

**Risk Disclaimer:** All Investments in Exchange Traded Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in Clause 2, Risk Factors mentioned in clause 2.7, Taxation Policies mentioned in Clause 8 and Warnings in Clause 10 before making any investment decision.

Category of CIS	Risk Profile	Risk of Principal Erosion
Islamic Equity	High	Principal at high risk

OFFERING DOCUMENT OF

# Meezan Pakistan Exchange Traded Fund (MP ETF)

(An Open Ended Exchange Traded Fund)

Open for Subscription: 06-10-2019

Duly vetted by Shariah Advisor  
namely Dr. Imran Ashraf Usmani

MANAGED BY

**Al Meezan Investment Management Ltd**

**Last Updated through Second Supplemental dated June 03,  
2022**

<b><u>1</u></b>	<b><u>CONSTITUTION OF THE SCHEME</u></b>	<b>6</b>
1.1	CONSTITUTION	6
1.2	TRUST DEED (THE “DEED”)	6
1.3	MODIFICATION OF TRUST DEED	6
1.4	DURATION	6
1.5	TRUST PROPERTY	6
1.6	ISSUANCE, BUYING AND SELLING OF ETF UNITS	7
1.7	OFFERING DOCUMENT	10
1.8	MODIFICATION OF OFFERING DOCUMENT	10
1.9	RESPONSIBILITY OF THE MANAGEMENT COMPANY FOR INFORMATION GIVEN IN THIS DOCUMENT	10
<b><u>2</u></b>	<b><u>INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER</u></b>	<b>11</b>
2.1	INVESTMENT OBJECTIVE	11
2.2	CHANGES IN INVESTMENT POLICY	14
2.3	INVESTMENT RESTRICTIONS	14
2.4	EXEMPTION TO INVESTMENT RESTRICTIONS	15
2.5	TRANSACTIONS RELATING TO INVESTMENT/PORTFOLIO MANAGEMENT	15
2.6	RESTRICTION OF TRANSACTIONS WITH CONNECTED PERSON	16
2.7	RISK DISCLOSURE	16
2.8	DISCLAIMER	18
<b><u>3</u></b>	<b><u>OPERATORS AND PRINCIPALS</u></b>	<b>18</b>
3.1	MANAGEMENT COMPANY	18
3.2	ORGANIZATION	18
<b><u>4</u></b>	<b><u>ROLE AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY</u></b>	<b>33</b>
4.1	THE MANAGEMENT COMPANY SHALL MANAGE, OPERATE AND ADMINISTER THE SCHEME, IN ACCORDANCE WITH THE RULES, REGULATIONS DIRECTIVES, CIRCULARS AND GUIDELINES ISSUED BY SECP AND THIS DEED AND THE OFFERING DOCUMENT.	33
4.2	MAINTENANCE OF UNIT HOLDERS REGISTER	33
4.3	ROLE OF THE TRUSTEE	36
4.4	SHARIAH ADVISOR	38
4.5	ROLE OF AUTHORIZED PARTICIPANTS	39
4.6	ROLE OF MARKET MAKER	39
4.7	TRANSFER AGENT	40
4.8	TRUSTEE/CUSTODIAN	40
4.9	MARKET MAKER	40
4.10	AUTHORIZED PARTICIPANT	40
4.11	AUDITORS	40
4.12	LEGAL ADVISORS	41
4.13	BANK ACCOUNTS	41
4.14	MINIMUM FUND SIZE	41
<b><u>5</u></b>	<b><u>CHARACTERISTICS OF UNITS</u></b>	<b>41</b>
5.1	UNITS	41
5.2	CREATION AND REDEMPTION OF UNITS	42
5.3	PROCEDURE FOR REQUESTING CHANGE IN UNIT HOLDER PARTICULARS	45
5.4	PROCEDURE FOR PLEDGE / LIEN / CHARGE OF UNITS	46

5.5	TEMPORARY CHANGE IN METHOD OF DEALING, SUSPENSION OF DEALING AND QUEUE SYSTEM.....	46
<b>6</b>	<b><u>DISTRIBUTION POLICY.....</u></b>	<b>47</b>
6.1	DECLARATION OF DIVIDEND .....	47
6.2	DETERMINATION OF DISTRIBUTABLE INCOME .....	47
6.3	PAYMENT OF DIVIDEND .....	48
6.4	BONUS UNITS.....	48
6.5	CLOSURE OF REGISTER.....	48
<b>7</b>	<b><u>FEE AND CHARGES.....</u></b>	<b>48</b>
7.1	FEES AND CHARGES PAYABLE BY AN INVESTOR.....	48
7.2	FEES AND CHARGES PAYABLE BY THE FUND .....	49
7.3	FORMATION COSTS .....	49
7.4	OTHER COSTS AND EXPENSES .....	50
7.5	EXPENSE RATIO .....	50
<b>8</b>	<b><u>TAXATION .....</u></b>	<b>50</b>
8.1	TAXATION ON THE INCOME OF THE FUND.....	50
8.2	WITHHOLDING TAX.....	52
8.3	ZAKAT ON FUND.....	52
8.4	TAXATION AND ZAKAT ON UNIT HOLDERS.....	52
8.5	DISCLAIMER.....	53
<b>9</b>	<b><u>REPORTS TO UNIT HOLDERS.....</u></b>	<b>53</b>
9.1	ACCOUNT STATEMENT .....	53
9.2	FINANCIAL REPORTING .....	53
9.3	TRUSTEE REPORT.....	54
9.4	FUND MANAGER REPORT .....	54
<b>10</b>	<b><u>WARNING AND DISCLAIMER.....</u></b>	<b>54</b>
10.1	WARNING.....	54
10.2	DISCLAIMER.....	54
<b>11</b>	<b><u>GENERAL INFORMATION.....</u></b>	<b>54</b>
11.1	ACCOUNTING PERIOD / FINANCIAL YEAR OF THE FUND .....	54
11.2	INSPECTION OF CONSTITUTIVE DOCUMENTS .....	55
11.3	TRANSFER OF MANAGEMENT RIGHTS OF THE FUND.....	55
11.4	EXTINGUISHMENT /REVOCATION OF THE FUND .....	55
11.5	PROCEDURE AND MANNER OF REVOCATION OF THE FUND.....	56
11.6	DISTRIBUTION OF PROCEEDS ON REVOCATION.....	56
<b>12</b>	<b><u>GLOSSARY.....</u></b>	<b>56</b>
	<b><u>ANNEXURE "A" .....</u></b>	<b>62</b>
	<b><u>ANNEXURE "B" .....</u></b>	<b>63</b>
	<b><u>ANNEXURE "C".....</u></b>	<b>64</b>

## OFFERING DOCUMENT OF

**Meezan Pakistan Exchange Traded Fund**  
(An Open Ended Exchange Traded Fund)

### MANAGED BY

**AI MEEZAN INVESTMENT MANAGEMENT LIMITED**

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

**Date of Publication of Offering Document 25-08-2019**

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The **Meezan Pakistan Exchange Traded Fund** (the Fund/the Scheme/the Trust/the Unit Trust/MP ETF) Shariah Compliant Fund has been established through a Trust Deed (the Deed) dated 09-01-2019, under the Trust Act, 1882 entered into and between **AI Meezan Investment Management Limited**, the Management Company, **Central Depository Company of Pakistan Limited**, the Trustee.

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### REGULATORY APPROVAL AND CONSENT

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

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of Meezan Pakistan Exchange Traded Fund and registered (MP ETF) as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") vide Letter No **SCD/AMCW/AMIML/MPETF/308/2020** dated **May 06, 2020**, SECP has approved this Offering Document, under the Regulations vide Letter No **SCD/AMCW/AMIML/MPETF/26/2020** dated **August 25, 2020**.

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

#### **Offering Document**

This Offering Document sets out the arrangements covering the basic structure of the **Meezan Pakistan Exchange Traded Fund** (the "Fund", the "Scheme"). It sets forth information about the Fund that a prospective investor should know before investing in any class of Units. The provisions of the Trust Deed, the Rules, the Regulations, the Shariah guidelines, circulars, directives etc. as specified hereafter govern this Offering Document.

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

### **Confirmation of vetting by Shariah Advisor**

This document has been reviewed and vetted by the Shariah Advisor namely Dr. Imran Ashraf Usmani.

All Investments of the Fund shall be in adherence to the principles of Shariah.

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

If prospective investor has any doubt about the contents of this Offering Document, he/she/it should consult one or more from amongst their Shariah scholars/consultants, 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 Fund consists primarily of investments in listed securities that are subject to market fluctuations and other risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is, or can be, assured. Investors are requested to read the Risk Disclosure and Warnings statement contained in Clause 2.10 and Clause 9 respectively in this Offering Document.**

(All Investments of the Fund shall be in adherence to the principles of Shariah. It is possible that adherence to the Islamic Shariah will cause the Fund to perform differently from other Funds with similar objectives that do not adhere to the requirements of Shariah.)

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

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

License No. **AMCW/11/AMIML/AMS/07/2017** dated **April 19, 2017** & License No. **AMCW/10/AMIML/IAS/04/2017** dated **April 19, 2017** granted by SECP to Al Meezan Investment Management Limited to carry out Asset Management and Investment Advisory Services, respectively;

- (1) Trust Deed (the Deed) of the Fund;
- (2) SECP's Letter No. **SCD/AMCW/AMIML/MPETF/308/2020** dated May 6, 2020 registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
- (3) Letters from **A.F. Ferguson & Co.**, Auditors of the Fund, consenting to the issue of statements and reports;
- (4) SECP's letter No **SCD/AMCW/AMIML/MPETF/26/2020** dated **August 26, 2020** approving this Offering Document.
- (5) Letter dated **February 10, 2020** from Shariah Adviser of the Fund, consenting to act as Shariah adviser of the Meezan Pakistan Exchange Traded Fund and consenting on the contents of the offering document;

## **1 CONSTITUTION OF THE SCHEME**

### **1.1 Constitution**

The Fund is an Open-End Fund and has been constituted by a Trust Deed entered into at Karachi on January 09, 2020 between:

**Al Meezan Investment Management Limited**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 with its registered office at Ground Floor, Block B, Finance and Trade Centre (FTC) Shahrah-e-Faisal Karachi, Pakistan and licensed by SECP to undertake asset management services, with its principal place of business at Karachi, as the Management Company; and

**Central Depository Company of Pakistan Limited**, a company incorporated under the Companies Ordinance, 1984 and registered with the Securities and Exchange Commission of Pakistan as a central depository company, with its registered office at CDC House 99-B, Block B, S.M.C.H.S Main Shakra-e-Faisal, Karachi, Pakistan as the trustee.

### **1.2 Trust Deed (the “Deed”)**

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities Act 2015, Companies Act, 2017 and all other applicable laws and regulations including Shariah Advisor’s directives and guidelines. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed in so far the same do not conflict with the Islamic Shariah.

### **1.3 Modification of Trust Deed**

The Trustee and the Management Company, acting together and with the approval of SECP and the Shariah Advisor, 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 and Shariah guidelines.

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

### **1.4 Duration**

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the Regulations or clause 11.5 of this document.

### **1.5 Trust Property**

It is hereby irrevocably and unconditionally declared that:

- a) The Trustee shall hold and stand possessed the Trust Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holder(s) ranking *pari passu* inter se, according to the number of Units held by each Unit Holder(s);
- b) The Trust Property shall comprise of the Portfolio Deposit and cash component received from all the Creation Units issued, as specified in this Document and the conditions stipulated in Trust Deed, the Regulations and the requirements prescribed by the Commission, as amended or

substituted from time to time ("SECP Requirements");

- c) The Management Company shall offer Creation Units or multiples thereof to Authorized Participants in exchange of underlying Portfolio in term of provision contains in this Document. and
- d) The Management Company shall track the Index which comprises of shariah-compliant equity securities as specified in clause 2.1.2 of this Document.

## **1.6 Issuance, Buying and selling of ETF units**

Units of the Fund may be acquired or redeemed directly from the Fund only in Creation Units lot size or multiples thereof, as specified in the Creations and Redemptions section of this document. Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund.

Once created, units of the Fund generally trade in the secondary market in multiplier of Marketable lot size which can be less than a Creation Unit lot size. Units of the Fund are listed on a Pakistan Stock Exchange for trading. Units can be bought and sold throughout the trading day like shares of other publicly-traded companies. The Trust does not impose any minimum investment for units of the Fund purchased on an exchange in the secondary market **however PSX may impose certain restrictions on LOT size of ETF to be traded at the Exchange**

Buying or selling Fund shares on an exchange in secondary market involves two types of costs that may apply to all securities transactions. When buying or selling units of the Fund through a broker, you may incur a brokerage commission and other charges.

In addition, you may incur the cost of the "spread," that is, any difference between the bid price and the ask price. The spread varies over time for shares of the Fund based on the Fund's trading volume and market liquidity, and is generally lower if the Fund has high trading volume and market liquidity, and higher if the Fund has little trading volume and market liquidity. The Fund's spread may also be impacted by the liquidity of the underlying securities held by the Fund, in instances of significant volatility of the underlying securities.

The Pakistan Stock Exchange, on which the Fund's shares are listed is open for trading Monday through Friday and is closed on weekends and the holidays as specified and announced by the PSX.

### **Difference between ETF and open end fund;**

An ETF is one way to invest in the stock or bond market without buying individual stocks or bonds. An exchange-traded fund is much like a regular mutual fund in that when you buy a share of an exchange-traded fund each share represents a tiny slice of all of the funds' underlying investments, allowing you to diversify across a pre-determined set of stocks or bonds by owning one single fund.

Most exchange-traded funds function like an index fund. For example, let's say you buy a KMI-30 Index exchange-traded fund; that fund will own all 30 stocks listed in the KMI-30 index. It will not trade in and out of those stocks (except for rebalancing caused by any changes in KMI-30 index or corporate actions in the underlying constituents of the ETF) - it simply owns the stocks listed in the index. By buying a share of the fund your money is instantly diversified across all of the underlying stocks.

Exchange traded funds differ from regular mutual funds in the way they are priced and in the way they trade, which means you can apply certain trading strategies with an exchange-traded fund which you cannot do with a regular mutual fund.

**Pricing of an Exchange Traded Fund;** A regular mutual fund sets its price once each day after the market has closed. The actual price you trade at is unknown because orders are placed during or

before a market close and then "filled" at the closest new market value. The closing value will be re-priced based on the number of shares bought and sold and the net asset value of the total fund.

An exchange-traded fund prices just like a stock with fluctuations in value throughout the trading period. Since exchange traded funds price throughout the day, you can purchase or sell them mid-day, buy on a dip in the market, or sell on a rally. Because the stock market prices are influenced by current news and worldwide opinions, the prices are prone to sudden and frequent impulse changes.

One advantage ETF's have over regular mutual funds is typically a lower operating expense fee which means you are paying less to own the fund.

**Trading of an Exchange Traded Fund;** When you buy or sell shares of a regular mutual fund you buy or sell them directly to and from the investment company that issues them, so you cannot trade them mid-day, nor can you use trading strategies like limit orders. You will buy shares of mutual funds in cash, which means you may end up with an odd number of shares, including fractions.

An exchange-traded fund, however, trades like a stock, pricing throughout the day. When you buy or sell it, you are trading it with other investors who are buying or selling. Since an exchange-traded fund trades in this way, you can use trading strategies such as limit orders or stop losses, which allows you to specify a specific price at which you wish a transaction to occur.

#### **Shariah Compliance guidelines for trading of Shariah Compliant ETF share/ unit/ certificate in secondary market;**

In addition to the mechanics of trading ETF shares in secondary market as mentioned above, investors who trade in Shariah compliant ETFs should strive to ensure that:

1. The ETF unit/share/certificate must exist at the time of sale.
2. The seller of ETF share/ unit/ certificate must ensure that for purposes of shariah compliance, it has the physical or constructive possession and ownership of the security prior to selling.
3. The delivery of the share to the buyer must be certain and it should not be based on chance or contingency.
4. The price must be certain.
5. The sale must be unconditional.

Investors trading in Shariah Compliant ETFs are strongly encouraged to abide by the Shariah compliance guidelines stated above.

#### **Parties to an ETF**

Subject to the NBFC Regulation, Rule book of PSX and agreements created under this arrangement, following parties are directly associated with the Creation, Redemption and trading of ETF securities and are defined in this document;

- Assets Management Company of the scheme,
- Trustee of the scheme,
- Authorized Participants of the scheme,
- Market Maker of the scheme, and
- The Pakistan Stock Exchange

#### **Advantages and Disadvantages of ETF**

Apart from the risk associated with the ETF fund as specified in this document, following are the advantages and disadvantages of ETF. Investors should note that these are general



advantages/disadvantages of ETFs and may vary from one ETF to another and may not be applicable on MP ETF.

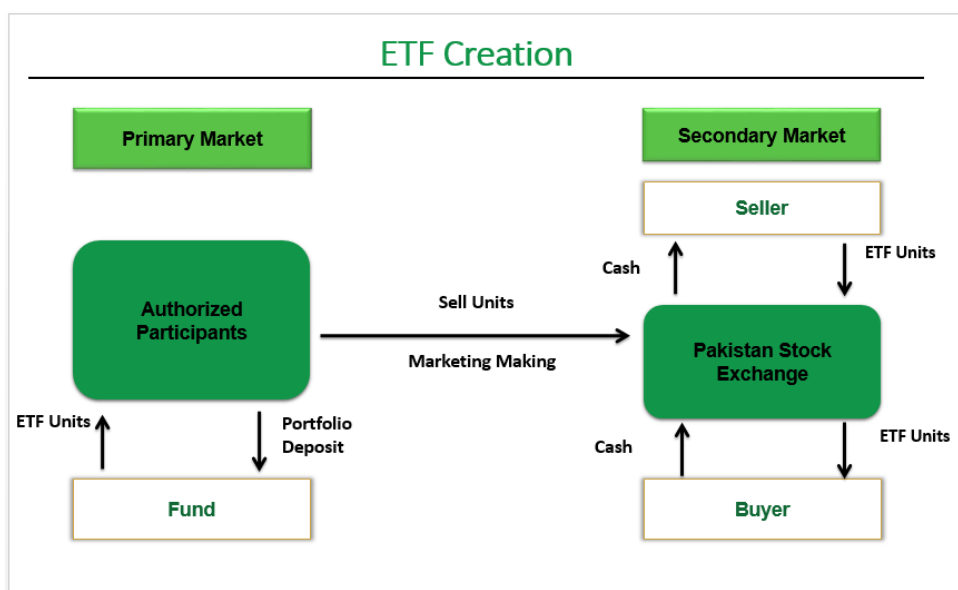
### Advantages

- They may have lower fees than managed funds.
- Investors are able to diversify more broadly with an ETF. You can buy the market and get instant diversification with the purchase of one ETF. You can have a portfolio of different stocks and not have to manage all the stocks yourself.
- Investors can access international shares without having to open an international share trading account.
- Capital gains from sales are not distributed in the fund like managed funds, hence investors will not need to pay tax on capital gains. Hence ETFs are more tax effective – although you may need to pay tax if the ETF itself is sold at a gain.
- There is more transparency in an ETF compared to a managed fund as funds disclose all holdings. Managed funds don't publish all the stocks in the fund.
- There is less administration required with ETFs. An application form is required when buying units in a managed fund and a redemption form is required when selling units. With an ETF, you can just buy and sell with an online trading platform available with your broker.
- ETFs are traded on the stock exchange and so pricing is in real time, however with managed funds, pricing is not as regular.

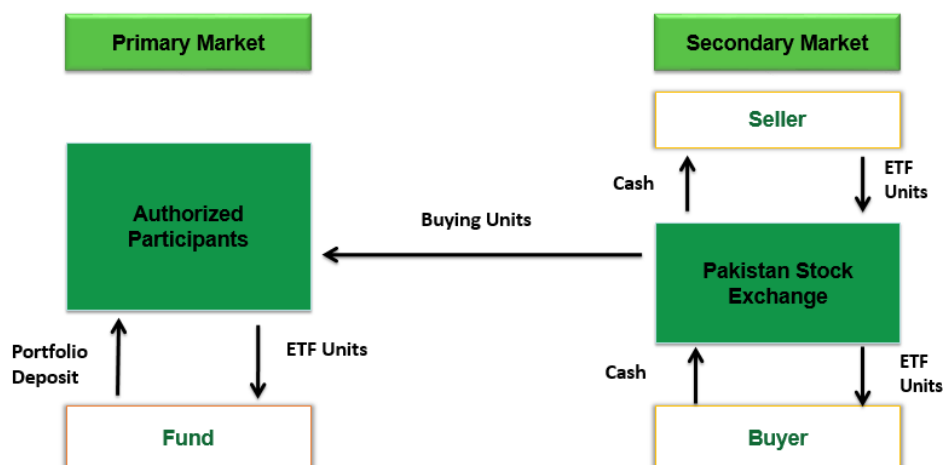
### Disadvantages

- ETFs track an index offering a passive strategy. These particular types do not actively try and beat the market. With managed funds, you can select different trading strategies. Investors have more choice of finding an actively traded fund with managed funds.
- Managed funds generally don't charge transaction fees, ETFs do. Regardless of how many trades a managed fund executes, the investor is usually just charged the management fee/performance fee.
- Trading volumes with ETFs may be low so there may be a wide bid ask spread. This means liquidity may be low.

### ETF Creation/Redemption Flow:



## ETF Redemption



### 1.7 Offering Document

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

### 1.8 Modification of Offering Document

This Offering Document will be updated to take account of any relevant material changes relating to the Fund. Such changes shall be subject to prior consent of the Trustee and approval from the Securities and Exchange Commission of Pakistan (SECP), the Shariah Advisor 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. These changes shall also be notified to PSX within due time as per the requirement of PSX Rule Book.

### 1.9 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

Meezan Pakistan Exchange Traded Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index that has been constituted and is maintained by the Management Company, and comprises of Shariah compliant equity securities selected with high consideration towards market capitalization and traded Value.

#### 2.1.1 Investment Policy

The Fund shall invest in a particular basket of shariah compliant securities with a view to track the performance of a representative shariah compliant securities index. The Benchmark Index is called “**Meezan Pakistan Index**” and shall be constituted and periodically maintained by the Management Company in close collaboration with the Shariah Advisor of the Fund.

The Meezan Pakistan Index may or may not be a true representation of the Shariah Compliant equity market as a whole and shall include only those stocks that are considered shariah compliant by the Fund’s Shariah Advisor.

The performance of the Fund may vary for a number of reasons, including transaction costs, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between the Fund’s portfolio and the Underlying Index resulting from the non-availability of any specific security at any given time period. These factors shall result in Tracking Error; the “Tracking error” which is the difference between daily returns of the Fund and that of the underlying Benchmark Index. The Management Company expects a tracking error up to a maximum of 15% as allowed under Regulations.

The AMC shall use a replication indexing strategy. “Replication” is an indexing strategy in which a fund invests in substantially all of the securities in its underlying benchmark index in approximately the same proportions as in the underlying benchmark index.

The AMC shall ensure that at all times, at least 85% of the Assets of the ETF remain invested in the component securities of the Benchmark Index being tracked by it, while the remaining assets may comprise of cash or cash equivalents.

The AMC shall ensure that per party, per group and sector exposure limits and restrictions in relation to the securities held by the ETF are in accordance with their weightage in the Benchmark index. Any non-compliance or breach of such investment limits shall be rectified within three (3) business days.

#### 2.1.2 Benchmark Index

“**Meezan Pakistan Index (MZNPI)**” takes into consideration the KMI-30 Index that consists of tradable Shariah compliant equity securities listed at the Pakistan Stock Exchange, as considered Shariah compliant by the Fund’s Shariah Advisor. The Management Company shall aim to maintain a maximum number of **12** stocks in the Benchmark Index, if below mentioned criteria permits.

##### **Shariah Compliant Stocks in MZNPI:**

The Management Company in consultation with the Shariah Advisor shall use all shariah compliant stocks in accordance with KMI-30 index. However for MZNPI, the Shariah Advisor of the fund shall be the final authority to pass judgment regarding which securities are considered shariah compliant and fit for inclusion in the index.

## Security Selection

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<b>Step 1</b>	<b>Shariah Compliance Filter</b>	Choose all Shariah Compliant stocks in accordance with KMI-30 index.
<b>Step 2</b>	<b>Trading Days</b>	Exclude stocks which have traded on less than 98% of the trading days in the past calendar year.  <i>Note: In a situation that the number of stocks having traded 98% of the time falls below 12, the criteria limit of 98% may be relaxed to that currently applicable for KMI 30 Index.</i>
<b>Step 3</b>	<b>Filter 1: Average Traded Value</b>	Rank stocks based on 70% weight assigned to past 12 months, 15% weight assigned to past 6 months and 15% weight assigned to past 3 months Average Traded Value.
<b>Step 4</b>	<b>Filter 2: Free Float Market Cap</b>	Rank stocks based on highest Free Float Market Capitalization.
<b>Step 5</b>	<b>Number of stocks</b>	Highest 12 stocks selected based on 60% weight assigned to Filter 1 and 40% weight assigned to Filter 2.

## Determination of Weight

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Based on Free Float Market Capitalization

<b>Individual Stock Weight Cap</b>	Weights are capped at 15%. In case of a breach of cap, the excess weight will be distributed from the particular security to the basket.
<b>Individual Stock Weight Floor</b>	Weights are floored at 3.5%. In case of a breach of floor, the excess weight will be distributed to the particular security to the basket.
<b>Sector Weight Cap</b>	Sector weights should be capped at 25%, In case of a breach of cap, the excess weight will be distributed from the securities in that sector to the basket.

### 2.1.3 Constituents of the Benchmark Index:

The initial constituents of the benchmark index and shares in one Creation unit are as follows:

Constituent Shares		
Symbol	Market Price (PKR)	Number of Shares in Creation Unit
LUCK	516.27	28
OGDC	115.23	84
PPL	95.56	90
ENGRO	301.23	49
DGKC	102.99	56
PSO	173.70	57
EFERT	63.54	157
SEARL	219.64	26
MLCF	30.78	141
POL	370.42	17
SNGP	59.30	77
HASCOL	14.35	320

\*Cash Component is expected to be equal to initial fund expenses and is expected to be negligible, considering that single lot of shares will be purchased for ETF, as allowed by PSX. However, the AP and the AMC may agree to have the AP deposit an aggregate amount of Rs. 100,000 to ensure that enough cash component is available at all times.

\*\*Market Price of constituents are as of 13<sup>th</sup> July, 2020.

### 2.1.4 Re-constitution & re-balancing of the Benchmark Index:

The initial selection of equity securities that constitute the underlying Benchmark Index shall be as of September 01, 2020. MZNPI shall have a starting value of 10,000 points.

Subsequently, the Benchmark Index may be re-constituted/re-balanced on semi-annual basis, after the re-composition of KMI 30 index, if the following conditions warrant such re-constitution/re-balancing:

1. If any security in the MZNPI becomes Shariah non-compliant as adjudicated by the Shariah Advisor of the Fund, such security shall be removed from the Benchmark Index.
2. If any security in the MZNPI does not comply with the Technical Filters stated above, it shall be removed from the Benchmark Index.
3. If the weights require adjustment due to a breach of the cap and floor for individual scrips. The management company may rebalance the weights at least once every 6 months.
4. If the weights require adjustment due to a breach of the sector cap.
5. Corporate announcements/actions including right issue, bonus issue, dividend declaration etc.\*
6. De-listing of a security forming part of MZNPI.
7. Merger/Acquisition of the security/company forming part of the MZNPI which may result in temporary or permanent unavailability of the security for "in-kind delivery".
8. Any legal/regulatory action which may adversely impact the general operations and/or availability of the security of the company forming part of MZNPI.
9. Any other issue which, in the opinion of the AMC, may render the security unfeasible to remain part of the MZNPI.

\*Free float of shares will be updated on a semi-annual basis

## Rebalancing/Reconstitution

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Review MZNPI on basis of	Implementation of MZNPI on
KMI re-composition due in June	10 <sup>th</sup> working day after KMI re-composition of June is implemented
KMI re-composition due in December	10 <sup>th</sup> working day after KMI re-composition of December is implemented

### 2.1.5 Benchmark Index shall be a Total Return Index:

Return calculation for the Benchmark Index for the purposes of tracking error calculation and any other purposes shall be based on Total Return methodology. This means that for any given period, the return of the Benchmark Index shall constitute the price return plus any payouts announced by the constituent stocks of the Benchmark Index. The book-closure start date for such payout should fall within the time period for which the return is being calculated for inclusion of such payouts in the return calculation.

## 2.2 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 inform the PSX within due time as specified in the PSX Rule Book.

Management Company shall ensure that per party, per group and sector exposure and shariah compliance restrictions in relation to the securities held by the ETF are in accordance with their weightage in the benchmark index. Any non-compliance or breach of such investment limits shall be rectified within three business days. It is further clarified that in order to maintain the weightages of the underlying securities in the Fund in accordance with those found in benchmark index, fund is required to do a rebalancing every six-months in accordance with Clause 2.1.4.

The AMC shall ensure compliance of Clause 55(13) consequent to any re-alignment/rebalancing under section 2.1.1 and 2.1.2 of this Offering Document.

## 2.3 Investment Restrictions

**2.3.1** The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing.

### 2.3.2 The Management Company on behalf of the Scheme shall not:

- 2.3.2.1 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;
- 2.3.2.2 Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- 2.3.2.3 Acquire twenty-five percent (25%) or more of the voting rights or control of a company on behalf of the Collective Investment Schemes.

- 2.3.2.4 Invest in securities of the Management Company
- 2.3.2.5 Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- 2.3.2.6 Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- 2.3.2.7 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.
- 2.3.2.8 Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- 2.3.2.9 Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- 2.3.2.10 Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- 2.3.2.11 Accept deposits
- 2.3.2.12 Make a loan or advance money to any person from the assets of the Scheme
- 2.3.2.13 Rating of Bank with which Funds are placed shall be as per **Investment Grade & Above.**
- 2.3.2.14 Clause 37(7)(h) of NBFC regulations relating to brokerage to a single broker will not be applicable on this Fund. Requirements of circular 13 of 2017 relating to criteria for investing in equity shares will not be applicable on this Funds.

**2.3.3** The Management Company in managing the Fund shall abide by all the provisions of the Trust Deed, the Offering Document, the Regulations and any other applicable laws.

## **2.4 Exemption to Investment Restrictions**

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

## **2.5 Transactions Relating to Investment/Portfolio Management**

In case of Issuance of Creation Units, the Trustee shall ensure that, Portfolio Deposit and Cash Component is received (where Cash Component is a positive value) against Creation of Units.

In case of redemption of Units, the Trustee shall ensure that the requisite Units of ETF equaling the Creation Unit size have been transferred to the Fund's Depository account and the Cash Component.

The Trustee shall promptly forward to the Management Company any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government regulator, stock or other exchange or any other party having any connection with the transaction.

The Management Company shall also advise the Trustee, of the details of amounts to be paid and to deliver Portfolio Deposit to respective Authorized Participants against redemption requests. Such transfer of Portfolio Deposit/payments shall be effected by the Trustee out of the respective accounts of the Unit Trust by way of transfer to the appropriate account of the Authorized Participant.

The Management Company shall provide the Trustee with regular reports indicating dividends, other

forms of income or inflows and any rights or warrants relating to the Investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts, from time to time.

**There may be situations where Management Company may decide to allow creation and redemption in cash/partial cash on such terms and conditions as announced by the management company. There may be certain charges imposed by the management company in such situation at its discretion.**

## **2.6 Restriction of Transactions with Connected Person**

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 including ETFs and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to market price fluctuations and other risks inherent in all such investments. ETF is traded at the Exchange, it may have other risks including secondary market liquidity etc. which are generally not there in a typical open end mutual Fund. The risks may emanate from various factors that could include, but are not limited to the following:

### **Authorized Participant/ Market Maker Concentration Risk.**

Only an Authorized Participant/ Market Maker may engage in creation or redemption transactions directly with the Fund. The Fund has a limited number of institutions that may act as Authorized Participants/ Market Maker. To the extent that Authorized Participants/ Market maker exit the business or are unable to proceed with creation or redemption orders with respect to the Fund and no other Authorized Participant/ Market maker is able to step forward to create or redeem Creation Units, Fund shares may be more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting. Since the Fund is starting with one Authorized Participant/Market Maker that risk is currently high and will reduce overtime as the number of Authorized participants/Market makers increase.

### **Concentration Risk.**

The Fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Fund's investments more than the market as a whole, to the extent that the Fund's investments are concentrated in the securities of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector or asset class. The Fund may be more adversely affected by the underperformance of those securities, may experience increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting those securities.

### **Equity Securities Risk.**

The Fund invests in equity securities, which are subject to changes in value that may be attributable to market perception of a particular issuer or to general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than investments in other asset classes. The Underlying Index is comprised of common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.



### **Market Trading Risk**

Although shares of the Fund are listed for trading on one or more stock exchanges, there can be no assurance that an active trading market for such shares will develop or be maintained by Market Makers or Authorized Participants.

### **Tracking Error Risk.**

The Fund may be subject to tracking error, which is the divergence of the Fund's performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the Fund's portfolio and those included in the Underlying Index, differences in transaction costs, the Fund's holding of un-invested cash, differences in timing of the accrual of or the valuation of dividends or interest, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, changes to the Underlying Index or the costs to the Fund of complying with various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also result because the Fund incurs fees and expenses, while the Underlying Index does not.

**Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.

**Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in interest rates.

**Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.

**Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund's performance etc.

**Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.

**Investor Concentration Risk** - The Risk that the performance and liquidity of the Portfolio is adversely impacted due to a few large investors investing-in or redeeming from the fund over a short-time period. Factors contributing to such an adverse impact may include, but are not limited to, deviations in portfolio allocation, price impact of portfolio rebalancing, higher allocations in illiquid scripts etc.

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

## 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

### 3.2 Organization

Al Meezan Investment Management Limited ("Al Meezan Investments") is an Asset Management and Investment Advisory Company licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Al Meezan Investments was formed in 1995 and has a successful track record of two decades of managing mutual funds.

As a Shariah Compliant investment solutions provider, Al Meezan Investments has kept up with expectations. Al Meezan Investments has been able to successfully launch and manage 17 mutual funds including a Pension Fund. The Mutual Funds currently under management include. Al Meezan Mutual Fund (AMMF), Meezan Islamic Fund (MIF), Meezan Balanced Fund (MBF), Meezan Islamic Income Fund (MIIF), Meezan Cash Fund (MCF), Meezan Sovereign Fund (MSF), KSE Meezan Index Fund (KMIF), Meezan Financial Planning Fund of Funds (MFPPF), Meezan Gold Fund (MGF), Meezan Asset Allocation Fund (MAAF), Meezan Strategic Allocation Fund (MSAF), Meezan Energy Fund (MEF), Meezan Strategic Allocation Fund-II (MSAF-II), Meezan Dedicated Equity Fund (MDEF), Meezan Rozana Amdani Fund (MRAF) and Meezan Strategic Allocation Fund-III (MSAF-III) while the Pension Fund is Meezan Tahaffuz Pension Fund (MTPF). All these funds are among the best performing funds in their respective categories.

Al Meezan Investments has been assigned Management Quality Rating of AM1 by VIS and PACRA Credit Rating Agencies which denotes 'High Management Quality' rating.

#### 3.2.1 Principal Shareholders

The current shareholding structure of Al Meezan Investments is as follows:

Shareholding of Al Meezan Investments	Shareholding (%)	Paid up capital (Rs Mn)
Meezan Bank Limited	65	325
Pakistan Kuwait Investment Company	30	150
Employees	5	25
<b>Total</b>	<b>100</b>	<b>500</b>

Al Meezan Investments enjoys a strong backing from its group companies i.e. Meezan Bank Limited, the premier Islamic bank of Pakistan, and Pakistan Kuwait Investment Company (Pvt.) Limited.

#### 3.2.2 Board of Directors of the Management Company

Sr.	Name of Director	Directorship in other Companies
1	Mr. Ariful Islam	Atlas Battery Limited
2	Mr. Mohammad Shoaib, CFA	None
3	Mr. Muhammad Abdullah Ahmed	None
4	Mr. Ijaz Farooq	None

5	Mr. Moin M. Fudda	Pak Suzuki Motor Company, Merit Packaging Limited Central Depository Company of Pakistan Ltd
6	Ms. Saima Shaukat Khan (Kamila)	Jazz Pakistan Pakistan Institute of Corporate Governance
7	Mr. Mohammad Furquan R. Kidwai	Dawaai (Pvt.) Limited, Dawaai PTE Ltd Singapore, Property Partners (Pvt.) Limited Enabling Technologies (Pvt.) Ltd
8	Mr. Arshad Majeed	None
9	Mr. Naeem Abdul Sattar	National Clearing Company of Pakistan Limited
10	Syed Amir Ali Zaidi	None

#### **Mr. Ariful Islam – Chairman**

Mr. Ariful Islam is the Deputy CEO at Meezan Bank Limited, the premier Islamic financial institution in Pakistan with over 33 years of experience with various Banks and in Bahrain and Pakistan. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of England and Wales and a fellow member of the Institute of Chartered Accountants of Pakistan. He has also worked with KPMG (formerly Peat Marwick Mitchell & Co.) prior to his banking career.

He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer and was subsequently elevated to the position of Deputy CEO of the Bank. Mr. Arif was also involved with the setting up of the first private sector open-end fund in Pakistan and carries with him valuable asset management experience.

#### **Mr. Mohammad Shoaib, CFA – Chief Executive**

Mr. Mohammad Shoaib, CFA is the Chief Executive Officer of Al Meezan Investment Management Limited, the largest Shariah compliant asset management company in Pakistan. He has over 28 years of experience in managing investment portfolios. Currently with Al Meezan Investments he is managing investments of about over 91 Billion (as on June 28 2019) million under 17 mutual/pension funds and discretionary clients' portfolios, and leading a team of 652 employees of the organization.

He is an MBA from the Institute of Business Administration (IBA), Karachi of 1988 and has also taught in his alma mater, several courses ranging Security Analysis to Finance & Accounting.

He got his CFA charter in 1999 and later founded the CFA Association of Pakistan in May 2002 with 40 members. He was the first President of the CFA Association of Pakistan (CFAAP) and during his leadership CFAAP achieved several milestones including the "Innovation Award" in 2006 and the "Strategic Planning Award" in 2008 from the CFA Institute.

#### **Mr. Muhammad Abdullah Ahmed**

Mr. Abdullah currently looks after the Treasury, Correspondent Banking, Financial Institutions, and Home Remittance functions of the Bank. He has over 20 years of banking and treasury dealing experience. He has also previously worked at Bank of America NA, National Bank of Pakistan and KASB Bank before joining Meezan Bank in 2005.

Mr. Abdullah has a Bachelors and Masters in business administration from the Institute of Business

Administration, University of Karachi. He is a fellow of the Association Cambiste Internationale (ACI) – The Financial Markets Association, Paris in financial markets trading and a fellow of the Institute of Bankers Pakistan. He is also a certified Financial Risk Manager (FRM) from the Global Association of Risk Professionals (GARP), USA.

Mr. Abdullah is an active member of the local Financial Markets Association of Pakistan (FMAP) and was elected to the executive committee as office bearer in 2000, 2008 and 2009, his last office being the General Secretary of the FMAP for the years 2009-2012. He is currently a member of the Pakistan Banks Association (PBA) sub-committee on Treasury and Capital Markets since 2010 and of the technical committee of the Financial Markets Association of Pakistan since 2012.

#### **Mr. Ijaz Farooq**

Mr. Ijaz Farooq is currently associated with Meezan Bank Limited as the Group Head Retail Banking, SME/Commercial & Agriculture Finance. Mr. Farooq is an MBA (Marketing) from University of Punjab. He has an extensive experience of over 37 years in Pakistan's banking industry.

Prior to joining Meezan Bank, Mr. Farooq spent 15 years with Bank Alfalah Limited, where he joined as Area Manager in 1998, and progressed to the position of Group Head-Islamic Banking. The overall planning, establishment and smooth functioning of Islamic Banking Division is to Mr. Farooq's credit. His strategic objective setting and business planning has substantial contribution towards the success of Islamic Banking. As Group Head, he served on several committees including Central Management Committee, Central Credit Committee, Asset & Liability Committee and Human Resource Committee.

He has served at renowned entities such as Allied Bank Limited from where he started his career as Officer. As the Chief Manager for Emirates Bank International, Mr. Ijaz played a pivotal role for increasing profitability and overall result of the bank. This contribution was recognized by virtue of his nomination for Advanced Management Program (AMP) at The Wharton School, University of Pennsylvania, USA.

#### **Mr. Moin M. Fudda**

Mr. Moin M. Fudda has over 40 years of rich and unique blend of professional experience which encompasses working for the corporate sector and performing diplomatic duties. He holds MBA (Insurance & Risk Management) from St. Jones University, New York. In his former role as Managing Director of Karachi Stock Exchange (KSE now Pakistan Stock Exchange – PSX), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG). He is a Certified Corporate Governance Trainer by International Finance Corporation (IFC) since 2010 and is a Member of Faculty and has also served on the Board of PICG. He has contributed significantly towards development of Corporate Governance Rules for Public sector Enterprises and Corporate Governance Guide for Family Owned Businesses.

He is an Independent Director on the Board of Al Meezan Investment Management Limited. Mr. Fudda is also an Independent Director and Chairman of the Board of Central Depository Company of Pakistan since January 2018. He also serves as Independent Director on the Board of Pak Suzuki Motor Company and Merit Packaging as well as is Country Representative for SCOR – A Global Tier 1 Reinsurer. He is also a Member Board of Karachi Council on Foreign Relations and a Member, Executive Committee of English Speaking Union of Pakistan. Moreover, since 2003, he continues to serve as a Chairman/Member of Alternate Dispute Resolution Committees (ADRC) of the Federal Board of Revenue.

Previously Mr. Fudda has also served as Country Chief of New Zealand Insurance and Commercial Union (CU now AVIVA) and founder MD of CU Life (now Jubilee Life). Since 1990, he has been serving as the Honorary Consul General of New Zealand for Pakistan and being its sole representative, his

responsibilities include, consular affairs, trade, education & facilitations of visas. Earlier he held positions such as Country Director, Center for International Private Enterprise, an affiliate of US Chamber, Chairman Islamabad Stock Exchange, Presidents of Overseas Investors Chamber of Commerce & Industry and Management Association of Pakistan. He has also served on the Boards of Investment & Privatization Commission, Pakistan Institute of Management and Federation of Pakistan Chamber of Commerce & Industry and National Center for Dispute Resolution.

In 2006 Mr. Fudda was conferred Sitara-e-Imtiaz (S.I.) by the President of Pakistan. In 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit (ONZM) and in 1990, NZ Commemoration Medal was conferred by the Queen of New Zealand. He has traveled to 120 countries in six Continents.

#### **Ms. Saima Kamila Khan**

Ms. Saima Kamila Khan is currently associated with Jazz Pakistan as Chief Legal Officer. Ms. Kamila oversees the Company's legal and communications functions, leveraging her legal expertise and acumen to bring synergy to all functions. Before joining Jazz, she worked for ICI Pakistan Limited, as the General Counsel, Company Secretary & Head of Corporate Communications and Public Affairs.

She has over a decade of diversified experience in the legal field. Throughout her professional career she has performed the legal role at senior management levels within and outside Pakistan in various sectors including oil and gas, pharmaceutical, banking and private equity.

Prior to joining ICI Pakistan Limited, she was Head of Legal & Company Secretary for Samba Bank Limited. Kamila holds an LL.B. from the University of Punjab and an LL.M. from the University of Pennsylvania, U.S.A. She is on various committees of the Overseas Investors Chamber of Commerce and Industry (OICCI) and the Pakistan Business Council (PBC). She is also on the Board of Directors of the Pakistan Institute of Corporate Governance (PICG).

#### **Mr. Mohammad Furquan R. Kidwai**

Mr. Furquan R Kidwai is the Founder & CEO of Dawaa (Pvt.) Limited. He is a technology entrepreneur who has built the largest health technology company in Pakistan over the past five years. Prior to this journey, Mr. Kidwai was an investment banker for over eight years in London and New York where, in his last role, was the Head of CEEMEA Financing as well as a senior Vice President in the Fixed Income trading business at the Royal Bank of Scotland. Before joining RBS, Furquan worked as an Associate at Merrill Lynch and Lehman Brothers in their London and New York offices. He has also served as a member of the Board of Imperial College of Science, Technology and Medicine, London.

Mr. Furquan read International Relations for a Master's degree at Cambridge University. He also has an MSc in Financial Mathematics with specialization in Risk Management from Imperial College London and BEng in Computer Systems Engineering from Bristol University.

#### **Mr. Arshad Majeed**

Mr. Majeed in his current role is serving Meezan Bank Limited as the Group Head of Consumer Finance, he has been part of the Bank since its inception and has played an instrumental role in its growth by developing the Operations function.

Mr. Majeed's banking career spans over 26 years during which he has held various senior positions in local as well as foreign banks such as Deutsche Bank AG, The Chase Manhattan Bank Ltd, MCB Bank Limited and Mashreq Bank both in Pakistan and abroad. His last assignment before joining Meezan Bank was with Mashreq Bank Head Office, Dubai as Senior Methods Analyst for Operating Policies and Procedures for Local and Overseas Branch Operations & Internal Quality Audit for Head Office Operations-Dubai.

Mr. Majeed has a Master's degree in Business Administration and Graduated in Advanced

Mathematics and Law from Karachi University. He is also a certified Internal Quality Auditor from Bureau Veritas Quality International (BVQI), London. Mr. Majeed is a member of various senior-level internal committees of Meezan Bank and as an internal trainer has also conducted numerous country-wide training sessions.

#### **Mr. Naeem Abdul Sattar**

Mr. Naeem is a Company Secretary at PKIC. He is Fellow Member of the Institute of Cost and Management Accountant of Pakistan. He has over 15 years of experience in the financial sector. His work experience includes the fields of Accounting, Taxation, Budgeting, and Corporate Secretarial. He has also worked with M/s. A. F. Ferguson & Co – Chartered Accountants.

#### **Syed Amir Ali Zaidi**

Mr. Zaidi has over 20 years' experience in Capital Markets and currently serves as Senior Vice President in Capital Markets Department of Pak Kuwait Investment Company (Pvt.) Limited. He had previously worked with Taurus Securities Limited and A. F. Ferguson and Co., Chartered Accountants. Mr. Zaidi has an MBA from IBA (Institute of Business Administration) in Human Resources & Finance and also holds a LLB (Bachelor of Laws) degree.

### **3.2.3 Profile of the Management**

#### **Mr. Mohammad Shoaib, CFA –Chief Executive**

Please see background given above in particulars of Directors.

#### **Mr. Muhammad Asad – Chief Investment Officer**

Mr. Asad is primarily responsible for active asset allocation and investment strategy for the funds managed by Al Meezan Investments. He has more than 21 years of work experience in the financial sector working with leading local and multinational companies like State Life Insurance Corporation of Pakistan, Metropolitan Bank Limited, ANZ Grindlays Bank, and A.F. Ferguson & Company. He plays a critical role in the execution of the company's investment strategy. Mr. Asad is required to use his expertise in management of mutual funds managed by Al Meezan Investments, which essentially requires continuous monitoring of investments.

Mr. Asad is an MBA in Finance & Banking from IBA as well as cleared CFA Level II. He is also a Fellow of Life Management, Life Insurance (FLMI). He has also been a visiting faculty member at IBA and Bahria University.

Mr. Asad also served as a nominee director on the board of Al Meezan Mutual Fund Limited while he was also the trustee of Al Meezan Investments' Provident Fund and Gratuity Fund. He is also an active member of Investment Committee.

#### **Syed Owais Wasti – CFO & Company Secretary**

Mr. Owais is an associate member of Institute of Cost & Management Accountants of Pakistan (ICMA). Prior to joining Al Meezan Investments, Mr. Wasti also served at JS Investments Limited (formerly JS ABAMCO Limited) as Chief Financial Officer and Company Secretary. He also worked with Jahangir Siddiqui & Co. Limited in Equity Operations. He has an overall experience of over 23 years. At Al Meezan Investments, he is the Chief Financial Officer & Company Secretary.

#### **Syed Hussain A. Naqvi- Head of Special Projects**

Mr. Hussain A. Naqvi, carries over 18 years of familiarity with Mutual Fund Industry, where he has imparted his services to the leading Asset Management Companies of Pakistan.

Prior to joining Al Meezan Investment Management Limited as Executive Vice President-Special

Projects, he was functional with NBP Fullerton Asset Management Limited as Chief Operating Officer. He also served as Chief Executive Officer of PICIC Asset Management Limited after taking over the same by NIB Bank Limited.

Prior to this, he has been associated with the companies like Atlas Asset Management Limited and National Investment Trust Limited, where he has served on higher management position and was nominated as the director on the board of various listed companies.

Mr. Naqvi also served as Assistant Manager Audit and has been associated with Ernst & Young Chartered Accountants.

#### **Mr. Abdul Rub Khan - Head of Human Resources**

Mr. Abdul Rub is responsible for developing and implementing effective HR management strategies. He holds an MBA degree in the field and also possesses a Diploma in Management Sciences from the United Kingdom. He has over 12 years of experience in Human Resource management with leading local and multinational companies.

#### **Syed Khurram Ali Naqvi – Head of Information Technology**

Mr. Khurram holds a Master's Degree in Statistics and has earned Claritas Investments Certificate by CFA Institute USA, ITIL V3 Foundation, Certified Information System Auditor (CISA) and Microsoft Certified Systems Engineer (MCSE). He has 15 years' experience of working in the financial sector at Systems Administration and Management levels. His last assignment was at PICIC as IT Auditor and he has also been associated with Meezan Bank and Pak Kuwait Investment Company in the past. At Al Meezan Investments he is responsible for overall management of IT department; he is also responsible for alignment of IT strategy with business direction, providing security architecture to maintain integrity of Al Meezan Investments' data, and responsible for designing of systems of internal control that provide reasonable assurance that any undesired event will be prevented or detected and corrected in a timely manner.

#### **Mr. Talha Anwar - Head of Sales & Marketing**

Mr. Talha is our Sales & Marketing Head. He is responsible for developing and implementing the sales and marketing strategies. He has over 15 years of experience in Sales and Marketing Prior to joining Al Meezan Investments, Mr. Talha has worked with leading advertising agencies and other financial institutions. He holds an MBA (Marketing) along with M.Com and has done certifications like CIBE (Certificate of Islamic Banking & Finance) and CFA Claritas Investment Certificate.

#### **Mr. Salman Muslim**

Mr. Salman Muslim is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan with over eleven years of experience in Audit, Regulatory Compliance, Corporate Secretariat, Finance and Risk Management. He presently heads the Internal Audit and Compliance function at Al Meezan Investment Management Limited. Prior to this, he has worked with ORIX Modaraba (previously a Standard Chartered Group entity now acquired by ORIX Leasing Pakistan Limited) as Head of Internal Audit reporting to the Board Audit Committee. Further, he has also been associated with A. F. Ferguson & Co. a member firm of PriceWaterhouseCoopers Network. He is also a member of Pakistan Institute of Public Finance Accountants and a graduate from University of Karachi.

#### **Mr. Muhammad Ali Lawai, CFA**

Mr. Lawai is Head of Marketing and Alternate Distribution at Al Meezan and is responsible for the development and implementation of marketing and distribution strategies.

He has an experience of over 17 years in Investments, Products and Marketing. Prior to joining Al

Meezan, he had worked with leading global financial institutions both in USA and Canada in various leadership roles which involved products, marketing and managing distribution channels.

He holds a Bachelor of Arts in Economics from Cornell University, Ithaca, USA. He is a Chartered Financial Analyst (CFA) from CFA Institute, USA and a Chartered Alternative Investment Analyst (CAIA) from CAIA Association, USA.

#### **Profile of the Shariah Advisor:**

Dr. Mufti Muhammad Imran Ashraf Usmani, son of Justice (Retd.) Mufti Muhammad Taqi Usmani, graduated with specialization in Islamic Fiqh (Islamic jurisprudence) from Jamia Darul-Uloom, Karachi, where he has been teaching Fiqh since 1990. He also holds an LLB and Ph.D. in Islamic Finance. He is a member of the administration board of Jamia Darul-Uloom, Karachi.

Presently Dr. Usmani is the Resident Shariah Board Member at Meezan Bank and is responsible for R&D and Product Development of Islamic banking products, advisory for Shariah-compliant banking and supervision of Shariah Audit & Compliance.

Dr. Usmani has served as an advisor / member of Shariah Boards of several renowned institutions since 1997 including the State Bank of Pakistan, HSBC - Amanah Finance, UBS - Switzerland, Guidance Financial Group USA, Lloyds TSB Bank - UK, Japan Bank for International Cooperation (JABIC), Credit Suisse Switzerland, RBS Global, Old Mutual Albarakah Equity & Balanced Funds South Africa, AIG Takaful, ACR Retakaful Malaysia, Capitas Group USA, Bank of London And Middle East Kuwait, BMI Bank Bahrain, Al Khaliji Bank Qatar, Sarasin Bank Switzerland, DCD group Dubai and other Mutual and Property funds, Takaful Companies and international Sukuk etc. He is also an Executive Committee Member of AAOIFI (Dubai) and member of Shariah Supervisory Board of International Islamic Financial Market (IIFM) Bahrain, Islamic Index Policy Committee, Steering committee for promotion of Islamic Banking by Ministry of Finance, International Center for Education in Islamic Finance (INCEIF) Malaysia, Institute of Business Administration (IBA), Karachi and Center for Islamic Economics (CIE), Karachi. He is also the chairman of Shariah Board of NBP Fullerton Asset Management.

Dr. Usmani is the author of numerous publications related to Islamic finance and other Shariah-related subjects. He has presented papers in numerous national and international seminars and has delivered lectures at academic institutions including Harvard, LSE, LUMS and IBA.

Dr. Usmani is also the director of Hira Foundation School, a project of Jamia Darul Uloom Karachi to provide a high standard education from Montessori level to University level combining conventional modern academics with Islamic teachings. He also serves as a lecturer of different subjects of Shariah and is amongst the administration board of Jamia Darul-Uloom, Karachi. He is a visiting faculty member at Karachi University and IBA. He has also been leading Friday khuthbah and prayer at a Jamia Mosque for 20 years.

### **3.2.4 Performance of Listed Associated Companies**

#### **Meezan Bank Limited**

	<b>CY19</b>	<b>CY18</b>	<b>CY17</b>	<b>CY16</b>	<b>CY15</b>	<b>CY14</b>	<b>CY13</b>
Paid-up Capital (PKR Million)	12,861	11,692	10,629	10,027	10,027	10,027	10,027
Equity (PKR Million)	59,015	40,333	35,077	30,474	25,557	23,275	17,908
Total Assets (PKR Million)	1,121,258	937,915	788,808	662,055	531,850	437,510	329,725
Deposits (PKR Million)	932,579	785,477	667,181	559,398	471,821	380,422	289,811
Net Profit (PKR Million)	15,232	8,962	6,313	5,562	5,023	4,570	3,957



Earnings per Share (PKR)	11.84	7.67	5.56	5.55	5.01	4.56	3.95
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### Atlas Battery Limited

	CY19	CY18	CY17	CY16	CY15	CY14
Share Capital (Rs. million)	243	174	174	174	174	174
Reserves (PKR Million)	5,037	4,698	3,828	2,828	2,023	1,478
Shareholders' Equity (Rs. million)	5,281	5,655	5,679	4,472	3,221	2,385
Total Assets (PKR Million)	8,212	10,136	8,297	6,706	5,398	5,327
Profit/ (Loss) after taxation (Rs. million)	(592)	590	1,477	1,271	1,014	741

### 3.2.5 Existing Schemes under Management and their performance

#### Al Meezan Mutual Fund (AMMF)

- AMMF is the first mutual fund that was launched in May 1996 from the platform of Al Meezan Investments as a close ended fund with a paid up capital of PKR 250 million.
- The Fund was successfully converted from closed end fund to open end fund on August 5th 2011.
- The performance of AMMF for last six periods is summarized as follows:

	FY19	FY18	FY17	FY 16	FY15	FY14	FY13
Investment Income (PKR Million)	(1,471)	(926)	1,376	866	611	716	792
Profit / (Loss) (PKR Million)	(1,671)	(1,165)	1,455	741	562	652	711
Net Assets (PKR Million)	4,767	6,864	9,079	5,418	4,007	2,847	2,190
Total Return on AMMF (%)	-24.4	-16	23	16	22	30	51
Benchmark (%)	-23.8	-10	19	16	20	30	54
Cash Dividend (%)	-	-	10	8.2	6.8		3
Stock Dividend (%)	-	-	-	-	-	24	35

#### Meezan Islamic Fund (MIF)

- MIF is the largest open end equity fund in the private sector. It is a Shariah compliant equity fund.
- MIF was launched with a seed capital of PKR 520 million in August 2003.

The performance of MIF is summarized as follows:

	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Investment Income (PKR Million)	(7,882)	(7,010)	8,572	5,329	3,920	3,155	3,161
Profit / (Loss) (PKR Million)	(8,950)	(8,388)	9,975	4,836	3,879	3,178	3,204
Net Assets (PKR Million)	25,740	39,115	54,853	32,554	27,403	16,622	9,476
Total Return on MIF (%)	(24)	(17)	23	17	22	29	51.00
Benchmark (%)	(24)	(10)	19	16	20	30	54.00
Cash Dividend / Bonus Units (%)	-	-	5.00	5.90	4.40	15.3	35.00

### KSE Meezan Index Fund (KMIF)

- KMIF is the only Shariah compliant index tracker fund in Pakistan.
- It was started with Pre-IPO capital of PKR 201 million in May 2012 with an offering price of PKR 50 per unit.
- KMIF tracks the KSE Meezan Index 30 (KMI 30).

	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Investment Income/(Loss) (PKR Million)	(450)	(187)	56	118	218	253	182
Profit / (Loss) (PKR Million)	(480)	(217)	286	105	169	222	299
Net Assets (PKR Million)	1,517	1,687	1,909	881	1,159	1,176	901
Total Return on KMIF (%)	(25.0)	(11.2)	16.0	13.0	17.10	26.5	49.64
Benchmark (%)	(23.8)	(9.6)	18.8	15.5	20.10	29.9	54.4
Cash Dividend / Bonus Units (%)		-	24	4.70	3.70	19.60	31

### Meezan Islamic Income Fund (MIIF)

- MIIF was the first Shariah compliant Income fund in Pakistan. The Fund was launched in January 2007.
- MIIF was launched with a seed capital of PKR 115 million.
- MIIF invests in Sukuks, Islamic bank deposits and other certificates of Islamic investment based on various structures.
- MIIF has a fund stability rating of A(f) assigned by VIS Credit Rating Agency.

	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Investment Income (PKR Million)	960	618	748	648	638	510	269
Profit / (Loss) (PKR Million)	805	459	321	321	321	485	289

Net Assets (PKR Million)	9,471	10,166	11,781	9,051	4,263	4,918	2,645
Total Return on MIIF (%)	7.92	4.26	5.09	5.76	8.15	11.90	14.45
Benchmark (%)	3.69	2.44	2.78	3.49	5.04	5.38	5.54
Cash Dividend / Bonus Units (%)	8.09	4.39	5.00	5.00	6.80	11.56	13.50

### Meezan Cash Fund (MCF)

- MCF is the first Shariah compliant Money Market fund in Pakistan. The Fund was launched in June 2009.
- MCF was launched with a seed capital of PKR 100 million
- MCF invests in government securities and double A (AA) and above rated instruments with maximum maturity of 6 months.
- MCF has a fund stability rating of AA (f) assigned by JCRVIS Credit Rating Agency.

	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Investment Income (PKR Million)	1,086	426	285	301	350	481	676
Profit / (Loss) (PKR Million)	902	314	199	102	236	380	569
Net Assets (PKR Million)	8,851	9921	3,350	3,432	7,618	3,049	6511
Total Return on MCF (%)	7.84	4.27	6.07	4.59	7.46	7.08	8.78
Benchmark (%)	3.37	2.58	2.90	4.49	6.24	6.55	6.91
Cash Dividend / Bonus Units (%)	7.84	4.33	5.50	4.50	7.4	6.84	8.48

### Meezan Sovereign Fund (MSF)

- MSF is a Shariah Compliant (Islamic) Income Fund. The Fund was launched in February 2010.
- MSF seeks maximum possible preservation of capital and a reasonable rate of return via investing primarily in Government Securities.
- MSF invests in high grade and liquid avenues with minimum 70% investment in government backed /issued AAA securities as well as placement in top rated banks.
- MSF has a fund stability rating of AA (f) assigned by JCRVIS Credit Rating Agency.

	FY19	FY18	FY17	FY 16	FY15	FY14	FY13
Investment Income (PKR Million)	160	102	659	610	1,097	1,981	2,011
Profit / (Loss) (PKR Million)	129	59	254	375	559	1,630	1,700
Net Assets (PKR Million)	5,705	2,121	4,334	7,945	8,657	20,281	19,654
Total Return on MSF (%)	7.02	2.57	6.57	5.12	6.81	8.5	9.11
Benchmark (%)	7.15	4.96	4.65	4.49	6.24	6.55	6.91
Dividend – Bonus Units (%)	-	-	-	-	-	7.38	8.80
Cash Dividend (%)	7.18	2.48	5.50	4.5	6.8		

### Meezan Tahafuzz Pension Fund (MTPF)

- MTPF is a Shariah Compliant Pension Fund. The Fund was launched in June 2007.
- MTPF seeks to provide participants with a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living.

	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Investment Income (PKR Million)	-785	(735)	1,207	796	670	431	298
Profit / (Loss) (PKR Million)	-923	(962)	1,126	731	684	469	356
Net Assets (PKR Million)	9,050	9,257	9,023	6,550	4,477	2,883	1747
Total Return on MTPF – Equity (%)	-23.7	(16.5)	20.4	18.10	26.6	32.4	54.9
MTPF – Debt (%)	7.0	2.8	4.9	4.5	6.4	7.7	8.3
MTPF – MMKT (%)	7.3	2.9	4.4	4.0	6.9	6.9	7.8
MTPF – Gold (%)*	28.4	12.1	-9.4	-	-	-	-

\*Performance start date of August 04, 2016

### Meezan Financial Planning Fund of Funds (MFPF)

- a) MFPF is an open-end Shariah Compliant Fund of Funds. The Fund was launched in April 2013.
- b) MFPF aims to generate return on investment as per the respective allocation plan by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with the risk tolerance of the Investor.

	FY19	FY18	FY17	FY16	FY15	FY14	FY13 (80 DAYS)
Investment Income (PKR Million)	(246)	(263)	1,832	1,068	249	131	27
Profit / (Loss) (PKR Million)	(252)	(274)	1,564	1,061	239	138	41
Net Assets (PKR Million)	1,383	2,433	12,436	11,332	5,586	926	699
Total Return on MFPF – AGG (%)	(17.21)	(12)	16.90	13.30	16.50	22.10	9.00
Total Return on MFPF – CON (%)	(1.03)	(1.6)	9.70	8.70	10.10	12.60	3.80
Total Return on MFPF – MOD (%)	(9.18)	(6.8)	13.30	11.30	13.60	17.30	6.50
Total Return on MFPF – MAAP I (%)	(18.53)	(6.1)	18.80	11.70	-	-	-
Total Return on MFPF - MAAP II (%)		-	18.10	14.80	-	-	-
Total Return on MFPF - MAAP III (%)		-	18.00	13.50	-	-	-
Total Return on MFPF - MAAP IV (%)		-	16.90	0.70	-	-	-
Bench Mark of MFPF - AGG (%)	(17.21)	(6.4)	13.50	11.7	15.10	21.70	7.90
Bench Mark of MFPF – CON (%)	(3.48)	(0.3)	7.60	6.70	8.60	11.20	3.60
Bench Mark of MFPF – MOD (%)	(10.47)	(3.3)	11.50	10.0	12.90	18.20	6.20
Bench Mark of MFPF - MAAP I (%)	(16.37)	(4.7)	16.70	14.90	-	-	-
Bench Mark of MFPF - MAAP II (%)		-	16.20	18.30	-	-	-
Bench Mark of MFPF - MAAP III (%)		-	16.00	17.10	-	-	-
Bench Mark of MFPF - MAAP IV (%)		-	14.00	0.20	-	-	-
Dividend (cash/Bonus) MFPF - AGG (%)		-	12.00	12.00	-	8.50	3.40
Dividend (cash/Bonus) MFPF – CON (%)		-	0.60	12.50	-	4.10	1.20
Dividend (cash/Bonus) MFPF – MOD (%)		-	4.00	11.80	-	7.80	3.30
Dividend (cash/Bonus) MFPF - MAAP I (%)		-	3.60	3.60	-	-	-
Dividend (cash/Bonus) MFPF - MAAP II (%)		-	4.50	5.30	-	-	-
Dividend (cash/Bonus) MFPF - MAAP III (%)		-	3.80	5.40	-	-	-

Dividend (cash/Bonus) MFPP - MAAP IV (%)		-	4.40	3.90	-	-	-
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### Meezan Balanced Fund (MBF)

- MBF was the leading Islamic closed end balanced scheme, which converted into open ended scheme on July 01, 2013.
- MBF aims to provide investors, RIBA Free, stable and regular income from a diversified portfolio of equity securities and Islamic income instruments.

	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Investment Income (PKR Million)	(681)	(561)	974	638	439	450	388
Profit / (Loss) (PKR Million)	(888)	(789)	1,232	515	434	407	323
Net Assets (PKR Million)	5,350	7,843	9,516	4,708	3,383	1,930	1,747
Total Return on MBF (%)	-12.8%	-9%	15%	12%	16%	20	32%
Benchmark (%)	-23.84	-4%	12%	10%	13%	18	30%
Cash Dividend (%)	-	-	12.50%	6%	8%	-	15%
Stock Dividend (%)	-	-	-	-	-	22.50%	-

### Meezan Gold Fund (MGF)

- MGF was launched on August 13, 2015.
- MGF aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX).

	FY19	FY18	FY17	FY16
Investment Income (PKR Million)	96	56	(23)	24
Profit / (Loss) (PKR Million)	85	44	(37)	26
Net Assets (PKR Million)	478	243	457	321
Total Return on MGF (%)	27.6	12	-7.2	10.5
Benchmark (%)	30.4	13	-2.9	16.0
Cash Dividend / Bonus Units (%)	11.8	-	-	1.4

\*Performance start date of August 13, 2015

### Meezan Asset Allocation Fund (MAAF)

- MAAF was launched on April 18, 2016.
- The objective of MAAF is to earn a potentially high return through asset allocation between Shariah Complaint Equity Instruments, Shariah Complaint Fixed Income Instruments, Shariah Complaint

Money Market Instruments and any other Shariah Complaint Instruments as permitted by the SECP and Shariah Advisor.

	<b>FY19</b>	<b>FY18</b>	<b>FY17</b>	<b>FY16</b>
Investment Income (PKR Million)	(480)	(380)	15	11
Profit / (Loss) (PKR Million)	(546)	(461)	482	12
Net Assets (PKR Million)	1,854	2,877	3,251	460
Total Return on MAAF (%)	(20.4)	(13)	18.10	2.8
Benchmark (%)	(18.6)	(7)	15.20	5.0
Cash Dividend / Bonus Units (%)	-	-	19.00	0.64

*Performance start date of April 18, 2016*

### **Meezan Energy Fund (MEF)**

- MEF was launched on November 30, 2016.
- The objective of MEF is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents.

	<b>FY19</b>	<b>FY18</b>	<b>FY17</b>
Investment Income (PKR Million)	(311)	22	19
Profit / (Loss) (PKR Million)	(345)	(29)	75
Net Assets (PKR Million)	599	1,637	1,139
Total Return on MEF (%)	(32.97)	(0.9)	6.96
Benchmark (%)	(23.84)	(9.6)	9.30
Cash Dividend / Bonus Units (%)	-	-	6.50

*Performance start date of November 30, 2016*

### **Meezan Strategic Allocation Fund (MSAF)**

- MSAF is an open-end Shariah Compliant Fund of Funds. The Fund was launched in October 19, 2016.
- The objective of MSAF is to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income / Money Market and Equity based Collective Investment Schemes.

	<b>FY19</b>	<b>FY18</b>	<b>FY17</b>
Investment Income (PKR Million)	(891)	(970)	21
Profit / (Loss) (PKR Million)	(913)	(995)	77
Net Assets (PKR Million)	5,104	8,210	8,030
Total Return on MSAP- I (%) *	(17.12)	(12.80)	8.90
Total Return on MSAP- II (%) **	(15.94)	(12.80)	(1.20)
Total Return on MSAP- III (%) ***	(16.10)	(13.10)	(3.30)
Total Return on MSAP- IV (%) ****	(16.13)	(11.90)	(3.00)

Total Return on MSAP- V (%) *****	(15.85)	(2.50)	-
Total Return on MCPP- III (%) *****	6.09	0.20	-
Bench Mark of MSAP- I (%)	(16.04)	(7.10)	8.10
Bench Mark of MSAP- II (%)	(16.13)	(7.20)	(2.80)
Bench Mark of MSAP- III (%)	(16.09)	(7.00)	(5.00)
Bench Mark of MSAP- IV (%)	(16.14)	(6.40)	(6.50)
Bench Mark of MSAP- V (%)	(16.14)	2.70	-
Bench Mark of MCPP- III (%)	(0.94)	-0.40	-
Dividend (cash/Bonus) MSAP- I (%)		-	8.00
Dividend (cash/Bonus) MSAP- II (%)		-	-
Dividend (cash/Bonus) MSAP- III (%)		-	-
Dividend (cash/Bonus) MSAP- IV (%)		-	-
Dividend (cash/Bonus) MSAP- V (%)		-	-
Dividend (cash/Bonus) MCPP- III (%)		-	-

\* Performance start date of October 19, 2016

\*\* Performance start date of December 22, 2016

\*\*\* Performance start date of February 20, 2017

\*\*\*\* Performance start date of April 24, 2017

\*\*\*\*\* Performance start date of August 10, 2017

\*\*\*\*\* Performance start date of December 19, 2017

#### Meezan Dedicated Equity Fund (MDEF)

- a) MSAF-II is an open-end Shariah Compliant Fund of Funds. The Fund was launched in October 09, 2017.  
b) The objective of MDEF is to provide Fund of Funds scheme a dedicated equity platform to seek long term capital appreciation.

	FY19	FY18
Investment Income (PKR Million)	(540)	(34)
Profit / (Loss) (PKR Million)	(606)	(69)
Net Assets (PKR Million)	1,761	1,857
Total Return on MDEF	(26.8)	(2.9)
Bench Mark of MDEF (%)	(23.8)	3.6
Cash Dividend / Bonus Units (%)		-

#### Meezan Strategic Allocation Fund - II (MSAF-II)

- a) MSAF-II is an open-end Shariah Compliant Fund of Funds. The Fund was launched in March 06, 2018.  
b) The objective of MSAF-II is to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income / Money Market and Equity based Collective Investment Schemes.

	FY19	FY18
Investment Income (PKR Million)	22	(18)
Profit / (Loss) (PKR Million)	11	(20)
Net Assets (PKR Million)	2,749	2,849
Total Return on MCPP- IV (%)	0.65	(0.40)
Total Return on MCPP- V (%)	0.16	0.1
Total Return on MCPP- VI (%)	(0.08)	-

Total Return on MCPP- VII (%)	0.08	-
Total Return on MCPP- VIII (%)	(2.00)	-
Bench Mark of MCPP- IV (%)	(2.60)	(1.01)
Bench Mark of MCPP- V (%)	(2.83)	0.1
Bench Mark of MCPP- VI (%)	(3.83)	-
Bench Mark of MCPP- VII (%)	(3.61)	-
Bench Mark of MCPP- VIII (%)	(2.27)	-
Dividend (cash/Bonus) MCPP- IV (%)	-	-
Dividend (cash/Bonus) MCPP- V (%)	-	-
Dividend (cash/Bonus) MCPP- VI (%)	-	-
Dividend (cash/Bonus) MCPP- VII (%)	-	-
Dividend (cash/Bonus) MCPP- VIII (%)	-	-

### Meezan Strategic Allocation Fund - III (MSAF-III)

- MSAF-III is an open-end Shariah Compliant Fund of Funds. The Fund was launched in May 14, 2019.
- The objective of MSAF-III is to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income / Money Market and Equity based Collective Investment Schemes.

	FY19
Investment Income (PKR Million)	(0.2240)
Profit / (Loss) (PKR Million)	(0.316)
Net Assets (PKR Million)	34
Total Return on MCPP- XI (%)	-3.6
Dividend (cash/Bonus) MCPP- XI (%)	-

### Meezan Rozana Aamdani Fund (MRAF)

- MRAF is a Shariah compliant Money Market fund in Pakistan. The Fund was launched in December 2018.
- MRAF invests in government securities and double A (AA) and above rated instruments with maximum maturity of 6 months.
- MRAF has a fund stability rating of AA (f) assigned by VIS Credit Rating Agency.

	FY19
Investment Income (PKR Million)	502
Profit / (Loss) (PKR Million)	456
Net Assets (PKR Million)	16,134
Total Return on MRAF (%)	9.97
Benchmark (%)	3.83
Cash Dividend (%)	9.97



## **4 ROLE AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY**

### **4.1 The Management Company shall manage, operate and administer the Scheme, in accordance with the Rules, Regulations directives, circulars and guidelines issued by SECP and this Deed and the Offering Document.**

#### **4.1.1 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.

#### **4.1.2 Management of Fund Property**

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

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

#### **4.1.3 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, portfolio received by the Scheme in respect of issuance of Units, portfolio transfer from the Scheme on redemption of the Units. 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 clearly specify Cut-Off Timings (for acceptance of application forms of issuance, and redemption of Units of the Scheme) in this Offering Document, on its website and at designated points.

## **4.2 Maintenance of Unit Holders Register**

**4.2.1** 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.

**4.2.2** The office of the Transfer Agent is located at **Al Meezan Investment Management Limited – Ground Floor, Block B, Finance and Trade Centre (FTC) Shahrah-e-Faisal Karachi, Pakistan** where Register

of Unit Holder will maintain.

**4.2.3** For the purposes of the AMC, only Authorized Participant shall be the unit holder as only the Authorized Participant can apply for Creation and Redemption of creation unitsize to the AMC while other investors buy and sell shares of the MP ETF from the stock market. Accordingly all details of ETF unit holders will be available with CDC Depository Company Ltd.

**4.2.4 Other Responsibilities of the Management Company**

- The Management Company is responsible for daily NAV and for producing financial reports from time to time, however Management Company may outsource the calculation and dissemination of INAV to PSX. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme. Management Company has outsourced the maintenance of the INAV to PSX through an agreement.
- The Management Company may from time to time, with the consent of the Trustee, frame procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; provided that such procedures are not inconsistent with the provisions of the Rules and the Regulations, any directives, circulars and guidelines issued by SECP and the Deed.
- The Management Company shall constitute the Index of the Fund as per methodology given above. Once the methodology is finalized, PSX will be responsible for the maintenance, determination and dissemination of the index.
- The Management Company shall endeavor to maintain the Tracking Error at minimum level as specified in Offering Document.
- The Management Company shall be responsible to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing request in this regard.
- The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, Regulations, the Deed and the Offering Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross negligence or willful breach of duty and the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed and the Offering Document, the Management Company 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.
- The Management Company shall nominate and notify to the Trustee one or more of its officer(s) to act as authorized persons for interacting with and giving instructions to the Trustee. Any instruction or notice given by such authorized persons shall be deemed to be the instruction or notice given by the Management Company. Any change in such authorized persons shall promptly be notified to the Trustee.
- The Management Company shall, from time to time, advise the Trustee of any settlement instructions relating to any transactions, including issuance of Creation Unit in exchange of Portfolio securities and cash (if any), entered into by it on behalf of the Trust. The Management Company shall ensure that settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement. The Management Company shall ensure that all the requests for dealing in Creation Units, duly time and date stamped as specified in the Offering Documents.
- The Management Company shall designate and disclose the location of its official points for acceptance of applications for issuance / conversion of Creation units in the Offering Document of

the Scheme and on its website.

- The Management Company shall provide the Trustee with regular reports indicating profit and other forms of income or inflows, relating to the investments that are due to be received.
- The Management Company may, if it considers necessary for the protection of Trust Property or safeguarding the interest of the Unit Holders, request the Trustee to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof at the cost of the Fund.
- The Management Company shall appoint eligible institutional investors as Authorized Participants for creation and redemption in kind units from the Fund under the Authorized Participant Agreement to be signed among the Management Company, Trustee and Authorized Participant.
- The Management Company shall ensure that entry and exit to the Scheme (including redemption and issuance of Creation Units to Authorized Participants) shall be allowed only in the form of Portfolio Deposits and Cash Component, as may be the case.
- The Management Company may, from time to time appoint, remove or replace one or more Authorized Participants, on terms and conditions to be incorporated in the Agreement(s) to be entered into among the Authorized Participant(s), Trustee and the Management Company. The names and credentials of the Authorized Participants shall be disclosed in this Document and/or at PSX and AMC website.
- The Management Company shall disclose the names and credentials of the Market Makers in the Offering Document and their website, who perform Market Making activities under Market Making Regulation of PSX.
- The Management Company may delegate to a third party any of its functions except core functions which includes investment decision making, risk management and compliance functions. However, the Management Company shall be fully responsible for such functions of third party. The cost incurred in relation to such functions will be borne by the Management Company.
- The Management Company shall establish and maintain sufficient risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risks in the best interest of the Unit Holders of the Scheme.
- The Management Company shall announce the Net Asset Value (NAV) of the Scheme within such time period and at such frequency as prescribed by SECP from time to time and shall disclose such time period and frequency in the Offering Document. However, PSX will calculate and discriminate the INAV of the Fund as described below.
- While the transactions with Authorized participants will be in Kind as explained above, there may be situations where the management company may have to buy and sell Shares directly at the market. Such situations include rebalancing of index, reconstitution of index, and utilization of excess cash component.

#### **4.2.5 Disclaimer**

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

therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **4.3 Role of the Trustee**

- 4.3.1** The trustee shall perform its role as specified in the Rules, Regulation and directives issued there under, the Deed and the Offering Document.
- 4.3.2** The Trustee shall nominate one or more of its officers to act as authorized persons for performing the Trustee's functions and for interacting with the Management Company. Any change in such authorized persons shall be promptly notified to the Management Company.
- 4.3.3** The Trustee shall under prior intimation to the Management Company appoint, remove or replace from time to time one or more bank(s) and/or other depository company(ies) etc. to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be entered into between the Trustee and the Custodian(s), except where the Trustee itself is acting as a Custodian.
- 4.3.4** The Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by gross negligence or any reckless act or omission of the Trustee or any of its directors, officers, nominees or agents.
- 4.3.5** 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 the 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 the Trust Deed or the Rules and 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) a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Committee to accept; and
  - (b) 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).
- 4.3.6** The Trustee shall not be liable for any loss caused to the Fund or to the value of the Trust Property due to any elements or circumstances of Force Majeure.
- 4.3.7** 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.
- 4.3.8** The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time

in respect of the Trust Property and all other matters relating to the Trust.

- 4.3.9** The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Trust Property or safeguarding the interest of Unit Holder(s), institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized director(s) and officer(s). All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses: Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under this Deed or the Rules and Regulations. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided) all such losses, claims, damages and other liabilities shall be borne by the Trust.
- 4.3.10** 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 Trust 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 gross negligence or that of its agents in relation to any custody of the Trust Property forming part of the Deposited 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 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.
- 4.3.11** The Trustee shall promptly forward to the Management Company within one Business Day any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock exchange or any other exchange.
- 4.3.12** The Trustee shall ensure that Creation Units are not issued until the payment (portfolio deposit and cash component) has been received and upon completion of transfer of title of the Portfolio Deposit and Cash Component in the name of the Fund.
- 4.3.13** The Trustee shall issue or redeem Creation Units only upon the instructions of the Management Company, subject to compliance with the procedures specified in the Rules, the Regulations, the Authorized Participant Agreement and the Constitutive Documents.
- 4.3.14** The Trustee shall ensure that issuance and redemption of Creation Units is done on Historic price basis and any transfer of underlying securities into and out of the Fund is also based on the valuation used in determining the Fund's NAV. In situation such as rebalancing, reconstitution or due to any other reason as determined appropriate by the management company, creation and redemption may be processed on a forward NAV as determined and announced by the management company with the prior intimation to the trustee.
- 4.3.15 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.

#### **4.4 Shariah Advisor**

Management Company has appointed Dr. Imran Ashraf Usmani as the Shariah Advisor for the Fund. Profile of the Shariah Advisor is detailed in clause 3.1.4 of this Offering Document.

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

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

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

The Shariah Adviser shall do the research as appropriate on the criteria followed by Islamic Unit Trusts all over the world for the purpose of screening of investments. The Shariah Advisor will then decide as to which screening criteria are relevant to be used in the context of Pakistan's capital markets and the instruments available therein, and which need to be modified/added/deleted.

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

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

The Management Company shall determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and get it approved by the Shariah Advisor. All such sums shall be donated after approval from the Shariah Advisor, subject to the condition that such charity organization is not related to the, Management Company or any of their employees.

At the end of each Annual Accounting Period or such other interval as the Commission may require, the Shariah Advisor shall issue a Shariah compliance certificate to the effect that all the business activities, investments and operations of the preceding year's or past operations of the Fund are in conformity with principles of Shariah. This report shall be included in the Annual reports or such other required reports of the Fund.

#### 4.5 Role of Authorized Participants

Authorized participant is bind to perform its functions and duties as specified in the Authorized Participant Agreement and change therein from time to time signed between AMC, Trustee and Authorized Participant. Management Company has appointed JS Global as the Authorized participant on a non-exclusive basis. Other Authorized participants may be appointed in future. Details of such participants will be available at the website of the management company

Authorized Participants are authorized under the agreement to create and to redeem Creation Units in Creation Unit size or multiples thereof, directly with the Fund. The Management Company may authorize any brokerage house or any eligible Institutional Investor as Authorized Participant. The Authorized Participants shall have sufficient resources and capabilities to satisfactory fulfill their roles and obligations and comply with the SECP Requirements. For avoidance of doubt, it is clarified that the Creation Units shall be issued only by the Management Company and neither the Authorized Participants nor any other person shall be empowered to issue Creation Units.

The Authorized Participant shall, at all time, comply with the applicable regulatory and contractual obligations as specified in the Authorized Participant Agreement duly signed between AMC, AP and Trustee.

The Authorized Participant(s) shall, effectively make arrangements either through Broker or Market Maker to market the Units in smaller lots through Exchanges to attract the general investors by putting bid and offer prices on KATS, fully abiding by the Exchange Regulations subject to the Shariah guideline specified in this document.

**Market Maker, who may be an Authorized Participant, shall maintain a sufficient inventory (as may be considered reasonable) for market making activities subject to the requirements stipulated in its agreement with the Exchange and Shariah guidelines specified herein.**

#### 4.6 Role of Market Maker

Role and responsibilities of the Market Maker shall be governed by the Market Maker Regulation of the PSX and through Market Maker Agreement signed between PSX and Market Maker.

PSX has appointed JS Global as a non-exclusive authorized Market Maker, who will perform their functions in accordance with the terms and conditions specified in the Market Maker Agreement and/or Market Making Regulations of the Exchange, in light of the Shariah guidelines specified in this document. The Market Maker may withdraw his bid and offer price in the secondary market for any period of time in a circumstances specified in the Market Maker Regulations and /or Market Maker Agreement in situation when there is extreme volatility in the stock market where units are being traded, circuit breakers in any of the scrip of the Fund or for any other reason where Market Maker believes that trading in MP ETF Units would be against the interest of the Fund or its Units Holders.

The Market Maker shall quote prices during Designated Market Making Period as mentioned in the Market Maker Agreement and/or Market Making Regulation of the Pakistan Stock Exchange.

The Market Maker shall be obliged to make available both buy and sell orders or quotes during the Designated Market Making Period.

The Market Maker shall be obliged to replenish its orders or quotes within time specified in the Market Maker Agreement, subsequent to execution of already queued orders/quotes, within the Designated Market Making Period.

The Market Maker shall keep its market making activities separate from other trading activities as governed by the Market Maker Regulation. For this purpose, the Market Marker shall:

- Register separate Trading code(s) for market making activities;
- Maintain separate ledger account(s) for recording trades pertaining to Market Making activities; and
- Ensure that any of its authorized agent(s)/trader(s) for market making activities shall not indulge in normal trading activities during Designated Market Making Period.

#### **4.7 Transfer Agent**

The Management Company will perform duties as the Transfer Agent of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders. However, Management Company may delegate this function to third party Transfer Agent and intimate to the Unit holder and the Trustee.

#### **4.8 Trustee/Custodian**

**Central Depository Company of Pakistan Limited (CDC) Trustee**, with offices at "CDC House 99-B, Block 'B' S.M.C.H.S Main Shakra-e-Faisal, Karachi", will also be performing the functions of the custodian of the Trust Property. The salient features of the custodial function are:

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

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.

#### **4.9 Market Maker**

Currently JS Global Capital Limited is the Market Maker of the Fund. In future, the Market Maker may change, or additional Market Makers may be appointed/assigned for the Fund without making any changes to this Offering Document.

#### **4.10 Authorized Participant**

Currently JS Global Capital Limited is the Authorized Participant of the Fund. In future, the Authorized Participant may change, or additional Authorized Participants may be appointed/assigned for the Fund without making any changes to this Offering Document.

#### **4.11 Auditors**

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

- iii. 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.
- iv. 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.
- v. The contents of the Auditors report shall be as mentioned in the Regulations.

#### **4.12 Legal Advisors**

Bawanay & Partners (advocate and investment & corporate advisors).

#### **4.13 Bank Accounts**

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled "**CDC Trustee – Meezan Pakistan Exchange Traded Fund**" for the Unit Trust 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) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.

#### **4.14 Minimum Fund Size**

Minimum Fund size and provisions relating to maintenance of minimum Fund size and other conditions as specified under clause 54 (3a) of the Regulations would not apply to this Fund.

### **5 CHARACTERISTICS OF UNITS**

#### **5.1 Units**

All Units thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder.

The Fund is divided into creation unit lot size of **10,000 units** having a Face Value of Rs. 10/- each unit/share. During initial offer which may be a PRE IPO and/or IPO, the Management Company may invest or arrange to invest from an investor in cash or against portfolio deposit as determined by the management company. Such investor may not necessarily be the Authorized participant.

## 5.2 Creation and Redemption of Units

Shares of the Fund may be acquired or redeemed directly from the Fund only in Creation Units or multiples thereof, as discussed in the Creations and Redemptions section of this document. Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund.

**Purchase and sale of shares in Secondary Market:** Once created, shares of the Fund generally trade in the secondary market in multiples of Marketable lot size which will be less than a Creation Unit lot size similar to the trading of shares of the listed companies. Units of the Fund are listed on a Pakistan Stock Exchange for trading. Units can be bought and sold throughout the trading day like shares of other publicly-traded companies. The Trust does not impose any minimum investment for shares of the Fund purchased on an exchange or otherwise in the Secondary market. **However the Exchange may impose a minimum lot size for transactions in ETF.**

Authorized Participant can purchase the Units at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices during Business Hours on any Dealing Day in accordance with the procedure set out in this Offering Document and the AP agreement.

During the period the register is closed, the sale and redemption of Units will not be suspended.

Management Company will be responsible to complete KYC/AML/EDD etc. for authorized participants only. Accordingly, conditions mentioned under Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018. and any other rules and regulations shall not apply to management company for unit holders who have bought/sold/transacted in the units of the Fund in secondary market since the management company has no control on such transactions.

### 5.2.1 Account Opening Procedure

The units shall only be issued in Depository Account in dematerialized form therefore account opening with AMC is not required. However, Authorized Participant before requesting for creation units open CDS account either with broker or IAS or in his own account maintained as CDS Participant. While opening in CDS account, the investor shall follow the procedure as specified by the Central Depository Company in its Regulation.

### 5.2.2 Creation of Units

- (a) After opening an account an Authorized Participant may purchase Units of Fund using the Unit Creation Application Form. Cash component must also accompany the form.
- (b) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form along with "CDS securities movement Report" and submitting it 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" in favor of "**CDC Trustee – Meezan Pakistan Exchange Traded Fund**". For convenience management company may require the Authorized participant to keep some advance money in the Fund account to account for the request for creation/redemption on a timely basis.
- (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 valid CDS account number in the Investment Application Form.
- (e) The Management Company will make arrangements, from time to time, for receiving Investment Request Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

### 5.2.3 Minimum Amount of Investment

#### 5.2.3.1 For In-Kind Creation of units:

Units shall be issued to the Authorized Participant by the AMC as per clause 4.2 with a minimum investment size of **10,000** units with face value of PKR 10 each or multiples thereof. The Management Company reserves the right to alter the minimum amounts stated hereinabove.

#### 5.2.3.2 For investment in Secondary Market

Purchase and sale of units in the secondary market shall be subject to minimum lot size as defined by PSX

### 5.2.4 Determination of Purchase Price on Creation

- (a) Units shall be offered initially at Rs.10 and thereafter at offer price declared by the Management Company from time to time for Dealing Days during the period when the Fund is open for subscription.
- (b) The Purchase (Offer) Price shall be equal to the sum of:
  - (i) The Net Asset Value (NAV) as of the close of the previous Business Day (Historical pricing);
  - (ii) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (iii) Such sum shall be adjusted upward to the nearest paisa.
- (c) The Purchase (Offer) Price open for subscription, shall be calculated and announced by the Management on a daily basis and be made available to the public at the office and branches of the Distributors and will also be published daily on the Management Company's and MUFAP's website.

### 5.2.5 Pricing and Dealing

#### Determination of Net Asset Value.

The NAV of the Fund normally is determined once daily Monday through Friday, generally as of the regularly scheduled close of business of the Fund (normally 4:00 p.m., Pakistan Standard time) on each day that the Fund is open for trading, based on the closing price of securities of PSX.

The NAV of the Fund is calculated by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of outstanding shares of the Fund, generally rounded to four decimal place. The value of the securities and other assets and liabilities held by the Fund are determined pursuant to valuation policies and procedures adopted by the AMC subject to the condition specified in the NBFC Regulation or any other law for the time being enforced. This information, along with other relevant information including outstanding units of the Fund shall be available on the website of the AMC.

#### Units Prices and dissemination of INAV.

The trading prices of the Fund's shares in the secondary market may differ from the Fund's daily NAV and are affected by market forces such as the supply of and demand for ETF shares and shares of underlying securities held by the Fund, economic conditions and other factors. Information regarding the intraday value of shares of the Fund, also known as the "indicative Net Assets Value" ("INAV"), is calculated and disseminated every 15 seconds or earlier throughout each trading day by the PSX, the Exchange on which the Fund's shares are listed, based on the ETF basket information provided by the Fund, . The INAV is based on the current market value of the securities or other assets and/or cash required to be deposited in exchange for a Creation Unit. The INAV does not necessarily reflect the

precise composition of the current portfolio of securities or other assets held by the Fund at a particular point in time or the best possible valuation of the current portfolio. Therefore, the INAV should not be viewed as a “real-time” update of the Fund’s NAV, which is computed only once a day on a historical price basis.

The Management Company delegates its responsibility of determination of INAV to the Pakistan Stock Exchange. The Pakistan Stock Exchange shall carry out determination of the INAV per Unit on a current basis, within a Business Day as deemed necessary by the Management Company and as specified in the Offering Document. The Pakistan Stock Exchange shall ensure that INAV is disseminated to the Stock Exchange terminal at regular interval as mentioned above and agreed with PSX from time to time and shared with the Management Company to be displayed on the website of the management company.

The Management Company ensure that the INAV per Unit is calculated on the basis of criteria which is consistently applied by the Management Company or the third-party to whom this function is delegated to ensure that the valuations are objective and independently verifiable.

SECP has clarified that the management company shall not be held responsible relating to correctness and accuracy of INAV under clause 21 of circular 15 of 2012 dated May 8 2012 due to circumstances beyond its control such as force majeure , failure or malfunctioning of hardware/software despite the best effort by management company or the third party to which such function is delegated and virus or cyber-attack despite the fact that antivirus and other reasonable measures were in place by the management company or the third party to whom such function is delegated . Currently such function is outsourced to PSX. The clarification absolves Management Company from all liabilities as mentioned in circular 15 of 2012 dated May 8 2012.

INAV may be suspended in certain situations such as rebalancing and reconstitution. In cases INAV is suspended, a notice to such effect shall be sent to the exchange for the information of all investors. Since calculation and dissemination INAV is outsourced to PSX and is dependent on the Systems and procedures of PSX. Current system of PSX takes up to one hour to stop dissemination of INAV from the time a notice is given to PSX. For Example if a notice is given by the management company to PSX to suspend dissemination of INAV at 10am, PSX would implement the same by 11 am same day. Notice would include this fact for the information of investors and would be considered a final discharge of responsibility of the management company as this is purely related to systems and procedures of PSX. Furthermore current system at PSX doesn’t allow resumption of INAV during the day once it is suspended during the day; hence INAV once suspended during the day will only be resumed next day. PSX has confirmed that they are in a process of upgrading their system and their new system will have the capability of suspending and resuming the INAV on same day.

#### **5.2.6 Creation Procedure**

The Authorized Participants can directly create Units with the Fund in Creation Unit Size as follows:

The Fund creates Units in large blocks known as "Creation Units". The size of the Creation Units and multiples thereof shall be stated in this Document. The value of the "Creation Unit" is the basket of underlying Benchmark Index securities called as the "Portfolio Deposit" and a "Cash Component" which will be exchanged for a fixed number of Units to be issued by the Management Company. The Portfolio Deposit and Cash Component may change from time to time and will be announced through its website. The Management Company may change Creation Unit Size after obtaining prior approval of the Trustee and the Commission. Any such change shall be intimated to the pertinent Stock Exchange within three (3) Business Days prior to the date of such change.

Authorized participants may create units on its own behalf or on the behalf of its clients.

### **5.2.7 Redemption Procedure for In-Kind Redemption**

Request for Redemption of Units shall be made by completing the prescribed redemption form along with "CDS Delivery-out Report" and the same is received at the Authorized Branch or office of the Management Company on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time.

The requisite Units of the Fund equaling the Creation Unit size or multiples thereof shall be transferred to the Fund's Depository Account and the Cash Component shall be paid to the Trustee through bank transfer in the Bank Account titled as "**CDC Trustee - Meezan Pakistan Exchange Traded Fund**". On confirmation of the same by the Trustee, Portfolio Deposit will be transferred to the CDC account of the Authorized Participant.

The redemption request can be submitted by Authorized Participants through physical or electronic form at authorized branches and office of AMC as specified in this Document.

Management Company may request the Authorized participant to place advance money in Fund account to incorporate the cash component.

Authorized Participant may redeem units on its own behalf or on the behalf of its clients.

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

Investors can sell the Units of ETF at market prices at any Exchange on which Fund is listed, which may be above or below actual NAV of the Scheme. Only the Authorized Participants can directly redeem Units with the Fund in Creation Unit Size or multiples thereof. The Units shall be redeemed on all Business Days. Units can be redeemed on in-kind basis calculated on the basis of NAV determined on the Business Day prior to the day of receipt of the duly completed redemption Application Form.

The Management Company at the time of announcing the NAV of the Fund, would also announce the composition of Portfolio Deposit and the Cash Component required to be exchanged against redemption of Units.

In situation where Management Company has decided to apply forward NAV to creation and redemption, all such requests will be processed using forward NAV.

As explained in this Offering document, Management Company may allow creation and redemption of units in cash/part cash to AP or unit holders. While doing that management company will announce conditions and procedure for such creation and redemption along with the reasons. Management Company may impose some charges for creation and redemption in such situation.

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

Where the Unit Holder desires to change Unit Holder details pertinent to their respective CDS account then request should be made to Broker Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDCPL Regulations.

### **5.3.1 Transfer, Nomination and Transmission**

Where the Unit Holder desires to Transfer of units to any other Unit holder either through Gift or through NDM market of the PSX. The request of such Transfer shall be made to Broker Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDCPL Regulations.

If the unitholder nominated any of the authorized person in his /her CDS Account and upon death of the Principal holder the units of Funds shall be Transferred in CDS account of that Nominee (act

as trustee of the Principal holder) and thereafter the Nominee shall distribute the rights among the successors according to the Succession Certificate issued by the Court as specified in the Companies Act, 2017.

Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the CDCPL according to the procedure laid down in CDCPL Regulations.

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

If Units are held in CDS account then request should be made to Broker Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDCPL Regulations.

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

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

Under the circumstances mentioned in Clause 6.5.2 & 6.5.3, Subject to compliance with Regulation (having regard to the interests of Unit Holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. A permanent change in the method of dealing shall be made after expiry of at least one month's notice to Unit Holders and with the approval of Trustee.

##### **5.5.2 Suspension of Fresh Issue of Units**

The Management Company may at any time, subject to the Regulations and in the best interest of Unit Holders or under the circumstances of Force Majeure as defined in this offering Document or any other situation in which the issuance of fresh units is, in management company's opinion, against the interest of the unit holders, suspend issue of fresh Units.

Such suspension may, however, not affect the payment of cash dividend or the issue of bonus Units as a result of dividend distribution. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission, Trustee and Exchange if dealing in Units is suspended.

Provided that the Management Company shall, at any time, terminate such suspension at the order of the Commission.

Further provided that the trading in ETF Units on the exchange may continue during the period of suspension of issuance and redemption of ETF Units.

##### **5.5.3 Suspension of Redemption of Units**

The Redemption of Units may be suspended during rebalancing of the ETF, extraordinary circumstances/ Force Majeure etc.

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

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

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the selloff of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the

assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

## 6 DISTRIBUTION POLICY

### 6.1 Declaration of Dividend

- (a) The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date / interim period whether to distribute among Unit Holders, profits, either in form of bonus Units (stock dividend) or cash dividend, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the amount of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.
- (b) The Management Company on behalf of the Fund shall, for every accounting year, distribute by way of dividend to the Unit Holders, not less than ninety per cent of the accounting income of the Collective Investment Scheme received or derived from sources other than **capital gains (whether realized or unrealized)**<sup>1</sup> as reduced by such expenses as are chargeable to a Collective Investment Scheme under the Regulations.
- (c) This will be done through distribution by way of dividends, for every accounting year, to the Unit Holders, not less than ninety percent of the accounting income, received or derived from sources other than **capital gains (whether realized or unrealized)** <sup>2</sup>as reduced by such expenses.
- (d) 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 Act, 2017, 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.

### 6.2 Determination of Distributable Income

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

- a) The total income earned on the Trust Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit etc.
- b) Whole or part of the realized and/or unrealized appreciation of Investment Assets, at the option of the Management Company.

From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine.<sup>3</sup>

**Distribution Taxation Risk** – Dividend distribution or Return of Capital to investors is liable to tax as per Income Ordinance 2001. The distributions are uniform across all units; therefore, unit holders who invest in a fund before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment.

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<sup>1</sup> Amended Through Second Supplemental dated June 03, 2022

<sup>2</sup> Amended Through Second Supplemental dated June 03, 2022

<sup>3</sup> Amended Through Second Supplemental dated June 03, 2022

### **6.3 Payment of Dividend**

All payments for dividend shall be made through transfer of Funds to the Unit Holder's designated bank account and such payment shall be subject to the Regulations and any other applicable laws and taxes.

### **6.4 Bonus Units**

The Management Company may decide to distribute, wholly or in part, the distributable income in the form of bonus / 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 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 for Bonus / Stock Dividend.

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.

### **6.5 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 days in a Financial Year. During the closure period, the sale, redemption, conversion of Units or transfer of Units will be suspended. Notice for closure of register should be published in two newspapers (Urdu and English language) having circulation in Pakistan.

## **7 FEE AND CHARGES**

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

Issuance, Redemption and Transfer of units can only be made through CDS therefore Transaction cost would be applicable as per the Depository and Clearing House Tariffs.

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

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

Any cost associated with sales, marketing and advertisement of collective investment schemes shall not be charged to the collective investment schemes, unless specifically allowed by the commission in Regulation.

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

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. Management company is allowed to charge certain expense as specified in this OD.



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

The following expenses shall be borne by the Fund:

### **7.2.1 Remuneration of the Management Company**

The Management Company shall be entitled to prescribe and receive maximum remuneration up to the maximum rate of remuneration permitted under the Regulations and directives issued thereunder.

The remuneration shall begin to accrue from the issue of Initial Creation Units’.

Such remuneration is payable to the Management Company in arrears within thirty (30) Business Days after the end of each calendar month.

In consideration of the foregoing and save as aforesaid, the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holder(s) or against the Trust Property for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and directives issued thereunder and the Deed to be payable out of Fund Property.

Any increase in the remuneration of the Management Company and approved by the Commission shall require thirty days prior notice to the unit holders, or notice at such frequency as may be decided by the Commission from time to time. However, any decrease in remuneration of the Management Company shall not require such notice.

### **7.2.2 Remuneration of the Trustee**

The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with Annexure “A”. The remuneration shall begin to accrue from the issue of Initial Creation Units.

Such remuneration shall be paid to the Trustee in arrears within thirty (30) Business Days after the end of each calendar month.

In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as Trustee of the Trust. The Trustee shall not make any charge against the Holders or against the Trust Property for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Regulations and the Constitutive Documents.

Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission. However, any decrease in remuneration of the Trustee shall not require such approval.

## **7.3 Formation Costs**

All preliminary expenses of the Fund including expenses incurred in connection with the establishment and authorization of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred during and up to the start of issuance of creation units, shall be borne by the Fund subject to the audit of expenses and amortized over a period of not less than five years or within the maturity of the Fund whichever is lower. This cost shall be reimbursable by a collective investment scheme to an AMC subject to the audit of expenses. The Formation Cost shall be reported by the Management

Company to the Commission and the Trustee giving their break-up under separate heads, as soon as the distribution of the securities is completed.

#### **7.4 Other costs and expenses**

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

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.
- (iv) Bank charges, financing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports
- (vii) Fund rating fee payable to approved rating agency.
- (viii) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed
- (ix) Fee pertaining to the Fund payable to the Commission.
- (x) Taxes, fees, , duties if any, applicable to the Fund and on its income, turnover and/or its properties including the Sales Tax levied on Services offered by Asset Management Company (for management of Fund).
- (xi) Charges and levies of stock exchanges, National Clearing and Settlement Company, and CDC Charges.
- (xii) Any amount which the Shariah Advisor may declare to be Haram, to be paid to approved charity institutions.
- (xiii) Any other expenses as permissible under the Rules and Regulations from time to time and / or permitted by the Commission.
- (xiv) Index license fee.
- (xv) Maintenance or independent verification fee of an index by a third party.
- (xvi) Index maintenance fee
- (xvii) INAV maintenance fee
- (xviii) Share registrar fee
- (xix) Sales and Marketing expense
- (xx) Ops/NAV related expense

#### **7.5 Expense Ratio**

The expense ratio shall be in line with the regulatory limit of 2.50% p.a. of the net assets of the fund, or as defined by the Commission from time to time.

### **8 TAXATION**

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

##### **8.1.1 Liability for Income Tax**

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

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

applicable to a public company. however, the income of the Fund will be exempted from tax if not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as dividend.

Exchange Traded Fund (ETF) is a new type of Fund being launched in Pakistan. ETF is a hybrid type of fund which has features of both open end and closed end fund. Under the ETF scheme, units can only be issued to and redeemed by Authorized Participants (APs) whereas in the case of other open end schemes, issuance and redemption of units can be done by any individual by through the AMC on the applicable NAV. The ETF units are tradeable in the Pakistan Stock Exchange (PSE) unlike the units of other open end mutual fund which cannot be traded in the PSE and can only be placed for redemption with the AMC on applicable NAV. The feature of tradability in PSE is only available in the case of closed end fund and this specific feature differentiates the ETF from other open end funds and has resulted in practical difficulties in determining amounts under following

1. Accounting treatment for refund of element of income at the time of redemption of units; and
2. Determining the amount of income already paid on units redeemed to be included in the "Income Statement".

The APs to whom the units are issued can either keep the units with themselves or can trade in the Pakistan Stock Exchange. Consequently, upon trading of units in the Pakistan Stock Exchange, the holder of the units keeps on changing whereas in the case of other open end schemes due to non-tradability of units, the customer remains the same.

The SECP in the year 2017 issued SRO756(I)/2017 dated August 3, 2017, wherein two important changes were brought in with respect to open end mutual funds which are as follow:

1. The definition of element was introduced for the first time by the SECP and an explanation was also added to element's definition whereby the concept of refund of element was introduced (at the time of payment of dividend) in proportion to respective investments by unitholders in order to maintain the same ex-dividend NAV on all units in issue.
2. Apart from other amendments, a new line item on the face of the Income Statement in respect of "income already paid on units redeemed" was introduced in order to take out due impact of income of unit holders who have exited the fund during the year /period and have taken their due share of income.

**The definition of element of income is given below:**

"Element of income" represents the difference between net asset value on the issuance or redemption date, as the case may be, of the units and the Net Asset Value (NAV) at the beginning of the relevant accounting period.

Provided that in case of Exchange Traded Funds receipt and payment of element of income relating to income statement is taken to Income Statement both at the time of issuance and redemption of units.

**Explanation:** "Element of Income" is a transaction of capital nature and the receipt and payment of element of income is taken to the unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holder fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The purpose of defining "Element of Income", adding explanation paragraph under the above SRO and

introducing the concept of “income already paid on unit redeemed” was to clarify and standardize the treatment across industry for open end schemes.

It is pertinent to note that track of investor (along with investment details) is required both for determining “refund of capital” and “income already paid on units redeemed”. The track of investment details is possible in the case of open end schemes except for ETF since the issuance and redemption of units is being managed by the AMC on the basis of applicable NAV and the units are not tradeable in the PSE. Hence, the “refund of element” and “income already paid on units redeemed” can be matched and tracked with the investment of a unitholder. However, in the case of ETF, the same is not possible since the units are being traded in the Pakistan Stock Exchange and the details of cost of investment of a unit holder who has purchased units from the market is not known to the AMC. The market tradability feature along with the corporate actions make it impossible for the AMC to get hold of investment details. Furthermore, the SRO is applicable to track the investment on a unit holder basis and then to account for “refund of element” and “income already paid on unit redeemed” by paying amount to the same unitholder who had originally got the units issued from AMC. This is not possible for the ETF unitholders since the units are originally issued to APs and the AMC do not have any track as to whether these units have been traded in the market or not and it is quite possible that units issued to one AP are redeemed by other AP by purchasing from market.

The current situation presents an anomaly for ETF whereby element of income is defined as an item of capital nature and it is impossible for an AMC to calculate “Element of Income” and “Income already paid on units redeemed” based on reasons mentioned above.

Therefore, SECP has made regulatory amendments for ETFs requiring the Fund to take the entire “element of income” both at the time of issuance and redemption of units to profit and loss account/Income statement, Hence, Ninety percent of the profit so calculated, after recording element of income on issuance less those in units redeemed, is required to be distributed to comply with the requirements of Clause 99 of part 1 of the Second Schedule of the Income Tax Ordinance, 2001 in order to claim tax exemption. The tax should be deducted on dividend so paid which includes element on issuance of units. However such treatment may result in incurring of loss on redemption to that extent which will be available for adjustment against capital gains;

## **8.2 Withholding Tax**

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

## **8.3 Zakat on Fund**

The Fund 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%.

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

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

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

**8.4.2** Unit Holders of the Fund will be subject to applicable Income Tax on dividend income distributed by the Fund.

**8.4.3** Capital gain arising from sale/disposal of Units of the Fund in the secondary market will be subject to tax at the applicable tax rate as mentioned in Income Tax Ordinance 2001 and shall be computed determined and collected by the NCCPL.

**8.4.4** **Capital gain on Redemption by authorized participant/institutional investor or any other unit holder through the management company will also be computed determined and collected from the AP/customer/unit holder by NCCPL, considering the ageing and price maintained by NCCPL in its system.**

Further in this scenario explained above related to accounting treatment of element of income, the withholding tax deducted on Dividend distribution would be higher than any other open end fund however the ultimate effect of such higher deduction is adjusted against the capital gain tax at the time of redemption

**8.4.5 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

**8.4.6 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.

**8.5 Disclaimer**

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

**9 REPORTS TO UNIT HOLDERS**

**9.1 Account Statement**

The Broker and/ or the IAS Participant as the case may be shall send the Account Statement to each unitholder, maintained by them, periodically as specified in the CDC Regulation/ Procedure.

**9.2 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.

### **9.3 Trustee Report**

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

### **9.4 Fund Manager Report**

The Management Company shall prepare Fund Manager report each month as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at their web site at least by 10<sup>th</sup> of each month.

## **10 WARNING AND DISCLAIMER**

### **10.1 Warning**

**10.1.1** 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 and the income of the Fund (from which distributions to Unit Holders is made) may increase or decrease.

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

### **10.2 Disclaimer**

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

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

## **11 GENERAL INFORMATION**

### **11.1 Accounting Period / Financial Year of the Fund**

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

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

### **11.2 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:

#### **Al Meezan Investment Management Limited**

Ground Floor, Block B, Finance and Trade Centre (FTC) Shahrah-e-Faisal Karachi, Pakistan

### **11.3 Transfer of Management Rights of the Fund**

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

- (i) the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be transferred to another Management Company;
- (iii) if in the opinion of the Commission further management of the Fund by the existing Management Company is detrimental to the interest of the Unit Holders, the Commission may direct the Trustee to transfer the Fund to another Management Company.
- (iv) if the Management Company may retire voluntarily with the prior written consent of the Commission.

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

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

- (i) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be revoked;
- (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 Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.
- (v) on occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vi) where the Commission deems it necessary to revoke the Fund so directs either Trustee or the

Management Company in the interest of Unit Holders;

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

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

#### **11.6 Distribution of proceeds on Revocation**

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

### **12 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 or any interim date as decided by the Management Company from time to time on which the financial statements of the Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income Tax may change such date to any other date and such change shall be intimated to the Commission.

**“Accounting Period”** means a period ending on and including an accounting date and commencing (in case of the first such period) on the date immediately after the close of IPO and (in any other case) from the next day of the preceding accounting period.

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

**"Authorized Participant(s)"** means the eligible institutional investor or TREC Holder of Exchange subject to the Authorized Participant Agreement signed between the parties.

**"Authorized Participant Agreement"** means an agreement entered into between an Authorized Participant, the Trustee and the Management Company setting out the roles and responsibilities of each party and includes, among other things, the terms and procedures for the issuance and redemption of Creation Units.

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

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

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

**“Authorized Investments”** means Pakistan origin investment and includes the following:

- Local Equities



- Cash and cash equivalent

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

**“Bank Accounts”** means those account(s) opened and maintained for the Fund by the Trustee at the instruction of the Management Company at Islamic Banks and Islamic windows of conventional banks, the beneficial ownerships in which shall vest in the Unit Holder(s).

**“Benchmark Index”** means the Meezan Pakistan Index as approved by the Commission and defined in this Offering Document.

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

**“Business Day”** means any day on which stock exchanges, and the Management Company is open for business in Pakistan.

**“Cash Component”** means the difference between the applicable net asset value of a Creation Unit and the market value of the Portfolio Deposit. This difference will represent accrued dividend, accrued annual charges including management fees and residual cash in the scheme.

1. If Cash Comp is positive, investor/AP has to pay while creation and will receive on redemption
2. If Cash Comp is negative, investor/AP will receive on creation and will pay during redemption. add this after the current definition of cash component in ETF.

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

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

**“Creation Units”** means the specified number of ETF Units for issuance or redemption as determined by the Asset Management Company and disclosed in the Constitutive Documents.

**“Custodian”** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee in consultation with 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 Time” / “Business Hours”** means the day time for dealing in Units of the Fund. The current Cut-Off Timing/Business Hours are mentioned in Annexure “B” of this Offering Document.

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

**“Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, bank charges, transfer fees, registration fees and other duties and

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

**“ETF”** means Exchange Traded Fund, which is a listed index-tracking open end fund structured as a Collective Investment Scheme. The Primary objective of the ETF is to mimic the return of a particular benchmark index by investing substantially all of its assets in the constituent securities of the benchmark index. ETF shall issue and redeem Creation Units in-kind through AP only.

**“ETF Unit”** is a unit of open end scheme that tracks a benchmark index and is listed on the stock exchange and may be bought and sold like any other share on the stock exchange.

**“Exchange Regulations”** mean the Regulations Governing Exchange Traded Funds made by a Stock Exchange on which the Units of the Fund are listed and shall include any other regulations, notifications of directives issued by the Pakistan Stock Exchange relating to Exchange Traded Funds.

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

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

**“Force Majeure”** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of 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.

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

**“Fund”** means “Meezan Pakistan Exchange Traded Fund” or “Scheme”, or “Trust”, or “Unit Trust”, or “MP ETF”.

**“Fund Property”** means the aggregate proceeds of the sale of all Units to Authorized Participant at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices, after deducting

therefrom or providing there against, the value of Redemption, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units to Authorized Participant and any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising therefrom, and all cash and other assets, movable or immovable, and property of every description, for the time being, held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.

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

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

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

**“In-kind Creation”** means a portfolio of securities and the cash component to be delivered to the Asset Management Company, by an AP either on its own account or on behalf of its clients for creation of ETF units.

**“Issuance Form”** means a standardized form prescribed by the Management Company either in physical or electronic mode to be duly filled by the Authorized Participant for creation of Units in Creation unit size or multiples thereof and will be stated in this Offering Document.

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

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

**“Net Assets of the Scheme”** means the excess of assets over liabilities combined together, such excess being computed in the manner as specified under Regulations.

**“Net Asset Value” or “NAV”** means per Unit Value arrived at by dividing the Net Assets of number of Unit(s) outstanding. The NAV shall be announced on each Dealing Day as per the directions of the Commission from time to time.

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

**“Offering Document”** means the prospectus or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme.

**“Par Value”** means the face value of **Rs. 10** for a Unit of the Fund.

**“Portfolio Deposit”** means a pre-defined basket of securities that represents the Benchmark Index together with a cash payment (if applicable) for the purposes of issuance and redemption of Creation

Units to Authorized Participant(s) to be announced by the Management Company in the Offering Document and composition of the Portfolio Deposit may change from time to time.

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

**"Provincial Governments"** mean the Provincial Governments of all four provinces of Pakistan.

**"Redemption Form"** means a standardized form prescribed by the Management Company to be duly filled by the Authorized Participant for In-Kind redemption of Units in creation unit size or multiples thereof and will be stated in this Offering Document.

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

**"Register"** means the Register of the Unit Holders kept pursuant to the Act.

**"Registrar"** means a Company that AMC may appoint for performing the Registrar Functions; provided that AMC may also itself perform the Registrar Functions.

**"Registrar Functions"** mean the functions with regard to:

- (a) Maintaining the Register;
- (b) Receiving application for transfer/transmission of Units directly from Unit Holder or legal representatives;
- (c) Processing requests for transfer and transmission of Units with regard to the Unit Holders; and effectuating such transfers in the Register;
- (d) Issuing Units to Unit Holders;
- (e) Dispatching of dividend warrants;
- (f) Keeping record of change of addresses/ other particulars of the Unit Holders; and
- (g) CDS related activities.

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

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

**"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.

**"Shariah"** means divine guidance as given by the Holy Qur'an and the Sunnah of Holy Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles as per the interpretation of the Shariah Advisor of the fund.

**"Stock Exchange"** means any stock exchange on which securities are generally traded and quoted and shall include stock exchanges registered and operating outside Pakistan.

**"Tracking Error"** means the standard deviation of the difference between daily returns of the underlying Benchmark Index and the NAV of the ETF.

**"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. Such costs may be added to the NAV to which the costs may be applicable for determining the Purchase (Offer) Price of such Units or be deducted from the NAV to which the costs may be applicable in determining the Repurchase (Redemption) Price.

**"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.

**"Unit"** means one undivided share in the Net Asset being offered under this Scheme and where the context so indicating a fraction thereof.

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

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

# Annexure “A”

## REMUNERATION OF TRUSTEE AND ITS AGENT

As prescribed in the Trust Deed of the Fund

## Annexure “B”

### **Current Fee Structure:**

A. For Meezan Pakistan Exchange Traded Fund (MP ETF):

Up to 0.50 % p.a. of the net assets of the fund calculated on a daily basis.

### **Cut-Off Timing:**

i. Current Cut-off Timing & Business Hours for dealing in Units:

Every Dealing Day – 9:00 am to 4:00 p.m.

ii. Current Cut-off Time for dissemination and announcement of NAV:

Latest by 6:30 p.m. on the Dealing Day.

**Note:** Any change in the Cut-Off Timings/Business Hours including for the month of Ramadan shall be notified to investors/Unit-Holders via the Company’s website.

Any change in the management fee shall be notified after prior approval of the Commission through an addendum to this annexure and by publication in a widely circulated newspaper and/or as and how the SECP may direct.

## Annexure “C”

### Designated Distribution Outlets

Following are the branches of Al Meezan for investors to execute mutual fund transactions. In addition to these, investors may use any branch of Meezan Bank through Online Transactions-Member Services Area or through MBL’s Internet Banking facility for the execution of their transactions.

#### 1. FTC Branch, Karachi

Ground Floor, Finance and Trade Centre, Shahrah-e-Faisal, Karachi

Tel: (92-21) 111-633-926, 35630722-26

#### 2. Sales Hub, Karachi

Banglow # 43-5-E/2, Shah Abdul Latif Road, PECHS Block 6, Karachi.

Tel: (92-21) 34559262-5

#### 3. North Nazimabad Branch, Karachi

Shop # G-1, G-2, Ground Floor, Ajwa Residency, B-1, Block-L, North Nazimabad, Karachi

Tel: (92-21) 36641491-4

#### 4. Bahadurabad Branch, Karachi

Shop # 4, Ground floor, Adam Arcade, B.M.C.H Society, Shaheed-e-Millat Road, Block #3, Karachi

Tel: (92-21) 34923112-6

#### 5. DHA Branch, Karachi

Shop # 01 Ground Floor, Sunset Commercial St-02, Khayaban e Jami, Near Baitussalam Masjid, Phase IV, D.H.A Karachi.

Tel: (92-21) 35802411-4

#### 6. Gulshan-e-Iqbal Branch, Karachi

Shop # 02, Ground Floor, Shelozon Center, Block 15, Gulshan-e-Iqbal Karachi.

Tel: (92-21) 34990491-4

#### 7. Site Area Branch, Karachi

Shop # 05, plot # B/9-D, Main Estate Avenue, Site Area Karachi.

Tel: (92-21) 32570051-4

#### 8. DHA, Badar Commercial Branch, Karachi

Plot # 8C, Shop # 03, Street # 10, Badar Commercial, DHA phase V, Karachi.

Tel: (92-21) 35171381-4, 021-37131680-1, 021-37131683-4



**9. Gulistan-e-Jauhar Branch, Karachi:**

Plot # B11, Shop # 06, Ground Floor, Alam Shah Bukhari Apartment (Right Opposite Hilltop Banquet Hall), Block -19, Gulistan-e-Jauhar, Karachi.

Tel: (92-21) 34187181-84

**10. Gulberg Branch, Lahore**

Ground Floor, Leeds Centre, Gulberg III, Main Boulevard, Lahore

Tel: (92-42) 111-633-926, 042-35783608-12, 042-32560548

**11. DHA Branch, Lahore**

1st Floor, Meezan Bank T Block Branch, Plot No. 7, CCA-2, T Block, Phase II, DHA Lahore.

Tel: (92-42) 35747060-3, 042-32560125

**12. Faisalabad Branch**

First Floor, Taj Plaza, Kotwali Road, Faisalabad

Tel: (92-41) 32412371-4

**13. Islamabad Branch**

Office No 7 Ground Floor, Buland Markaz Jinnah Avenue Blue Area, Islamabad.

Tel: (92-51) 2801471-73

**14. Peshawar Branch**

Office No 6-D, Ground Floor, 6 Saddar Road, Peshawar Cantt, Peshawar.

Tel: (92-91) 5271911-14

**15. Multan Branch**

1st Floor, Meezan Bank Rasheedabad Chowk Branch, Aneesa Plaza Rasheedabad Chowk, Khanewal Road Multan.

Tel: (92- 61) 6305911-5

**16. Abbottabad Branch**

Office No 2, 3rd Floor Zaman Plaza, Near Ayub Medical Complex, Mansehra Road, Abbottabad.

Tel: (92-992) 384133-4

**17. Rawalpindi Branch**

Plot # 17, Zubair Plaza, 1st Floor, Chaklala Scheme III, Main Commercial Area Rawalpindi Cantt, Rawalpindi.

Tel: (92-51) 5766364-6

**18. Gujranwala Branch**

Ground Floor, 387-A, Model Town, Gujranwala

Tel: (92-55) 842205-8

**19. Swat Branch**

Mezzanine Floor, Sultan e Room Plaza, Main G.T Road, Mingora Swat

Tel: (92-946) 714023-6

**20. Sialkot Branch**

Second floor Meezan Bank, Qayum plaza, Aziz Shaheed Road, Sialkot Cant, Sialkot

Tel: (92-52) 4290460-2