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**Offering Document of KASB Liquid Fund
Managed by
KASB Funds Limited**

[An Asset Management Company Registered under the Non-Banking Finance Companies

**Date of Publication of Offering Document: May 05, 2006
Initial Offering Period: May 08, 2006 to May 09, 2006 (both days inclusive)**

INTRODUCTION

The KASB Liquid Fund ("KLF"/"Unit Trust"/ "Fund"/ "Scheme"/"Trust") has been established through a Trust Deed under the Trust Act 1882 entered into between KASB Funds Limited ("KFL"), the Management Company and Central Depository Company of Pakistan Limited, the Trustee and is authorized under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules").

KLF shall be an open-ended fund and shall offer its units ("Units") to investors on a continuing basis. The first offer of Units is being made for public subscription from May 08, 2006 to May 09, 2006 at the Offer Price of PKR 100 per Unit with a minimum initial investment of PKR 10,000 and no upper limit is set on the Units that may be issued to a single investor. The subsequent Offer and Redemption Price for each Business Day will be based on the NAV of the previous day. The Offer and Redemption Prices for each Business Day will be published in any newspaper circulated in Pakistan. These Units shall be redeemable for cash and shall be transferable.

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 the KASB Liquid Fund under Rule 67 of the NBFC Rules. The SECP has approved this Offering Document under Rule 70 of the NBFC Rules.

It must be clearly understood that in giving its approval, the SECP does not take any responsibility for the financial soundness of the Fund nor for the accuracy of any statement made or any opinion expressed in this Offering Document. The provisions of the Trust Deed govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in the Fund. Prospective investors should consult one or more from amongst their legal adviser, stock broker, bank manager or other financial adviser.

Investors must recognize that all investments involve varying levels of risk. Neither the value of the Units in the Fund, nor the dividends declared by the Fund are or can be assured. Investors are requested to read the Risk Disclosure Statement and Warning & Warranties contained in Clause 2.9 and Clause 9 respectively.

Filing of this Offering Document

KFL, the Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the documents (b) to (g) below with the SECP. Certified copies of these documents can be inspected free of charge, at the registered office or principal office of the Management Company or the registered office and principal office of the Trustee.

- a) SECP's Letter No. NBFC-II/JD-II/-KASB-657 dated September 07, 2005 granting license to KFL to carry out Asset Management Services together with the copy of the license;
- b) Trust Deed ("Deed") of KASB Liquid Fund dated February 20, 2006 between KASB Funds Limited, as the Establisher of the Fund and the Management Company and Central Depository Company of Pakistan Limited ("CDC"), as the Trustee;

- c) SECP's Letter No. NBFC-II/JD-II/-KASB-159 dated March 17, 2006 authorising KASB Liquid Fund;
- d) SECP's Letter No. SEC/NBFC-JD-II/90/2006 dated February 10, 2006 approving the appointment of CDC as the Trustee of KASB Liquid Fund;
- e) Letter from KPMG Taseer Hadi and Company, Chartered Accountants, Auditors of KASB Liquid Fund, consenting to the issue of statements and reports;
- f) Letter of Consent by the legal advisor, Bawaney and Partners to act as the legal advisor of the KASB Liquid Fund; and
- g) SECP's Letter No. NBFC-II/JD-II/KASB/253/2006 dated April 27, 2006, approving this Offering Document.

1. CONSTITUTION OF THE FUND

1.1 Constitution

The Fund has been constituted by a registered Trust Deed dated February 20, 2006 under the Trusts Act, 1882, executed between:

KASB Funds Limited, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 having its **registered office** at 11th Floor, Trade Centre, I. I. Chundrigar Road, Karachi and licensed by the SECP to undertake asset management services, as the Management Company;

and

Central Depository Company of Pakistan Limited, a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at CDC House, 99-B, Block-"B", SMCHS, Main Shakra-e-Faisal, Karachi and registered to act as a central depository company under the Central Depository Companies (Establishment and Regulation) Rules, 1996, as the Trustee.

1.2 Trust Deed

The Deed is subject to and governed by the NBFC Rules and all other applicable laws and regulations. The terms and conditions of the Deed and any deed supplemental thereto shall be binding upon each Unit Holder.

1.3 Modification of the Trust Deed

The Trustee and the Management Company, acting together and with the approval of the SECP, shall be entitled, by supplemental deed, to modify, alter, or add to the provisions of the Trust Deed, in accordance with the terms thereof, subject to the NBFC Rules; provided that such alteration or addition shall not prejudice the interests of the Unit Holders; and in any event, it shall not release the Trustee or the Management Company of their responsibilities.

Where the Trust Deed has been altered or supplemented the Management Company shall notify the Unit Holders regarding such alteration.

1.4 Duration

The duration of the Fund is perpetual. However, the SECP or the Management Company may wind up the Fund, on the occurrence of events stated in Clause 10 of this Offering Document under the heading "Termination of the Fund".

1.5 Units

1.5.1 The Fund is divided into Units having First Offer Price of PKR 100 each. This price is applicable to such Units that are issued before close of the First Offer. Thereafter, the Units shall be issued on the basis of their Net Asset Value (NAV), which shall form the base for determining the Offer and Repurchase Prices.

1.5.2 All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the Net Assets, earnings and the receipts of the dividends and distributions. Each Unit Holder has the beneficial interest in the Fund proportionate to the Units held by such Unit Holder.

1.5.3 Fractional Units will be issued to enhance economical and efficient handling, rounded off to four decimal places. Units are also transferable. Units will be issued in registered, un-certificated form and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates representing the Units will be issued subject to terms herein at a fee not exceeding PKR 100 per certificate only if requested by Unit Holder.

1.6 Open-ended Fund

- 1.6.1 KLF is an open-ended Fund. It shall offer and redeem Units on a continuing basis subject to terms herein. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts.
- 1.6.2 For the convenience of investors, the Management Company may issue Units with different options with differing quantum of the Front-end Load added to the NAV for determining the Offer Price thereof and differing levels of Back-end Load deducted for determining the Redemption Price.

1.7 First Offer and Initial Offering Period

The First Offer is for Units, with no Front-end Load, which shall be issued at the First Offer Price of PKR 100 per Unit. The Offer and Issue of Units at First Offer Price shall commence from the start of the banking hours on May 08, 2006 and shall end at the close of the banking hours on May 09, 2006. During the Initial Offering Period Units will **not** be redeemed.

1.8 Transaction in Units after Initial Offering Period

Subsequent to the First Offer, Units can be purchased at the Offer Price and redeemed at the Redemption Price. The Management Company will fix the Offer and Redemption Prices for every Business Day on the basis of the Net Asset Value (NAV) of the Units as mentioned in Clause 4.3.1 and 4.4.1. In the event there is/are closed day(s), for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any. For such closed day(s), the NAV based price per Unit shall be fixed after adjustment for the Front-end Load or the Back-end Load, as the case may be and any Transaction Costs that may be applicable, save under circumstances elaborated in Clause 4.9 mentioned herein, such prices shall be applicable to issue and redemption requests, complete in all respects, received during the business hours on the following Business Day. The Management Company may issue Units without Sales Load or with a reduced Sales Load to Unit Holders opting to receive Units in lieu of dividends or to Unit Holders converting from another fund managed by the Management Company. The Management Company may also issue and redeem Units at a reduced load under certain arrangements with the investor(s).

2. INVESTMENT OBJECTIVES AND RESTRICTIONS

2.1 Investment Objectives

The Fund seeks to maximise current income, consistent with low levels of risk and high liquidity.

2.2 Investment Policy

The Fund will primarily invest in low duration, liquid investments including money market and other debt instruments as well as fixed income transactions in the capital market.

2.3 Investment Universe

2.3.1 With lower level of risk and high liquidity as the defined objectives and as per the limits prescribed under the Trust Deed and NBFC Rules, KLF portfolio would comprise of, the following;

- a) Money market transaction / instruments, certificates of deposit and bankers' acceptances;
- b) Treasury bills and other Government Securities;
- c) Deposits with banks or financial institutions as per the criteria that may be laid down by SECP;
- d) Units/Certificates in any other money market fund;
- e) Securities, bonds, debentures, warrants, options, participation term certificates, modaraba certificates, musharaka certificates, term finance certificates, convertible bonds with a view to not exercise conversion option certificate of investments, structured papers, commercial papers, money market and fixed income securities traded or to be traded in Over The Counter (OTC) Markets and other asset backed or mortgage backed securities. Such Investments shall include those for ready settlement as well as those for future settlement.
- f) Any other debt security in respect of which permission to deal on a stock Exchange is effective subject to any appropriate investment grading or as per the criteria that may be laid down by SECP;
- g) Repurchase transaction (REPOs) and reverse REPOs transactions against money market and fixed income securities.
- h) Continuous Funding System (CFS); or any such replacement subject to relevant SECP approvals, however Investments in CFS shall be restricted up to maximum of 50% of Net Asset Value of the Schemes with not more than 20% of CFS in any one security at the time of investment.
- i) Spread Transaction. The Scheme may enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between settlements. The scheme may for this purpose purchase or sale a security, for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement; these truncations will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities.
- j) Investment in any debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
- k) Rated corporate debt, credit linked notes and asset backed securities.
- l) Derivative instruments including options, interest rate swaps, forward Rate Agreements and any other derivative instruments permitted by SECP the investment in this asset class will be for hedging purpose only and subject to such other terms and conditions as may be notified by the SECP.
- m) Subject to SECP and other regulatory approvals the Scheme may seek to invest in foreign securities issued, listed or traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time.
- n) Any other security and / or instruments and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules or any other regulatory authority from time to time.

2.3.2 Changes in Authorized Investment

Any fundamental change in the Authorized Investment listed in Clause 34.5 of the Trust Deed will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unit Holders to the satisfaction of the Trustee.

2.4 Asset Allocation Policy

The portfolio of KLF would be developed in order to earn optimal returns through investment in high yielding securities while maintaining a portion in liquid investments to meet its redemption requirements. The following are the guideline which the Fund will seek to follow in order to achieve the said objective:

- a) The Fund aims to keep an overall duration of one year or less for the investment portfolio;
- b) The reverse-repo will only be against securities with minimum investment grade rating; and
- c) The Fund will not invest at any given time more than 50% of its total portfolio in Continuous Funding System and 20% of the CFS amount in any one security (or its replacement).

2.5 Investment Restrictions and Exposure Limits

- 2.5.1 The Trust Property shall be subject to such exposure limits as are provided in the NBFC Rules (subject to any exemptions or relaxations that may be specifically given to the Fund by the SECP). Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any investment or disposal of any Investments such limit shall be exceeded. The Management Company will have six months to comply with the exposure limits in case such limits are exceeded.
- 2.5.2 The Fund shall not invest more than twenty five (25) per cent of its Net Asset Value in securities of any one sector as per classification of the pertinent Stock Exchange(s), except as may be permitted by the SECP or otherwise as may be permissible under the NBFC Rules;
- 2.5.3 The purchase or acquisition of Units in one open-ended scheme shall not exceed ten (10) percent of the Net Asset Value of the Fund at the time of purchase, except as may be permitted by the SECP or otherwise as may be permissible under the NBFC Rules.
- 2.5.4 If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the NBFC Rules, the Trustee shall not purchase any further investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust;
- 2.5.5 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company owns more than five percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company own more than ten percent of those securities;
- 2.5.6 The Fund shall not at any time, except as otherwise allowed under NBFC Rules,
- 2.5.6.1 Purchase or sell:
- a) Bearer securities;
 - b) Securities which result in assumption of unlimited liability (actual or contingent);
 - c) Commodities and commodities contracts (other than the securities issued by companies dealing in commodities)
 - d) Real estate (other than the securities issued by real estate companies);
 - e) Anything other than Authorized Investments as defined herein;
- 2.5.6.2 Participate in a joint account with others in any transaction.
- 2.5.6.3 Make short sale of any security.
- 2.5.7 The Fund will enter into options/ derivative contracts with maximum exposure of ten percent of the NAV of the Fund and exposure in such options/ derivatives will not go beyond the underlying fixed income, money market or other securities held in the portfolio of the Fund

- 2.5.8 Investment of the Fund in any company shall not, at any time, exceed an amount equal to ten percent of the total NAV of the Fund at the time of investment or ten percent of the issued capital of the investee company, except as may otherwise be permissible under the NBFC Rules.

2.6 Exception to Investment Restrictions

In the event the weightage of prescribed limits laid down in this Offering Document or the NBFC Rules are breached as a result of the relative movement in the market prices or the investments or through any disinvestment or through subscription to right/bonus/other offerings, the Management Company shall make its best endeavour to bring the exposure within the prescribed limits within six months of the event.

2.7 Borrowing and Borrowing Restrictions

Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company make and vary arrangements with banks or financial institutions for borrowing for the Fund; provided the borrowing shall not be resorted to, except for meeting redemption requests.

- 2.7.1 The maximum borrowing for the account of the Trust shall not exceed the 15% of the total Net Asset Value of the Fund or any other limit as provided under the NBFC Rules, and shall be repayable within a period of ninety (90) days, unless the NBFC Rules permit borrowing for longer terms. Provided that if subsequent to the borrowing, the Net Assets are reduced as a result of reduction in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

- 2.7.2 The charges payable to any bank or financial institution against borrowings on account of the Fund shall not be higher than the normal prevailing bank charges or normal market rates for borrowings.

2.7.3 Pledge and Charge

For the purpose of securing any such borrowing the Trustee may on the instructions of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property. Provided that the aggregate amount borrowed by such mortgage, charge or pledge shall not exceed the limits provided under the NBFC Rules and / or any law for the time being enforced.

2.7.4 Liability of Trustee and Management Company

Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made in good faith.

2.7.5 Guarantee

Neither the Trustee, nor the Management Company shall be required to issue any guarantees or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

2.8 Transaction with Connected Persons

- 2.8.1 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five percent of the total nominal amount of the securities issued or collectively own more than ten percent of those securities, except as may otherwise be permissible under the NBFC Rules.

- 2.8.2 The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee,

save in the case of such party acting as a intermediary, except as may otherwise be permissible under the NBFC Rules.

- 2.8.3 For the purposes of Sub-Clauses 2.8.1 and 2.8.2 the term director, officer or employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 2.8.4 Cash forming part of the Trust Property may be placed as deposits with an institution licensed to accept deposits.
- 2.8.5 Money can be borrowed from the Trustee or any other institution provided that the charges are not higher than normal bank charges; and
- 2.8.6 Subject to the NBFC Rules, any transaction between the Fund and the Management Company or any of their Connected Person(s) as principal may only be made with the prior written consent of the Trustee.

2.9 Risk Disclosure Statement

2.9.1 Investors are advised that all investments in mutual funds and securities are subject to market risks. A targeted return/dividend range cannot be guaranteed. It should be clearly understood that the portfolio of KASB Liquid Fund is subject to market fluctuations and risk inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

- a) **Credit Risk** - Comprises settlement risk and downgrade risk. Each can have negative impact on the value of the fixed income securities including money market instruments;

Default Risk - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;

Credit Spread Risk - The risk that there may be an increase in the difference between the return/markup rate of any issuer's bond and the return/markup rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of fixed income securities including money market instruments;

- b) **Derivative Risk** - Derivatives may be used to limit or hedge potential losses associated with investments. This process is called "hedging". The hedging strategy may not be effective. There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract. There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract. Additionally, the counter party to the derivative contract may not be able to meet its obligations.
- c) **Return/Markup Rate Risk** - Fixed income securities including money market instruments, which include treasury bills and commercial papers, pay fixed rate of return/mark-up. The value of the Fund, due to its holdings in fixed income securities including money market instruments, will rise and fall as return/mark-up rates change.
- d) **Government Regulation Risk** - Government policies and the law regulate different sectors of the economy to varying extent. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows. Additionally, governmental or court orders may restrain payment of capital, principal or income.
- e) **Voluminous Issue/Redemption Risk** - Any significant transactions made by such investor could significantly impact a Fund's cash flow. If the third party buys large amounts of Units of

the Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of Units of the Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the Fund.

- f) **Repurchase, Reverse Repurchase Transactions and Securities Lending Risk** - The risks with these types of transactions are that the other party under the agreement may default or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/mark-up, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the Fund could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held in the event of a default.
- g) **Other Risks** - Other risks may include breakdown of law and order, war, natural disasters and any other unavoidable circumstances.

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

Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding up - in such events the investor is likely to have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged.

2.9.2 Disclaimer

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

Investors must be aware that all investments involve risk. It should be clearly understood that the portfolio of KLF is subject to the risks mentioned above. The value of the investments and the income from them can fall as well as rise and is not guaranteed. Past performance is not necessarily an indicator of future performance.

3. OPERATORS AND PRINCIPALS

3.1 Management Company

3.1.1 Organization

The Management Company was incorporated on January 24, 2005. The SECP has granted KFL the license to carry out Asset Management and Investment Advisory Services.

3.1.2 Capital Structure and Sponsors

KASB Funds Limited is a wholly owned subsidiary of KASB Bank Limited with Authorized and Paid-up capital of PKR 300 million and PKR 30 million respectively. KASB Bank Limited has nominated five directors on the Board of the Management Company.

3.2 Sponsor

KASB Bank Limited was incorporated on October 13, 1994 as Platinum Commercial Bank Limited. The name of the Bank was subsequently changed to KASB Bank Limited on February 21, 2003, when the majority shareholding was acquired by the KASB Group. The Bank operates through a network of 35 branches strategically located all over the country.

The Bank is managed by a team of professionals having a varied experience of both domestic and international banking and financial markets.

3.3 The Board of Directors

3.3.1 The Board of Directors of the Management Company are:

Name	Position	Other Directorship	Current Occupation	Address
Mr. Robert Owen	Chairman	<ul style="list-style-type: none"> • Dubai Financial Services Authority • Crosby Capital Partner Inc. • Crosby Capital Partner Ltd • Singapore Exchange Ltd. • Citibank (Hong Kong) Ltd. • International Securities Consultancy Ltd. • I B Daiwa Ltd. • Repton School • Sir John Ports Charity • Crosby China Chips Fund • ISC Ltd • ECK & Partners Ltd 	Investment Banker	Mary Knoll Whitecliffe, Ludlow Shropshire, SY8 2HD United Kingdom

Name	Position	Other Directorship	Current Occupation	Address
Ms. Naz Khan	CEO	None	Business Executive	24-B, Sunset Boulevard, Phase II, D.H.A. Karachi.
Sheikh Sulaiman Hoqani	Director	<ul style="list-style-type: none"> • PICIC Commercial Bank Limited • Worldcall Broadband Limited • Worldcall Communications Limited • Pace Pakistan Limited • First Capital Securities Corporation Limited • Al-Hoqani Securities & Investment Corporation (Pvt.) Ltd. 	Business	P. O. Box # 1091 Al-Ain U.A.E.
Mr. Muneer Kamal	Director	KASB Bank Ltd.	Banker	18-G Street, Off: Khayaban-e-Ghazi Phase VI, DHA, Karachi
Mr. Farid A. Masood	Director	None	Business Executive	House # 74/1, 24th Street, Off Khayaban-e-Badar, Phase VI, D.H.A Karachi.

3.3.2 Particulars of the Directors

Robert Owen - Chairman

Mr. Owen is currently Senior Advisor to Nomura Investment (Hong Kong) and Chairman of Tech Pacific Capital Limited and Crosby Limited. His previous positions include Chairman Securities and Future Commission of Hong Kong and Private Secretary of H.M. Treasury in London. He has also served as a Chairman and Chief Executive, as well as Director of Investment Banking for the Lloyds Bank Group.

Naz Khan - Chief Executive Officer

Ms. Khan has an extensive knowledge of Pakistan's financial markets and has played a major role in the development of the local fixed income securities markets the CEO, she will be actively involved in all areas of the business. With years of investment advisory experience, she will be instrumental in developing product and portfolio strategy.

Naz has been associated with KASB for over 13 years. Her various assignments as Executive Director in KASB Securities Ltd. have included Head of Money market and Fixed Income, Head of Investment Advisory Division and Co-Head of Investment Banking Division, during which she has had considerable exposure to the primary and secondary markets for securities.

Naz has also worked as a consultant for the Asian Development Bank on Mortgage Backed Securities She is a graduate of Mount Holyoke College, MA, USA.

Sheikh Sulaiman Hoqani - Director

Mr. Sulaiman Hoqani is a renowned overseas investor in Pakistan's capital markets, banks and non bank financial institutions. His major investments in Pakistan include KASB Bank Ltd., Union Bank Ltd., PICIC Commercial Bank Ltd., First Capital Equities Ltd., World Call Communications Ltd and Broadband Limited etc. Mr. Hoqani is acknowledged for being a medium to long-term investor with focus on value creation.

Muneer Kamal - Director

Mr. Muneer Kamal, a professional banker, has 20 years experience of working with national and multinational banks that includes Citibank Pakistan & Singapore, Faysal Bank and Union Bank. During his time as the President & CEO, FBL received Asia Money and Euromoney award for the best commercial bank in Pakistan for two consecutive years (1996 & 1997) and the bank's asset base rose from 3 billion to 20 billion. As the Chief Executive of Union Bank, he played a crucial role in acquiring Bank of America, American Express Card business, Emirates Bank International and Mashreq Bank. He also remained instrumental in implementation of risk management policies for Corporate, SMEs and Consumer Assets. Mr. Kamal currently holds the Office of President & Chief Executive at KASB Bank Ltd.

Farid A. Masood - Director

Mr. Farid Masood holds a Masters in Finance and International Business from Cambridge University and also a Bachelors and Masters degree in Systems Engineering from the University of Virginia. He possesses a rich 11 year experience in both local and foreign markets. He is currently Head of Investment Banking at KASB. Before joining KASB, he worked as a principal consultant for Pricewaterhouse Coopers in USA advising Fortune 500 companies on new venture development and cross- border M&A.

3.4 The Management Team

Naz Khan - Chief Executive Officer

As mentioned above in Clause 3.3.2.

Rizwan Mansoor - CFO and Company Secretary

Rizwan Mansoor has joined KASB Funds Limited as Chief Financial Officer (CFO) and Company Secretary. He is managing the overall finance, secretarial affairs and accounting side of business along with advising management on short-term and long term financial objectives, policies and actions.

He has a total work experience of more than 8 years and has been associated with the asset management industry of Pakistan since the last couple of years. Prior to joining KASB he has worked with United Asset Management Company as CFO and has also worked for Citibank N.A. Pakistan in the initial years of his career. Rizwan is an associate member of Institute of Chartered Accountants of Pakistan. During the Chartered Accountancy training with Ernst & Young - Pakistan, he was involved in the audit and consultancy assignments of various banks and asset management companies.

Arshad Arif - Head KASB Group Research & Development

Arshad Arif is the Head of Research and Development for KASB Group. He was previously responsible for research function at KASB Securities Limited and has been a key member of the Investment Advisory team. He will be instrumental in developing portfolio strategies and supporting the fund management team by providing research ideas and themes, as well as supervising database development. Prior to joining KASB, he was working with AKD Securities (Pvt) Limited as Head of Research in Karachi. He has over thirteen years of equity research/investment advisory experience and has previously held the positions of Head of Research and Senior Analyst for FC ABN AMRO Equities, ING Barings and Jardine Fleming Pakistan.

Syed Asim Zafar - Fund Manager

Asim Zafar joined KASB as Vice President - Investment Banking and Capital Markets in September 2004. In this capacity, he has been instrumental in setting up the equity desk at KASB Bank and brings with him valuable experience of capital markets. Prior to joining KASB he was Research Team Leader at Al-Falah Securities.

During his career, he was a part of the BMA Capital Management Investment Banking Team, where he was involved in investment and M&A advisory. Prior to his career in research and investment banking, he was an entrepreneur and successfully managed a software outsourcing company based out of the USA and Pakistan. He holds a Bachelors and Masters degree in Business Administration from the Institute of Business Administration (IBA), Karachi.

Zahid Hussain Vasnani - Head of Operations

Zahid Hussain is working with KASB Funds Limited as Head of Operations with additional responsibility of overseeing the automation of the fund and the management company.

Zahid has extensive experience of over 10 years mostly with asset management companies. Prior to his joining KASB Funds Limited, he was working with Arif Habib Investment Management Limited (AHIML) as Vice President - Operations and was responsible for managing and supervising Operations Division. He was also looking after the corporate affairs of the management company and was an active member of the team that developed the software solutions for the AHIML Mutual Funds.

Zahid is a CA finalist and has completed articles with KPMG Pakistan. He has also supervised the audit; accounting and consultancy services to NIT and ABAMCO, including the assignment of evaluating and revamping the accounting and recording system of NIT.

Sabeen Malik - Manager, Marketing and Distribution

Sabeen Malik will lead the retail distribution and marketing team of the company. She will help in structuring strong distribution, sales network and customer care infrastructure around the country for efficient and convenient exchange of units by investors. She will be aggressively involved in marketing of products, including ad campaigns, launch of the fund and customer and sales staff education.

Sabeen is a graduate from McGill University, Canada, with a major in Finance and Accounting. Sabeen possesses an experience of around 5 years in domestic and foreign asset management industry. Before joining KASB, Sabeen was associated with Faysal Asset Management Limited as Head of Customer Services & Operations. She has also worked with AIM Trimark Investments-Toronto and State Street Canada Limited.

3.5 Duties and Responsibilities of the Management Company

- 3.5.1 The duties and responsibilities of the Management Company are to promote the sale of Units in the Fund, invest and manage the assets of the Funds according to the provisions of the Deed and the NBFC Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself.
- 3.5.2 The Management Company shall maintain proper accounts and records of the Fund to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of Units and paid out on redemptions of Units and by way of distribution as required under relevant rules.

- 3.5.3 The Management Company shall within one month of the closing of first, and third quarter and within two months of the closing of first half year (6 months) of each Accounting Date, prepare and transmit (physically or through electronic means or on the web subject to the SECP's approval) to the Unit Holders, the SECP and the Trustee, balance sheet as at the end of that period, profit and loss account, cash flow statement and statement of changes in equity for the period, whether audited or otherwise.
- 3.5.4 In the unlikely event of its occurrence, the Management Company shall account to Trustee for any loss in value of the assets of the Fund caused by its own negligence or willful act or omission.
- 3.5.5 However, the Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the NBFC Rules and the Trust Deed, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, or for anything except for its own negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, 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..
- 3.5.6 The Management Company shall instruct the Trustee on purchase, including placement of cash, and sale of investments.

3.6 Trustee

3.6.1 CDC, a company incorporated under the Companies Ordinance 1984, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan. The Trustee has considerable amount of experience of trusteeship of open-ended and closed end funds which are successfully functioning in the country. CDC has set up a separate Trustee Division with a team of senior professionals responsible for its day-to-day functions.

3.6.2 Basic Role of the Trustee

3.6.2.1 The Trustee will take into custody and/or under its control all the property of the Fund and hold it in trust for the Unit Holders in accordance with the law and the provisions of the Constitutive Documents and the cash and registerable assets shall be deposited or registered in the name of, or to the order of the Trustee.

3.6.2.2 The Trustee shall also ensure that all issues and cancellations of Units of the Fund and the method adopted by the Management Company in valuing Units for the purposes of determining the Offer and Redemption Prices are carried out in accordance with the provisions of the Trust Deed. The Trustee shall ensure that the issue and transfer of Certificates effected by the Fund are carried out in accordance with the provisions of the Constitutive Document; ensure that the investment limits set out in the NBFC Rules and Constitutive Document and the conditions under which the Fund has been authorized are complied with.

3.6.2.3 The Trustee shall issue a report to the Unit Holders to be included in the annual report, as to whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the NBFC Rules and the Trust Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

3.6.2.4 The Trustee shall institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Trust Property or any part thereof if so requested by

the Management Company or if considered necessary for the protection of the Trust Property or safeguard the interest of the Unit Holder(s) and/or the Fund. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Trust Property, for all reasonable costs and expenses incurred in taking or defending the aforesaid actions.

- 3.6.2.5 The Trustee shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions and shall account for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless or wilful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 3.6.2.6 The Trustee shall however not be under any liability on account of those actions that are taken in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Trust Deed or the NBFC Rules.

3.7 Custodian

- 3.7.1 The Central Depository Company of Pakistan Limited (CDC) will also be performing the functions of the Custodian of the Trust property.
- 3.7.2 The salient features of the custodial function are:
- Segregating all property of the Fund from Custodian's own property and that of its other clients;
 - Assuring the smooth inflow/outflow of dematerialized securities and such other instruments as required;
 - Ensuring that the benefits due on investments are received and credited to the Fund's account.

3.8 Sub-Custodian

- 3.8.1 The Trustee may, if it considers necessary, appoint sub-custodians with the prior written approval of the Management Company and at such terms and conditions as may be approved by the Management Company, for the safekeeping of any portion of the Trust Property.

3.9 Pre IPO Investors

- 3.9.1 The Pre-IPO Investors including Core Investors of the Fund are:

Pre IPO Investor		Amount (Rupees)
1.	KASB Bank Limited (Core Investor)	250,000,000
2.	Saudi Pak Commercial Bank Limited	50,000,000
3.	Allied Bank Limited	35,000,000
4.	The Bank of Punjab	25,000,000
5.	International General Insurance Company of Pakistan Limited	20,000,000
6.	WE Financial Services Limited	10,000,000
7.	Nestle Milkpak Limited Employees' Gratuity Fund	10,000,000

Pre IPO Investor		Amount (Rupees)
8.	Nestle Milkpak Limited Managerial Staff Pension Fund	10,000,000
9.	Nestle Milkpak Limited Employees' Provident Fund	10,000,000
10.	First International Investment Bank Limited	10,000,000
11.	Atlas Investment Bank Limited	10,000,000
12.	First Credit and Investment Bank Limited	5,000,000
13.	Alfalah GHP Value Fund	5,000,000
14.	PICIC Growth Fund	2,500,000
15.	PICIC Investment Fund	2,500,000
16.	Individual(s)	50,000,000
Total		505,000,000

3.9.2 The Pre-IPO investors have subscribed an aggregate sum of PKR 505,000,000 towards the purchase of 5,050,000 Units of face value of PKR 100 each. These Units include Core Units that are not redeemable for a period of two years from the date of issue of such Units. However, these Units are transferable with the same terms and conditions. All Units purchased by Pre-IPO Investors (other than the Core Units issued to Core Investors) shall be transferable as well as redeemable without any restrictions.

3.9.3 Income, profit, markup or return earned and received on such amount, after deducting any expenses incurred in this regard up to the close of the First Offer shall be distributed to such Pre-IPO Investors on proportionate basis of their Pre IPO subscriptions amounts and shall not form part of the Trust Property.

3.10 Registrar

3.10.1 The Management Company has appointed Noble Computer Services (Pvt.) Limited via separate agreement as its agent to perform duties as the Registrar of the Fund. Noble Computer Services (Pvt.) Limited will be responsible for performing the Registrar Functions, including maintaining the Unit Holder's Register, preparing and issuing account statements, Certificates, income distribution warrants, bank transfer intimations and other related services to the Unit Holders.

3.10.2 The Management Company may allocate some of the Distribution Functions to the Registrar either on an exclusive basis or in addition to the service being provided by other Distributors.

3.10.3 The Management Company may, if considered necessary under the circumstances, appoint a new Registrar or perform the Registrar Functions itself. The Management Company will give advance notice to the Unit Holders and the Trustee of any such change.

3.11 Distributors and Investment Facilitators

3.11.1 Parties detailed in Annexure "D" have been appointed as Distributor(s)/Distribution Company(s) to perform the Distribution Functions at their authorized branches. The addresses of these branches are given in annexure "D" of this Offering Document. These branches may be increased or decreased on the instructions of the Management Company from time to time.

- 3.11.2 The Management Company may from time to time appoint additional Distributors or terminate any Distributor and intimate the Trustee and the Unit Holders accordingly. The Management Company may itself perform Distribution Functions either directly or through sub-distributors.
- 3.11.3 The Distributors/Distribution Companies will be responsible for performing Distribution Functions, including receiving applications for issuance of Units and redemption/transfer applications. They will also be interfacing with and providing other services to Unit Holders, including receiving applications for any change in particulars of investor(s) etc. for immediate transmission to the Management Company or Registrar as appropriate. The Distributor shall be accountable to the Trustee for (i) monies received from the applicants for the issuance of Units, (ii) payment to the Unit Holders on redemption of Units and (iii) expenses incurred in relation to the Distribution Functions.
- 3.11.4 The Distributors/Distribution Companies may appoint sub-distributors with prior approval of the Management Company to perform some aspects of the Distribution Functions but such Distributors/Distribution Companies shall be responsible for all acts and omissions of their sub-distributors.
- 3.11.5 The Management Company may at its sole responsibility from time to time appoint Investment Facilitators ("Facilitators") for carrying on facilitation function(s) at one or more location(s) on terms and conditions to be incorporated in the facilitation agreement(s) to be entered into between the Facilitator and the Management Company. The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. A Distributor/Distribution Company shall be deemed to be a Facilitator unless such Distributor/Distribution Company has declined to act as a Facilitator. The Management Company shall remunerate the Facilitator out of its own resources and Sales Load.

3.12 Auditors

- 3.12.1 The auditors of the Fund are:
- KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road,
Karachi - 75530, Pakistan.
- 3.12.2 The Auditors will hold the office until the transmission of the reports and accounts, which will cover the period from the date immediately after the close of First Offer up to Accounting Period and will be eligible for reappointment by the Management Company with the consent of the Trustee. First Auditors and subsequent Auditors shall not be appointed for more than such number of consecutive years as specified under relevant rules and regulations and thereafter the Auditors shall only be eligible for appointment after the lapse of at least one year.
- 3.12.3 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar, Distributor/Distribution Company or elsewhere and shall be entitled to require from the Management Company, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 3.12.4 The Trustee shall be entitled to ask the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company or as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 3.12.5 The Auditors shall prepare a written report to the Unit Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.

3.12.6 The contents of the Auditors report shall be in accordance with the provisions of the NBFC Rules.

3.13 Legal Advisor

The legal advisors of the Fund are:

Bawaney & Partners

404, 4th Floor, Beaumont Plaza,

Beaumont Road

Karachi, Pakistan

3.14 Bankers

The banker to the Fund is KASB Bank Limited and any other bank appointed by the Management Company. The Trustee will operate the bank accounts of the Fund.

3.15 Bank Accounts

- 3.15.1 The Trustee shall open accounts titled "CDC Trustee - KASB Liquid Fund" for the Fund at such branches of banks and at such locations as may be requested by the Management Company from time to time. Such account may be used for collection, investment, redemption or any other use of the Trust's funds.
- 3.15.2 The Trustee shall also open accounts titled "CDC -Trustee KASB Funds" at such branches of banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be requested by the Management Company from time to time. Such accounts shall be a temporary allocation account where collections may be held prior to their being allocated and transferred to the relevant funds' account on a regular basis and no latter than three Business Day(s). Provided such arrangement is allowed in trust deed(s) of such fund(s) and Central Depository Company of Pakistan Limited being appointed as Trustee for such fund(s).
- 3.15.3 The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds that the Unit Holders wish to reinvest at a later stage.
- 3.15.4 The Management Company may also require the Trustee to open a separate bank account for each dividend distribution of the Fund. Notwithstanding anything contained in this Offering Document or in the Trust Deed, the beneficial ownership of the balances in the accounts shall vest in the Unit Holders on pari passu basis, subject to Clause 3.9.3.
- 3.15.5 The Management Company may also require the Trustee to open a separate Bank account titled "CDC-Trustee KASB Liquid Fund - Pre IPO" for receiving the investment proceed of Pre-IPO investors, including the Core Investors, as mentioned in Clause 6.1.1 of the Trust Deed.

4. CHARACTERISTICS OF UNITS

4.1 Minimum Amount of Investment

The Management Company may from time to time amend the minimum amount of initial investment that is required to open an account. At the initial stage, the minimum amount of investment required to open an account is PKR 10,000 and the minimum amount for adding to an existing account is PKR 1,000 per transaction. In the event the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date and transmit the redemption proceeds to such Unit Holder.

4.2 Unit Features

- 4.2.1 The Management Company is initially issuing only one class of Units to be issued. However, the Management Company may, with the consent of the Trustee and after obtaining prior approval of the SECP introduce and offer other classes of Units.
- 4.2.2 All Units and fractions thereof represent an undivided share in the Fund and shall rank pari passu according to the number of Units held by each Unit Holder, including the rights of the Unit Holders in the Net Assets, earnings and the receipt of the dividends and distributions.
- 4.2.3 Core Units subscribed by the Core Investors shall not be redeemable (but are transferable with the same condition) for a period of two years from the date of issue. Such Units otherwise shall rank pari passu with all other Units.
- 4.2.4 Units shall be accounted for in fractions up to four decimal places.
- 4.2.5 Statements may be sent to the Unit Holders after the close of Accounting Period and each time any activity takes place in the account indicating Units held at the statement date. The Unit Holders may obtain more frequent statements at designated address by paying a fee not exceeding PKR 50 per statement representing the costs involved.
- 4.2.6 Unit Holders may obtain Certificates representing the Units they hold by paying a fee not exceeding PKR 50 per that might be imposed by the Management Company representing the costs involved. However cases of transmission of Units shall be processed only on the production of the Certificates. In the event of loss or defacing of Certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Registrar and the associated cost if any will be borne by the Unit Holder.

4.3 Issue of Units

4.3.1 Determination of the Issue (Offer) Price:

Units offered and issued during the First Offer shall be issued at Par Value. After the First Offer the Issue (Offer) Price of the Unit shall be determined from time to time pursuant to the NBFC Rules and the Trust Deed and shall be announced by the Fund on every Business Day. The Offer Price shall be equal to the sum of:

- a) The Net Asset Value as of the close of the day preceding the Business Day.
- b) Any Front-end Load, if charged at the discretion of the Management Company;
- c) Such amount as the Management Company may consider an appropriate provision for Duties, Charges and levies etc; and
- d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such sum shall be adjusted upwards to the nearest Paisa.

4.3.2 Eligibility of Applicant

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the issue of Units in the Fund. The onus for being qualified lies with the investor. Neither the Management Company, the Trustee, the Registrar, the Distributors nor the Facilitators accept any responsibility in this regard. Application may be made by persons, pursuant to the procedures described in Clause 4.3.3 below, including but not limited to:

- a) Resident Pakistanis;
- b) Individuals below 18 years of age, provided their applications may only be made by their guardians;
- c) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/or bye-laws. In respect of trusts the trustees of such trust may make an application to purchase the Units;
- d) Non-resident Pakistanis abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units shall be deemed to have warranted that he is duly authorized to purchase such Units.
- e) Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees' Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs;
- f) Provident Funds, Pension Funds and Gratuity Funds constituted by organizations and any other trusts (other than companies established under Section 20(h) of the Trust Act 1882);
- g) Insurance companies formed under the Insurance Ordinance, 2000, including any amendments or substitutions thereof; and
- h) Non-profit organisations recognized under the Income Tax Rules, 2002 and any amendments or substitutions thereof.

4.3.3 Application Procedure

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

4.3.3.2 Before purchasing the Units of the Fund, an investor must open an account with the Management Company using the Registration Form. Once the registration has been done, the Investor will be allotted a specific Registration Number which can be used for all future transactions and will serve to facilitate reference and linking.

4.3.3.3 Applications shall be accepted only if the investor designates a bank account. Such account of the investor shall be used for transferring any dividends and redemption proceeds. The investor may at any subsequent stage change the account to another bank account. If the bank account is not in Pakistan or not denominated in Pak Rupee then any cost of conversion or transfer will be borne by the Unit Holder. Such account shall also be subject to the Rules and Regulations of the State Bank of Pakistan.

4.3.4 Individual Applicants

In case of an individual applicant, a photocopy of the Computerised National Identity Card ("CNIC") of the applicant or any other form of identification acceptable to the Management Company is required along with any other relevant document as mentioned in the registration or investment form.

4.3.5 Body corporate or a Registered Society or a Trust

4.3.5.1 In case of institutions following documents must be attached with the Registration Form:

- Copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
- Copy of Certificate of Incorporation;
- Copy of the relevant resolution of the board of directors approving the investment;
- Copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realise the investment;
- Copy of the Computerised National Identity Card or any other form of identification acceptable to the Management Company, of the directors or officers to whom the authority has been delegated; and
- Any other relevant documents as mentioned in the registration or investment form.

4.3.5.2 After registration, an account Holder may purchase Units of the Fund using the Investment Application Form. Payment for the Units must accompany the form.

4.3.5.3 The applicant must obtain a copy of the application signed and stamped by an authorised officer of the Distributor acknowledging the receipt of the application. Acknowledgement for applications and payment instruments can only be validly issued by Distributors.

4.3.5.4 The Distribution Company/Management Company/Registrar will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy. Management Company may require further details, if required.

4.3.5.5 If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the mean while the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.

4.3.5.6 The Management Company will make arrangements, from time to time, for receiving Registration Forms, Investment Forms and payments from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

4.3.6 Payment

4.3.6.1 Payment for Units can be made by banker's draft, pay order or by cheque, if and under such conditions that the Management Company may allow payment by cheques (however, the Management Company may impose such limits it deems fit as to the bank branch on which the cheque is drawn and as to the monetary limit on cheques), made payable to the "CDC Trustee - KASB Funds" and

crossed "Account Payee Only" and must be drawn on a Bank in the same town as the Authorized Branch of the relevant Distribution Company to which the application form has been submitted is located. Payment through bank transfers will be acceptable. Payment for Units in cash will not be accepted. However, the Management Company may in future notify details of an account in the name of the Trustee in which funds may be deposited through a specifically designed paying-in form.

4.3.6.2 Save as otherwise provided under Clause 4.3.6.1 payments for Units may also be accepted by the Management Company in favour of "CDC-Trustee KASB Liquid Fund".

4.3.6.3 However, the Management Company may impose such limits it deems fit as to the bank branch on which it is drawn and as to the monetary limits on any single payment instrument, which may vary for various class of investors. In the event a cheque is returned unpaid, the Management Company may instruct the Registrar to redeem the Units so allocated at the then prevailing redemption price but not exceeding the redemption price fixed on the Business Day the Units were allocated. In the event the Management Company instructs the Registrar to redeem the Units, the investor may be prosecuted for recovery of the shortfall in the issue and redemption price and /or other punitive action for presenting a cheque that is returned unpaid.

4.3.7 **Availability of Forms**

All Forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company website or requested from the Management Company by mail. The Registration Form and the Investment Application Form can be lodged with any Distributor or directly lodged with the Management Company.

4.3.8 **Joint Application**

4.3.8.1 Joint application can be made by up to four related group of applicants. Such persons shall be deemed to hold Units on first Holder basis; however, each person must sign the application form and submit a copy of their Computerised National Identity Card or other identification document acceptable by the Management Company.

4.3.8.2 The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Management Company/Trustee of its obligation.

4.3.8.3 In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form shall be the only person recognised by the Registrar/Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Management Company/Trustee of its obligations.

4.3.8.4 Where Units are registered in the name of Joint Holders and subsequently additional Units are purchased by the same Joint Holders but the application is made in different order, such additional Units will be registered under a different account.

4.3.9 **Allotment**

If an application duly delivered to the Authorised Branch of any of the Distribution Companies is accompanied by the payment as prescribed hereinabove, Units applied for will be allotted, based on the Offer Price applicable on the date of receipt, if received during business hours (as announced by the Management Company from time to time) on a Business Day. In case of receipt of application after business hours or on a day other than a Business Day, then Units will be allotted based on the Offer Price applicable on the following Business Day. However, the investor will be provided the account statement only after the full amount against Units purchased has been credited to the Fund's account.

4.4 Redemption of Units

4.4.1 Determination of Redemption Price

The Redemption Price shall be equal to the Net Asset Value as of the close of the day preceding the Business Day, less:

- a) Any Back-end Load;
- b) Any taxes imposed by the Government;
- c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
- d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such amount shall be adjusted downwards to the nearest Paisa.

The Management Company may announce different Redemption Price with differing levels of Back-end Load. Consequently, the Redemption Price may differ for different investors. (Currently no back-end load is charged on redemption, however 0.5% of NAV would be charged in case redemption is requested within 15 calendar days of purchase of units as indicated in Annexure B)

4.4.2 Redemption Eligibility

All Unit Holders are eligible to redeem their Units. However; Core Investors are prohibited by the NBFC Rules from redeeming their Core Units for a period of two years from the date of issue.

4.4.3 Application Procedure

4.4.3.1 Unit Holders may redeem any Units held by them at any time using the Redemption Form. Application duly delivered to the Authorised Branch of any of the Distributors/Distribution Companies, will be redeemed based on the Redemption Price applicable on the date of receipt, if received during business hours (as announced by the Management Company from time to time) on a Business Day. In case an application is received after business hours or on a day other than a Business Day, then Units will be redeemed based on the Redemption Price applicable on the following Business Day.

4.4.3.2 All Forms can be obtained from the Management Company or any Distributor or Facilitator or downloaded from the Management Company's website or requested from the Management Company by mail.

4.4.3.3 The Redemption Form can be lodged with any Authorised Branch of the Distributor/ Distribution Company or directly lodged with the Management Company. No other person is authorized to accept the form. The applicant must obtain a copy of the form signed and stamped by an authorized officer of the Distributor/Management Company acknowledging the receipt of the form and the Certificates, if any.

4.4.3.4 The procedure hereinabove is designed for paper-based transactions. The Management Company may also offer Automated Teller Machines (ATMs) or any other electronic/web based redemptions through which a Unit Holder may also redeem Units of the Fund to such extent as the Management Company may arrange from time to time. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available on terms and conditions that the Management Company may prescribe from time to time.

4.4.3.5 The Trustee may at its option dispense with the production of any Certificate(s) that may have been lost stolen or destroyed upon compliance by the Unit Holders with the like requirements to those arising in the case of an application by him for the replacement thereof. Provided however, in cases of doubts the Trustee and/or the Management Company may at their discretion require the production of any mandate or order from the court before redeeming such Units.

4.4.3.6 The Management Company will make arrangements, from time to time, for receiving Redemption Forms from outside Pakistan and payment of redemption amounts outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan, subject to the Rules and Regulations of the State Bank of Pakistan.

4.4.3.7 After an existing Unit Holder has redeemed all his Units and collected all his dues, he shall have no further claims against the Fund or the Management Company or the Trustee or the Distributor of any nature whatsoever.

4.4.3.8 Redemption of Fund's Units may be suspended or put in queue due to exceptional circumstances as mentioned in Clause 4.9 hereinbelow.

4.4.4 **Verification of Redemption Application Form**

4.4.4.1 The Distribution Company and/or the Management Company and/or the Registrar will be entitled to verify the particulars given in the application for redemption of Units. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy within a reasonable time.

4.4.4.2 If subsequent to receipt of the application by the Distributor, but prior to the Redemption of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material respect, the Registrar or the Distributor will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled and be treated as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.

4.4.5 **Joint Unit Holders**

Unless the Joint Holders of Units have specified otherwise, in the registration form all the Joint Holders shall sign the Redemption Form of such Units. In case of Joint Unit Holders, the first named Holder shall receive all proceeds of any redemption. Such person's receipt or payment into the person's designated bank account shall be considered as a full and valid discharge by the Management Company and the Trustee of their obligation.

4.4.6 **Partial Redemption**

Partial redemption of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificates before applying for such redemption.

4.4.7 **Payment of Redemption Proceeds**

The maximum interval between the receipt of a request for redemption of Units complete in all respects and payment of Redemption Price to such Unit Holders(s) shall be six Business Days, subject to Clauses 4.9.2 and 10.1 hereof. In case of overseas Unit Holders, the maximum interval of time between receipt of a Redemption Form and payment of redemption amount to the Authorised Dealer for conversion and transmission to the Unit Holder will not exceed six Business Days, however, the actual receipt of the redemption amount by the Unit Holder may be delayed due to time taken for conversion and transmittal of the amount, subject to regulations prescribed by State Bank of Pakistan. No money shall be paid to any intermediary except the unit holder or his authorised representative. The Management Company may also specify some other procedure, rather than direct transfer to a bank account, for payment of redemption amount to Unit Holders.

4.5 Transfer/Transmission/Conversion of Units

4.5.1 Application Procedure

- 4.5.1.1 The procedure herein below is designed for paper-backed transactions. The Management Company may at a later date introduce electronic/web based alternatives for the transactions. Application for transfer can be submitted on any Business Day during business hours.
- 4.5.1.2 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof. A Unit shall be transferable only in its entirety.
- 4.5.1.3 Every instrument of transfer must be duly completed in all respects, including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate have been lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement.
- 4.5.1.4 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Registrar after satisfying himself as to all legal requirements, including production of succession certificate, if required. The legal costs and taxes, if any, shall be borne and paid by the transferees.
- 4.5.1.5 Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Holder or the survivors of Joint Holder shall be registered as the Holder or Joint Holder as the case may be, upon paying any applicable Duties and Charges and Submitting to any of the Authorized Branches of the relevant Distribution Company the duly completed prescribed Transfer Application Form and relevant Certificate if issued, with such evidence, which may prove his entitlement to the Units.
- 4.5.1.6 Subject to any Personal Laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death or may request a nomination or change in nomination. Nominee(s) can be nominated only by single Unit Holders when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not preclude the Management Company or the Trustee or the Registrar from demanding succession certificate from an appropriate court of law or at their discretion, an indemnity and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.
- 4.5.1.7 A Unit Holder may convert the Units held by him in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company subject to the terms of the respective Offering Documents. The Registrar shall carry out the conversion after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received or deducted.

4.5.2 Partial Transfer or Conversion

Partial transfer/conversion of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificate before applying for transfer/ conversion.

4.5.3 Verification of Applications

- 4.5.3.1 The Distribution Company and /or Management Company and / or Registrar will be entitled to verify the particulars given in the application. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 4.5.3.2 If subsequent to receipt of the application by the Distributor, but prior to the Transfer / Conversion of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen days and in the

event the discrepancy is not removed in the said fifteen days, the application will be cancelled and be treated as null and void. The Unit Holder will then have to submit a fresh application.

4.6 Physical Certificates

4.6.1 Request for Certificates

4.6.1.1 Certificates shall be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee not exceeding PKR Hundred (100) per Certificate of any denomination, subject to revision of fee from time to time by the Management Company together with the sum sufficient in the opinion of the Management Company to cover any duties and charges payable in connection with the issue of such Certificate. The proceeds of such fee will accrue to the Management Company.

4.6.1.2 Certificates shall only be issued for Units that have been fully paid.

4.6.1.3 Certificates where requested shall be issued as herein provided not later than twenty-one (21) Business Days after the date of such request. The Certificate may be sent to the Unit Holder or his duly authorized nominee at his own risk by registered post or by courier service or may be collected from the Registrar.

4.6.1.4 In the case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.

4.6.1.5 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee.

4.6.2 Replacement of Certificates

4.6.2.1 Subject to the provisions of the Trust Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Unit Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.

4.6.2.2 In case any Certificate is lost, stolen, mutilated, defaced or destroyed, the Registrar with the approval of the Management Company may issue to the person entitled duplicate Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

- a) Returned the mutilated or defaced Certificate or furnished to the Distributor/Registrar evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate,
- b) Paid all expenses incurred in connection with the investigation of the facts; and
- c) Furnished such indemnity as the Management Company and the Trustee may require.

4.6.2.3 Neither the Management Company nor the Trustee nor the Registrar nor the Distributor shall incur any liability for any action that they may take in good faith under the provisions of this Sub-Clause.

4.6.2.4 Provided further, that the Trustee and/or the Management Company may require issuance of public notices in newspapers at the cost of the pertinent Unit Holders before issuing any duplicate Certificates.

4.6.2.5 Before the issuing of any Certificate under the provisions of this Sub-Clause the Registrar may further require from the applicant fee not exceeding PKR One Hundred (100) for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate(s).

4.7 Pledge of Units

4.7.1 Request for Pledge/Lien of Units

Any Single Unit Holder or all Joint Unit Holders may request the Registrar to record a pledge/lien of all or any of his/their Units in favour of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favour of any third party with the specific authority of the Management Company.

4.7.2 Removal of Pledge/Lien of Units

The pledge/lien once registered shall be removed only through authorisation of the party in whose favour the pledge/lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge / charge / lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Registrar takes any responsibility in this matter.

4.7.3 Dividend / Bonus / Redemption of Units Pledged

Payments of dividends or the issue of bonus Units, and redemption proceeds of the Units under lien / charge / pledge shall be made to the lien / charge / pledge Holder for the account of the Unit Holder or any other such arrangement as may be requested jointly by both the parties. However in case Units inducted in Central Depository System (CDS), prescribed rules and regulations of CDS will prevail.

4.8 Services to Unit Holder

4.8.1 Availability of Forms

4.8.1.1 All Forms can be obtained from the Management Company or any Distributor or Facilitator of the Management Company or downloaded from the Management Company's website or requested from the Management Company by mail.

4.8.1.2 The Management Company will make arrangements, from time to time, for receiving Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

4.8.2 Register of Unit Holders

4.8.2.1 A Register of Unit Holders shall be maintained by Registrar at its registered office, or such other place, as the Management Company may require.

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

4.8.2.3 The Unit Holder will be entitled to ask for copies of his account statement thereof on any Business Day within business hours by applying to the Registrar in writing and providing such fee that the Management Company may notify from time to time.

4.8.2.4 The Register shall be conclusive evidence as to the Units held by each Unit Holder.

4.8.3 Information in the Register of the Unit Holder

The Register will normally contain the following information:

About the Unit Holder

- a) Name of Unit Holder / joint Unit Holders;
- b) Address of Unit Holder / first named joint Unit Holder;
- c) Computerised National Identification Card Number(s) of Unit Holder/ joint Unit Holders and / or other identification number, if applicable;
- d) Father's or husband's name of Unit Holder in case of individual;
- e) Occupation of Unit Holder;
- f) Tax status of the Unit Holder;
- g) Bank details;
- h) Zakat status of the Unit Holder(s);
- i) Record of specimen signature of Unit Holder/ joint Unit Holders; and
- j) Particulars of Nominee(s) in case of an individual single Holder.
- k) Incorporation/Registration Number in case of a company, institution, body corporate, etc.
- l) Names and designations of authorized signatories in case of a company, institution or a body corporate.
- m) Registered office address, in case of a company, institution or a body corporate.

About Units

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

Instructions

- a) Instruction about reinvestment or payment of dividend or the encashment of bonus Units;
- b) Instructions for redemption application (in case of joint Unit Holders);
- c) Instruction about Pledge of Units / lien; and
- d) Instruction about Nominee(s) in case of death of Unit Holder.

4.8.4 Request for Changes/Deletion

- 4.8.4.1 Every Unit Holder(s) shall be entitled to change/delete their details by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee.

4.8.4.2 Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate(s) previously issued to such Unit Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Certificate(s) to such Unit Holder(s).

4.8.4.3 Deletion of name, in case of a death of joint Unit Holder, all other joint Unit Holders need to specify so by signing in the deletion of name section of the form and identifying the name of the Unit Holder along with his/her date of expiry. The Registrar shall carry out the deletion of name after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees, if any, has been received.

4.8.5 **Book Closure**

The Management Company may close the Register by giving at least seven days notice to Unit Holders and for period not exceeding forty five days in any Accounting Period. During the period the Register is closed, no application will be entertained.

4.8.6 **Account Statements**

The Registrar may issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder, upon the execution of every transaction in the Unit Holders account. The Registrar shall, within 7 (seven) Business Days of receiving a written request from any Unit Holder, post or send by courier or through electronic means to such Unit Holder details of his account. This service will be provided free of charge to any Unit Holder requesting so once in any financial year. The Management Company may prescribe reasonable charge for servicing any additional requests.

4.8.7 **Frequency of Valuation and Dealing**

After the First Offer the Issue and Redemption Price of the Units shall be determined and announced by the Fund on every Business Day, subject to the provisions of the NBFC Rules, the Trust Deed and this Offering Document.

4.9 **Suspension of Dealing, Queue System and Winding up**

4.9.1 **Suspension of fresh issue of Units**

The Management Company may at any time, subject to the NBFC Rules, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue of Units is announced. The Management Company shall immediately notify the SECP if issue of fresh Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the prices of the Units of the Fund are normally published.

4.9.2 **Suspension of redemption of Units**

4.9.2.1 The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchange(s) on which any of the Securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when

remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue or 10% of the Fund Net Asset Value. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given herein below.

4.9.2.2 In the event of extra-ordinary circumstances, the Management Company may suspend or defer redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company or the Distributors unable to function.

4.9.2.3 Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorised under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in news paper in which prices of Fund are normally published.

4.9.3 **Queue system**

In the event redemption requests on any day exceed ten percent of the number of Units in issue or 10% of the Net Asset Value of Fund, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for upto ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund/ or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the Redemption Price to be applied to the redemption request based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten-percent shall be treated as redemption request in excess of the ten-percent shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed-ten percent of the Units in issue, these shall once again be treated on first-come-first-served basis and the process for generating liquidity and determining the Redemption Price shall be repeated such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.

4.9.4 **Winding up in view of major redemption**

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that sell-off of assets is likely to result in 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, all cease to apply and all Unit Holders shall be paid after selling the assets and determining the Final Redemption Price. However, interim distribution of the proceeds may be made if the Management Company finds it feasible.

5. DISTRIBUTION POLICY

5.1 Distribution Policy

It is the policy of the Fund to seek to distribute at least 90% of the amount available for distribution as bonus Units or cash dividends. However, in the event the tax impact is not significantly adverse, the capital gains realized shall normally be retained for reinvestment. The Management Company may alter the distribution policy in order to achieve efficiency in the best interest of the Unit Holders.

5.2 Declaration of Dividend

The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date whether to distribute among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period or such other interim period as decided by the Management Company.

5.2.1 Determination of Distributable Income

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

- a) the expenses, as stated in Clause 6.2 of this Offering Document;
- b) any taxes of the Fund.

5.2.1.2 The income qualifying for distribution shall be adjusted as under:

- a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit or mark-up;
- c) addition of a sum representing amounts included in the price of Units for income accrued up to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units during the relevant period;
- d) adjustment if considered necessary by the Management Company to reflect the diminution in value of Trust Property in consultation with the Trustee.

5.2.1.3 The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realised appreciation may be distributable to the Unit Holders by the Trustee and shall thereafter cease to form part of the Trust Property once transferred to the Distribution Account.

5.2.2 Payment of Dividend

5.2.2.1 Subject to Clause 5.2.3 hereafter, in case of cash distribution, all payment for dividend shall be made by transfer of funds to the Unit Holders' designated bank accounts or in the case of joint Unit Holders to designated bank account of the joint Unit Holder first named on the Register or by dispatch of any banking instrument in the name of Unit Holder or the Joint Unit Holder first named at his / her address as provided. The receipt of funds by such designated bankers or dispatch of instrument shall be a good discharge therefore.

5.2.2.2 Before making any distribution payment (such as bonus Units, cash dividend, etc.) in respect of a Unit the Trustee or the Management Company may make such deductions as may be required by

law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holders the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.

5.2.3 Reinvestment of Dividend

Dividends shall be automatically reinvested in additional Units. However; a Unit Holder may instruct the Management Company in writing by completing the prescribed form not to re-invest the future dividends to which he will be entitled. New Units under the reinvestment option shall be issued at NAV of the effective date of distribution after appropriation of the distribution without any charge of the Front end Load.

5.2.4 Encashment of Bonus Units

In the event a dividend is declared in the form of bonus Units, such Units shall be added to the holding of the Unit Holders. A Unit Holder may elect in writing to receive the cash value of the bonus Units provided such Unit Holder opt for such an arrangement at the time of applying for the Units or request the Registrar in writing prior to the book closure for any relevant period. The bonus Units will be redeemed on the first business day after distribution at the NAV of the effective date of distribution after appropriation of the distribution, without any charge of back end load.

6. FEE AND CHARGES

6.1 Fees and Charges Payable by an Investor

6.1.1 Sales and Processing Charges (Front-end Load)

The Offer Price of Units includes sales and processing charges or commission not exceeding five percent of the Offer Price. (The current level of front end Load is nil as indicated in Annexure "B"). Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of Net Asset Value per Unit of the preceding day when request is received by the Distributor, the Registrar or the Management Company during the business hours on a Business Day.

6.1.2 Redemption Processing Charge (Bank-end Load)

The Unit Redemption Price is calculated after deducting processing charges not exceeding five percent of the Net Asset Value of the Unit. (The current level of back end Load is nil, however, 0.5% of NAV would be charged, in case redemption is requested within 15 days of purchase of units as indicated in Annexure "B").

6.1.3 Duties and Other Charges

The investors shall be liable to pay all stamp and other duties, taxes, government charges, bank charges, transfer fees, registration fees and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may become payable in respect of or prior to or upon the occasion of the transaction or dealing.

6.2 Fees and Charges Payable by the Fund

6.2.1 Remuneration of the Management Company

The Management Company shall be entitled to a remuneration of an amount as permissible under NBFC Rules. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar year concerned. (The current remuneration is 1.3% per annum of average daily net assets as indicated in Annexure "B").

6.2.2 Remuneration of the Trustee

The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure 'A'), which shall be applied to the average daily Net Assets during such calendar month. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.

6.2.3 Formation Cost

Formation Cost shall be charged to the Fund which are estimated at and shall not exceed one (1%) percent of amount received during Pre IPO. Formation Cost will be amortised over a period not exceeding five years.

6.2.4 Other Cost and Expenses

6.2.4.1 Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property.

6.2.4.2 Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders.

- 6.2.4.3 Bank charges and borrowing/financial costs; provided that the charges payable to any bank or financial institution against borrowings on account of the Trust shall not be higher than the normal prevailing bank charges or normal market rates.
- 6.2.4.4 Auditors' fees including any certifications as allowed under the NBFC Rules, the Trust Deed and this Offering Document and other applicable rules; and expenses and any printing cost and related expenses for issuing Funds financial reports etc.
- 6.2.4.5 Listing fee including annual fee payable to the Stock Exchange(s) on which Units may be listed.
- 6.2.4.6 Credit Rating fee payable in respect of rating of the Fund.
- 6.2.4.7 Mutual Fund Association fee and other expenses directly related to or arising out of activities of the Fund.
- 6.2.4.8 Marketing expenses related or attributable to the Fund.
- 6.2.4.9 Charges and levies of Stock Exchange(s), National Clearing and Settlement Company, SECP charges, CDC charges, Laga, Fund dividend / redemption of Units transfer charges as payable to the bank as time of transfer of funds to Unit Holder and such other levies and charges.
- 6.2.4.10 Taxes applicable to the Fund on its income, turnover, assets or otherwise.
- 6.2.4.11 Annual fee payable to the SECP under the NBFC Rules.
- 6.2.4.12 All other expenses, taxes and charges due or accrued during Accounting Period which are allowed under NBFC Rules.

7. TAXATION

7.1 Taxation on the Income of the Fund

7.1.1 Liability for Income Tax

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

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

- a) Dividend Income: 5%
- b) Capital gains arising on sale of securities listed on any Stock Exchange in Pakistan are exempt from tax up to June 30, 2007.
- c) Return from all other sources/instruments is taxable at the rate of 35% applicable to a public company.

7.1.2 Liability for Income Tax if 90% of the Income is Distributed

Notwithstanding the tax rates stated under Clause 7.1.1 above, the accounting income of the Fund will be exempted from tax if not less than 90% of the accounting income of the accounting period is distributed amongst the Unit Holders. The 90% of the accounting income shall be calculated after excluding capital gains whether realised or unrealised. KLF will seek to comply with the requirements of tax exemption and distribute at least 90% of the accounting income, calculated after excluding capital gains to the Unit Holders.

7.1.3 Withholding Tax

Subject to Clause 7.1.2, all income, namely, dividend, return from term finance certificates, return on deposits with banks / financial institutions, return from contracts, securities or instruments of companies, organizations, and establishments will not be subjected to any withholding tax.

7.1.4 Capital Value Tax

Under Finance Act, 1989 (V of 1989) as amended by Finance Act 2004 (II of 2004), a Capital Value Tax at the rate of 0.01% of the purchase value of the modaraba certificates or any instrument of redeemable capital as defined under Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. This tax will be collected by the stock exchange concerned.

7.2 Taxation and Zakat Liability on Unit Holders

7.2.1 Disclaimer

The information set forth below is included for general information purposes only. In view of the individual nature of tax implications, each investor is advised to consult with his or her tax advisor with respect to the specific tax implications of investment in the Fund.

7.2.2 Liability of Income Tax

- 7.2.2.1 Dividend paid to Unit Holders other than the portion of dividends paid out of capital gains on sale of listed securities shall be subject to the income tax rates prevalent. The current rates are as hereunder:

Particulars	Income Tax Rate %	Withholding Tax Rate %
Public Companies & Insurance Companies	5%	5%
Others	10%	10%

7.2.2.2 The rate of tax so specified will be the final tax and the payer (Trustee) will be required to withhold the amount of tax at source.

7.2.2.3 Unit Holders who are exempt from income tax may provide the relevant exemption certificate to the Management Company and / or Registrar in order for income tax not to be withheld.

7.2.2.4 In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

7.2.3 Capital Gains

Capital Gains on disposal of Units in the Fund will be subject to capital gains tax at the applicable tax rate. However, under the prevalent income tax laws of Pakistan, the Fund is regarded as a public company for tax purposes therefore the Capital Gain on disposal of the Units shall be exempt from tax up to tax year ending on June 30, 2007.

7.2.4 Tax Credit

Unit Holders (other than companies) shall be entitled to a tax credit under the Income Tax Ordinance, 2001 on purchase of new Units of Unit Trust listed on a stock exchange in Pakistan, where the person, other than a company is the original allottee. The amount on which tax credit will be allowed shall be the lesser of:

- a) total cost of acquiring the Units;
- b) 10% of taxable income of the Unit Holder; or
- c) PKR 150,000

and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within twelve months of the date of acquisition, the amount of tax payable by the Unit Holder for the tax year in which the Units were disposed, shall be increased by the amount of the credit allowed. The Fund will seek to be listed on at least one of the Stock Exchange(s) in Pakistan.

7.2.5 Zakat

7.2.5.1 Units held by Pakistani Resident Unit Holders shall be subject to Zakat under the Zakat and Ushr Ordinance, 1980 as applicable, except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption payment, whichever is earlier.

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

8. REPORTS AND ACCOUNTS

8.1 Financial Year

The Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date immediately after the close of First Offer, (in any other case) from the first day subsequent to the end of the preceding Accounting Period. The Accounting Date shall be the thirtieth day of June in each year.

8.2 Reports to the Unit Holders

8.2.1 The following reports will be sent to the Unit Holders physically (or through electronic means or on the web subject to SECP approval):

- a) Annual report, together with a copy of balance sheet, income and expenditure account and the Auditors report of the Fund to the Trustee and the Unit Holders within four months of the closing of the Accounting Date.
- b) Within one month of the closing of first and third quarter and within two months of the closing of first half year (6 months) of each Accounting Date, balance sheet as at the end of that period, profit and loss account, cash flow statement and statement of changes in equity for the period, whether audited or otherwise.
- c) Trustee shall issue a report to the Unit Holders to be included in the annual report of the Fund to be sent to the Unit Holders, whether in the Trustee's opinion, the Management Company has in all material respects managed the Fund in accordance with the provisions of the Deed and the NBFC Rules and if the Management Company has not done so, the respect in which it has not done so and the steps, which the Trustee has taken in respect thereof.

8.2.2 The regularity of reporting will change if so required by the SECP or under the NBFC Rules and the Ordinance.

9. WARNINGS & WARRANTIES

9.1 Offering Document

The provisions of the Trust Deed and the NBFC Rules govern this Offering Document. This Offering Document sets out the arrangements covering the basis of the Fund Units. It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund.

9.2 Disclaimer

9.2.1 If you are in any doubt about the contents of this offering document, you should consult your stock broker, bank manager, legal advisor, or financial advisor. The price of the Units of this Fund and the income of this fund (from which distributions to Unit Holders is made) may increase or decrease based on market conditions.

9.2.2 **Investor must recognise that all investment involve varying levels of risk Neither the value of the Units in the Fund, nor the dividends declared by the Fund are or can be assured. Investors are requested to read the Risk Disclosure Statement contained in Clause 2.9 and Warning & Warranties in the above Sub Clause.**

9.3 Responsibility of the Management for the Information

KASB Funds Limited accepts responsibility for the accuracy of the information herein contained as of the date of publication.

10. TERMINATION OF THE FUND**10.1 By the Management Company**

10.1.1 The Management Company may terminate the Fund, if the Net Assets at any time fall below PKR 50 million. The Management Company shall give at least three months notice to Unit Holders and the SECP and shall disclose the grounds of its decision.

10.1.2 The Management Company may announce winding up of the Fund without notice 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 jeopardise the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Trust be wound up.

10.1.3 The Deed and this Offering Document may be terminated in accordance with the conditions specified in the NBFC Rules or if there is any material breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Fund.

10.2 By the Securities and Exchange Commission of Pakistan

The Trust may also be terminated by the SECP on the grounds given in the NBFC Rules.

11. GLOSSARY

Unless the context requires otherwise the following words or expressions used in this Trust Deed shall have the meanings respectively assigned to them:

- 11.1 "Accounting Date"** means the thirtieth day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may with the consent of the Trustee and after obtaining approval of the SECP and complying with other applicable laws, change such date to any other date.
- 11.2 "Accounting Period"** means a period ending on and including an Accounting Date and commencing in case of the first such period, on the date immediately after the close of First Offer and in any other case, from the first day subsequent to the end of the preceding Accounting Period.
- 11.3 "Auditor"** means the Auditor of the Fund appointed by the Management Company with the consent of the Trustee in accordance with the provisions of this Deed and the NBFC Rules.
- 11.4 "Authorised Branch(es)"** means those branches of the Distributors which are authorised to perform the Distribution Functions by the Management Company.
- 11.5 "Authorised Investment"** means investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:
- a) Money market transactions / instruments, certificates of deposit and bankers' acceptances;
 - b) Treasury bills and other Government Securities;
 - c) Deposits with banks or financial institutions as per the criteria that may be laid down by SECP;
 - d) Units/Certificates in any other money market fund;
 - e) Securities, bonds, debentures, warrants, options, participation term certificates, modaraba certificates, musharika certificates, term finance certificates, convertible bonds with a view to not exercise conversion option, certificate of investments, structured papers, commercial papers, money market and fixed income securities traded or to be traded in Over The Counter (OTC) Markets and other asset backed or mortgage backed securities. Such investments shall include those for ready settlement as well as those for future settlement;
 - f) Any other debt security in respect of which permission to deal on a Stock Exchange is effective subject to any appropriate investment grading or as per the criteria that may be laid down by SECP;
 - g) Repurchase transactions (REPOs) and reverse REPOs transactions against securities (Subject to the Trust Deed).
 - h) Continuous Funding System (CFS); or any such replacements subject to relevant SECP approvals, however investments in CFS shall be restricted up to a maximum of 50% of Net Asset Value of the Fund with not more than 20% of CFS in any one security at the time of investment.
 - i) Spread Transactions. The Fund may enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between settlements. The Fund may for this purpose purchase or sale a security, for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement; these transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities;

- j) Investment in any debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
 - k) Rated corporate debt, credit linked notes and asset backed securities.
 - l) Derivative instruments including options, interest rate swaps, forward Rate Agreements and any other derivative instruments permitted by SECP the investment in this asset class will be for hedging purpose only and subject to such other terms and conditions as may be notified by the SECP.
 - m) Subject to SECP and other regulatory approvals the Fund may seek to invest in foreign securities issued, listed or traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time.
 - n) Any other security and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules or any other regulatory authority from time to time.
- 11.6 "Back-end Load"** means the sales and processing charges, payable as specified under Clause 4.4.1, which are deducted, subject to the condition that the Management Company may impose on Redemption of Units at the time of issuance, from the Net Asset Value in determining the Redemption Price.
- 11.7 "Bank"** means a scheduled bank as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank outside in Pakistan licensed to carry on business in Pakistan as a scheduled bank.
- 11.8 "Bank Accounts"** means those accounts open and maintained for the Fund by the Trustees at Banks, the beneficial ownership in which shall rest in the Unit Holder.
- 11.9 "Broker"** means any person licensed by the SECP as a broker for effecting transactions in securities for the account of others.
- 11.10 "Business/Dealing Day"** means a day when Banks are open for business in Pakistan.
- 11.11 "Certificate"** means the definitive certificate acknowledging the number of Units registered in the name of a Unit Holder issued at the request of such Unit Holder pursuant to the provisions of this Deed.
- 11.12 "Connected Person"** shall have the same meaning as assign to it in the NBFC Rules.
- 11.13 "Constitutive Documents"** means the principal document governing the formation, of the Fund and all related material agreements.
- 11.14 "Core Investors"** of the Fund shall be such initial investors during Pre IPO whose subscription shall in aggregate be in compliance of the requirements of rule 67(2)(f) of the NBFC Rules. The Core Investors shall be issued with Core Units representing their subscriptions.
- 11.15 "Core Units"** shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 11.16 "Custodian"** means a bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Management Company to hold and protect

the Trust Property or any part thereof as Custodian on behalf of the Trustee and shall also include the Trustee itself, if it provides custodial services for the Fund with the approval of the Management Company at competitive terms, as part of the normal line of its business.

- 11.17 "Distribution Account"** means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Mark-up, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main Bank Account of the Fund from time to time as part of the Trust Property for the benefit of the Unit Holders.
- 11.18 "Distributor(s) and Distribution Company"** means company(ies) or firm(s) or Bank(s) or any other financial institution(s) or CDC, if appointed by the Management Company for performing any or all of the Distribution Functions and shall also include the Management Company if it performs any or all of the Distribution Functions.
- 11.19 "Distribution Functions"** means the functions with regard to:
- a) Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
 - b) Interfacing with and providing services to the Unit Holders including receiving redemption / transfer / pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
 - c) Acknowledging receipts in respect 11.19 (a) and 11.19 (b) above;
 - d) Accounting to the Management Company / the Trustee for (i) moneys received from the applicants for issuance of Units (ii) payments made to the Unit Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
- 11.20 "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 issue, sale, transfer, redemption or purchase of Units or the sale or purchase of investments or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include any Front-end Load, Sales Load, Back-end Load, Contingent Load, 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.
- 11.21 "First Offer"** means the price of Rs. 100 per Unit during the initial offering period mentioned in this Offering Document, which shall not exceed a period of ten days (provided that this period may be extended with the prior approval of SECP).
- 11.22 "Formation Cost"** means all preliminary and floatation expenses of the Management Company including expenses in connection with authorisation of the Fund and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of this Offering Document, announcements describing the Fund inviting investment therein and all expenses incurred up to the close of First Offer.
- 11.23 "Front-end Load"** means the sales and processing charges, payable as specified under Clause 4.3.1, which are included in the Offer Price of Units.

- 11.24 "Fund's Auditors" mean the Auditors.
- 11.25 "**Government Securities**" means securities and other instruments issued and to be issued by any Federal and / or Provincial Government of the Islamic Republic of Pakistan and/or the State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds, Treasury Bills and any securities / instruments replacing or substituting the foregoing from time to time.
- 11.26 "**Holder**" or "**Unit Holder**" means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investors jointly so registered pursuant to the provisions of this Deed.
- 11.27 "**Investments**" means any Authorised Investment forming part of the Trust Property.
- 11.28 "**Investment Facilitator**" (Facilitator) means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Fund.
- 11.29 "**NBFC Rules**" means a Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, as amended or substituted from time to time and inclusive of any specific or general relaxations in respect of applicability of such Rules granted or to be granted by SECP and / or the Federal Government, as appropriate.
- 11.30 "**Net Assets**" shall have the same meaning as in the NBFC Rules.
- 11.31 "**Net Assets Value**" means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 11.32 "**Offer Price**" means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to Clause 4.3.1 above of this document.
- 11.33 "**Offering Document**" means this document.
- 11.34 "**Online**" means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 11.35 "**Ordinance**" means the Companies Ordinance, 1984, as amended from time to time.
- 11.36 "**Par Value**" means the First Offer price of a Unit that shall be determined by the Management Company till the time of circulation of the Offering Document to invite offers by the public to invest in Fund.
- 11.37 "**Personal Law**" means the law of inheritance and succession as applicable to the individual Unit Holder.
- 11.38 "**Pre IPO**" means period during which the investors have subscribed to the Fund before the initial public offer.
- 11.39 "**Redemption 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 Clause 4.4.1 of this Offering Document.
- 11.40 "**Register**" means the Register of the Holders kept pursuant to the NBFC Rules and the Trust Deed.
- 11.41 "**Registrar or Transfer Agent**" means an organization that the Management Company may appoint for performing the Registrar Function and also includes the Management Company if it performs any or all of the Registrar Functions.

- 11.42 "Registrar Functions"** means the functions with regard to:
- a) Maintaining the Register;
 - b) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledges and lien or for recording of changes in data with regard to the Unit Holders
 - c) Issuing account statement to the Holders;
 - d) Issuing and dispatching of Certificates;
 - e) Dispatching income distribution warrants and bank transfer intimations or any other instrument; and
 - f) Cancelling old Certificates on redemption or replacement.
- 11.43 "Sales Load"** means the sales and processing charge or commission (excluding Duties and Charge) not exceeding five percent of, the Offer Price in case of Front-end Load and the Net Asset Value in case of Back-end Load. All Sales Load collected would accrue to the Management Company.
- 11.44 "SECP"** means the Securities and Exchange Commission of Pakistan.
- 11.45 "Stock Exchange"** mean Stock Exchanges, registered under the Securities and Exchange Ordinance, 1969.
- 11.46 "Sub-Custodian"** means a financial or any other institution for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the part of the Trust Property.
- 11.47 "Subscription Day"** means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in the newspapers declare any particular Business Day or days not to be a Subscription Day.
- 11.48 "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 Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The Transaction Costs may not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may, in consultation with the Trustee, apply such charges either to the Offer and / or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Offer or Redemption prices, without consulting the Trustee provided the difference between the Offer Price and the Redemption Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Trust Property.
- 11.49 "Trust Property"** shall consist of:
- a) The aggregate proceeds of all Units issued from time to time after deducting the sum of: (a) Duties and Charges; (b) applicable Sales Load; and (c) any other expenses chargeable to the Fund.
 - b) All Authorised Investments made by the Trustee in terms of this Deed and all income, profit (including accrued profits) and other benefits arising there from and all cash and other assets including moveable or immovable and property of every description (including present and future actionable claims) for the time being held or deemed to be held upon trust by the Trustee

for the benefit of the Holders pursuant to this Deed; and

- c) Amounts standing to the credit of the accounts maintained by the Fund, including profits accruing therein, until, from time to time, such amounts (or part thereof) are actually paid to Holders upon receipt of a request by such Holders to redeem their Units in accordance with the provisions of this Deed.

11.50 "Unit" means one undivided share in the Trust.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Ordinance and NBFC Rules, 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 this Offering Document.

12. GOVERNING LAW AND JURISDICTION

Subject to the Arbitration Clause contained in the Trust Deed which is applicable to the Management Company and the Trustee, the Fund shall be governed by the laws of Pakistan and the Courts at Karachi alone shall have the exclusive jurisdiction on all disputes or controversies involving Unit Holders, the Management Company, the Trustee, the Registrar, the Custodian, the Distributor/Distribution Companies, the Fund's bankers and all concerned with the Fund and/or the promotion, issue and/or redemption of Units and/or the custody and investment of the Trust Property. Therefore, no action shall be brought in any other Court or forum or under any other law whatsoever.

TARIFF STRUCTURE OF TRUSTEE FOR THE SCHEME

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

NET ASSETS		TARIFF
From	To	
PKR 1	PKR 1,000 million	PKR 0.7 million or 0.20% p.a. of NAV, whichever is higher
PKR >1,000 million	& ABOVE	PKR 2.0 million plus 0.10% p.a. of NAV exceeding PKR 1,000 million

CURRENT LEVEL OF LOADS AND MANAGEMENT FEE**Current Level of Front-end and Back-end Loads**

Effective from the close of First Offer

Front-end Load : **NIL**

Back-end Load : **NIL** (However 0.5% of NAV would be charged, in case redemption is requested within 15 calendar days of purchase of Units).

Management Fees :

A remuneration of an amount not exceeding three percent (3.0%) per annum of the average daily Net Assets for the first five years of the fund and there after of an amount equal to two percent (2.0%) per annum of the average daily Net Assets.

Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Current level of management remuneration : 1.3% per annum of average daily Net Assets.

Any change in the load and fee structure, provided it is within the maximum limit disclosed in this document, shall be notified through an addendum.



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

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

The Board of Directors
KASB Funds Limited
9th Floor, Trade Centre
I.I. Chundrigar Road
Karachi

Our ref KA-ZS-1271

25 April 2006

Dear Sirs,

Net Asset Value (Un-audited) of KASB Liquid Fund (“the Fund”)

As requested, we have checked from the un-audited books and records of the Fund and details provided to us by the Management Company of the Fund that the Net Assets of the Fund as on 24 April 2006 amounted to Rs. 505.000 million as follows:

	(Rupees)
Total assets of the Fund	505,582,574
Less: Total liabilities of the Fund	<u>582,574</u>
Net assets of the Fund	<u>505,000,000</u>

Net Asset Value per unit based on the proposed issue of 5,050,000 units as at 24 April 2006 would amount to Rs. 100 per unit.

This certificate is being issued only for inclusion as part of KASB Liquid Fund’s “Offering Document”.

Yours faithfully,

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan, is the Pakistan member firm of KPMG International, a Swiss Cooperative.



KPMG Taseer Hadi & Co.
Chartered Accountants
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Sheikh Sultan Trust Building No. 2,
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Internet www.kpmg.com.pk

The Board of Directors
KASB Funds Limited
9th Floor, Trade Centre
I.I. Chundrigar Road
Karachi

Our ref KA-ZS-1272

25 April 2006

Dear Sirs,

Certificate on Core Investment and Other Pre-IPO Investment in KASB Liquid Fund

As requested we are pleased to confirm that we have verified from the books and records of KASB Liquid Fund (the Fund) that Rs. 505.000 million (Rupees five hundred and five million only) have been received by the Fund as investment from a Core Investor and other Pre-IPO investors as follows:

Name of Investor	Investment (Rupees)
Core Investor	
■ KASB Bank Limited	250,000,000
Other Pre-IPO Investors	
■ Saudi Pak Commercial Bank Limited	50,000,000
■ Allied Bank Limited	35,000,000
■ The Bank of Punjab	25,000,000
■ International General Insurance Company of Pakistan Limited	20,000,000
■ WE Financial Services Limited	10,000,000
■ Nestle Milkpak Limited Employees' Gratuity Fund	10,000,000
■ Nestle Milkpak Limited Managerial Staff Pension Fund	10,000,000
■ Nestle Milkpak Limited Employees' Provident Fund	10,000,000
■ First International Investment Bank Limited	10,000,000
■ Atlas Investment Bank Limited	10,000,000
■ First Credit and Investment Bank Limited	5,000,000
■ Alfalah GHP Value Fund	5,000,000
■ PICIC Growth Fund	2,500,000
■ PICIC Investment Fund	2,500,000
■ Individual(s)	50,000,000
	<u>505,000,000</u>

Yours faithfully,

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan, is the Pakistan member firm of KPMG International, a Swiss Cooperative.

LIST OF DISTRIBUTORS**KASB Funds Limited**

Principal Office
11th floor, Trade Centre,
I. I. Chundrigar Road, Karachi
Pakistan
Tel: 111 535 535

KASB Securities Limited

Head Office
6th floor, Trade Centre,
I.I. Chundrigar Road
Karachi
Pakistan
Tel: 111 222 000

KASB Bank Limited

Head Office
Business and Finance Centre
I.I. Chundrigar Road
Karachi
Pakistan
Tel: 111 555 666

Authorized Branches of KASB Bank Limited
KARACHI**Main Branch**

Business & Finance Centre,
Ground Floor,
I.I Chundrigar Road
Tel: 021-2446005-10, 2446772-77

Karachi Stock Exchange Branch

93-95, 2nd Floor,
Karachi Stock Exchange Building,
Stock Exchange Road
Tel: 021-2473561-63

Jodia Bazaar Branch

Suleman Street, Behind Lal Masjid,
Near Achi Qabar, Jodia Bazaar
Tel: 021-2400322, 2400458

Shahrah-E-Faisal Branch

1/1-A, Block-VI, P.E.C.H.S,
Main Shahra-E-Faisal
Tel: 021-4313236-38

Clifton Branch

Plot No DC-4, Block-9,
KDA Scheme No. 5,
Merchant Centre,
Clifton
Tel: 021-5878778, 5861615

Gulshan-E-Iqbal Branch

Friends Paradise, SB-36,
Block No. 13-B,
Main University Road,
Gulshan-E-Iqbal
Tel: 021-4981330-31

Site Branch

Site Commerce Park,
B/9 -B1, SITE
Tel: 021-2584530-9

Shaheed-e-Millat Branch

Shaheed-e-Millat Road,
Shop # 4,
Ground Floor, Adam Arcade
Tel: 021-4145187-88-83-84

Gulistan-e-Jauhar Branch

Shalimar Shopping Center,
Shop # 30 & 31, Plot # C-2 IX & X,
Block-17, KDA Scheme 36,
Gulistan-e-Jauhar
Tel :021-4029901

Cochin Wala Market Branch

Shop # 8, Ground floor,
Plot # BR5/27,
Cochin wala market
021-2415928

Regal Saddar Branch

Shop No. 1 & 2(Ground+ Mezzanine)
Bukhari Centre, Preedy Street,
Saddar
Tel: 021-2724121, 021-2724135

North Karachi Branch

Plot # SA-3, Sub-Sector ST-1/1,
Block 12-B,
North Karachi
Tel: 021-8305692-93

Korangi Branch

Plot # 25/1, Sector-23,
Suzuki South Building, Korangi Industrial Area
Tel: 021-5078922-26

LAHORE**Gulberg Branch**

76-B, E-1, Main Boulevard
(Next To Hafeez Centre), Gulberg III
Tel: 042-5764288-9, 5762146, 5764384

Circular Road

77-Main Circular Road
Tel: 042-7639040-2

Lahore Stock Exchange Branch

Room # 110 & 111, 1st Floor LSE Building,
19-Khayaban-E-Iqbal
Tel: 042-6367794-97

Shah Alam Lahore

14/B Tibbet Center Shah Alam Market
Tel: 042 7655721

Abbot Road Branch

19-Abbot Road,
Opposite PTV Station
Tel: 042-6305143-4

Defence Branch

81-Y, Phase-III, DHA
Tel: 042-5731811

Raiwind Branch

S.S Centre, Kibria Town,
Main Raiwind Road
Tel: 042-5426923

PECO ROAD Branch Lahore

Plot No 47-1/B-1,
PECO Road, Township
Tel: 042-5144950

RAWALPINDI**Rawalpindi Branch**

Ferozesons Chambers,
32-Saddar Road
Tel: 051-5527841-2

ISLAMABAD**Islamabad Branch**

90- West Razia Sharif Plaza,
Jinnah Avenue, Blue Area
Tel: 051-2826181-2

QUETTA**Quetta Branch**

2-10/29,
Shahrah-E-Iqbal,
Tel: 081-836518, 842531

HYDERABAD**Hyderabad Branch**

194/29-194/29-30, Saddar Cantt.
Tel: 0222-729917-8, 729502-3

MIRPUR**Mirpur Azad Jamu Kashmir**

629-Sector B/1,
Bank Square Nangi Iqbal Road
Tel: 058610-44877, 42841

GURANWALA**Gujranwala Branch**

84-85, G.D.A Trust Plaza, G.T Road
Tel: 0431-254429, 252348, 254629

SIALKOT**Sialkot Branch**

2/139, Abbot Road
Tel: 052-604990-92

Behria Town Branch

Behria Heights, Commercial Area,
Phase-1, Behria Town
Tel: 051-5730375

FAISALABAD**Faisalabad Branch**

14-P,
Kotwali Road
Tel: 041-649667-71

PESHAWAR**Peshawar Branch**

Ayas Center, Arbab Road,
Peshawar Cantt
Tel: 091-279432, 279652

NAWABSHAH**Nawabshah Branch**

Press Club Road
Tel: 0244-330304-6

GUJRAT**Gujrat City Branch-**

Near Science College GT Road
Gujrat
Tel: 053-3517964

SUKKUR**Sukkur Branch**

Race Course Road
Tel: 071-5619083-88

MULTAN**Multan Branch**

76-Holiday Inn, Abdali Road
Tel: 061-4587701-4

From Code	Name of Form
KFL-01	Registration Form (For both individual and institutions)
KFL-02	Investment Application Form
KFL-03	Redemption Form
KFL-04	Convesion / Transfer Form
KFL-05	Certificate Processing Form
KFL-06	Pledge / Lien of Units Form
KFL-07	Change in Account Information Form