

MANAGEMENT COMPANY

First Capital  
Investments Limited  
Registered Office: 2<sup>nd</sup>  
Floor, Pace Mall,  
Fortress Stadium,  
Lahore Cantt, Lahore

TRUSTEE

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

## First Capital Mutual Fund (Open-end Equity Scheme)

### OFFERING DOCUMENT

Managed by

First Capital Investments Limited (“FCIL”)

Effective Date: 30 July 2013

This Offering Document contains necessary information for prospective investors to make an informed decision to invest in the Scheme described herein. Prospective investors are advised in their own interest to carefully read the contents of this Offering Document and in particular the Risk Disclosure mentioned in Clause 2.7, Warning and Disclaimer in Clause 9 and Taxation in Clause 7 before investing. Investors may note that this Offering Document remains effective until a material change occurs and they should retain this Offering Document for future reference. Material changes shall be subject to prior approval from the Securities and Exchange Commission of Pakistan (SECP) and shall be circulated to all Investors or may be publicly notified by advertisements in the newspapers subject to the applicable provisions of the Trust Deed, the Rules and the Regulations.

Investors should realize that all investments involve risk. It should be clearly understood that the portfolio of First Capital Mutual Fund (“FCMF”) is subject to market risks inherent in all such investments. The value of the Units in the Scheme may appreciate as well as depreciate as well as the level of dividend declared by the Scheme may go down as well as up.

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

The particulars of this Scheme under this Offering Document have been prepared in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and filed with SECP. It must be distinctly understood that in giving this approval, SECP does not take any responsibility for the financial soundness of the Scheme nor for the accuracy of any statement made or any opinion expressed in this Offering Document.

This Offering Document is dated as at 20 September 2013.

MANAGEMENT COMPANY

First Capital Investments Limited

Registered Office:

2<sup>nd</sup> Floor, Pace Mall, Fortress Stadium, Lahore Cantt, Lahore

**REGISTRAR / TRANSFER AGENT**

**IT MINDS LIMITED**

Registered Office

CDC House, 99-B, Block S.M.C.H.S

Main Shahra-e-Faisal, Karachi

TRUSTEE

Central Depository Company of Pakistan Limited

Business Office:

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

*AUDITORS TO THE SCHEME*

*A. F. Ferguson & Co.*

Chartered Accountants

23-C, Aziz Avenue Canal Bank

Gulberg -V, P. O. Box- 39

Lahore

*LEGAL ADVISER*

*Ebrahim Hosain*

Registered Address:

156-1, Scotch Corner, Upper Mall, Lahore

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OFFERING DOCUMENT

OF

FCMF

An Open-end Equity Scheme Established to effectuate the Conversion of First Capital Mutual Fund Limited (“FCMFL”) from Investment Company Structure into an Open-end Unit Trust Scheme

MANAGED BY

First Capital Investments Limited (“FCIL”)

An Asset Management Company licensed to provide Asset Management Services by Securities and Exchange Commission of Pakistan (“SECP”) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003

INTRODUCTION TO FCMF

Established in Lahore, Pakistan as an open-end unit trust by a Trust Deed, dated 06 August 2013 registered under the Trust Act, 1882 signed by and between FCIL, as the Management Company and Central Depository Company of Pakistan Limited (“CDC”), as the Trustee and registered as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the ‘Regulations’).

FCIL, the Management Company, was authorized to manage a collective investment scheme constituted under the name of First Capital Mutual Fund Limited (“FCMFL”), incorporated as a limited company under Company Registration No. L 07616 dated 06 January 1995 (the ‘Investment Company’).

Pursuant to the requirements of Regulation 65 of the Regulations, as amended by the Securities and Exchange Commission of Pakistan (the ‘Commission’) vide its S.R.O. 1492(1)/2012 dated December 26, 2012 (the ‘Regulations’), the Board of Directors of the Investment Company, in its meeting held on January 10, 2013, resolved to obtain approval of the shareholders of the Investment Company as to whether to convert the Investment Company into an open end scheme or to revoke it under the provisions of the Regulations.

Pursuant to the aforesaid resolution by the Board of Directors of the Investment Company, an Extra Ordinary General Meeting (EOGM) of the shareholders of the Investment Company was convened on January 31, 2013 in Lahore whereas a resolution was passed by the hundred percent (100%) majority of the shareholders present in the EOGM, i.e. 45.19% (in person or through proxies) of the total shareholding of the Investment Company, thereby approving the conversion of the Investment Company from a closed-end structure into an open end scheme and the applicability of a Back-end Load of 20% of Net Asset Value per Initial Unit on redemption of Initial Units within twelve (12) months of the Effective Date.

For effectuating the conversion of the Investment Company from a closed end structure into an open end scheme pursuant to the abovementioned shareholders’ resolution and the subsequent approval by SECP in respect of the same vide its letter No. SCD/AMCW/FCMF/516/2013 dated 03 May 2013, a new Unit Trust Scheme has been established under the name FCMF through a Trust Deed executed between FCIL (the ‘Management Company’) and CDC (the ‘Trustee’) dated 06 August 2013 which is registered with the Sub-Registrar. The provisions of the Trust Deed and the Regulations, 2008 govern this Offering Document.

## REGULATORY APPROVAL AND CONSENT

Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has registered FCMF under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 vide letter no. SCD/AMCW/FCMF/699/2013 dated 05 September 2013.

The SECP has approved this Offering Document under Regulation 54 of the Regulations vide its letter No. SCD/AMCW/FCMF/735/2013 dated 01 October 2013.

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

This Document sets out the arrangements covering the basic structure of the FCMF ("the Scheme" or "the Trust" or "the Unit Trust" or "Unit Trust Scheme" or the Fund"). It sets forth information about the Scheme that a prospective investor should know before investing in any class of Units of the Scheme. The provisions of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules"), the Regulations and the SECP's circulars, directives etc. as specified hereafter govern this Offering Document.

If prospective investor has any doubt about the contents of this Offering Document, he/she/it should consult one or more from amongst their investment advisers, 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 Scheme consists of investments, listed as well as unlisted (other than equity funds) that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Scheme nor the dividend declared by the Scheme is, or can be, assured. Investors are requested to read the Risk Disclosures and Warning & Disclaimer statements contained in Clause 2.7 and Clause 9 respectively in this Offering Document.

## GOVERNING LAW

The Trust Deed and this Offering Document of the Scheme shall be subject to and be governed by the laws of Pakistan including the Ordinance, the Rules, the Regulations and all other applicable rules, regulations, circulars, directives and guidelines as amended or substituted from time to time and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules, Regulations, circulars, directives are incorporated in the Trust Deed of the Scheme as a part and parcel thereof and in the event of any conflict between the Trust Deed of the Scheme and the Regulations/circulars/directives, the latter shall supersede and prevail over the provisions contained in the Trust Deed of the Scheme. In case the Rules or Regulations are amended or any directives/circulars are issued or any relaxations or exemptions are allowed thereunder, such amendments, directives, circulars, relaxations and exemptions shall deem to have been included in the Trust Deed and this Offering Documents. In the event of any conflict between this Offering Document and the Trust Deed of the Scheme, the latter shall supersede and prevail over the provisions contained in the Offering Document. The Management Company, Trustee and the Scheme shall be subject to full compliance of the Rules, the Regulations, the Trust Deed and this Offering Document.

## FILLING OF OFFERING DOCUMENT

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the Trust Deed document (1) below with SECP. Copy of these documents along with documents (2) to (8) below can be inspected at the registered office of the Management Company or the place of business of the Trustee, at their addresses provided in this Offering Document.

1. Certified true copy of the resolution passed by the shareholders of the Investment Company in the Extra Ordinary General Meeting held on January 31, 2013, approving the conversion of the Investment Company into an Open-end Scheme.
2. SECP's letter No. SCD/AMCW/FCMF/516/2013 dated 03 May 2013 approving the conversion of the Investment Company into an Open-end Scheme;
3. Trust Deed (Deed) of the Scheme dated 06 August 2013 between FCIL, as the establisher and the Management Company, and CDC, as the Trustee;
4. SECP's letter No. AMCW/FCIL/623/2013, dated 02 July 2013 renewing the license of FCIL Limited, to undertake asset management services;
5. SECP's letter No. SCD/AMCW/FCIL/625/2013, dated 03 July 2013, for relaxation of condition of license to allow FCIL to manage FCMFL subsequent to its conversion into open end scheme, subject to various conditions provided in letter;
6. SECP's letter No. SCD/AMCW/FCMF/699/2013 dated 05 September 2013 registering the Scheme;
7. SECP's letter No. SCD/AMCW/FCMF/664/2013 dated 30 July 2013 approving the appointment of CDC as the Trustee of the Scheme;
8. SECP's letter No. SCD/AMCW/FCMF/735/2013 dated 01 October 2013 approving this Offering Document; and
9. Letter of consent by the Registrar, M/s. ITMinds Limited dated 13 September 2013 to act as the Registrar/Transfer Agent for the Scheme.

## 1. CONSTITUTION OF THE SCHEME

### 1.1 Constitution

FCMF is constituted by a Trust Deed entered into at Lahore on 06 August 2013 between:

First Capital Investments Limited (FCIL), a non listed public limited company incorporated in Pakistan under the Companies Ordinance 1984, with its registered office at 2<sup>nd</sup> Floor, Pace Mall, Fortress Stadium, Lahore Cantt, Lahore (hereinafter called the "Management Company" which expression where the context so permits shall include its successors in interest and assigns) of the one part; and

**Central Depository Company of Pakistan Limited**, a public limited company incorporated in Pakistan under the Ordinance, having its business office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the other part.

### 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 and Exchange Ordinance 1969, Companies Ordinance 1984 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 the Regulations and/or Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

### 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 Scheme is perpetual. However, SECP or the Management Company may wind it up or extinguished or revoke, on the occurrence of certain events as specified in the Regulations or in clause 10.4 of this Offering Document.

### 1.5 Effect of Conversion and status of Unit Holder(s)

From the Effective Date of the conversion of the Investment Company from a closed-end structure to an open end scheme,

- a) The status of shareholders of the Investment Company shall automatically stand changed to Initial Unit Holders of the Unit Trust Scheme and all existing shares issued under the Investment Company, either in the electronic form or in the form of physical certificates, shall stand automatically cancelled and in lieu thereof the Initial Units (i.e., Class B Units) shall be issued in the ratio of 1:1 - i.e., each Initial Unit Holder (formerly shareholder of the Investment Company) shall be issued one (01) Initial Unit of the Unit Trust Scheme of the Par Value of PKR:10/- for one (1) share of the Investment Company of the Par Value of PKR:10/- each that were held by him at the date of the book closure announced for the purpose of conversion without any further payment.
- b) All Initial Units shall be issued in the electronic form at the close of the first Business Day of the Unit Trust Scheme, (i.e., the Effective Date) and an Account Statement shall be issued by the Registrar to the Initial Unit Holders as to their entitlement to the number of Initial Units, which shall be credited to their respective accounts within sixty (60) working days of the Effective Date. The Initial Unit Holders may, upon request and payment of such fee as may be determined by the Management Company, be issued physical Certificates representing the Initial Units in lieu of the certificates of shares of the Investment Company held by him.
- c) Redemption of Initial Units before the expiry of twelve (12) months from the Effective Date of conversion shall be subject to a Back End Load of 20%. The Back End Load shall be treated as part of the Fund Property.
- d) After the Effective Date upon removal of suspension of issuance of fresh units by SECP, the Management Company shall only offer Class 'A' Units to investors on a continuing basis. All Units shall be offered and redeemed based on Offer and Redemption Prices, as mentioned in Clauses 4.4 and 4.7 respectively of this Offering Document.

## 1.6 Fund Property

As on the Effective Date, the Fund Property of the Scheme shall consist of assets and liabilities transferred from the Investment Company, subject to levies and Duties and Charges, if any. The aggregate proceeds of all Units issued from time to time (other than the Initial Units which shall be issued without any further payment by the Initial Unit Holders) after deducting Duties and Charges, Transactions Costs and any applicable Sales Load, shall constitute part of the Fund 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 this Deed but does not include any amount payable to the Unit Holders as distribution. Provided that any profit earned in the Distribution Account on the amounts payable to the Unit Holders as distribution, including those accruing on the unclaimed dividends, shall also become part of the Fund Property.

Provided further that the Back-end Load charged to the Initial Unit Holders on redemption of Initial Units within twelve (12) months of the Effective Date shall also constitute part of the Fund Property.

## 1.7 Effective Date of Conversion

The effective date for conversion of the Investment Company into the Scheme is 30 July 2013 (the 'Effective Date') i.e. the commencement of first Business Day of the Unit Trust Scheme.

## 1.8 Transaction in Units from Effective Date

After the Effective Date, all transactions in the Units of the Scheme shall be at the Offer/Redemption Price. The Management Company will fix the Offer and Redemption Prices for every Business Day on the basis of the Net Asset Value (NAV). The NAV based prices shall be fixed after adjusting the Sales/ Back-end Load as the case may be and any Transaction Costs that may be applicable. Except circumstances as elaborated in Clause 4.10.5 and 10.4 of this Offering Document; such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received before the Cut-Off time on the Subscription/Business Day.

## 1.9 Offering Document

The provisions of the Trust Deed, the Rules, the Regulations, circulars and the directives issued by the Commission govern this Offering Document, as replacement offering document. It sets forth information about the Scheme 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, Warning and Disclaimer and should also consult their legal, financial and/or other professional adviser before investing.

## 1.10 Modification of Offering Document

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

## 1.11 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

The objective of First Capital Mutual Fund is to augment the wealth of investors through investments geared toward securing maximum returns whilst simultaneously offsetting resultant risks through efficient diversification across sectors with low correlation amongst them. The management of the fund is continuously striving towards achieving this objective.

### 2.2 Investment Policy

2.2.1 Consistent with its Objective, the Scheme shall invest its net assets in high quality dividend yielding stocks. While the remaining assets shall be invested in cash and/or near cash instruments, including bank deposits (excluding TDRs) and T.Bills of maturities not exceeding 90 days.

2.2.2 The Scheme shall be subject to such exposure limits as are specified in the Regulations and SECP's directives. Currently, the limits are as follows:

- a) At least 70% of its Net Assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis;
- b) The remaining Net Assets shall be invested in cash and / or near cash instruments. Cash and near cash instruments which include cash in bank accounts (excluding TDRs) and treasury bills not exceeding 90 days remaining maturity; and c) The Scheme shall not take exposure to Margin Trading System (MTS)

2.2.3 Any Investment may at any time be disinvested at the sole discretion of the Management Company either in order to invest the proceeds of sale in other Authorized Investments or to provide funds required for the purpose of any provision of Trust Deed or may retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid. Any Investment, which ceases to be an Authorized Investment, would be disinvested within the prescribed period in the best interest of the Unit Holders.

2.2.4 In case the rating of a Bank is reduced or institution is placed on watch list, the Investment shall be realized to reasonably protect the interest of the Unit Holders.

### 2.3 Benchmark:

2.3.1 The benchmark of the Scheme for any period of return shall be the "KSE-100 Index".

2.3.2 The Management Company may, if deemed appropriate, determine another performance benchmark for the Scheme under prior approval of SECP and intimation to the Unit Holders, the Trustee by amending this Offering Document.

### 2.4 Authorized Investments

#### 2.4.1 Asset Allocation

In line with Investment Objective, the Scheme will seek to make investments in the Authorized Investments as list below:

Sr. No.	Authorized Investment	Minimum Rating of		Exposure Limits (% of Net Assets) *	
		Entity	Instrument	Minimum Investment	Maximum Investment
1	Listed Equity Securities	N/A	N/A	70%	100%
2	Cash in Bank Accounts (excluding TDRs )	BBB	N/A	0%	30% **
3	Treasury Bills not exceeding 90 days maturity	N/A	N/A	0%	30% **

\* Quarterly average calculated on daily basis in line with SECP circular on Categorization of Open-end Schemes

\*\* Means remaining amount allowed under respective circulars, Rules and Regulations

The Investment in asset classes mentioned above will be subject to such Exposure limits and minimum ratings as specified herein and/or otherwise as specified in the Regulations/directives/ circulars or by SECP from time to time.

#### 2.4.2 Risk Control in the Investment Process

Consistent with the investment objective of the Scheme, the Investment Committee shall aim to identify investment opportunities which offer superior returns at lower level of risk. The Investment Committee will continuously monitor the macro-economic environment, including the political and economic factors, money supply in the system, among others affecting the liquidity and interest rates.

Investment process would also require disciplined risk management. The Management Company has adequate controls to safeguard against risks in the portfolio construction process. The investment restrictions defined in clause 2.6 will reduce risk and result in portfolio diversification.

#### 2.4.3 Management Company Can Alter Investment Mix

The Management Company can from time to time alter the weightings, subject to the specified limits as per Clause 2.4.1 above, between the various types of Investments if it is of the view that market conditions so warrant. The assets not invested in the foregoing avenues shall be placed as deposit with scheduled banks.

#### 2.5 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.

#### 2.6 Investment Restrictions

(a) The Fund Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Scheme, circulars and directives and shall also be subject to any exemptions that may be specifically given to the

Scheme 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 Scheme, 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.

Transactions relating to money market instruments and debt securities do not fall under this clause.

(c) The Management Company on behalf of the Scheme shall not:

- i. 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;
- ii. Participate in a joint account with others in any transaction;
- iii. Affect a short sale in a security whether listed or unlisted;
- iv. Purchase any security in a forward contract;
- v. Take exposure in any other Collective Investment Scheme.
- vi. 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;
- vii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- viii. invest in securities of the Management Company
- ix. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- x. apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xi. 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.
- xii. 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.
- xiii. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.

- xiv. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
  - xv. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
  - xvi. accept deposits.
  - xvii. make a loan or advance money to any person from the assets of the Scheme.
  - xviii. take exposure of more than thirty five percent of its Net Assets in any single group and more than ten percent of its Net Assets in listed group companies of the Management Company and such exposure shall only be taken through secondary market.
  - xix. take exposure to any single entity that exceeds an amount equal to ten per cent of total Net Assets of the Scheme; or exposure to equity securities of a company in excess of ten percent of the issued capital of that company.
  - xx. take exposure in Margin Trading System.
  - xxi. place funds with any bank which is rated lower than BBB
- (d) In case of redemptions requests are pending due to constraint of liquidity in the Scheme, for more than the period as stipulated in the Regulations, the Management Company on behalf of the Scheme shall not make any fresh investment.

#### Exemption to Investment Restrictions

In order to protect the rights of the Unit Holders, the Management Company may take an Exposure in any unauthorized investment for recovery of any defaulted amounts from any counter party of any Authorized Investment with the approval of the Commission.

#### 2.6.1 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 borrowing for account of the Scheme, with the approval of the Trustee, from Banks or Financial Institutions, or such other companies as specified by the Commission from time to time. The borrowing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such borrowing 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 borrowing.

If subsequent to such borrowing, the Net Assets are 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 borrowing.

- (b) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financings from banks, financial institutions and non banking finance companies specified by the Commission. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such financings.
- (c) For the purposes of securing any such borrowing, the Trustee may on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property 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.

- (d) 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(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.

#### 2.6.2 Restriction on 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 of the Scheme.
- (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.

#### 2.7 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 Scheme 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. The schemes 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 arises from the inability of the issuers of the instruments or counterparties, to fulfill their obligations. The risk is generally limited to principal amount and accrued interest there on, if any.
- (4) **Price Risk** - Changing value of a security or a fund can be mostly due to stock/fund price fluctuations. Price Risk is the biggest risk faced by all investors and price risk can be minimized through diversification and efficient fund management.
- (5) **Liquidity Risk** - Liquidity risk arises when a transaction cannot be conducted at

prevailing market prices due to insufficient market activity.

- (6) Settlement Risk - The risk that counterparty will not deliver the security or cash for a trade it has entered into, on time.
- (7) Events Risk - There may be adjustments to the performance of the Scheme due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
- (8) 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.

2.7.1 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 of the Scheme, especially 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.

## 2.8 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.

## 3. OPERATORS AND PRINCIPALS

### 3.1 Management Company

The Management Company is engaged, inter alia, in the business of providing asset management services and has been licensed by the Securities and Exchange Commission of Pakistan (SECP) under then applicable Rule 5 (2) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 which has been renewed under letter No. AMCW/FCIL/623/2013, dated 02 July 2013, FCIL is a non listed public limited company listed with a paid up capital of PKR 145.631 million.

Founded in 1995, First Capital Investments Limited ("FCIL") is one of the oldest asset management companies in Pakistan with assets under management of FCMF incorporated upon conversion of FCMFL, an investment Company into open end scheme.

FCIL is associated with the First Capital Group, which owns a diversified portfolio of businesses including financial services, real estate development, insurance sectors and media business.

## 3.2 Board of Directors of FCIL- Synopsis

Name, Occupation and Address	Other Directorships
<b>1. Mrs. Aamna Taseer, Chairman/Director</b>	<b>Chief Executive &amp; Director</b>
	First Capital Securities Corporation Limited
Business Executive	Pace (Pakistan) Limited
	Pace Super Mall (Pvt.) Limited
118-Cavalry Ground St. # 3	Pace Gujrat (Pt.) Limited
Lahore Cantt., Lahore	Pace Barka Properties Limited
	Commercial Properties Modaraba Management (Pvt.) Ltd
	Director
	First Capital Mutual Fund Limited
	Trident Construct (Pvt.) Limited
	Media Times Limited
	Lanka Securities (Pvt.) Limited
	(Incorporated in Sri Lanka)
<b>2. Mr. Shahzad Jawahar, CEO/Director</b>	<b>Director</b>
	Pace Barka Properties Limited
Business Executive	
House No. 35 Block-JJ Phase IV	
DHA Lahore Cantt., Lahore	
<b>3. Syed Nadeem Hussain, Director</b>	<b>Chief Executive</b>
	Tameer Microfinance Bank Limited
Banker	Directors
	First Capital Mutual Fund Limited
	Emergent Marketing Consultancy (Pvt.) Limited
	Minhal (Pvt.) Limited
<b>4. Mr. Jawad Saleem, Director</b>	<b>None</b>
Business Executive	
House No. 17 Habib Homes Peco Road	
Lahore	

## Board of Directors of FCIL- Particulars

**Mrs. Aamna Taseer – Chairman & Director**

Mrs. Aamna Taseer is one of the main promoters who established First Capital Securities Corporation Limited ("FCSC") in Pakistan in 1994, a full service brokerage house with equity participation by Smith Barney Inc USA and HG Asia Hong Kong. FCSC set the tone for investment banking services in Pakistan and together with leading international investment banks worked on important advisory and

corporate finance transactions. Since then Mrs. Taseer has been actively involved in establishing other companies in the financial sector as well as telecommunications, print, media and real estate/property development sectors. Taseer's companies have been able to attract foreign investment at times when most were shying away from Pakistan. First Capital Group has had significant investment from major international funds and high net worth individuals from abroad. Financial services companies in the group include a mutual fund, an Asset management company, leading brokerage houses in Pakistan and Sri Lanka and an insurance company (joint venture with a South African insurance company and Shaheen Foundation).

In the capacity of the Director on the Board of various First Capital Group companies Mrs. Taseer has been actively involved in strategic decision making of the group companies.

First Capital Group acquired the management control of Pace department store in the late nineties which was then under huge financial debt. First Capital Group was able to turn it around in short time and Pace has since become a household name in the country. With its listing in Pakistan and convertible bond listing in Singapore, Pace brand is recognized not only in Pakistan but by international fund managers as well. Today the group has 6 operational shopping malls in different cities and around eight projects under various phases of development. These include shopping malls, apartments/gated communities, office blocks, hotels and resorts and multi use developments. Pace has partnered with Hyatt Regency to bring this prestigious international chain to Pakistan with the first project under advanced stage of construction in Lahore.

First Capital Group also took the lead by introducing the first English news channel in Pakistan Business Plus which was followed by the first exclusive kids channel Wikkid Plus. Media Times Limited, a First Capital Group Company is one of the fastest growing English newspaper, the Daily Times and an Urdu daily by the name of Aajkal.

She is qualified as a graduate.

#### **Mr. Shahzad Jawahar – CEO & Director**

Mr. Jawahar has more than 16 years of diversified experience in areas of management, accounting, finance, business development, tax, legal, corporate and secretarial matters including seven years of senior managerial experience. He joined First Capital/Pace Group in 1997 and has served on various key positions in the Group including Manager Finance & Corporate affairs, General Manager Group Corporate Affairs and Company Secretary. During his services at First Capital/Pace Group he played a vital role in various strategic transactions done by First Capital/Pace Group including; private equity placements, Initial Public Offerings, Mergers and Takeovers, restructuring, issue of debt securities includes TFC's and International Foreign Currency convertible Bonds and Loans. Mr. Jawahar is a fellow member of Institute of Chartered Secretaries & Managers and part qualified Accountant, Institute of Cost and Management Accountants of Pakistan.

#### **Mr. Jawad Saleem - Head of Research & Risk Management**

Mr. Jawad Saleem is finance professional and besides being member of IPA Australia, SAIPA South Africa, IFA – UK and IIC – USA, hold certifications in field of financial management, financial analysis, treasury and internal controls. He holds specialized Financial Manager Award from IMS-UK. He is carrying over 9 years of professional working experience in industry, and has joined our organization recently. He has been previously working with Levi Strauss Pakistan (Private) Limited, DIC Pakistan Limited and Price Waterhouse Coopers (PwC). His experience in industry has rendered him with extensive expertise in analysis of financial, non-financial and economic data; and financial modeling. He applies his business acumen and economic expertise to provide real-time advice to fund manager. He advises company's chief financial officer (CFO) and chief executive officer (CEO) on strategic initiatives.

His experience in industry has rendered him with extensive expertise in analysis of financial and non-financial risks pertinent to various sectors of industry, and has contributed towards suggesting resolutions and controlling their implementation. He has conducted various External/Internal Audit, Risk

Assessment, Business Process Re-engineering and Financial Consultancy projects during his experience prior to joining our Company.

### 3.3 Senior Management of FCIL- Particulars

#### **Mr. Shahzad Jawahar – CEO & Director**

#### **Mr. Jawad Saleem - Head of Research & Risk Management**

[As detailed in the section above.]

#### **Mr. Syed Ghazanfar Ali Bukhari - CIO & Fund Manager**

Mr. Bukhari has over 12 years old association with First Capital Group. He holds Masters Degree in Economics from University of the Punjab. He has served the group in different capacities and has robust expertise in equity and money markets. Currently, Mr. Bukhari is working as CIO & Fund manager. He manages the equity portfolio and trades on daily basis. He also manages the company's investments and disinvestments in Government Securities, T-Bills and CFS. Furthermore, he has expertise in Equity REPOs, managing their margins and maturities.

#### **Mr. Mohsin Tariq- Manager Marketing and Distribution**

Mr. Mohsin Tariq brings with him around 6 years of rich and varied international network and experience based in Pakistan and United Kingdom, in the areas of Investment Management, Retail and Banking. He has obtained his MBA degree from Liverpool John Moores University and M.Sc. in Banking and Investment Finance from Queen Mary & Westfield College, University of London. In his career, he has demonstrated a result oriented approach by exploring and developing new ideas and concepts. Mr. Tariq has assumed leadership roles and has been instrumental in the success of key projects. As a core team member, he is entrusted with envisioning and setting up the key functions of retail sales, institutional sales and marketing. Mr. Mohsin Tariq is an Associate member of Chartered Institute of Securities and Investments (CISI) UK and a registered member of Institute of Capital Markets (ICM) Pakistan. Prior to joining FCIL, he worked as Manager and consultant with Primark a subsidiary company of Associated British Foods plc, Royal bank of Scotland and Direct line Group Ltd. in England. Mr. Tariq upon joining FCIL on 24 February 2013 has taken up the mantle of Product Development, Channel Distribution and Marketing. He is committed to promoting and strengthening distribution network.

#### **Mr. Syed Asad Abbas Ali Zaidi - CFO**

Syed Asad Zaidi has over 7 years old association with First Capital Group. He did his MBA in Finance and has served the group in different capacities.

Mr. Zaidi is working as a Chief Financial Officer of First Capital Investments Limited and is responsible for handling overall finance and accounts, internal controls & accounting systems, including the preparation of annual, half yearly & quarterly financial statements. He has extensive experience of fund raising, feasibility analysis, capital investments, budgeting and cost management, project valuation and prioritization, financial statement analysis, treasury and corporate finance and risk management analysis for designing effective risk control mechanism.

#### **Mr. Hamaad Ali Nawaz - Compliance Officer & Research Analyst**

Mr. Hamaad is an affiliated ACCA and currently studying for the CFA (Chartered Financial Analyst). He is associated with First Capital Investments Limited since last one year. Mr. Hamaad has a sound knowledge and views on equity and commodity markets and equipped with well knowledge of financial analysis, financial modeling and technical analysis. He also has understanding of the laws that are governing asset management companies. He assists head of research to provide advice to fund manager, Chief Financial Officer and Chief Executive Officer and manages all the communications with regulatory authorities.

### **Mr. Muhammad Imtiaz Ali Anjum – Investor services and Complaints**

Mr. Muhammad Imtiaz Ali Anjum joined FCIL in June 2013 in investor services and complaints department. He is currently studying MBA from University of the Punjab and is committed towards providing excellent customer services to clients.

### **Mr. Raza Aslam - Chief Internal Auditor**

Mr. Raza is CA finalist (Module-E continuing) and FPA (Fellow Public Accountant) from the very prestigious Institute of Chartered Accountants of Pakistan and Institute of Public Finance Accountants of Pakistan respectively. He qualified PIPFA in 2000 and CA Inter in October 2002 and afterwards completed four years mandatory training from Riaz Ahmad & Company Chartered Accountants (member firm of Nexia International) a well known recognized multi services chartered firm in Lahore Pakistan.

Mr. Raza have four and half years industry (in the capacity of Manager Group Internal Audit 3-5 years and Group Head of Internal Audit one year), one year chartered firm, Hameed Chaudhary & Company Chartered Accountants (in the capacity of Manager Audit and assurance) and four years chartered firm, rich and diversified experience in audit assurance (as ICAP trainee student). He is also serving as Group Head of Internal Audit at First Capital Group.

### **Mr. Afnan Ali – Head of IT**

Mr. Afnan is head of IT department, having experience of 8 years in, IT infrastructure assessment, planning, implementation, management, major programming languages and Databases. Mr. Afnan Ali's responsibilities includes strategic IT planning and oversight of IT performance, IT budgets, priorities, standards, procedures, and overall IT performance of group companies. Mr. Afnan did his BCS from Al-Khair University and also done Microsoft MCSE and CCNA, Software Development, IT security and networks.

### **Mr. Abdul Sattar - Company Secretary**

Mr. Abdul Sattar has vast experience of 30 years in corporate affairs and he is associated with First Capital Group from last 12 years. He has a vast practical experience of Initial Public Offering (including private placements, prospectus, listing approvals, feasibility, information memorandum etc.), Debt Securities including TFC, Convertible bonds, and finalization of various equity/debt agreements, Mergers, Acquisitions, Liquidation, Restructurings etc. He is well equipped with the knowledge of Companies Ordinance 1984, SECP's laws, Non-Banking Finance Companies & Notified Entities Regulations 2008, Non-Banking Finance Companies Rules 2003 and Code of Corporate Governance. Before joining First Capital Group, Mr. Abdul Sattar was associated with Crescent Group of Companies. Currently, in addition to company secretary of First Capital Investments Limited, he is also serving as Deputy General Manager Corporate Affairs at First Capital Group

## **3.4 Founding Institutional Investors**

The founding institutional investors included First Capital Investments Limited. Currently, the sponsor of FCIL is First Capital Securities Corporation Limited.

First Capital Securities Corporation Limited (FCSC)

FCSC is the holding company of FCIL. FCSC is listed on Karachi, Lahore and Islamabad Stock Exchanges. FCSC has strategic interest in Financial Services, property development & management and Media Business in Pakistan and outside Pakistan

Mr. Salmaan Taseer (late) was the main promoter who established FCSC in Pakistan in 1994, a full service brokerage house with equity participation by Smith Barney Inc USA and HG Asia Hong Kong. FCSC set the tone for investment banking services in Pakistan and together with leading international

investment banks worked on important advisory and corporate finance transactions. FCSC later on established other companies in the financial sector as well as telecommunications, print, media and real estate/property development sectors. FCSC's companies have been able to attract foreign investment at times when most were shying away from Pakistan. First Capital Group has had significant investment from major international funds and high net worth individuals from abroad. Financial services companies in FCSC group include a mutual fund, an Asset management company, leading brokerage houses in Pakistan and Sri Lanka and an insurance company (joint venture with a South African insurance company and Shaheen Foundation).

FCSC acquired the management control of Pace department store in the late nineties which was then under huge financial debt. FCSC was able to turn it around in short time and Pace has since become a household name in the country. With its listing in Pakistan and convertible bond listing in Singapore, Pace brand is recognized not only in Pakistan but by international fund managers as well. Today the Pace has 6 operational shopping malls in different cities and around eight projects under various phases of development. These include shopping malls, apartments/gated communities, office blocks, hotels and resorts and multi use developments. Pace has partnered with Hyatt Regency to bring this prestigious international chain to Pakistan with the first project under advanced stage of construction in Lahore.

Media Times Limited, a subsidiary of FCSC, also took the lead by introducing the first English news channel in Pakistan Business Plus which was followed by the first exclusive kids channel Wikkid Plus, which was later converted into a cooking channel i.e. Zaiqa Plus. Media Times Limited is also publishing one of the fastest growing English newspaper, the Daily Times and an Urdu daily by the name of Aajkal.

### 3.5 Performance of the Listed Companies where Directors of FCIL are holding Similar office

<b>Tameer Microfinance Bank Ltd</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
EPS (Rs.)	(2.87)	(0.91)	1.85	1.00	2.78
Shareholders Equity (Rs. mn)	1,196	1,074	1,324	1,458	1,832
Total Assets (Rs.Mn)	2,296	2,799	5,279	8,281	13,348
Distribution (%)	-	-	-	-	-

<b>First Captial Securities Corporation</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
EPS (Rs.)	33.48	(4.77)	2.43	(0.12)	(1.65)
Shareholders Equity (Rs. mn)	11718.44	12946.65	2048.34	12353.27	7884.27
Total Assets (Rs.Mn)	12110.16	10157.82	13273.79	12539.41	9787.89
Distribution (%)	40	25	10	-	-

<b>Pace (Pakistan) Limited</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
EPS (Rs.)	6.36	1.93	2.37	(7.46)	(5.28)
Shareholders Equity (Rs. mn)	4,560	5,194	6,486	4,405	2,932
Total Assets (Rs.Mn)	8,561	9,025	10,559	8,612	7,617
Distribution (%)	-	-	-	-	-

<b>Media Times Limited</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
EPS (Rs.)	1.40	(0.02)	(0.55)	(1.22)	(4.53)
Shareholders Equity (Rs. mn)	1125.58	1438.69	1365.06	1201.8	949.69
Total Assets (Rs.Mn)	2049.11	2203.37	2022.25	1989.8	1429.23
Distribution (%)	-	-	-	-	-

3.6 Performance of Scheme (Closed-end) Under Management of FCIL

Closed End Scheme

	<b>FCMF</b>
Scheme Launch Date	27 October 1994
Investment Strategy	Equity
Listing	KSE and LSE
Custodian	CDC
Auditors as at June 30, 2013	A.F. Ferguson & Chartered Accountants
Risk Profile	Medium
Paid-up Capital (PKR in mn) as at June 30, 2013	300.00
Net Assets (PKR in mn) as at June 30, 2013	333.103
Distributions (% of Par Value) as at June 30, 2013	18%

FCMF was converted into open-end scheme on July 30, 2013

**Type of Fund: Closed End Scheme**

Fund's Category	Closed End Scheme
Fund's Launch Date	March 14, 1995
Nature of Fund	Equity
Type of Fund	Closed End Scheme

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Assets(PKR in mn)	118.516	142.611	176.042	380.28	337.604	203.305	231.229	257.218	277.799	333.103
Par Value (PKR)	10	10	10	10	10	10	10	10	10	10
NAV (PKR)	7.91	9.51	11.74	12.68	11.25	6.78	7.71	8.57	9.62	11.1
NAV (Market price per certificate)	6.85	5.5	7	10.1	8.25	2.38	2.3	2.5	4.44	7.43
premium and discount of market price over NAV in %age	-13%	-42%	-40%	-20%	-27%	-65%	-70%	-71%	-54%	-33%
DISTRIBUTION (% age of par value)	Nil	10	10	10	Nil	Nil	Nil	Nil	6.5	18

### 3.7 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.

#### 3.7.1 Administration of the Scheme

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

#### 3.7.2 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, the Rules and the 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 Fund Property where such loss has been caused by willful act and / or omission or of its officers, officials or agents.

### 3.7.3 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 shall 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 Distributor(s) 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;

(b) the Distributor(s) are equipped with the necessary support staff, computer hardware and software to provide service to the investors and have established an efficient communication link with the Management Company; and

(c) the written agreement with the Distributor(s) clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

### 3.7.4 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 has specified Cut-Off Timings (for acceptance of applications of issuance, redemption, and conversion of Units of the Scheme) in Annexure "C" of this Offering Document, on its website 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.

### 3.8 Maintenance of Unit Holders Register

3.8.1 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.

3.8.2 The Management Company has appointed ITMINDS Limited as the Registrar/Transfer Agent.

3.8.3 Every Unit Holder will have a separate Registration or Folio 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.

### 3.8.4 Disclaimer

The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, Regulations, Trust Deed and this Offering Document, 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.

### 3.9 Role of the Trustee

3.9.1 The Trustee shall perform its role as specified in the Rules, the Regulation and directives issued there under, this Deed and the Offering Document.

3.9.2 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, this Offering Document or the Rules and the Regulations. Whenever pursuant to any provision of the 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:

- 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 Company 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)

3.9.3 The Trustee shall not be liable for any loss caused to the Scheme or to the value of the Fund Property due to any elements or circumstances of Force Majeure

3.9.4 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.

3.9.5 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 Scheme's 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.

3.9.6 Custody of Assets

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

3.9.7 Investment of Scheme Property at direction of Management Company

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

3.9.8 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, the Regulations, the Circulars and Directives of SECP or any other applicable law.

### 3.9.9 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 PropertyFund 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 PropertyFund Property due to any elements or circumstances beyond its reasonable control.

### 3.9.10 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

### 3.10 Registrar/Transfer Agent

The Management Company has appointed ITMINDS Limited, having its office at CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shahra-e-Faisal, Karachi Karachi as Registrar/Transfer Agent of the Scheme until any further notice and intimation to the Trustee. The Registrar will be responsible for maintaining the Unit Holder's Register, preparing and issuing Account Statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### 3.11 Custodian

The Trustee shall also act as depository company, as the Custodian which shall hold the assets (cash and/or securities) of the Scheme according to securities law and perform other functions of the custodian of the Fund Property. The salient features of the custodial function are:

- (a) Segregating all property of the Scheme 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 Scheme'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.

### 3.12 Distributors

3.12.1 First Capital Investments Limited will initially perform the Distribution Functions, through

its own Branches. The addresses of these branches are given in Annexure 'D' 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 other Distributors (if they fulfill the requirement of regulations) or terminate the arrangement with any Distributor and intimate the Trustee and Commission accordingly.

3.12.2 These branches 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 Front-end Load.

### 3.13 Auditors

3.13.1 The first independent Auditors of the Scheme are:

A. F. Ferguson & Co.  
Chartered Accountants  
23-C, Aziz Avenue Canal Bank  
Gulberg -V, P. O. Box- 39  
Lahore

3.13.2 They shall hold office until the transmission of the reports and accounts, which will cover the period from the Effective Date up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company as provided in the Regulations. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Ordinance, 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 the Regulations.

- 3.13.3 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, 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.
- 3.13.4 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.
- 3.13.5 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.
- 3.13.6 The contents of the Auditors report shall be as mentioned in the Regulations.

3.14 Legal Advisors  
Ebrahim Hosain  
Registered Address:  
156-1, Scotch Corner, Upper Mall, Lahore

3.15 Bankers

The Bankers of the Scheme are:

- a) MCB Bank Limited
- b) Faysal Bank Limited
- c) NIB Bank Limited
- d) Habib Metropolitan Bank Limited

The Trustee may open new accounts or close existing accounts with one or more Banks as required by the Management Company. The Trustee will operate Bank Accounts on instruction of the Management Company

3.15.1 Bank Accounts

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "CDC- Trustee First Capital Mutual Fund" for the Scheme at designated Bank(s) 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) titled "CDC- Trustee First Capital Mutual Fund - Div (number)" 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 Scheme.

- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (e) 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 schemes and have Trustee as common between them then such accounts shall be in the title of “CDC - Trustee FCIL Funds”.

### 3.18 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.

### 3.19 Minimum Fund Size

The minimum size of the Scheme shall be one hundred (100) million rupees at all times during the life of the Scheme. In case of after the Effective Date or subsequently at any time if the size of the Scheme falls below that minimum size of one hundred (100) million rupees, the Management Company shall ensure compliance with the minimum fund size within three (3) months of its breach and if the fund size remains below the minimum fund size limit for consecutive ninety (90) days the asset management company shall immediately intimate the grounds to the commission upon which it believes that the scheme is still commercially viable and its objective can still be achieved as provided in the Regulations.

## 4. CHARACTERISTICS OF UNITS

### 4.1 Units

All Units and fractions (up to four decimal places) thereof represent an undivided share

in the Scheme and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Scheme 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 and Types of Units

##### 4.2.1 The Management Company may issue any of the following classes of Units:

1. Class "A" Units which shall be charged with a Front-end Load, if any.
2. Class "B" Units which shall be charged with a Back-end Load, if any.
3. Class "C" Units which shall be charged with a Front-end Load and Back-end Load, if any.
4. Class "D" Bonus units issued subsequent to the effective date of conversion and the same shall be without any load

4.2.2 The detail of the current level of Front-end Load charged on these Units and the details of the Back-end Load charged on the Initial Units is outlined in Annexure "A" of this Offering Document. Further, the Class D units being issued as Bonus units shall be issued without any load.

4.2.3 The Management Company, with the exception of Initial Units which shall be Class "B" Units, does not intend to currently offer Class "A" and "C" Units at the time of publication of this Offering Document, which may be offered at the discretion of the Management Company at a subsequent stage, after approval of the SECP, through newspaper announcements having wide circulation in Pakistan.

4.2.4 The Management Company may at its discretion charge different levels of Front-end Load to different investors. In such an instance the Management Company may instruct the Trustee to refund a portion of the Front-end Load to the Holder, or issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application. The Management Company may also at its discretion instruct the Trustee to receive the purchase amount on the basis of the reduced Front-end Load. However the Trustee will not accept any amount which is less than the amount based on the Net Asset Value.

4.2.5 The Management Company may issue additional class(es) of Units with such attached rights and conditions as determined from time to time, pursuant to the provisions of the Deed and subject to the consent of the Trustee and approval of the SECP. The description, rights and conditions applicable to such offer of Units shall be stated in the Supplementary Offering Document(s) with the approval of the SECP. The Management Company may also issue Units pursuant to different Administrative Plans under distinct administrative arrangement with differing levels of Front-end Load and Back-end Load, which may also vary according to other criteria as determined by the

Management  
Company.

- 4.2.6 Irrespective of the different class(es) of Units as set out in this Clause, all Units shall rank pari-passu inter se and shall have such rights as are set out in the Deed and this Offering Document. The liability of the Holders shall be limited to the unpaid amount (if any) on the Units.
- 4.2.7 Fractions of a Unit will be issued up to four (4) decimal places of a whole Unit. Certificates will not be issued for fractions of Units.
- 4.2.8 The Management Company may issue different types of Units to investors. The different types of Units shall include different features offered by the Management Company on such conditions or privileges as may be specified in the Supplementary Offering Document. Such conditions or privileges may be with respect to purchase or redemption of Units, distribution of profits (cash dividend and/ or Bonus Units), fixed or flexible timing of such redemption or distribution at the option of the Unit Holder and/or the Management Company.
- 4.3 Purchase and Redemption of Units
- 4.3.1 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 Business Day in accordance with the procedure set out in of this Offering Document.
- 4.3.2 Units are issued after realization of subscription money, except for the Initial Units which shall be issued without any payment;
- 4.3.3 During the period the Register is closed, dealing in Units (including the sale, redemption, transfer and conversion of Units) will be suspended.
- 4.3.4 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?

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Scheme.

Application may be made pursuant to the procedures described in paragraph 4.4.2 below by any qualified or authorized investor(s) including, but not limited to, the following:

- (a) Citizens of Pakistan resident in Pakistan. In respect of minors below 18 years of age, applications may only be made by their guardians.
- (b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan provided such investment is permitted under

their respective memorandum and articles of association and / or bye-laws.

- (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the Purchase of Units in the Scheme shall warrant that he/she is duly authorized to purchase such Units.
- (d) Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs, circulars or directives.

NOTE: the Scheme is to be listed on Lahore Stock Exchange

- (e) Provident, Pension and Gratuity Funds constituted by organizations in addition to companies mentioned in clause (d) above
- (f) Insurance companies under the Insurance Ordinance, 2000.
- (g) Non Profit Organization under Rule 213 (i) of the Income Tax Rules, 2002.
- (h) Fund of Fund scheme(s).

How Units can 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 Scheme an investor must open an account with Management Company using the Registration Form attached to this document as prescribed by the Management Company.
- (b) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) or NICOP or an attested copy of Passport etc of the applicant or any other form of identification acceptable to the Management Company needs to be furnished. Furthermore, Zakat Affidavit (incase exemption is sought from Zakat deduction) and specimen signatures of the applicant shall also be furnished.
- (c) In case of a body corporate or a registered society or a trust the following documents would be required:-
  - (i) Copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
  - (ii) Copy of the relevant resolution of the board of directors/trustees approving the investment;
  - (iii) Copy of power of attorney and/or relevant resolution of the board of directors

delegating any of its officers to invest the Schemes and/ or to realize the Investment and;

- (iv) Copy(ies) of the Computerized National Identity Card (CNIC) of the officer (s) to whom the authority has been delegated along with specimen signature.

- (d) In case of existing Unit Holders, if any of the documents (in a-c 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 (along with supporting evidence) or address of any Unit Holder as entered in the Register shall forthwith notified in writing by relevant Unit Holder to the Management Company or Distributor or Registrar.

- (e) The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Registration Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.
- (f) 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.
- (g) The Registration 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.
- (h) The Management Company will make arrangements, from time to time, for receiving Registration Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

#### 4.4.3 Joint Application

- (a) Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis (Principal Account Holder). However, each person must sign the Registration Form and submit a copy of Computerized National Identity Card, NICOP, Passport and other identification document.
- (b) The first named Holder (Principal Account Holder) shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption,

or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge of obligation by the Trustee and the Management Company.

- (c) In the event of death of the first Holder (Principal Account Holder), the person first in the order of survivor(s) as stated in the Registration Form shall be the only person recognized by the Trustee and the Management Company to receive all notices and correspondences with regard to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge of obligation by the Trustee and the Management Company.

Provided however the Trustee and/or the Management Company may at their discretion request the production of a succession or heir-ship certificate or any other mandate from an appropriate Court or lawful authority before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

#### 4.4.4 Purchase of Units

- (a) After opening an account, an account holder may purchase Units of the Scheme using the Purchase of Units Form attached to this offering document as prescribed by the Management Company. Payment for the Units must accompany the form.
- (b) Application for Purchase of Units shall be made by completing the prescribed Purchase of Units 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 First Capital Mutual Fund
  - Online transfer to Bank Account(s) of CDC- Trustee First Capital Mutual Fund
  - Cheque (account payee only) marked in favor of CDC- Trustee First Capital Mutual 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 Purchase of Unit 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 (relationship manager) of the Distributor or the Management Company, as the case may be, 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 valid if issued by Distributors.
- (f) The Distribution Company and/or Management Company will be entitled to verify the

detail given in the Purchase of Unit 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 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

Subject to discretion of the Management Company, the minimum amount of initial investment size shall be the price for purchase one (1) Unit of the Scheme at the Offer Price (not applicable for Initial Units issued as Class "B" Units) .

The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

#### 4.4.6 Cut-Off Timings

The Cut-off Time of the Scheme before which Unit transactions shall be effectuated in the Scheme including receiving applications for issuance, redemption and transfer of Units shall be 3:00 p.m. on the applicable Business Day. However, for the month of Ramadan, the Cut-off Time shall be 12:30 p.m. on the applicable Business Day.

The Cut-off Time shall be specified on the web-site of the Management Company. The Management Company may revise such timings under prior intimation to the Commission, Unit Holders and the Trustee without the need to amend this Offering Document. The revised Cut-off Time shall be displayed prominently on the web-site of the Management Company.

The Management Company shall forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within twenty-four (24) hours of the receipt of such requests.

#### 4.4.7 Determination of Purchase Price

- (a) From the Effective Date and after issuance of the Initial Units as Class "B" Units, the Purchase Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (b) hereafter and shall be announced by the Scheme for Subscription Days during the period when the Scheme is open for subscription.
- (b) The Purchase Price shall be equal to the sum of:
  - (i) The Net Asset Value as of the close of the Business Day on which the application for purchase of Units is received;
  - (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; and
- (iv) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
- (v) Such sum shall be adjusted upward to the nearest paisa.

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.

- (c) The Purchase Price so determined shall apply to purchase requests, received by the Distributor or the Management Company before the Cut-Off time on the Subscription Day on which the completely and correctly filled application for purchase of Units is received.
- (d) The Purchase 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 website and the website of MUFAP.

#### 4.4.8 Allocation / Issue of Units

- (a) Initial Units shall be issued as Class "B" Units to the share holders of the Investment Company without any further payment.

Thereafter from Effective Date, Units shall be issued based on the Purchase Price determined as per Clause above and shall apply to all Purchase of Unit Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) before the Cut-Off Time on that Subscription Day. Any Unit Purchase Forms received after the Cut-Off Time will be transferred to the next Subscription Day.

- (b) Units will only be allocated and issued after realization of funds in the bank account of the Scheme.
- (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 either by electronic means or through mail or courier to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announce a suspension of further issue of Units of Scheme, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

#### 4.4.9 Issuance of Physical Certificates

- (a) Unit Certificates will be issued only if requested by the Unit Holder(s)
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distributor together with a fee as specified 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 issued in such form and denomination as may from time to time be agreed between the Management Company and the Trustee, which shall be signed by the authorized officers of the Management Company, Trustee and the Registrar.
- (e) A Unit or any fraction thereof shall not be represented by more than one Certificate at any one time

#### 4.4.10 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 Scheme into one (01) Certificate upon surrender of existing Certificates.
- (c) Each new issue of Certificates will require payment as specified in Annexure "A" subject to revisions of fee from time to time by the Management Company.

#### 4.4.11 Issuance of Units in Book Entry form in CDS

Unit Holder may obtain Units in Book Entry form in CDS. 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 Request?

All Unit Holders shall be eligible for redemption from the Effective Date, except that the Initial Units shall be subject to the Back-End Load mentioned in Clause 1.5 above.

##### 4.5.2 Redemption Application Procedure

- (a) Request for Redemption of Units shall be made by completing the redemption request as prescribed by the Management Company and the same is received at the Authorized Branch or office of the Distributor on a Business Day during before the Cut-Off Time as may be announced by the Management Company from time to time. The Distributor may retain a copy of the redemption request and a copy may also be supplied to the Registrar, if so required by the Management Company. Initial Unit holders holding Initial Units as Class "B" Units will be required to complete formalities of account opening as mentioned in Clause 4.4.2 along with supporting documents, such as Know Your Customer Form, CDC Account Activity Statement or Broker Statement of purchase of

shares (if any) or any other document as the Management Company in consultation with  
Trustee may deem appropriate in line with relevant tax laws, Rules, Regulations  
or  
Circulars.

- (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 request 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) In case of a request for redemption by Joint Unit Holders, unless otherwise specified by the joint holders, such request should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account in the Unit Holder Register, through the Registration Form.
- (e) The Distribution Company or the Registrar shall verify the particulars given in the request 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 request 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.
- (f) The Unit Holder will receive a confirmation of the receipt of the request for redemption from the relevant Distribution Office.
- (g) If subsequent to receipt of the redemption request by the Distributor, but prior to the redemption of the Units, the request 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 Unit Holder 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 request for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh request for Redemption of Units.
- (h) The Management Company shall ensure all valid redemption requests are paid based on ranking of the request in a queue.
- (i) 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 by depositing the cheque or through electronic bank transfer to the Unit Holder's designated bank account

as mentioned in the Registration Form or request for redemption within six Business

Days from the date of presentation of the duly completed request for redemption,

electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company.

- (j) 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's Registration Form or request for redemption subject to fulfillment of required documents as the Management Company may deem appropriate.
- (k) No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.
- (l) The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Scheme. 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 SECP.
- (m) 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. In case of joint Unit Holders any one of them may give effectual receipt for any such moneys.
- (n) Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Business Days. Where redemption requests on any one Business 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 4.10.4.
- (o) On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Scheme 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.
- (p) 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 manner, 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).

#### **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, which are as follows:

##### **Submission of the Redemption Form**

- 1.1 The account holder shall:
  - a) complete the 'Redemption Form' (four copies), provided by the AMC, and ensure that the CDS account number, from where the units are to be redeemed, has been specified;
  - b) submit four copies of the completed form to the participant/IAS;
    - I. One copy for Participant/IAS
    - II. One copy for Client (to be given by AMC after time stamping for NAV purposes)
    - III. One copy for AMC
    - IV. One copy for RTA/AMC

**Processing of the request by Participant / IAS**

- 2.1 The participant or IAS shall:
  - a) Save and post the redemption request in CDS (note that a redemption request cannot be cancelled by the Participant/ IAS Account holder once it has been posted)
  - b) generate two printouts of the post transaction, and
  - c) retain one copy each of the printout and the Redemption Form. Return the second post printout (duly signed & stamped) along with the remaining copies of the Redemption Forms to the investor for delivery to AMC.

**Processing of request by AMC**

- 3.1 The AMC shall:
  - a) after receiving the documents time stamp the redemption form for NAV purposes.
  - b) Deliver client's copy of the redemption form to the investor as acknowledgement.
  - c) Retain AMC copy for its record and forward RTA copy along with the CDS post printout to the RTA/AMC.

**Approval / rejection of redemption request**

- 4.1 The AMC / RTA, after receiving documents referred in 3.1(c) from the AMC shall verify it. Specifically, the RTA will check that the units being redeemed are not part of the core investments. It is the responsibility of the RTA to reject the redemption of core units if the request for redemption is raised within the restricted period. Other possible risks of unauthorized redemptions are sufficiently covered with adequate controls in the system due to disallowing free delivery transactions.
  - a) in case of successful verification
    - I. approve the redemption request in the system
    - II. reduce the CDC nominee account holding in the Unit Holder's Register, and
    - III. send a report to the AMC and the trustee of all approved redemptions in accordance with existing AMC procedures.

Otherwise;

- I. reject the redemption requests in the system, and
  - II. inform the account-holder of the rejection with the reason thereof.
- b) Upon successful approval, the units shall be automatically deleted from the designated CDS accounts.

**Disbursement of payment**

- 5.1 Disbursement of payment would be handled by AMC in accordance with their existing procedures and NBFC Regulations.

- 4.6 Purchase and Redemption 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 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 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 Scheme 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 Price
- 4.7.1 The Redemption Price shall be equal to the Net Asset Value as of the close of Business Day less:
- (a) Any Back-end Load as per the details in this Offering Document;
  - (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 downwards to the nearest paisa.
- 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 after seeking prior approval of SECP.
- 4.7.2 The Repurchase Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company before the Cut-Off Time on the Business Day on which the correctly and properly filled redemption request is received.
- 4.7.3 The Redemption Price determined by the Management Company shall be made available for every Business 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/update their Unit Holder details if they so desire.

For such change in particulars, a request shall be made to the Management Company or

the Distributor(s). Application Procedure for Change in Particulars

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

Change will not be allowed in CNIC numbers or in the Title of Account (without any documentary evidence).

- (b) Fully completed request has to be submitted by both Individuals and/or Institutional Investor(s) and should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company before the Cut-Off Time on any Business Day.
- (c) The Unit Holder, making a request for change/update of Unit Holder particular must obtain a copy of the request, duly signed and 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 such request. 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.
- (f) Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the request for such request for change/update of Unit Holders particulars.

##### 4.8.2 Transfer, Nomination, Transmission and Systemic Conversion Procedure

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

4.8.2.2 Both the transferor and the transferee must sign the request for transfer, 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. Transfer requests must be duly completed in all respects including affixation of transfer stamps of the

requisite value.

- 4.8.2.3 Where Certificates have been issued, the Management Company / 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 as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.
- 4.8.2.4 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 twelve years or any other prescribe period from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years or any other prescribe period 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 or any other prescribe period 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 the Management Company and shall not be destroyed. Unit Holder may nominate any successor/ nominee for transmission, subject to all legal requirements, in case of the deceased of Unit Holder.
- 4.8.2.5 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent or the

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Company itself as Registrar after satisfying as to all legal requirements such as intimation of death of deceased Unit Holder along-with certified copy of death certificate, indemnity from nominee along-with copy of CNIC of nominee and deceased Unit Holder, original unit certificate (in case of physical certificate) etc. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.

4.8.2.6 A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/ registration number following the procedure of transfer of Units.

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.

4.8.3 Partial Transfer

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

4.8.4 Conversion of Units

A Unit Holder may convert the Units of the Scheme into Units of another Unit Trust Scheme managed by the Management Company by redeeming the Units of first Scheme at the relevant Redemption Price and issuance of Units of later Scheme(s) at the relevant Offer 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.

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 request for Pledge of Units as prescribed by the Management Company.
- (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 hold 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 /pledge 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 Pledger 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 request for pledge of Units has to be submitted by both Individuals and/or non-individuals Unit Holders. This request should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company directly before the Cut-Off Time on a Business 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 and 4.10.3, Subject to compliance with Regulation (having regard to the interests of Unit Holders), the

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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

SECP vide its letter No. SCD/AMCW/FCIL/625/2013, dated 03 July 2013, has suspended the issuance of fresh units, which shall remain suspended from the effective date till FCIL complies the following conditions

a) FCMF employs requisite staff, dedicated management team including fund managers, possesses adequate / upgraded system and accounting software to handle issuance of units, has strong distribution network / marketing team, dedicated research department, investor services department, and investor complaint handling department, along with requisite operations manuals for each area to the satisfaction of the SECP; and

b) Upon conversion into open-end scheme, daily NAV of FCMF shall be calculated by the AMC and verified by the trustee of the fund prior to publication/dissemination. FCIL shall be bound to furnish all or any information which the trustee of the fund may require to perform this function.

c) Appointment of CEO that fulfills the 'fit and proper' criteria and complies with other regulatory requirements after seeking prior approval of SECP and meeting such other conditions as may be imposed by SECP.

d) FCIL shall immediately comply with the minimum equity requirement of Rs. 200 million in accordance with Non-Banking Finance Companies and Notified Entities Regulations, 2008.

e) FCIL shall comply with conditions # (a) mentioned above to the satisfaction of the SECP, no later than September 10, 2013, failing which, the SECP/trustee may proceed in accordance with law for winding up or the transfer of fund and/or cancellation of AMS license.

f) FCIL shall not be eligible to manage/launch any other collective investment scheme.

**Although subsequent to conversion of FCMFL the fresh issuance of units is suspended, however, the clauses included in this Offering Document related to issuance of fresh units will apply mutatis mutandis as soon as FCIL is allowed to issue new /fresh units by SECP.**

The Management Company may at its own, under the following circumstances, can also 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 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 Scheme'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.

Requests for issuance of Units 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 Scheme and / or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on basis proportionate to the size of the requests. The 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 Business Day at the price to

be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

#### 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 Scheme 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 Scheme. 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.

### 5. DISTRIBUTION POLICY

#### 5.1 Declaration of Dividend

The Management Company shall decide as soon as possible but not later than the time stipulated in the Companies Ordinance, 1984 or the Rules and the Regulations 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 Scheme will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

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(90) per cent of the accounting income of the Scheme received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Scheme under the Regulations.

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 this Document or the Rules and the Regulations;
- and
- any taxes of the Scheme

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 Payment of Dividend

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.

#### 5.4 Dispatch of Dividend Warrants/Advice

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

#### 5.5 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. Bonus units issued subsequent to the effective date of conversion shall be classified as Class D units, as defined in clause 4.2 above. 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.

#### 5.6 Closure of Register

The Management Company may close the Register by giving at least seven (7) days notice to Unit Holder provided that the time period for closure of register shall not exceed six (6) working days at a time and whole forty five (45) days in a Financial Year. During the closure period, the sale, redemption, conversion or transfer of Units will be suspended. Notice for closure of register shall be published in two newspapers (Urdu and English language) having circulated all over Pakistan and shall also be placed on the website of the Management Company.

### 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 may be included in the offer price of the Units. The remuneration of Distributor(s) 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 'A'. Any change in Front-end Load shall be done through an addendum 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 front-end load or processing charge.

##### 6.1.2 Back-end Load

Back end Load shall be deducted from the Net Asset Value in determining the Redemption Price; provided however that different level of Back-end Load

may be applied to different Classes or types of Units, but Unit Holders within a Class or type shall be charged same level of Back end Load. Any such charges shall be payable to the Management Company,

Provided that in case of redemption of Initial Units within twelve (12) months of the Effective Date, the Back-end Load so charged shall be treated as part of the Deposited Property.

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 'A'.

#### 6.1.3 Other Charges

Transfer of Units from one owner to another may be subject to a Processing Charge, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued based on applicable Offer Price.

The current level of other charges is indicated in Annexure 'A'.

#### 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 Fund Property nor against the Distribution Account for their services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Fund Property.

Any cost associated with sales, marketing and advertisement of the Scheme shall not be charged to the Scheme.

#### 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 Scheme

The following expenses shall be borne by the Scheme:

6.2.1 Remuneration of the Management Company

The remuneration shall begin to accrue from the Effective Date. 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.

The Management Company shall be entitled to a monthly remuneration out of the Fund Property determined in accordance with Annexure "A".

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 after seeking prior approval of the SECP.

6.2.2 Remuneration of the Trustee

The Trustee shall be entitled to a monthly remuneration out of the Fund Property determined in accordance with Annexure "B".

The remuneration shall continue to accrue from the Effective Date. However, prior to the Effective Date, the Trustee continues to receive its remuneration pertaining to the Scheme as a Closed-End Scheme. 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 Conversion Costs

All cost and expenses relating to the conversion of the Investment Company from Closed-end structure into an Open-end Scheme, including but not limited to expenses in connection with the authorization for conversion of the Investment Company, execution and registration of the Constitutive Documents of the Scheme, issue, printing, publication of this Offering Document, announcements to the public, the Unit Holders, banks and other concerned parties in respect of the conversion, charges of CDC and stock

exchanges for delisting of the share of the Investment Company and enlistment of the Units of the Scheme, legal expenses incurred up to the period of effectuating and implementing the conversion shall be immediately charged to the Scheme on the Effective Date.

Conversion Cost shall be reported by the Management Company to the SECP and the Trustee giving their break-up under separate heads within seven (7) days of effective date.

#### 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 Deposited 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 Scheme's quarterly, half yearly and annual reports
- (vii) Scheme 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 Scheme payable to the Commission.
- (x) Taxes, fees, duties if any, applicable to the Scheme and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by Asset Management Company for management of Scheme
- (xi) Charges and levies of stock exchanges, national clearing and settlement company, CDC charges including induction of units into CDS (subject to SECP approval related to it).
- (xii) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.

### 7. TAXATION

#### 7.1 Taxation on the Income of the Scheme

##### 7.1.1 Liability for Income Tax

The following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of the Scheme. 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 Scheme. 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 Scheme will be regarded as a public company liable to a tax rate applicable to a public company.

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

- (i) Dividend income at 10%;
- (ii) Capital Gains Tax as applicable according to the relevant law
- (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 Scheme will be exempted from Income 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.

In line with the existing applicable rules and regulation, the Scheme 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 Scheme.

#### 7.2 Withholding tax

Under the provision of clause 47(B) of part (IV) of Second Schedule of the Income Tax Ordinance 2001, the Scheme's income from dividend return on deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations and establishments will not be subject to any withholding tax.

#### 7.3 Zakat on Scheme

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

#### 7.4 Taxation and Zakat on Unit Holders

##### 7.4.1 Taxation on Income from the Scheme of the Unit Holder

The following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of Unit Holder of the Scheme. 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 Scheme. This part does not cover tax liability of nonPakistani resident investors with respect to taxes in their own jurisdiction.

- 7.4.2 Unit Holders of the Scheme will be subject to Income Tax @ 10% on dividend income distributed by the Scheme (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 Scheme will be subject to tax at the applicable tax rate as mentioned in 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 Scheme. 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 Business Day by applying to the Management Company/Transfer Agent in writing before the Cut-Off Time.

- 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 Scheme 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.

## 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, 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, 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 other bank or financial institution.

The portfolio of the Scheme is subject to market risks and risks inherent in all such investments.

9.2.2 Scheme's target return/ dividend range cannot be guaranteed. Scheme'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 Scheme

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

2<sup>nd</sup> Floor, Pace Mall, Fortress Stadium  
Lahore Cantt, Lahore

### 10.3 Transfer of Management Rights of the Scheme

The management rights of the Scheme 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 Scheme within the fifteen(15) 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 Scheme by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Scheme 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 Scheme

If the Management Company does not comply with the following conditions to the satisfaction of the SECP by September 10, 2013, the SECP/trustee may proceed in accordance with law for winding up or transfer of FCMF and/or cancellation of AMS license:

- a) FCIL employs requisite staff, dedicated management team including fund managers, possesses adequate / upgraded system and accounting software to handle issuance of units, has strong distribution network / marketing team, dedicated research department, investor services department, and investor complaint handling department, along with requisite operations manuals for each area to the satisfaction of the SECP; and
- b) Upon conversion into open-end scheme, daily NAV of FCMF shall be calculated by the AMC and verified by the trustee of the fund prior to publication/dissemination. FCIL shall be bound to furnish all or any information which the trustee of the fund may require to perform this function
- c) Appointment of CEO by July 22, 2013 to a person/entity that fulfills the 'fit and proper' criteria and complies with other regulatory requirements after seeking prior approval of SECP and meeting such other conditions as may be imposed by SECP.
- d) FCIL shall immediately comply with the minimum equity requirement of Rs. 200 million in accordance with Non-Banking Finance Companies and Notified Entities Regulations 2008.
- e) FCIL shall comply with conditions # (a) mentioned above to the satisfaction of the SECP, no later than September 10, 2013, failing which, the SECP/trustee may proceed in accordance with law for winding up or the transfer of fund and/or cancellation of AMS license.

Further the Scheme may also 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) where the Management Company is unable to remove the suspension of redemption of Units of the Scheme within the fifteen (15) business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the Scheme pass a resolution or have given consent in writing that the scheme be revoked;

- (ii) 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;
- (iii) 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;
- (iv) 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 Deposited 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.
- (v) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Scheme to be revoked; and
- (vi) where the Commission deems it necessary to revoke the Scheme so directs either Trustee or the Management Company in the interest of Unit Holders;

#### 10.5 Procedure and manner of Revocation of the Scheme

Revocation of the Scheme 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 Scheme the Trustee shall according to the procedures 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, under intimation to the trustee after obtaining approval from relevant competent authority may change such date to any other date and such change shall be intimated to the commission.

“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.

**“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.

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

“Asset Management Company” mean 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.

“Account Statement” means statement of transactions in Units in the account of the Unit Holder.

“Annual Fee” means any fee payable to SECP under the Regulations.

“Authorized Branches” means those Branches of the Distributors, which are allowed by the Management Company to deal in units of the funds managed by Management Company.

“Authorized Investments” Authorized Investments which may be authorized by the Commission but does not include restricted investments as specified in the Offering Documents from time to time.

“Back-end Load” means charges deducted from the Net Asset Value in determining the Redemption Price; provided however that different level of Back-end Load may be applied to different classes of units, but Unit Holder within a class shall be charged same level of back end load as disclosed in the 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 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).

“Bonus Units” means the Units issued, on distribution of the distributable income, in the form of a stock dividend.

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

“Business Day” means any day (business hours thereof as specified in the Offering Document) on which banks 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 this Deed.

“Companies Ordinance” means the Companies Ordinance, 1984, as amended or Substitute from time to time.

“Connected Person” shall have the same meaning as under the Rules and Regulations.

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

“Contingent Load” means amount payable by the Unit Holder on redemption of Units at actual basis as specified in the Offering Documents. Any such amount would be treated as part of the Fund Property.

“Conversion Cost” means preliminary expenses relating to regulatory and registration fees of the scheme, conversion of the Fund into Open end scheme expenses relating to authorization of the scheme, execution and registration of the constitutive Documents, execution of custodial arrangements (if any) legal costs, printing, circulation and publication of the Offering Document, announcements describing the scheme and all other expenses incurred up to the period of effecting and implementing the conversion of the Fund into an Open end scheme as allowed under the regulations or by the Commission.

“Custodian” means a bank or a depository company or an Investment Finance Company licensed under the regulations, which may be appointed by the trustee with the consent of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and shall also include the Trustee itself if it provides custodial services for the Fund.

“Cut-Off Timings” means day time for dealing in Units of the Fund. The details off cut-of Time will be prescribed in Offering Document of the Fund.

“Dealing Day” means that Business Day on which Units will be available for dealing (purchase, redemption, transfer, switching etc.). The cut-off timings for issuance, redemption, and conversion etc. of units of the scheme will be as defined in the Offering Documents on all Dealing Days, provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days’ notice in a widely circulated newspaper in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s)

“Deed” or “Trust Deed” means the Trust Deed and any Supplemental Deed.

“Fund Property” means the aggregate proceeds of the sale of all Units after deducting therefrom or providing there out any applicable Front-end Load and Duties and Charges and Transaction Costs and any other expenses chargeable to the Scheme (as specified in Clause 11); 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 Holders pursuant to the Deed but does not include any amount available for distribution in the Distribution Account.

“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 the distribution of income to the Unit Holder(s) may 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 a company / firm, appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Function and shall also include the Management Company, itself, if it performs the Distribution Function.

“Distribution Function” means any functions with regard to:

- a. Receiving applications for issue of Units;
- b. Issuing of receipts in respect of (a) above;
- c. Interfacing with and providing services to the Unit Holders including receiving Redemption applications, transfer applications, conversion notices and applications For change of address or issue of duplicate Certificates for immediate transmission to The Management Company or the Transfer Agent as appropriate, in accordance with the instructions given by the Management Company or the Trustee; and
- d. Accounting to the Management Company for all (1) payment instruments received from the applicants for issuance of Units; (2) payments instruments delivered to the Unit Holder(s) on redemption of Units; and (3) all expenses incurred in relation to the Distribution Functions.

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

“Effective Date” means the date on which the Fund shall stand converted from an “*Investment Company*” to an “*Open end scheme*” which shall be the first Business Day after the expiry of the book closure to be announced by the Management Company under intimation to trustee and SECP for the purpose of determining the entitlement of the shareholders to be converted into the Initial Units of the open end scheme, in lieu of the shares of the closed end fund held by them, after the grant of authorization by the SECP under Regulation 65 of the Regulations and subject to the registration of the Fund by SECP as a Notified Entity in terms of Regulation 44 of the Regulations.

“Exit Load” means contingent load, back end load and any other charges as may be applied by Management Company

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

“First Capital Mutual Fund Limited (a closed end fund)” a listed public company, limited by shares, Incorporated in Pakistan under Company Regulation No.0033995, having its Registered Office at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt; Lahore, Pakistan.

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

“Financial Institution” Carries the same meaning as defined under Companies Ordinance 1984.

“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 the 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 the 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.

“Front-end Load” means the sales load which may be included in the Offer price of the Units, as defined in the Offering Document.

“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 Deed.

“Initial Period” means Initial Fund Offer Period.

“Initial Price” means price per Unit on the first day of the Initial Period determined by the Management Company as mentioned in the Offer Document.

“Initial Unit Holders” mean the shareholders whose status would change to that of a Unit holder pursuant to issuance of initial Units to them in lieu of their investment in shares of the closed-end fund.

“Initial Unit” mean such units of the open end scheme, to be issued to the initial Unit Holders in lieu of the shares of the closed end fund held by them in ratio of 1:1

“Investment Company” means First Capital Mutual Fund Limited (FCMFL), the predecessor of the Scheme in its closed-end structure prior to its conversion into an open-end scheme on the Effective Date.

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

“Investment Facilitators/Advocators/Sales Agents” means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Management Company shall compensate the Investment Facilitators/ Sales Agents.

“Load” means the aggregate of Front-end load and the Back-end load not exceeding 5% of Net Asset Value of Fund. Provided that the Back-end Load of twenty percent (20%) charged in respect of the redemption of Initial Units within twelve (12) months of the Effective Date shall be treated separately and the same shall become part of the Deposited Property

“Management Company” is defined in the preamble hereto;

“Minimum Subscription Amount” shall be the price for purchasing one (1) Unit of the Scheme at the Offer Price or any other minimum subscription amount specified in the Offering Document.

“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 Price” means the sum to be paid by the investor(s) for purchase of one Unit of the scheme, such price to be determined in accordance with clause 14.2 of this Trust Deed.

“Offering Document” means the prospectus or other document (issued by Management company with written consent of the trustee and approved by the commission) which contains investment 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 the scheme and include any supplementary Offering Document.

“On-line” 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 a Unit i.e. Rs. 10 or such other amount determined by the Management Company from time to time and disclosed in the Offering Document of the Trust.

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

“Redemption Price” means the amount to be paid to the relevant Holder upon redemption of that Unit, such amount to be determined pursuant to this Offering Document.

“Register” means the Register of the Unit Holder(s) kept pursuant to the Regulations and the Trust Deed.

“Registrar Function” means the functions with regard to:

- (a) Maintaining the Register; including keeping a record of change of addresses / other Particulars of the unit holder(s)

- (b) Issuing account statements to the Unit holder(s)
- (c) Issue certificates:
- (d) Cancelling old certificates on redemption, transfer and transmission of Units,  
recording of pledges liens and changes in the data with regard to Unit holder(s).
- (e) Issuing Certificates including Certificates in lieu of undistributed income to Unit Holder(s);
- (f) Issuing and dispatching of certificate.
- (g) Dispatching income distribution warrants and bank transfer intimation and distribution  
Bonus Units or partly both and allocating Units to Holders on re-investment of individuals;  
  
And
- (h) Maintaining records of lien/ pledge/ charge on Units, transfer/switching of Units,  
Zakat; and

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

“Regulations” mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended or substituted from time to time.

“**Sales Load**” includes the Front –end and Back –end loads and any processing charge or Commission (excluding duties and charges) not exceeding five percent of the Net Asset Value or as may be allowed under the Regulation, which may be included in Offer Price of all or certain class of Units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of Units.

“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.

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

“Shareholder” means the investor whose name was entered in the Register as owner of share(s) of the closed end fund including investors jointly so regulated so registered pursuant to the incorporation of Investment Company.

“Subscription Day” means every Business Day on which any class of Unit is available for subscription provided that the Management Company may with the prior written consent of the Trustee and intimation to SECP declare any particular Business Day not to be a Subscription Day upon giving a notice in at least one (1) newspaper, either English or Urdu, circulating in Pakistan. Such notice shall be deemed to be duly served on the Unit Holder and shall be sufficient for the purpose of meeting requirements set out in this Deed.

“Supplemental Deed” means a deed supplemental to this Deed, executed by

the  
Management Company and the Trustee, after seeking approval of the SECP, to  
modify,  
add to, alter and amend or amend and restate the provisions of this Deed or any  
other  
Supplemental Deed in such manner and to such extent as may be considered  
expedient  
for all purposes, which shall be consolidated, read and construed together with this  
Deed.

“Supplementary Offering Document” means a document issued to modify, add to,  
alter  
and amend, amend and restate or to make any other amendment to the Offering  
Document  
in such manner and to such extent as considered expedient for all purposes by  
the  
Management Company, with the consent of the Trustee, after seeking approval of  
the  
SECP, and the same shall be consolidated, read and construed together with the  
Offering  
Document.

“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 or  
issuance or redemption of units, which cost 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 any company including a Bank that the  
Management Company shall appoint for performing the Registrar Functions. The Management  
Company may itself perform The Registrar function.

“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, and includes any Supplemental Deed.

“Trust” or “Unit Trust” or “Fund” or “Scheme” means the Unit Trust constituted by  
the Trust Deed for continuous offers for sale of Units.

“Unit” means one (1) undivided share in the Trust and where the context so  
indicates a fraction thereof.

“Zakat” has the same meaning as in Zakat and Usher Ordinance 1980 (XVIII of 1980),

Words and expressions used but not defined herein shall have the meanings assigned  
to  
them in the 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.

ANNEXURE A - CURRENT LEVEL OF FRONT-END LOAD AND BACK-END LOAD AND THE MANAGEMENT FEE EFFECTIVE FOR THE SCHEME

Front-end Load:

Up to 2.00% of the Net Asset Value, on Class "A" Units

Back-end Load:

1. Nil. For Class 'A' Units
2. Twenty Percent (20%). Only applicable on redemption of Initial Units issued as Class 'B' Units within twelve (12) months of the Effective Date

Other Charges:

Up to 1.00% of the Net Asset Value only on the transfer of units

NOTE: The Management Company does not intend to initially offer Class "A" and "C" Units at the time of publication of this Offering Document, which may be offered to at the discretion of the Management Company at a subsequent stage through issuance of a Supplementary Offering Document after approval of SECP and newspaper announcements having wide circulation in Pakistan.

Management fee:

The Management Company shall be entitled to be paid out of the Fund Property monthly in arrears of the accrued remuneration of an amount not exceeding two percent (3.0%) of the average annual Net Assets of the Scheme calculated on a daily basis during the year.

Fee for Issuance of Physical Certificates:

PKR 50/- per certificate on issuance of Physical Certificate to the Unit Holder subject to the discretion of the Management Company

ANNEXURE B - TARIFF STRUCTURE OF THE TRUSTEE

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

Net Assets	Charges
Up to PKR One Billion	PKR 0.7 million or 0.20% per annum of the Net Assets, which ever is higher
Exceeding PKR One Billion	PKR 2.0 million plus 0.10% per annum of the Net Assets exceeding PKR One billion

#### ANNEXURE C - CUT-OFF TIMINGS

From the Effective Date, the Cut-off Time of the Scheme before which Unit transactions shall be effectuated in the Scheme including receiving applications for issuance, redemption and transfer of Units shall be 3:00 p.m. on the applicable Business Day.

However, for the month of Ramadan, the Cut-off Time shall be 12:30 p.m. on the applicable Business Day.

The Cut-off Time shall be specified on the web-site of the Management Company. The Management Company may revise such timings under prior intimation to the Commission, Unit Holders and the Trustee without the need to amend this Offering Document. The revised Cut-off Time shall be displayed prominently on the web-site of the Management Company.

The Management Company shall forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within twenty-four (24) hours of the receipt of such requests.

ANNEXURE D- LIST OF AUTHORIZED BRANCHES OF THE DISTRIBUTOR(S)

First Capital Investments Limited

**Mr. Mohsin Tariq  
Tariq**

2<sup>nd</sup> & 3<sup>rd</sup> floor, Pace Mall,  
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Lahore

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Fax: +92-42-36623121-22

**Mr. Ahsan Zia**

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**Mr. Farooq Habib/ Mr Muhammad**

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Ph: 92-21-111 226 226