities Regulations 2008 (Regulation 54).

FIDEF is designed to provide Equity exposure to other "Fund-of-Funds" schemes. The Fund will not be actively marketed to retail or institutional investors, therefore, the Fund size may decline to zero when there are no "Fund-of-Funds" invested in FIDEF.

### **3.16 Service Provider**

The Management Company has signed an agreement with ITMinds Limited (Service Provider) having its registered address at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, to appoint ITMinds Limited as service provider. The appointment has been made after due assessment of Service Provider capacity which includes availability of relevant IT infrastructure and Systems along with competent human resources to undertake the Back Office functions.

The Management Company hereby indemnifies that rights of the Unit Holder either directly or indirectly would not affect due to any action / service performed under the agreement. Further, in the event of any conflict between Service Level Agreement executed between the Management Company and service provider and the provision of the Offering Documents / Trust Deed, NBFC Rules, and NBFC & NE Regulations, the latter shall supersede and prevail over the provisions contained in the Service Level Agreement.

The responsibility of the Management Company/Trustee as contained in the Rules/Regulations and Constitutive Documents shall not be affected by the delegation of Back Office functions in line with SECP Circular No. 24/2013, as amended from time to time.

#### **4. CHARACTERISTICS OF UNITS**

##### **4.1 Units**

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

##### **4.2 Classes of Units**

The Management Company may issue any of the following classes of units being offered by Management Company.

(a) **Class "A" Units (Issued to FAML)**, shall be issued to the Plans /Fund of Funds Schemes Managed by FAML and may be charged a Front-end Load, at the discretion of the Management Company. These Units may also subject to a Back-end Load, as specified in Annexure B of this Offering Document.

Any Cash Dividend announced for **Class "A"** units shall be re-invested in the Fund after deduction of any applicable duties, charges and taxes.

(b) **Class "B" Units (Issued to other AMCs)**, shall be issued to the Plans/Fund of Funds Schemes of other Asset Management Companies (AMCs) at the Offer Price, during the Initial Offering Period, and may also subject to a Back-end Load/Contingent Load, as specified in Annexure B of this Offering Document. Class "B" Units may also be offered after the Initial Offering Period, at the discretion of the Management Company and as per the terms and conditions of this Offering Document.

(c) **Class "C" (Bonus Units)**: are the Bonus Units, which may be issued to the Unit Holders in case of stock dividend from time to time. These units shall not be charged with any Frontend Load.

The Management may introduce additional type/class of Units from time to time, subject to SECP's prior approval.

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1- Amendment through 1<sup>st</sup> Supplemental Offering Document approved by Trustee through Letter No. CDC/T&C-S II/DH/0438/2019 dated October 23, 2019.

Subject to the terms of the Trust Deed and this Offering Document, all Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in Scheme, proportionate to the Units held by such Unit Holder.

Irrespective of the different classes of Units issued, all Units issued from time to time shall rank pari passu inter se and shall have such rights as are set out in the Trust Deed and Offering Documents.

#### **4.3 Purchase and Redemption of Units**

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

#### **4.4 Procedure for Purchase of Units**

##### **4.4.1 Who Can Apply?**

Only Fund-of-Funds schemes may submit applications for the Purchase of Units of the Fund.

##### **How can Units be purchased?**

##### **4.4.2 Account Opening Procedure**

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

- (a) Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form attached to this Offering Document.
- (b) In case of a ‘Fund-of-Funds’ scheme, the following documents would be required:
  - (i) Duly certified copy of the memorandum and articles of association/Trust Deed/Charter/ Byelaws or rules and regulations;
  - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the Funds and/ or to realize the Investment;

- (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated; and
  - (iv) Duly certified copy of the Computerized National Identity Card (CNIC) of all members of the Board of Directors, Partners, and Trustees.
- (c) In case of existing Unit Holders, if any of the documents mentioned above have previously been submitted with the Management Company and/or Transfer Agent, fresh submission of documents will not be required provided that submitted documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.
- Any change of name or address of any unit holder as entered in the Register shall forthwith notified in writing by relevant unit holder to the distributor company or transfer agent.
- (d) The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Account Opening Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.
  - (e) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
  - (f) The Investor Account Opening Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Investment Facilitators) is authorized to accept the forms or payment.
  - (g) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### **4.4.3 Joint Application**

Joint application shall not be allowed in this Fund.

#### **4.4.4 Purchase of Units**

- (a) After opening an account an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.
- (b) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque,

bank draft, pay order or online transfer as the case may be in favor of Trustee Bank Account and crossed “Account Payee only” as specified below;

- Demand draft or Pay order in favor of **CDC-Trustee Faysal Islamic Dedicated Equity Fund**
  - Online transfer to Bank Account(s) of **CDC Trustee Faysal Islamic Dedicated Equity Fund**
  - Cheque (account payee only marked in favor of **CDC Trustee Faysal Islamic Dedicated Equity Fund**)
- (c) The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it with the prior approval of Commission.
- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.
- (f) The Distribution Company and/or Management Company will be entitled to verify the detail given in the Investment Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy (except for discrepancy in payment instrument, in which case application will be rejected immediately).
- (g) The Management Company will make arrangements, from time to time, for receiving Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### **4.4.5 Minimum Amount of Investment**

- (a) Initially Units shall be issued at Par Value of **Rs 100** with a minimum investment size of **Rs. 5,000/ (Rupees Five Thousand only)** and thereafter the minimum amount for investment would be of **Rs. 1,000 (Rupees One Thousand only)**. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders.
- (b) However, enhancement in current minimum monetary investments shall not take effect retrospectively.

#### **4.4.6 Determination of Purchase (Public Offer) Price**

- (a) Units offered during the Initial period will be as specified in clause 1.8.
- (b) After the Initial Period, the Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (c)

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

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

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

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

#### **4.4.7 Allocation/ Issue of Units**

- (a) The Purchase Price determined shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day. Any Investment Request Forms received after Business Hours will be transferred to the next Dealing Day.
- (b) Units will be allocated at the Purchase Price as determined in clause 4.4.6 above and issued after realization of Funds in the bank account of the Fund.
- (c) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announces a suspension of further issue of Units of Fund, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

#### **4.4.8 Issuance of Physical Certificates**

- (a) Unit Certificates will be issued only if requested by the Unit Holder.
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with

a fee at the rate of Nil per Certificate or any other amount as determined by the Management Company from time to time.

- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.
- (d) The Certificate will be available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) A Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

#### **4.4.9 Replacement of Certificates**

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

#### **4.4.10 Issuance of Units in Book Entry form in CDS**

Unit Holder may obtain Units under the Fund in Book Entry form in CDS, if and/ or when the Fund becomes CDS eligible. The Issuance of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

### **4.5 Procedure for Redemption of Units**

#### **4.5.1 Who Can Apply?**

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

#### **4.5.2 Redemption Application Procedure**

- (a) Request for Redemption of Units shall be made by completing the prescribed redemption form and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also be supplied to the Registrar, if so required by the Management Company.
- (b) The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for



Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate.

- (c) The Registrar with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.
- (d) The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by Management Company or the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions the Unit Holder's user ID and password will authenticate his identity.
- (e) The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- (f) If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Management Company or the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company or Registrar or the Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.
- (g) The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.
- (h) The amount payable on redemption shall be paid to the Unit Holder or first named joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form within six Business Days from the date of presentation of the duly completed Redemption form, electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company. The amount can also be paid to the third party upon instruction of the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form.
- (i) No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.
- (j) The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities under prior arrangement with the Trustee and seeking prior approval of the Commission.
- (k) The receipt of the Unit Holders for any amount payable in respect of the Units shall be a good discharge to the Trustee and the Management Company. Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Dealing Days. Where redemption requests on any one Dealing Day

exceed ten (10) percent of either the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the Clause 4.11.4.

- (l) On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Fund should be suspended, the Management Company shall suspend the Sale and Redemption of Units and the intimation of suspension shall be made to the Unit Holders, the Trustee and the Commission according to the procedure laid down in the Regulation.

#### **4.5.3 Redemption of Units in Book Entry form in CDS**

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

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

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

4.6.2 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility. Provided however, neither the Management Company, nor the Trustee give any assurance or make any representation that remittance would be allowed by the State Bank of Pakistan at the relevant time

4.6.3 The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising therefrom.

#### **4.7 Determination of Redemption (Repurchase) Price**

4.7.1 The Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing) less:

- (a) Any Back-end Load as per the details in this Offering Document **Annexure “B”**;
- (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc;
- (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs; and
- (d) Such sum shall be adjusted downward to the nearest decimal places.

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

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

#### **4.8 Procedure for Requesting Change in Unit Holder Particulars**

##### **4.8.1 Who Can Request Change?**

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

##### **4.8.2 Application Procedure for Change in Particulars**

- (a) Some of the key information which the Unit Holder can change is as follows:
- i. Change in address
  - ii. Change in Bank Account details
  - iii. Account Operating instructions

Change will not be allowed in Title of account.

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

##### **4.8.3 Transfer, Nomination & Transmission**

- (a) Unit Holder may, subject to the law, transfer any Units held by them to any other person. The transfer shall be carried out after the Management Company/Transfer

Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with.

- (b) Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value.
- (c) Where Certificates have been issued, the Management Company / Transfer Agent with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.
- (d) The Transfer Agent shall, with the prior approval of the Management Company or the Management Company itself be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of ten years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner. Complete list of unclaimed dividends will be maintained by AMCs and shall not be destroyed. Unit Holder may nominate any successor/ nominee for transmission, subject to all legal requirements, in case of the decease of Unit Holder.
- (e) A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company by redeeming the Units of first Scheme and issuance of Units of later Scheme(s) at the relevant price applicable for the day. The Transfer Agent or Management Company itself shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.
- (f) A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/ registration number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.

#### **4.8.4 Partial Transfer**

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

#### **4.9 Procedure for Pledge / Lien / Charge of Units**

##### **4.9.1 Who Can Apply?**

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

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

##### **4.10.1 Temporary Change in the Method of Dealing**

Under the circumstances mentioned in Clause 4.10.2 & 4.10.3, Subject to compliance with Regulation (having regard to the interests of Unit Holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. A permanent change in the method of dealing shall be made after expiry of at least one month's notice to Unit Holders and with the approval of Trustee.

##### **4.10.2 Suspension of Fresh Issue of Units**

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

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

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

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

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

##### **4.10.3 Suspension of Redemption of Units**

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

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

##### **4.10.4 Queue System**

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Dealing Day, such requests shall be processed on basis proportionate to the size of the requests. The Management Company

shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Dealing Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Dealing Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

#### **4.10.5 Winding up in view of Major Redemptions**

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

#### **4.11 Frequency of Valuation, Dealing and Mode of the Price Announcement**

**4.11.1** For information on the classes of Units and the Initial Offering Period, please refer to Clause 4.2 and Clause 1.6 respectively.

**4.11.2** Subsequent to the Initial Period, the Management Company shall announce the Purchase (Offer) Price and Redemption (Repurchase) Prices daily for each Dealing Day, calculated on the basis of the NAV and adjusted for the Front-end Load and/or Back-End load (if any) as the case may be. Transaction Costs and Duties and Charges as are described herein. The Management Company shall announce the applicable NAV latest by 6:30 p.m. and shall communicate the same to MUFAP.

**4.11.3** The cut-off time for calculation and announcement of NAV and for accepting application for dealing (purchase, redemption, transfer, switching etc.) in units of the Fund as specified in **Annexure “B”**, are subject to change,. In case of any changes, the Management Company will notify the Investors/Account-Holders via the Company’s website.

### **5. DISTRIBUTION POLICY**

#### **5.1 Declaration of Dividend**

- a) The Management Company shall decide as soon as possible but not later than thirty days after the Accounting Date / interim period whether to distribute among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the amount of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.
- b) The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the Unit Holders, not less than ninety per cent of the accounting income of the Collective Investment Scheme received or derived from

sources other than capital gains as reduced by such expenses as are chargeable to a Collective Investment Scheme under the Regulations.

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

## **5.2 Determination of Distributable Income**

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

- the expenses, as stated in **Clause 6.2 to 6.4** of this Offering Document; and
- any taxes of the Fund.

All the receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Fund Property.

## **5.3 Re-Investment, Payment and Dis-patch of Dividend**

The Management Company shall give the Unit Holders the option at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holder Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option.

All payments for dividend shall be made through payment instruments or transfer of Funds to the Unit Holder’s designated bank account or the charge-holder’s designated bank account in case of lien / pledge of Units as the case may be or through any other mode of payment with the approval of Commission and such payment shall be subject to the Regulations and any other applicable laws.

Dividend warrants/advice/payment instruments and/or Account Statements shall be dispatched to the Unit Holders or the charge-holders at their registered addresses.

## **5.4 Bonus Units**

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



## **5.5 Closure of Register**

The Management Company may close the Register by giving at least seven (7) days' notice to Unit older provided that the time period for closure of register shall not exceed six (6) working days at a time and whole thirty days in each year with further period of fifteen days to be allowed by the Commission on application of the Company. During the closure period, the sale, redemption, conversion of Units or transfer of Units will be suspended. Notice for closure of register should be published in two newspapers (Urdu and English) having circulation in major cities of Pakistan as per direction of SECP.

## **6. FEE AND CHARGES**

### **6.1 Fees and Charges Payable by an Investor**

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

#### **6.1.1 Front-end Load**

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

Such payments may be made to the Distributors by the Management Company upon the receipt from the Trustee.

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

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

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

#### **6.1.2 Back-end Load**

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

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

#### **6.1.3 Other Charges**

Transfer of Units from one owner to another may be subject to a Processing charge at the date the request is lodged, which shall be recovered from the transferee.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value on that date. Invest may also be subject to additional Taxes/Duties for such transfers.

#### **6.1.4 Expenses borne by the Management Company and the Trustee**

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

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

#### **6.1.5 Remuneration of Distribution Company / Investment Agent / Investment Facilitator**

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

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

### **6.2 Fees and Charges Payable by the Fund**

The following expenses shall be borne by the Fund:

#### **6.2.1 Remuneration of the Management Company**

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

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

### **6.2.2 Remuneration of the Trustee**

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

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

### **6.3 Formation Costs**

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

### **6.4 Other costs and expenses**

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

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.
- (iv) Bank charges, borrowing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) Printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports.
- (vii) Fund rating fee payable to approved rating agency.
- (viii) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed.
- (ix) Fee pertaining to the Fund payable to the Commission.
- (x) Taxes, fees, duties if any, applicable to the Fund and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by Asset Management Company (for management of Fund).
- (xi) Charges and levies of stock exchanges, national clearing, settlement company and CDC charges.
- (xii) Any amount which the Shariah Advisor may declare to be Haram and to be paid to Approved Charity Institution.
- (xiii) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.

- (xiv) registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less.
- (xv) Taxes, fees, duties and other charges applicable to CIS and on its income turnover, and/or its properties including Sales Tax, taxes, fees, duties and other charges levied by foreign jurisdiction on investment made overseas.
- (xvi) **Total Expense ratio:** Total Expense ratio shall be capped up to 4% or any other limit as may be directed by SECP from time to time.

## **7. TAXATION**

### **7.1 Taxation on the Income of the Fund**

#### **7.1.1 Liability for Income Tax**

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

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

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

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

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

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

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

### **7.2 Withholding tax**

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

### **7.3 Zakat on Fund**

The Fund is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings in Islamic Banks account/Islamic Banking Window of Commercial Bank

account, or similar account with a bank standing on the first day of Ramzan-ul-Mubarak will be subjected to Zakat deduction @ 2.5%.

#### **7.4 Taxation and Zakat on Unit Holders**

##### **7.4.1 Taxation on Income from the Fund of the Unit Holder**

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

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

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

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

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

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

##### **7.4.5 Tax Credit to Unit Holders**

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

##### **7.4.6 Zakat**

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

#### **7.5 Disclaimer**

The tax and Zakat information given above is based on the Management Company's tax advisor's interpretation of the law which, to the best of the Management Company's understanding, is correct. Investors are expected to seek independent advice so as to determine the tax consequences arising from their investment in the Units of the Fund. Furthermore, tax and Zakat laws, including rates of taxation and of withholding tax, are

subject to amendments from time to time. Any such amendments in future shall be deemed to have been incorporated herein.

## **8. REPORTS TO UNIT HOLDERS**

### **8.1 Account Statement**

The Management Company/Transfer Agent shall send directly to each Unit Holder an account statement each time there is a transaction in the account. The Management Company/Transfer Agent shall provide account balance and/or account activities through electronic mode to Unit Holder, who opted for such service.

The Unit Holder will be entitled to ask for copies of his account statement on any Dealing Day within Business Hours by applying to the Management Company/Transfer Agent in writing and providing such fee to the Management Company as may be notified from time to time on Website of the Management Company. Provided that the Management Company shall send an investment account statement to each Unit Holder on the registered mailing address provided by the Unit Holder at least once in a year.

### **8.2 Financial Reporting**

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

### **8.3 Trustee Report**

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

### **8.4 Fund Manager Report**

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

## **9. WARNING AND DISCLAIMER**

### **9.1 Warning**

- 9.1.1** If you are in any doubt about the contents of this Offering Document, you should consult your bank manager, Legal advisor, Shariah Advisor or other financial advisor. The price of the Units of this Fund and the income of this Fund (from which distributions to Unit Holders is made) may increase or decrease.

**9.1.2** Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.

**9.2 Disclaimer**

**9.2.1** The Units of the Fund are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by SECP, any Government Agency, Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Pre-IPO Investors or any other bank or financial institution. The portfolio of the Fund is subject to market risks and risks inherent in all such investments.

**9.2.2** Funds' target return/ dividend range cannot be guaranteed. Fund's Unit price is neither guaranteed nor administered/ managed; it is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets and interest rates.

**10. GENERAL INFORMATION**

**10.1 Accounting Period / Financial Year of the Fund**

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

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

**10.2 Inspection of Constitutive Documents**

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

**Faysal Asset Management Limited**

7<sup>th</sup> Floor, Faysal House, ST-02,  
Main Shahrah-e-Faisal,  
Karachi, Pakistan

**Central Depository Company of Pakistan Limited**

CDC House, 99-B, Block 'B', S.M.C.H.S  
Main Shahrah-e-Faisal,  
Karachi, Pakistan

**10.3 Transfer of Management Rights of the Fund**

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

- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;

- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be transferred to another Management Company;
- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another Management Company.
- (iv) If the Management Company may retire voluntarily with the prior written consent of the Commission.

#### **10.4 Extinguishment/Revocation of the Fund**

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

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

#### **10.5 Procedure and manner of Revocation of the Fund**

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



**10.6 Distribution of proceeds on Revocation**

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

## 11. GLOSSARY

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

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

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

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

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

**“Asset Management Company”** means an asset Management Company as defined in the Rules and Regulations.

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

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

**“Authorized Broker”** means those Brokers which are authorized to deal in Government Securities.

**“Authorized Investments”**

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

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

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

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

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

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

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

“**CIS**” / “**Collective Investment Scheme(s)**” means Open-ended Scheme(s) managed by the Management Company and / or by other Asset Management Companies (both local and international).

“**Connected Person**” shall have the same meaning as assigned in the Rules and Regulations.

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

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

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

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

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

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

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

- a. receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- b. issuing receipts in respect of (a) above;
- c. interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for

- change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
- d. accounting to the Management Company for all: (i) payment instruments received from the applicants for issuance of Units; (ii) payments instruments to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
  - e. the above functions may be performed electronically, if appropriate systems are in place.

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

**“Exposure”** shall have same meanings as provided in the Regulations.

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

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

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

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

**“Formation Cost”** means preliminary expenses relating to regulatory and registration fees of the Scheme, flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of this Offering Document, announcements describing the

Scheme and all other expenses incurred until the end of the Initial Period.

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

**“Fund”** means “Faysal Islamic Dedicated Equity Fund”, or “FIDEF”, or “Scheme”, or “Trust”, or “Unit Trust.

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

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

**“Initial Period” or “Initial Offering Period”** means a period determined by the Management Company during which Units will be offered as mentioned in clause 1.7 of this Offering Document.

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

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

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

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

**“Local Governments”** mean all the local / city governments in Pakistan.

**“Management Company”** is defined in the preamble hereto;

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

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

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

**“Offering Document”** means the prospectus or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structure(s) and all other information in

respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme.

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

“**Ordinance**” means the Companies Ordinance, 1984.

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

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

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

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

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

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

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

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

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

“**Regular Interval**” means monthly, quarterly, half yearly or annual periods.

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

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

**“Sales Load”** mean front end load deducted at the time of investment or back end load charged at the time of redemption from Scheme. However, the load charged upon redemption and which forms part of the Scheme property shall not classify as sales load. An Asset Management Company may charge sales load maximum upto 3% of the NAV per unit and may charge sales load maximum upto 1.5% of the NAV per unit where transactions are done online or through a website.

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

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

**“Stock Exchange”** means Stock Exchanges registered under the Securities and Exchange Ordinance, 1969.

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

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

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

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

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

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

**ANNEXURE "A"**

**REMUNERATION OF TRUSTEE**

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

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

<b><u>Net Assets (Rs.)</u></b>	<b><u>Tariff</u></b>
Up to 1 billion	Rs. 0.7 million or 0.20% p.a. of Net Assets. Whichever is higher
Over 1 Billion	Rs. 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs. 1 Billion.



**ANNEXURE ‘B’**

**Current Fee Structure:**

Current Level of Front-end, Back-end Load and Management Fee

<b>Class of Units</b>	<b>Front-End Load (%)</b>	<b>Back-End Load (%)</b>
Class “A” Units	0%	0%
Class “B” Units	Up to 3%	0%

- Management Company may waive the Front-end Load fully or partially at its own discretion to any investor

**Note:** AMC may charge sales load Maximum upto 3% of NAV if the Investor approaches directly for investment and may charge sales load maximum upto 1.5% of the NAV per unit where transactions are done online or through website.

**Current Level of Management Fee:**

The Management Company shall charge a management fee of 2% of average annual net assets

**BUSINESS HOURS AND CURRENT CUT OFF TIME**

<b>Business Hours</b>	<b>Cut off Time</b>
Monday to Friday 9:00am to 6:00pm	Monday to Thursday 9:00am to 5.00 pm Friday 9:00am to 5:00pm

The Cut-Off Time may vary from time to time as may be determined by the Management Company, under intimation to the trustee and SECP and the same shall be communicated to the Unit Holders before such unit transactions shall be effectuated.

**Note:**

1. Any change in the load structure and/or management fee shall be notified after prior approval of the Commission through an supplemental to this annexure and by publication in a widely circulated newspaper and/or as and how the SECP may direct.
2. Any change in the Cut-off Timing including for the month of Ramadan shall be notified to Investors/ Unit holders via Company’s Website.

**ANNEXURE "C"**

**Designated Distribution Outlets**

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

**Faysal Asset Management Limited**

7<sup>th</sup> Floor, Faysal House, ST-02,

Main Shahrah-e-Faisal,

Karachi, Pakistan

UAN: (111-329-725)

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

**ANNEXURE "D"**

**Mufti Abdul Zahid Farooqi**

(Shariah Advisor)

Mufti Abdul Zahid Farooqi is a recognized Islamic scholar and researcher having strong comprehension of all aspects of Islamic law and Fatwa Naveesi. He has been working for five years as a Shariah Advisor of Shariah based funds of Faysal Asset Management Limited. He is a Shariah Board Member of Al Baraka Bank Limited formerly name Burj Bank. He has also worked as a researcher in private institution “Al-Madinat-ul-Ilmia” where he has done many research works. He is also Lecturer in Mustafvi Shariah College and worked as Assistant Mufti under Mufti Muhammad Abubaker Siddiq.

Mr. Farooqi is having strong education background and has completed 10 years Religious Education from (Dar ul loom Muhammaddia Ghosia) Bhera Distt. Sargodha. He has specialized in Takassuhs-fil-Fiqh al-Islami from Tooba Islamic Centre Karachi, he also done Masters in Arabic literature from Karachi University, and completed Post Graduate Diploma and Masters in Islamic banking and finance from Sheikh Zayed Karachi University and Advance Certificate in AAOIFI Shariah Standard from IBA CEIF and recently completed his MS from Karachi University and indulged in research work of M.Phil./PHD.