

# AMZ Plus Income Fund

## Offering Document

The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the risk Disclosure in Clause 2.6 and Warnings in clause 11 before making any investment decision.

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**OFFERING DOCUMENT - AMZ PLUS INCOME FUND (APIF)**

<b>Table of Contents</b>
--------------------------

	<b>INTRODUCTION</b>	<b>4</b>
	<b>REGULATORY APPROVAL AND CONSENT</b>	<b>4</b>
<b>1</b>	<b>CONSTITUTION OF THE SCHEME</b>	<b>5</b>
1.1	Constitution	5
1.2	Registered Address, Place and Date of Creation	5
1.3	Trust Deed	5
1.4	Duration	6
1.5	Units	6
1.6	Open-end Fund	6
1.7	First Offer and Initial Offering Period	7
1.8	Transaction in Units after Initial Offering Period	7
<b>2</b>	<b>INVESTMENT OBJECTIVES AND RESTRICTIONS</b>	<b>7</b>
2.1	Investment Objectives	7
2.2	Investment Policy	7
2.3	Investment Restrictions and Exposure Limits	9
2.4	Borrowing Policy	11
2.5	Transactions with Connected Persons	12
2.6	Risk Disclosure	12
2.7	Disclaimer	14
<b>3</b>	<b>OPERATORS AND PRINCIPALS</b>	<b>14</b>
3.1	Management Company	14
3.2	The Board of Directors of the Management Company	15
3.3	Particulars of Management	16
3.4	Duties and Responsibilities of the Management Company	17
3.5	Trustee	18
3.6	Custodian	20
3.7	Core Investors	21
3.8	Registrar	21
3.9	Distributors and Investment Facilitators	22
3.10	Auditors	22
3.11	Legal Advisors	23
3.12	Bankers	23
<b>4</b>	<b>CHARACTERISTICS OF UNITS</b>	<b>24</b>
4.1	Minimum amount of Investments	24
4.2	Various Types of Units to be offered and their Features	24

4.3	Issue of Units	25
4.4	Redemption of Units	26
4.5	Procedure for Purchase of Units	26
4.6	Procedure for Redemption of Units	30
4.7	Transfer of Units	31
4.8	Suspension of Dealing, Queue System and Winding Up	32
4.9	Issues and Redemption of Units and Extraordinary Circumstances	33
4.10	Frequency of Valuation and Dealing and Mode of the Price Announcement	34
4.11	Transfer, Transmission and Conversion of Units	35
4.12	Purchases and Redemption of Unit	35
<b>5</b>	<b>DISTRIBUTION POLICY</b>	<b>36</b>
5.1	Distribution Policy	36
5.2	Declaration of Dividend	37
5.3	Determination of Distributable Income	37
5.4	Reinvestment of Dividend	37
5.5	Encashment of Bonus Units	38
5.6	Payment of Dividend	38
5.7	Dispatch of Dividend Warrants/Advice	38
5.8	Payment through Bank of Dividend/Redemption Proceeds	38
<b>6</b>	<b>FEE AND CHARGES</b>	<b>38</b>
6.1	Fees and Charges Payable by an Investor	38
6.2	Fees and Charges Payable by AMZ Plus Income Fund	39
6.3	Expenses of the Management Company and Trustee	40
<b>7</b>	<b>TAXATION</b>	<b>40</b>
7.1	Taxation on the Income of the Fund	40
7.2	Taxation on the Unit Holders and liability of Zakat	41
7.3	Dividends	42
7.4	Disclaimer	42
<b>8</b>	<b>REPORTS AND ACCOUNTS</b>	<b>43</b>
8.1	Financial Year of AMZ Plus Income Fund	43
8.2	Financial Reporting	43
<b>9</b>	<b>SERVICE TO UNIT HOLDER</b>	<b>43</b>
9.1	Availability of Forms	43
9.2	Register of Unit Holders	44
9.3	Information in the Register	44
9.4	Account Statement	45
9.5	Certificates	45

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9.6	Replacement of Certificates	46
9.7	Pledge/Lien of Units/Charge	47
9.8	Nomination	47
<b>10</b>	<b>FINANCIAL INFORMATION</b>	<b>48</b>
10.1	Auditors Certificate on Core Investors' Investment in the Units of the Fund	48
10.2	Auditors Certificate on Net Asset Value of Units in the Fund	49
10.3	Formation Cost	50
<b>11</b>	<b>WARNING</b>	<b>50</b>
11.1	Offering Document	50
11.2	Fluctuation in Price and Income	50
<b>12</b>	<b>GENERAL INFORMATION</b>	<b>51</b>
12.1	List of Constitutive Documents	51
12.2	Date of Publication of Offering Documents	52
12.3	Responsibility of Management Company for information given in this Document	52
<b>13</b>	<b>TERMINATION OF THE FUND</b>	<b>52</b>
13.1	By the Management Company	52
13.2	By the Securities and Exchange Commission of Pakistan	52
13.3	Winding up	52
<b>14</b>	<b>GLOSSARY</b>	<b>52</b>
	<b>ARBITRATION</b>	<b>59</b>
	<b>ANNEXURE A</b>	<b>60</b>
	<b>ANNEXURE B</b>	<b>61</b>
	<b>ANNEXURE C</b>	<b>62</b>
	<b>ANNEXURE D</b>	<b>63</b>
	<b>FORMS</b>	

**Offering Document of AMZ Plus Income Fund****Managed by****AMZ Asset Management Limited****[An Asset Management Company Registered under the Non-Banking Finance Companies  
(Establishment and Regulation) Rules, 2003]**

Date of Publication of Offering Document: February 16, 2006

Initial Offering Period: February 23, 2006 to February 24, 2006 (both days inclusive)

**INTRODUCTION**

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The AMZ PLUS INCOME FUND (the Fund/the Scheme/the Trust) has been established through a Trust Deed under the Trust Act 1882 entered into between AMZ Asset Management Limited, 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 Rules).

If you have any doubt about the contents of this offering document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser. Investors must recognize that all investments involve varying levels of risk. The value of Units in APIF may appreciate as well as depreciate, and consequently the level of dividend declared by APIF may get affected to that extent. Investors are requested to read the Risk Disclosure statement contained in Section 2.6 herein below.

**REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of AMZ PLUS INCOME FUND (the Fund) under Rule 67 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (Rules). The SECP has approved this Offering Document, under Rule 70 of the Rules.

It must be clearly understood that in giving this 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, stockbroker, bank manager, or other financial adviser.

Investor 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 contained in Section 2.6 herein below.

## 1. CONSTITUTION OF THE SCHEME

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### 1.1 Constitution

The Fund has been constituted by a Trust Deed entered into Karachi on December 01, 2005 between:

**AMZ Asset Management Limited (AMZ Assets)**, a Non-Banking Finance company incorporated under the Companies Ordinance 1984, and licensed by SECP with its registered office at 19<sup>th</sup> Floor, Tower-B, Saima Trade Towers, I.I. Chundrigar Road, Karachi, as the establisher of the Fund and Management Company;

and

**Central Depository Company of Pakistan Limited (CDC)** a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 having its registered office at CDC House, 99 – B, Block ‘B’ SMCHS, Shahrah-e-Faisal, Karachi as the trustee.

### 1.2 Registered Address, Place and Date of Creation

The registered address of the AMZ PLUS INCOME FUND is 19<sup>th</sup> Floor, Tower-B, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Trust was created on December 01, 2005.

### 1.3 Trust Deed

The Deed is subject to and governed by the Companies Ordinance 1984, Securities and Exchange Ordinance 1969, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed/s shall be binding on each Unit Holder.

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed/s to modify, alter or add to the provisions of the Deed on any of the following grounds:

- 1) To such extent as may be required to ensure compliance with any applicable laws and regulations or any amendment of such laws and regulations;
- 2) To enable the provisions of the Deed to be more conveniently and efficiently implemented;
- 3) To enable the Units to be listed on a stock or other exchanges; or
- 4) Otherwise to the benefit of the Unit Holders;

Provided that in case of (2), (3) and (4) above, such alteration or addition shall not prejudice the interest of the Unit Holders; and that in any event, it shall not release the Trustee or the Management Company of their responsibilities.

#### **1.4 Duration**

The duration of the Fund is perpetual. However the SECP or the Management Company may, on the occurrence of certain events, wind it up as stated in Section 13 of this Offering Document under the heading “Termination of the Fund”.

#### **1.5 Units**

1.5.1 The Fund is divided into Units having a First Offer price of Rs.100 each with a minimum investment size of Rs.5,000/- This price is applicable to such Units that are issued before any of the assets of the Fund are invested other than deposits, whether or not earning mark-up/profit. Thereafter the Units shall be issued on the basis of their Net Asset Value (NAV), which shall form base for determining the Offer and Repurchase Prices. All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder.

1.5.2 The Management Company is initially issuing the following classes of Units:-

- a) Class “A” (Restricted) Units to be issued to the Core Investors with no Sales Load.
- b) Class “A” Units to be offered and issued during the Initial Offering Period with no Sales Load.
- c) Class “B” Units, which shall be offered and issued after the Initial Offering Period with Sales Load and /or Back-End Load.

Provided that 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 vide supplemental or additional Offering Documents(s) from time to time.

#### **1.6 Open-End Fund**

The Fund is an open-end fund. It shall offer and redeem Units on a continuing basis subject to terms herein and to the Rules. 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 shall impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors’ accounts. Fractional Units will be issued to enhance economical and efficient handling. 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 nominal charge of Rs. 50/= only if requested by the Unit Holder.

### **1.7 First Offer and Initial Offering Period**

The First Offer is for class A Units with no Sales Load, which shall be issued at the First Offer price of Rs.100/- per Unit. The Offer and Issue of Units at First Offer price shall commence from the start of the banking hours on February 23, 2006 and shall end at the close of the banking hours on February 24, 2006. This price is applicable to such Units that are issued before any of the assets of the Fund are invested other than deposits, whether or not earning mark-up/profit. 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 (Selling) Price and redeemed at the Redemption (Repurchase) Price. The Management Company will fix the Offer and Redemption Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the stock exchange/ financial markets business day. In the event there are closed days, 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 days. The NAV based price per Unit shall be fixed after adjusting for the Sales Load (Front-end Load) or the Redemption Load (Back-end Load) as the case may be and any Transactions Costs that may be applicable. Save under circumstances elaborated in Section 4.12 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. The Management Company may also issue and redeem Units at a reduced or nil load under certain administrative arrangements.

## **2. INVESTMENT OBJECTIVES AND RESTRICTIONS**

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### **2.1 Investment Objectives**

The objective of the fund is to provide risk averse investors a safe investment opportunity by maintaining a short duration portfolio which will minimize interest rate risk. The management team would also seek to enhance returns through active portfolio management using efficiency tools and finding inefficiencies in the market.

### **2.2 Investment Policy**

Investment Portfolio would comprise of fixed, floating and hybrid rate instruments. The allocation between various investment classes will depend on prevailing market conditions and opportunities.

2.2.1 The fund would invest in following instruments with broad allocation restrictions:

- Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;
- Listed or privately placed term finance certificates (TFCs) issued by local governments, government agencies, statutory bodies and public sector entities;
- Listed TFCs issued by corporate(s)/financial institution(s) (Secured and Unsecured);
- Secured privately placed TFCs issued by corporates, financial institutions having a minimum rating of A-. If the entity issuing the TFCs is not rated then the instrument would have a minimum investment rating of A by a credit rating agency registered with the Commission;
- Unsecured Privately Placed TFCs issued by corporates / financial institutions having minimum investment grade rating of A. If the entity issuing the TFCs is not rated then the instrument would have a minimum investment rating of A+ by a credit rating agency registered with the Commission Total Investment in Privately Placed TFCs (Secured and Unsecured) issued by corporates / financial institutions will not exceed 50% of the net asset value of the Scheme.
- Convertible TFCs issued by corporates/ financial institutions. In case APIF is required to convert the TFCs into shares it would offload the shares within a period of three months of the shares being issued Total investment by APIF in Convertible TFCs will not exceed 10% of its net asset value;
- Convertible and non-convertible preferred shares. In case APIF is required to convert the preference shares into ordinary shares, it would offload the ordinary shares within a period of three months of the ordinary shares being issued. Total investment by APIF in Convertible Preferred Shares will not exceed 10% of its net asset value;
- Bank Deposits and Certificates of investment issued by financial institutions;
- Reverse Repo Transactions;
- Any other Money Market Instruments;
- Continuous Funding System (CFS): Investment in CFS shall be restricted upto a maximum of 50% of Net Assets of the Fund, with not more than 20% of CFS amount in any one scrip at the time of investment;
- Spread Transactions APIF will enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between ready and future settlements. APIF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities;

- Derivative Portfolio Investment as approved by the Commission: The investment in this Asset Class shall be for hedging purposes and subject to such other terms and conditions as specified by the SECP.

#### 2.2.2 Management Company may alter investment mix

The Management Company may from time to time alter the weightage between the various types of investments if, as stated above and within prescribed limits, it is of the view that market conditions so warrant. The funds not invested in the foregoing avenues shall be placed in bank deposits.

#### 2.2.3 Investment in securities listed or traded outside Pakistan

Subject to applicable laws, the Management Company may, with such regulatory permissions that may be required, alter the investment policy through supplemental Offering Document/Trust Deed, to include in the portfolio, Pakistan origin investments issued, traded or listed outside Pakistan.

#### 2.2.4 Investment in derivatives and lending of securities

Subject to any regulatory permission that may be required and subject to the restrictions stated in the Offering Document, the Management Company may seek to enhance the return on the Fund and / or to protect its value through lending securities or through derivatives. The investment in this Asset Class shall be for hedging purposes and subject to such terms and conditions as specified by the SECP.

#### 2.2.5 Changes in Investment Policy

The above investment policy will be governed by the Rules and any other conditions as may be imposed by the SECP. Any change in the investment policy will be implemented only through supplemental Offering Document/Trust Deed, after obtaining prior approval from SECP and giving proper notice to the Unit Holders to the satisfaction of the Trustee.

### 2.3 Investment Restrictions and Exposure Limits

- #### 2.3.1
- The Fund shall follow the investment restrictions and exposure limits imposed by the Rules. In the event of any changes in the investment restrictions in the Rules, restrictions applicable to the Fund shall automatically be applied.

The present exposure limits and restrictions are given hereunder:

- i. In accordance with diversification policy the Scheme will not invest more than twenty-five percent (25%) of its Net Assets in securities of any one sector as per classification of the Karachi Stock Exchange or any other exchange. However, the Fund may invest upto 50 percent of its net asset value in Government Securities.

- ii. Investment in CFS shall be restricted upto a maximum of 50% of Net Assets of the Fund, with not more than 20% of CFS amount in any scrip at the time of investment. For CFS investments the Fund will seek to invest in CFS eligible stocks/scrips that offer attractive returns.

The Fund shall not at any time purchase or sell:

- i. Bearer securities;
- ii. Securities on margin;
- iii. Securities which result in assumption of unlimited liability (actual or contingent);
- iv. Commodities or commodity contracts;
- v. Real estate or interest in real estate save and except that the Management Company may invest in securities secured by real estate or interest therein subject to regulatory approval;
- vi. Invest in anything other than Authorized Investments as defined herein;
- vii. Participate in a joint account with others in any transaction;
- viii. Make short sales of any security or maintain a short position.
- ix. However, subject to the Rules and any other applicable law, the Management Company may, on behalf of the Fund, write call options on any of the securities held in the portfolio provided there is a satisfactory market based exit mechanism from options so written. The Management Company may also, on behalf of the Fund, if and when the law so allows, buy put options equivalent to any securities held in the portfolio. Under no circumstances shall the Management Company buy or sell such options on behalf of the Fund that result in an exposure beyond the number of underlying securities held in the portfolio of the Fund. The Management Company may, however, buy call options or put options, if the law so permits, on one or more items (financial or otherwise) that in its opinion would act as a hedge/defensive proxy for the overall market risk. However, the cost of maintaining a defensive hedge shall not exceed one percent per annum (preceding twelve months including the cost of such transaction) of the Fund at the time such transactions are entered into.

Save as mentioned herein above and subject to SECP approval, the Fund will comply with diversification policy prescribed under the Rules.

### 2.3.1 Exception to Investment Restrictions

In the event the weightage of prescribed limits laid down in this offering document or the AMC Rules as a result of the relative movement in the market prices of the investments or through any disinvestment, the Management Company shall make its best endeavor to bring the exposure within the prescribed limits within six months of the event.

## 2.4 Borrowing Policy

### 2.4.1 Limit

The Management company may cause the Fund (Trustee) to borrow amounts not exceeding fifteen percent of the total Net Asset Value of the Fund (or such limits prescribed by the Rules) at any time, on such terms as are considered appropriate by the Management Company and which are in the interest of Unit Holders, subject to the Rules. However, neither the Management Company nor the Trustee shall be personally liable for repayment on any loan or for providing any securities over their assets. Borrowing shall be carried out only to meet redemption requests and shall be repayable within a period of ninety days. 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.

### 2.4.2 Exception

The Trustee/Management Company shall not be obliged to reduce the borrowing if, as a result of depreciation in the market value of investments, or disinvestments or redemption of Units, the Net Asset Value is reduced subsequent to borrowing and consequently the limit set in paragraph 2.4.1 above is exceeded. However, the Management Company shall make its best endeavor to bring the exposure within the prescribed limits within six months of the event.

### 2.4.3 Pledge and Charge

The Trustee may, with the approval of the Management Company mortgage, charge or pledge in any manner part of the Fund Property, provided that the aggregate amount secured by such mortgage, charge or pledge will not exceed the limit provided under the Rules or any law for the time being enforced, as is required to secure the borrowings as described above on the best terms available. However, neither the Management Company nor the Trustee shall be personally liable for repayment on any loan or for providing any securities over their assets.

### 2.4.4 Liability of Trustee and Management Company

The Trustee or the Management Company shall not incur any liability by reasons of 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 hereunder.

### 2.4.5 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.

## 2.5 Transactions with Connected Persons

- 2.5.1 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than 5 per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.
- 2.5.2 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 an intermediary.
- 2.5.3 For the purpose of sub-clauses (2.5.1 ) and (2.5.2) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

## 2.6 Risk Disclosure

**Investors are advised that all investments in mutual funds and securities are subject to market risks. Our target return/dividend range cannot be guaranteed. It should be clearly understood that the portfolio of AMZ Plus Income 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:**

- **Credit Risk** – Comprises settlement risk and downgrade risk. Each can have negative impact on the value of fixed-income securities including money market instruments.
- **Default Risk** – The risk that the issuer will not be able to pay the obligation, either on time or at all.
- **Credit Spread Risk** – The risk that there will be an increase in the difference between the return/mark up rate of an issuer’s bond and the return/mark up 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.
- **Downgrade Risk** – The risk that a credit rating agency, such as PACRA or JCRVIS, will reduce the credit rating of an issuer’s securities. Downgrades in credit rating will decrease the value of those fixed income securities including money market instruments.

- **Derivative Risk** – Derivatives may be used to limit or hedge potential losses associated with stock markets and return/mark up rates. This process is called “hedging”. Derivatives may also be used for non-hedging purposes – to reduce transaction costs, achieve greater liquidity, and create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

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. A large percentage of the assets of a Fund may be placed on deposit with one or more counter parties, which exposes the Fund to the credit risk of those counter-parties. There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.

The counter-party to the derivative contract may not be able to meet its obligations. The Exchanges on which the derivative contracts are traded may set daily trading limits, to close out its position in that contract. If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract. The price of a derivative may not accurately reflect the value of the underlying security or index.

- **Return/Mark-up Rate Risk** – Fixed income securities including money market instruments, which include treasury bills and commercial paper, 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 rate change. For example, when return/mark-up rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing return/mark-up rates.
- **Government Regulation Risk** – Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulation or policies, which directly or indirectly affect the earnings and/or the cash flows and /or any governmental or court orders restraining payment of capital, principal or income.
- **Voluminous Issue/Redemption Risk** – Any significant transaction made by such an investor could significantly impact a Fund’s cash flow. If the third party buys large amounts of shares or units of a Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of shares or units of a 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 your investment.

- **Repurchase, Reverse Repurchase Transactions and Securities Lending Risk** – The risks with these types of transactions are that the other party may default under the agreement 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.
  
- **Other Risks**  
Other risks involve mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made.

Break down of law and order, war, natural disasters etc.

## **2.7 Disclaimer**

### **2.7.1 Prices of Units and income 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.**

**Disclaimer-The Units of Trust are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, 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 any of the Core Investors or any other bank or financial institution.**

## **3. OPERATORS AND PRINCIPALS**

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### **3.1 Management Company**

#### **3.1.1 Organization:**

The Management Company was incorporated on June 18, 2004 and registered as an Asset Management Company with the SECP on April 06, 2005. The paid up capital of AMZ Assets is Rs 35 million, held by:

<b>Name</b>	<b>Number of Shares</b>	<b>Amount (Rupees)</b>
Mr. Athar Naseem Shaikh	1,225,000	12,250,000
Mian Ikram-ul-Haq	1,225,000	12,250,000
Mr. Adnan Siddiqui	420,000	4,200,000
Mr. Shoaib Savul	420,000	4,200,000
Mr. Naseem S. Mirza	150,000	1,500,000
Mr. Sohail Hasan	30,000	300,000
Mr. Gohar Sharif Butt	30,000	300,000
<b>Total</b>	<b>3,500,000</b>	<b>35,000,000</b>

### 3.2 The Board of Directors and Management

#### 3.2.1 The Board of the Management Company

<b>Name</b>	<b>Position</b>	<b>Other Directorships</b>	<b>Occupation</b>	<b>Address</b>
Mr. Athar Naseem Shaikh	Chairman / Director	AMZ Securities (Pvt) Ltd. AMZ Ventures Ltd. AMZ Technologies (Pvt) Ltd.  AMZ Foods (Pvt) Ltd.  AMZ – KHN Consulting (Pvt) Ltd. AMZ Access (Pvt) Ltd.	Business Executive	40/II Street 24, Khayaban-e-Mujahid, Phase V, D.H.A, Karachi.
Mr. Naseem S. Mirza	CEO/ Director	AMZ Ventures Ltd. AMZ Access (Pvt) Ltd.	Business Executive	33-A-II 18th Street Khayaban-e- Tanzeem, Phase V, D.H.A, Karachi.
Mr. Gohar Sharif Butt	Director	AMZ Ventures Ltd.	Business Executive	House No. 50/2, Sector B-4, Phase V, D.H.A, Karachi.

#### 3.2.2 Particulars of the Directors

##### **Mr. Athar Naseem Shaikh – Chairman**

Mr. Shaikh has been in the financial services industry for 25 years and has held senior management positions with local and multinational banks/ financial institutions in Pakistan. He is the director and co-founder of AMZ Securities which is a leading brokerage house in Pakistan. Mr. Shaikh has offered his services as an advisor for private sector acquisitions, privatization bid structuring of government owned entities, setting up Capital Market Systems and developing Portfolio Management Procedures for a state run financial institution. He has also been closely involved in the evolution of the non-banking financial institutions sector in Pakistan and his credentials include a major contribution in establishing Pakistan's first Credit Information Bureau. Mr. Shaikh holds a Masters degree in Business Administration from the Asian Institute of Management, Manila.

**Mr. Naseem S. Mirza - Chief Executive Officer & Director**

Mr. Mirza qualified as a Chartered Accountant from the Institute of Chartered Accountant of England & Wales in 1958 and joined ICI Group of Companies in Pakistan. He took over as Chairman and Chief Executive of ICI Pakistan in 1983 and during his thirteen years tenure he made ICI Pakistan the single largest multinational with varieties of businesses such as polyester fiber, soda, ash, paints, general chemicals, pharmaceuticals & specialty in agro chemicals. Towards the end of 1996, while still the Non Executive Chairman of ICI Pakistan, Mr. Mirza took over as Chairman & Chief Executive of Pakistan Telecommunication Limited (PTCL). In his four years tenure he was instrumental in driving this telecom monopoly to become a financially strong and profitable venture.

**Mr. Gohar Sharif Butt, Director**

Mr. Butt has over thirteen years of professional banking and consulting experience. During his career Mr. Butt has worked with leading international banks like American Express Bank and Standard Chartered Grindlays Bank in Pakistan. Prior to leaving Standard Chartered Mr. Butt was overseeing the bank's Islamic finance arm as the Managing Director of First Grindlays Modaraba. Since July 2001 Mr. Butt has been successfully operating his own consultancy under the name of Equity and Exchange trust. He also owns and operates a consumer product company.

**3.3 Particulars of Management****Mr. Adnan Siddiqui - Managing Director Investments**

Mr. Siddiqui has over 15 years of multidiscipline experience in fund management, treasury portfolios and corporate finance. He has been instrumental in development of fund industry as he has attracted highest amount of funds under management in Pakistan. His fund received the Performance Excellence Award during his tenure as the Fund Manager of Pakistan's largest open ended fixed income fund. He specializes in structuring transactions and focuses on investment opportunities arising in both money & equity markets. Pakistan's first quantitative fund was conceptualized by him.

He holds an MBA degree from Institute of Business Administration, Karachi. He is also a qualified Systems Analyst and secured a status of Microsoft Certified Professional in 2001. He has served as a member of investment committee of various equity funds.

**Mr. Shoaib Savul - Managing Director Sales & Marketing**

Mr. Savul has over 12 years of specialized experience in fixed income securities market and a sound knowledge of both international and local financial markets. He has served as director with several companies in Canada, providing services such as portfolio management (including fixed income securities), complete solution for real estate mortgage, business intelligence in high yield syndications, equities and mergers & acquisitions for Canadian and overseas investors.

He has also worked with well known institutions in Pakistan such as AMZ Securities, BMA Capital Management Limited & Emirates Bank Pakistan P.J.S.C. He holds a B.A in Business Administration & Marketing from Southeastern University, Washington DC and Post Graduate Diploma in Applied Information Technology (AIT) from Information Technology Institute, Toronto, Canada.

**Mr. Nadim D. Khan - Chief Financial Officer**

Mr. Khan has over 20 years of experience in Banking and Stock Brokerage Industry. He has held senior management positions with Standard Chartered Bank (SCB), ING Barings Securities and Elixir Securities Pakistan. At SCB corporate banking department he managed a diverse portfolio of MNC's with focus on structuring local & foreign currency finance facilities to meet their requirements. As Head of Custodial Services, Equitor Group, SCB had custody of over USD 500 million assets under management.

Mr. Khan holds a BBA degree from Grand Valley State University, Michigan, USA and an MBA from San Francisco State University, California, USA. He is also an Associate of Institute of Bankers in Pakistan.

**3.4 Duties and Responsibilities of the Management Company**

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 Fund according to the provisions of the Deed and the Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any Connected Persons or its officers.

The Management Company shall maintain proper accounts and records of the Fund to enable a complete 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 of profits, as required under the Rules.

The Management Company shall prepare and transmit to Unit Holders, the SECP and the Trustee, annual report together with balance sheet and income and expenditure account and auditors report. The Management Company shall also prepare and transmit to Unit Holders, the SECP and the Trustee, the balance sheet and income and expenditure account of the Fund on quarterly basis, in accordance with the Rules.

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 negligence, reckless or willful act or omission.

The Management Company shall instruct the Trustee on purchase, including placement of cash, and sale of investments.

The Management Company shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as a manager as if they were its own acts or omissions.

The Management Company shall not be under any liability except such liability as may be expressly assumed under the Rules and the Deed nor shall the Management Company (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything else except its own negligence or wilful breach of duty.

The Management Company shall if it considers necessary request the Trustee in writing, for the protection of Fund Property or safeguarding the interest of the Unit Holders, to institute or defend any suit, proceeding, arbitration or injury or any corporate or shareholders' action in respect of the Fund Property or any part thereof.

### **3.5 Trustee**

Central Depository Company of Pakistan Limited (CDC) was incorporated in 1993. It was formed inter alia, for facilitating efficient, risk free and cost effective settlement of securities transactions in accordance with the international standards to cope up with the ever-rising volume of trading in shares and securities at the Stock Exchanges in Pakistan. Given CDC's significance, the legislature enacted a Special Law, known as Central Depositories Act, 1997 and the Government has also approved the rules and regulations relating to the operational aspects of the Central Depository System. The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 allow a Central Depository Company to act as the Trustee of unit trust schemes set up under the Rules.

#### **3.5.1 Basic Role of the Trustee**

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 provision 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.

The Trustee will carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property, unless they are in conflict with the Deed and the Offering Documents or applicable laws.

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 Deed and the Rules.

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 respect managed the Fund Property in accordance with the provisions of the Rules and the 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.

The Trustee shall institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Fund Property or any part thereof if so requested by the Management Company in writing. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Fund Property, for all reasonable costs and expenses incurred in taking the aforesaid action/s.

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 Fund Property where such loss has been caused by negligence or any reckless or willful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

The Trustee shall however not be under any liability on account of anything done or suffered by the Fund in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provision of the Deed or the Rules.

The Trustee shall exercise all due diligence in carrying out its duties and in protecting the interests of the Unit Holders.

### **Shareholders**

The sponsors and the shareholders of CDC include the Karachi Stock Exchange, the Lahore Stock Exchange, the Islamabad Stock Exchange, International Finance Corporation (IFC), Citibank, Overseas Investment Corporation, National Investment Trust Limited (NIT), Investment Corporation Limited (ICP), Pakistan Industrial Credit and Investment Corporation Limited (PICIC), Muslim Commercial Bank Limited and Habib Bank Limited.

### **Management**

CDC is run purely on professional management basis and most of the Directors on the Board of CDC represent their respective investor institutions, without any personal stake in the company. The chief executive is a highly qualified professional without any affiliation in any investor institution.

### **Trustee Division**

CDC has set up a separate trustee division with a dedicated team of professionals responsible for its day-to-day functions. The Trustee Division has the benefit of CDC's existing structure, as well as that of handling the National Clearing and Settlements System.

### **CDC's Mission and Vision**

The mission of CDC is to offer a wide range of services that will support the capital markets so as to contribute to the country's ability to support and develop the Pakistani Capital Market as the hub of financial activities in the region. CDC's goals are to eliminate paper based settlement, to diversify its services, and to become a leading institution of the region.

### **3.6 Custodian**

CDC has been appointed as the Custodian and will be responsible for the safe custody of the securities of APIF and for ensuring smooth settlement of all the transactions carried out by APIF.

The salient features of the Custodian Agreements are:

- Segregating all property of APIF 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 to investments are recovered.
- The Trustee may, if it considers necessary, appoint additional custodians with the approval of the Management Company and at such terms and conditions approved by the Management Company, for the safekeeping of any portion of the Fund Property.

### 3.7 Core Investors

Core Investors of the Fund are:

S.No.	Name of Investor	No. of Units	Amount (Rs.)
1.	Union Bank Limited	500,000	50,000,000
2.	Orix Leasing Limited	300,000	30,000,000
3.	Union Leasing Limited	300,000	30,000,000
4.	Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd.	300,000	30,000,000
5.	First National Equities Limited	250,000	25,000,000
6.	Dawood Capital Management Ltd.	250,000	25,000,000
7.	Prime Commercial Bank Limited	250,000	25,000,000
8.	The Bank of Punjab	200,000	20,000,000
9.	First Credit and Discount Corporation Limited	50,000	5,000,000
10.	Orix Leasing Staff Provident Fund	50,000	5,000,000
11.	AMZ Securities (Pvt) Limited	50,000	5,000,000

The above core investors have subscribed an aggregate sum of Rs.250,000,000/ towards the purchase of 2,500,000/ Core Units of Rs.100 each. These Core Units are not redeemable for a period of first two years, from the date of the commencement of the Scheme. However, these Units are transferable with the condition that the Units may not be redeemable before the expiry of the period of first two years. The Registrar has marked the Units as such. Any transfer of these 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 and the Management Company will appropriately notify the SECP of such transfer.

The above core investors plus the IPO Investors will be eligible to any bank interest/mark-up earned on their investment from the date the funds are credited in the Fund Account till the close of the First Offer Period. The purpose of this is to ensure that all Unit Holders (Core Investors, and IPO investors) are treated at par as far as their investment into the Fund is concerned.

### 3.8 Registrar

#### **Gangjees Registrar Services (Pvt) Limited**

By a separate agreement, the Management Company has appointed Gangjees Registrar Services (Pvt) Ltd, 516, Clifton Centre, Khayaban-e-Roomi, Block 5, Clifton Karachi, as its agent to perform duties as the Registrar of the Fund. Gangjees Registrar Services will be responsible for maintaining the Unit Holder's Register, preparing and issuing accounts statements, Unit Certificates and dividend warrants/advice, and providing related services to the Unit Holders.

Gangjees Registrar Services has the necessary human resource, experience, computer hardware and software, which is designed to provide an efficient service to the Unit Holders.

### 3.9 Distributors and Investment Facilitators

- 3.9.1 Parties detailed in Annexure D have been appointed as Distributors to perform the Distribution Functions.
- 3.9.2 The Distributors will be responsible for receiving applications for issuance of Units and redemption/transfer applications. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address and other particulars or exemption, 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 made to the Unit Holders on redemption of Units and (iii) expenses incurred in relation to the Distribution Functions.
- 3.9.3 The Distributor may appoint sub-distributors with prior approval of the Management Company to perform some aspects of the distribution functions but the distributor shall be responsible for all acts and omissions of the sub-distributor appointed by it.
- 3.9.4 The Management Company may, at its sole responsibility, from time to time, appoint Investment Facilitators (Facilitators) for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distributor and the Management Company. The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. However, such Facilitators are not deemed qualified, simply by virtue of their appointment as Facilitators, to provide investment advice nor are they authorized to handle funds on behalf of the Trustee, The Management Company, The Fund's bankers or the Registrar. Distributors shall be deemed to be Facilitators. However, a Distributor may decline to act as a Facilitator. The Management Company shall remunerate the Facilitators out of the Front-end Load included in the Offering (Selling) Price.
- 3.9.5 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 the Distributors.

### 3.10 Auditors

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.

- 3.10.1 The Auditors will hold the office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust to 30<sup>th</sup> June 2006 and will be eligible for re-appointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for up to three consecutive terms. Thereafter, that auditor may only be appointed after a break in appointment.
- 3.10.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 3.10.3 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 as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 3.10.4 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 and on every other document forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.
- 3.10.5 The contents of the Auditors report shall be as required in the Rules.

### **3.11 Legal Advisor**

The legal advisors of the Fund are:

Mohsin Tayebaly & Co  
Barristers & Advocates  
2<sup>nd</sup> Floor, Dime Centre, BC – 4, Block 9, KDA Scheme 5, Clifton  
Karachi.

### **3.12 Bankers**

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

#### **3.12.1 Bank Accounts**

The Trustee, in consultation with the Management Company shall open a Bank Account titled “CDC Trustee - AMZ Plus Income Fund” for the Unit Trust at Metropolitan Bank Ltd. Karachi for collection and investment of the Trust’s funds.

The Trustee shall also open additional Bank Account(s) titled “CDC Trustee - AMZ Plus Income Fund” at various branches of its Bank(s). These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.

The Trustee shall open additional Bank Accounts titled “CDC Trustee - AMZ Plus Income Fund” 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 reasonably required by the Management Company from time to time. Such accounts shall be used as collection accounts. There shall be standing instructions for all such collection accounts to promptly transfer the funds collected therein to the main Bank Account – “CDC Trustee - AMZ Plus Income Fund”.

The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments.

The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust.

Notwithstanding anything in the Trust Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.

## **4. CHARACTERISTICS OF UNITS**

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### **4.1 Minimum amount of Investments**

The Management Company may from time to time amend the minimum amount of initial investment that is required to open an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs.5,000 and the minimum amount for adding to an existing account is Rs.1,000 per transaction. The Management Company reserves the right to alter the minimum amounts stated hereinabove. 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.

### **4.2 Various Types of Units to be offered and their Features**

The Management Company is initially issuing the following Classes of Units:-  
Class “A” (Restricted) Units to be issued to the Core Investors with no Sales Load.  
Class “A” Units to be offered and issued during the Initial Offering Period with no Sales Load.

Class “B” Units, which shall be offered and issued after the Initial Offering Period with Sales Load and /or Back-End Load.

Provided that 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 vide supplemental or additional Offering Documents(s) from time to time.

All Units of the Fund shall rank pari passu with each other. Units shall be accounted for infractions up to four decimal places. Statements shall be sent to the Unit Holders at their designated addresses after the close of every year and each time any activity takes place in the account indicating Units held at the statement date and the movement since the previous statement. The Unit Holders may obtain more frequent statement by paying a nominal fee of Rs. 50/= representing the costs involved.

Unit holders may obtain certificates representing the units they hold by paying a nominal fee of Rs. 50/= that might be imposed by the Management Company representing the costs involved. However in such cases, requests for redemption, transfer or 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 Management Company/Trustee/Registrar and the associated cost if any will be borne by the Unit Holder.

Registration of Pledge/Lien – The Registrar may register a pledge/lien on any Units in favour of any third party with the specific authority of the Management Company. However, the pledge/lien shall be valid only if evidenced by a pledge/lien letter issued in the form attached hereto as an Annexure C, which shall bear a special series sequential number and shall be signed by the Registrar and countersigned by two officers of the Management Company specifically authorized by its Board of Directors for signing letters of pledge/lien. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien. (Please see Section 9.7).

### 4.3 Issue of Units

An application for purchase of Units may be lodged with any authorized Distributors. The application shall be in the form prescribed by the Management Company. Application forms are available with Distributors or Investment Facilitators (Facilitators) or may be obtained from the Management Company through mail or its web site. The Offer Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor during the business hours on the same day as the purchase request. Funds may be paid in the form of a demand-draft or pay-order issued by a scheduled bank in Pakistan, or through deposit of Cheque in a designated bank account of the Trustee. The Management Company may also notify from time to time, arrangements for accepting cheques or other forms of payment within such limits and restrictions considered fit by it. The aforesaid payment in the form of demand-draft, pay-order, cheque or deposit slip

evidencing payment into a designated bank account must be handed over to a Distributor and acknowledgement obtained on the investor's copy of the Application Form. Cash can only be deposited in a bank account titled "CDC Trustee - AMZ Plus Income Fund" maintained with designated banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting Management Company's liability under Rule 65 Rules.

The Procedure for Purchase of Units is given in Section 4.5 of this document.

#### **4.4 Redemption of Units**

A Unit Holder may redeem Units by lodging a Redemption Request Form in the prescribed form with any authorized Distributor. In the event certificates have been issued to represent the Units at a specific request of the Unit Holder, the Unit Holder must also lodge the relevant certificates physically with the Request and acknowledgement on the investor's copy of the Redemption Request Form must be given. Redemption Request Forms may be obtained from Distributors or Facilitators or from the Management Company through mail or its Web Site. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor during the business hours on the same day as the redemption request. The payment of the redemption value shall be made by virtue of a transfer to the Unit holder's designated banker within six working days of the receipt of the Redemption Request conforming to the requirements herein. However, the terms contained in Section 4.8 shall supersede the terms of this clause in the circumstances indicated in Section 4.8 The Management Company may under special circumstances (or administrative arrangements) agree to pay the redemption amount directly to the Unit holder or his authorized representative. However, no payments shall be made to any intermediary. The procedure for redemption of Units is given in Section 4.6 of this document.

#### **4.5 Procedure for Purchase of Units**

##### **4.5.1 Who can apply?**

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 and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 4.5.2 below including but not limited to:

Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.

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 by-laws.

Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units in the Fund shall warrant that he is duly authorized to purchase such Units.

Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20(h) of the Trusts Act 1882, (11 of 1882).

Insurance companies under the Insurance Ordinance, 2000.

Non Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

#### **4.5.2 Application Procedure**

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

Fully completed Application form for purchase of Units, accompanied by the payment for the investment, as specified in paragraph below and copies of the documents mentioned in sub-paragraphs should be delivered at any of the Authorized Branches of the Distribution Companies.

Applications shall be accepted only if the investor designates a bank account with one of the Fund's designated bankers. 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 account with any of the Fund's designated bankers.

In case of individual applicants a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company.

In case of a body corporate or a registered society or a trust,

- (1) Copy of the memorandum and articles of association/ Charter/ By-laws or rules and regulations;
- (2) Copy of the relevant resolution of the board of directors approving the investment;
- (3) Copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the investment and;

- (4) Copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.

In case of existing Account Holders, if any of the documents have previously been deposited; fresh submission of documents will not be required provided that the deposited documents are acceptable to the Management Company. However, the account number must be provided to facilitate linking.

The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Payments for units in cash will not be accepted. Cash can only be deposited in a bank account titled “CDC Trustee - AMZ Plus Income Fund” maintained with designated banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company’s liability under Rule 65 of the Rules.

The Distribution Company 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.

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.

In the event payment has been accepted by cheque or pay order, the Registrar will not process the application of subscription till the said order of payment has been realized and cleared by the Fund’s bank. However, the Management Company may impose such limits it deem fit as to the bank branch on which it is drawn and as to the monetary limits on cheques, which may vary for various class of investors, and in the event a cheque is returned unpaid, the Management Company will presume the application for subscription to be regarded as void and the application will not be forwarded to the Registrar. 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.

### 4.5.3 Payment

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 limits on cheques, which may vary for various classes of investors), made payable to the "CDC Trustee - AMZ Plus Income Fund" 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 for Units in cash will not be accepted**, however, the Management Company may notify details of an account in the name of the Trustee in which funds may be deposited through a specifically designed paying-in form.

### 4.5.4 Joint Application

Joint application can be made by up to four related groups 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 Computerized National Identity Card or other identification document.

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 Trustee of its obligation.

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 recognized by the 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 Trustee of its obligations.

Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or legal heirs or legal representatives of the deceased.

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

#### **4.5.5 Allotment (Issue of Units)**

If an application duly delivered at or posted to the authorized branch of any of the Distribution Company is accompanied by the payment as prescribed hereinabove, Units applied for will be allotted (issued) on the date of receipt if it is a Subscription Day, or if not a Subscription Day, then on the next following Subscription Day provided the cheque or bank draft accompanying the application is realized. If the cheque or bank draft has been unpaid, the application will be rejected.

#### **4.6 Procedure for Redemption of Units**

##### **4.6.1 Application Procedure**

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

Unit Holders may lodge requests for redemption by completing the prescribed Redemption Form (Request) and endorsing the relevant Certificate, if issued, on the reverse of such Certificate and submitting the same to any Authorized Branch of the relevant Distribution Company on any Subscription Day.

The applicant must obtain a copy of the Request signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the Request and the certificates if any.

##### **4.6.2 Payment of Redemption Proceeds**

The payment of the redemption value shall be made by virtue of a transfer to the Unit Holder's (the first named joint holder if jointly held) designated banker within six working days of the receipt of the redemption request conforming to the requirements herein. However, the terms contained in Section 4.8 shall supersede the terms of this Clause under the circumstances indicated in Section 4.8. The Trustee may under special circumstances or administrative arrangements agree to pay the redemption amount directly to the Unit Holder or his authorized representative. However, no payments shall be made to any intermediary. The Management Company, at the request of Unit Holder, may agree to change the mode of payment. No money shall be paid to any intermediary except the Holder/joint Holder or his/their authorized representatives.

##### **4.6.3 Joint Unit Holders**

Unless the Joint Unit Holders of Units have specified otherwise, all the Joint Unit Holders shall sign request for redemption of such Units.

#### **4.6.4 Partial Redemption**

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

#### **4.6.5 Verification of Redemption Application Form**

At the request of the Unit Holder, the Registrar will verify

- (1) the holding stated on the Application for Redemption Form; and
- (2) signature of the Holder.

#### **4.6.6 Redemption Requests in Excess of 10% of Units in Issue.**

The normal redemption process shall not apply in so much as it is in conflict with the process prescribed in Section 4.8 in which case the process described therein takes over.

### **4.7 TRANSFER OF UNITS**

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#### **4.7.1 Application Procedure**

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

**4.7.1.1** A Unit Holder can transfer Units held by him by completing a prescribed Transfer Application Form to be signed by the transferor and transferee; and Paying any applicable Duties and Charges; and Submitting to any of the Authorized Branches of the relevant Distribution Company the Transfer Application Form and relevant Certificate, if issued. The Management Company may introduce Certificates that are self-contained in as much as they may incorporate a recording transfer.

**4.7.1.2** 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.

**4.7.1.3** Application for transfer can be submitted on any Business Day during banking hours.

#### **4.7.2 Partial Transfer**

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

#### **4.7.3 Verification of Transfer Application Form**

At the request of the Unit Holder, the Registrar will verify

- (1) The holding stated on the Transfer Application Form and
- (2) Signature of the Holder.

#### **4.7.4 Closure of Register**

The Management Company may close the Register by giving at least ten days notice to Holders and for period not exceeding forty five days in a calendar year. During the period the Register is closed, transfer application will not be received.

#### **4.8 Suspension of Dealing, Queue System and Winding Up**

Under the circumstances mentioned in the Offering Documents, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

##### **4.8.1 Suspension of fresh issue of Units**

The Management Company may at any time suspend issue of fresh Units. The Management Company shall announce the details of any exemptions at the time a suspension of fresh issue is announced.

##### **4.8.2 Suspension of redemption of Units**

In the event of extra-ordinary circumstances as mentioned in Section 4.9 of this Offering Document, 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, Registrar, Trustee or the Distributors unable to function or any other conditions mentioned in Rules.

### 4.8.3 Queue System

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

### 4.8.4 Winding up in view of major redemptions

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit holders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit holders shall be paid after selling the assets and determining the Final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

## 4.9 Issues and Redemption of Units and Extraordinary Circumstances

The Management Company may, at any stage, suspend the issue (sale) of Units and for such periods it may so decide. The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchanges on which any of the Securities invested in by the Fund 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 Fund 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. 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 in Section 4.8 herein below. 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 authorized 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 at least one daily news paper each circulating at Karachi, Lahore and Islamabad.

#### **4.10 Frequency of Valuation and Dealing and Mode of the Price Announcement**

**4.10.1** For the First Offer (Selling) Prices please refer to Sections 1.5.2 and Section 1.7 of this Document.

**4.10.2** Subsequent to the first offer, the Management Company shall announce the Offer and Redemption (Repurchase) Prices daily, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be cleared to the Trustee's satisfaction that such method is adequate for ensuring accurate calculation of the prices.

**4.10.3** The Offer Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, 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 days), Transaction Costs or Duties and Charges as defined in clause 14.18, any Front-end Load (Load) not exceeding 1.5% of the Offer Price (Please refer to Annexure B for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges and such sum to be adjusted upwards to the nearest Paisa. The Offer Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor during the business hours on the following day.

**4.10.4** The Redemption Price shall be equal to the NAV as of the close of the Business Day (in the event there are closed days, 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 days), less Transaction Costs or Duties and Charges as defined in clause 14.18, a Back-end Load (Processing charge) not exceeding one eighth of one percent of the Redemption Price (Please refer to Annexure B for the current level of load) and such amount as the Management Company may consider an appropriate provision for Duties and Charges and such sum to be adjusted downwards to the nearest Paisa. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor during the business hours on the following day.

- 4.10.5** If on any day during a week the variation of the NAV exceeds two percent (2%) of the NAV calculated pursuant to the above sub-paragraphs, for the current Offer and Redemption Prices, the Management Company shall suspend any issuance and redemption of Units and calculate forthwith a new Offer Price and a new Redemption Price. The revised prices will be published on the following day in the manner described in sub-paragraph 4.10.7 below.
- 4.10.6** The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Rules, determine and announce the Net Asset Value based prices. Such prices shall be subject to a continuous post audit by the Funds' Auditors. The Auditors shall provide copies of their reports direct to the Trustee at such frequency as is agreed amongst the Trustee, the Management Company and the Auditors. Under certain circumstances as provided in the respective Offering Documents, the Management Company may suspend the announcement of the prices.
- 4.10.7** The Management Company shall publish the Offer and Redemption Prices in at least one or more leading English and/or Urdu daily newspapers having wide circulation in Karachi, Lahore and Islamabad on the following day. The Offer and Redemption Prices of Units of the Fund will also be available at the Authorized Branches of the Distribution Companies and announcement of the prices.
- 4.10.8** The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

**4.11 Transfer, Transmission and Conversion of Units**

The Registrar shall, subject to law, accept requests for transfer of Units from an existing investor to another. The transfer shall be carried out after the Registrar has satisfied himself of all requisite formalities including payment of any taxes if applicable and has recovered the fee prescribed for the service. Transmission of Units to successors in the 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. The legal costs and taxes if any shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Registrar. The procedure for transfer or transmission of Units is given in Section 4.7 of this document.

**4.12 Purchases and Redemption of Units**

- 4.12.1** Sales and Processing Charges (Front-end Load) – The Unit Sale Price includes sales and processing charges of a maximum of (1.5%) of the Offer Price as a load on the Net Asset Value of the Unit and such amount as the Management Company may

consider to be an appropriate provision for Duty and Charges; such sum to be adjusted downwards to the nearest two decimal places. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any load (sales or processing charge) on the NAV.

- 4.12.2** The Redemption Price may be determined after deducting a processing charge not exceeding one eighth of one percent of the Redemption Price as a back-end load on the NAV. (Please refer to Annexure B for the current level of load)
- 4.12.3** Units can be purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Branches of the Distributors on any Subscription Day in accordance with the procedure set out in Sections 4.5 and 4.6 of this Offering Document.
- 4.12.4** During the period the Register is closed, as mentioned in Sections 4.7.4 and 4.8 of this Offering Document, the sale and redemption will be suspended.

**4.12.5 Claims by Exiting Unit Holder**

Once an exiting Unit holder has claimed and collected all his dues, he shall have no further claims against the Fund.

**5. DISTRIBUTION POLICY**

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**5.1 Distribution Policy**

The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund including the net impact of the revenue collected/ paid out in the NAV calculation through sale and redemption, less all expenses, incurred or accrued attributable to the Fund and the adjustment of any realized capital gains or losses. It is the policy of the Fund 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 tax efficiency in the best interest of the Unit Holders.

Unit Holders may opt to receive the amount equivalent to their share of the annual distribution in cash. In such an event, the Management Company shall at the end of the financial year (or the relevant period in the event of an interim distribution) cause to redeem such number of Units of the Unit Holder that approximately equate the value of the Bonus Units for the period. The redemption price shall be determined on the basis of the NAV at the distribution date after appropriation of the distribution. The payment of the cash equivalent shall be made, net of any taxes that the Management Company or the Trustee is obliged to recover, by way of a transfer of the amount to the Unit Holder's designated bank account.

## 5.2 Declaration of Dividend

The Management Company shall decide not later than forty-five days after the end of the Accounting Period whether to distribute profits if any, available for distribution in the form of dividends to the Unit Holders. The balance of the net income will be retained for re-investment in the Fund. The Management Company may pay the Unit Holders interim dividend, if it considers that the income for the Accounting Period would justify such distribution.

## 5.3 Determination of Distributable Income

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

- The expenses, as stated in Section 6.2 of this Offering Document; and
- any taxes on the Fund.

The income qualifying for distribution shall be adjusted as under:

- By additions of a sum representing amounts included in the Price of Units for income accrued upto or deduction of losses accrued to the date of issue; and
- By deduction of a sum representing all participation in income distributed or addition of losses recovered upon redemption of Units;
- By deduction of a sum representing diminution in the value of Fund Property
- By 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.

## 5.4 Reinvestment of Dividend

**5.4.1** 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. In such an event future dividends shall be paid by way of transfer to his designated bank account.

**5.4.2** The Offer Price for the Units to be issued under Clause 5.3 above will be the NAV on the close of the period for which the dividend is being distributed, as certified by the Auditors, after appropriation of the income of that year.

### **5.5 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 to receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing prior to the dividend declaration for any relevant period.

### **5.6 Payment of Dividend**

All payments for dividend shall be made by the Registrar by transfer of funds to the Unit Holder's (or the first named joint holder's or the charge-holder's) designated bank account. The dividend shall be transferred to the Unit Holder's designated banker within 30 days after the declaration of the dividend.

### **5.7 Dispatch of Dividend Advice**

Dividend advice shall be dispatched to the Unit Holder's or the charge-holder's registered address within 30 days after the declaration of dividend.

### **5.8 Payment through Bank of Dividend/Redemption Proceeds**

Where an instruction has been received in such form as the Management Company shall consider sufficient, payment of dividend of the total number of Units held by the Unit Holder can be arranged through bank account. For payment of redemption application by indicating in the Application for Redemption Form.

## **6. FEE AND CHARGES**

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

#### **6.1.1 Sales and Processing Charges (Front-end Load)**

The Unit Sale Price includes sales and processing charges of a maximum of one and half percent (1.5%) of the Offering Price. (The current level of Load is indicated in Annexure B). The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any sales or processing charge. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding (0.25%) of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

#### **6.1.2 Redemption Processing Charge (Back-end Load)**

The Unit Redemption Price is calculated after deducting a processing charge not exceeding two percent (2.0%) from the Net Asset Value of the Unit. (The current level of Load is indicated in Annexure B).

## **6.2 Fees and Charges Payable by AMZ Plus Income Fund**

The following expenses will be borne by the Fund:

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

The Management Company shall be entitled to receive:

An annual remuneration of an amount not exceeding as mentioned in the NBFC Rules 2003 the remuneration shall begin to accrue from the close of the Initial Offer Period; and provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Rules. (The current level of Management Fee is indicated in Annexure B).

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

The Trustee shall be entitled to an annual remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure A). The remuneration shall begin to accrue from the close of the Initial Offer Period. Any costs incurred by the Trustee such as legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interests of the Fund or the collective interest of the Unit holders, are reimbursable at actual out of the Fund's properties. All expenses incurred by Trustee affecting the registration of all registrable property in Trustee's name, are reimbursable at actual, out of the Fund's properties.

**6.2.3** Brokerage and transaction costs related to investing and disinvesting of the Fund Property.

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

**6.2.5** Bank charges and borrowing/financial costs;

**6.2.6** Fund Auditors' Fees and expenses;

**6.2.7** Formation Cost estimated at but not exceeding one percent of the seed capital that will be amortized over a period not exceeding five years.

- 6.2.8** Listing Fee payable to the Stock Exchange (s) including renewals on which Units may be listed.
- 6.2.9** Annual Fee payable to the SECP under Rule 79 of the Rules;
- 6.2.10** Taxes, if any, applicable to the Trust and its income and/or its properties; and all expenses incurred by the Trustee affecting the registration of all registerable property in Trustee's name.

### **6.3 Expenses of the Management Company and the Trustee**

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

## **7. TAXATION**

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### **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:

Dividend:	5%
Profit from the sale of securities:	(a) If held for more than one year 75% of the capital gain will be taxed at the rate applicable on "any other income"
	(b) If held for less than one year full amount of capital gain will be taxed at the rate applicable on "any other income"
Any other income	35%

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

Even if the Fund fails to distribute not less than 90% of its income, Profit from the sale of listed securities is exempt from tax upto June 30, 2007 or such other period as may be notified by tax authorities from time to time.

For achieving the tax efficiency, the Fund will strive to distribute 90% of income for the year as reduced by capital gains whether realized or unrealized.

### 7.1.2 Withholding Tax

Income from dividend on equity investments paid by a resident company or return on deposits with banks/financial institutions, profit on any bond, certificates, security debenture or instrument of any kind, or brokerage or commission will not be subject to any withholding tax.

### 7.1.3 Zakat

In accordance with the Zakat and Ushr Ordinance, 1980.

## 7.2 Taxation on Unit Holders and liability of Zakat

**Disclaimer:** The information set forth below is included for general information purposes only. In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the Fund.

### 7.2.1 Withholding tax on Dividends

Unless exempted from such taxation or at reduced rate under any law or Avoidance of Double Taxation Agreement, the withholding tax on profit distribution by the Fund will be as under:

Public Companies & insurance companies	5%
Others	10%

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.

### 7.2.2 Capital Gains

Capital Gains in disposition of Units in the Fund will be subject to capital gains tax at the applicable tax. The Units of the Fund are listed on the stock exchange; consequently, subject to such listing, the profit on disposal of the Units shall be exempt from tax upto Tax Year 2007 or such other period as may be notified by tax authorities from time to time.

### 7.2.2 Tax Credit

Original allottee (other than a company) of the Fund's Unit shall be entitled to a tax credit on actual cost of investment made in a tax year under Section 62(1) and (2) of the Income Tax Ordinance 2001 on the purchase of new units. The amount on which tax credit will be allowed shall be lowest of (a) amount invested; (b) ten percent of the taxable income of the Unit Holder and (c) Rupees One Hundred Thousand and will be calculated by applying the average rate of return of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within twelve months, the amount of tax payable for the tax year shall be increased by the amount of credit allowed. It is stated that the Fund will obtain listing on one of the stock exchanges in Pakistan.

### 7.2.3 Zakat

Units held by resident Pakistan shareholders (individual only) shall be subject to Zakat at 2.5% of the Par value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds, if Units are redeemed during the Zakat year before payment of dividend.

**The entire information in Sections 7.1 and 7.2 is based on the current taxation status. The exemptions and rates of taxation are subject to change from time to time.**

### 7.3 Dividends

The Fund may distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail Tax Exemption or any other benefits in the interest of the Unit Holder(s).

All units shall have the same right with respect to dividend. The Unit Holders may request the Management Company to re-invest the dividends due to them for purchase of their units.

### 7.4 Disclaimer

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

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### 8.1 Financial year of AMZ Plus Income Fund

The Accounting Period will commence from the date of registration of the Fund for the first year to June 30, 2006 and from July 1 to June 30 for all following years.

### 8.2 Financial Reporting

The following reports will be sent to the Unit Holders:

- Audited financial statement, together with the auditors report, the report by the Management Company and the report by the Trustee within four months of the close of each Accounting Period. The Management Company shall be responsible for sending the Trustee's report along with the other reports; however, in the event the Trustee's report is not available for dispatch within the prescribed time period, the Management Company shall inform the Unit Holders of the fact in writing.
- Un-audited financial statement, together with the report by the Management Company as per Rules.
- Un-audited financial statement, together with the report by the Management Company within a month of the close of the first, second and third quarter of each Accounting Period or such period as prescribed by SECP or the Rules
- The Trustee shall issue a report to the Unit Holders to be included in the annual report, or at such times as directed by the SECP, in accordance with the law, whether in its opinion, the Management Company has in all material respects managed the Fund Property in accordance with the provisions of the Rules and the 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.
- The regularity of reporting will change if so required by the SECP or under the Rules and the Ordinance.

## 9. SERVICE TO UNIT HOLDERS

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### 9.1 Availability of Forms

All the forms mentioned and/or included in this Offering Document will be available at all the Authorized Branches of all Distribution Companies as well by post from the Management Company and from its web site. Investment Facilitators will also have limited stocks of the Forms.

## 9.2 Register of Unit Holders

A Register of Unit Holders shall be maintained by Gangjees Registrar Service (Pvt) Limited, in their capacity as the Registrar, presently having its office at 516, Clifton Centre, Khayaban-e-Roomi, Block 5, Clifton, Karachi 75600, or such other Company, as the Management Company may appoint after giving prior notice to the Unit Holder.

Every Unit Holder will have a separate account identification number. The Management Company shall use such account for recording Units held by the Unit Holder. Such account will reflect all the transactions in that account held by such Unit Holder.

The Holder will be entitled to ask for copies thereof on any Business Day by applying to the Registrar in writing and providing such fee that the Management Company may notify. The Register shall be the conclusive evidence of the units held by each Unit Holder.

## 9.3 Information in the Register

The Register will normally contain the following information:

### 9.3.1 About Unit Holders

- a) Name of Unit Holder/ Joint Unit Holders;
- b) Address of Unit Holder/first named Joint Holder;
- c) Computerized National Identity Card Number(s) of Unit Holder/ Joint Holders;
- d) Father's or Husband's name of Unit Holder/ Joint Unit Holders;
- e) Occupation of Unit Holder/ Joint Holders; and
- f) Tax status of the Unit Holders;
- g) Bank details;
- h) Zakat status of the Unit Holders;
- i) Record of signature of the Unit Holder;
- j) Nominee

### 9.3.2 About Units

- a) Type (Name of the Scheme).
- b) Distinctive numbers if allotted.
- c) Certificate number(s), if applicable;
- d) Dates of Purchase/ Redemption/ transfer and the reference number, if any;
- e) Number of Units held
- f) Record of verification of Transfer forms/ Redemption
- g) Information about lien/pledge/charge on Units.

### 9.3.3 Instructions

- a) Instructions about reinvestment or payment of dividend or the encashment of bonus Units;
- b) Instructions if redemption application is to be signed by first – named Joint Unit Holders only;
- c) Information and instructions about pledge/lien of Units;
- d) Information and instructions about nominees in case of death of the Unit Holder;
- e) Particulars of bank account if payment of dividend is to be made to credit of a bank account, or if payment is to be made to the Unit Holder’s registered address.

### 9.3.4 Request for Changes

The Unit Holder may notify on prescribed form any change of name or address or any other particular to the relevant Authorized Branch of the Distribution Company, or to the Management Company, or to the Registrar. The Distribution Company or Management Company will forward such form 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 previously issued to such 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 issue a new Certificate if required to such Unit Holder.

## 9.4 Account Statement

The Registrar will send directly to each Unit Holder a non transferable account statement each time there is a transaction in the account, i.e., Units are

- (a) Subscribed
- (b) Redeemed
- (c) Transferred in favour of third person
- (d) Transferred from third person
- (e) Consolidated / split and;
- (f) Additional Units are issued against bonus issue or re-investment of dividend.

An account statement will be posted within 21 Business Days after each relevant transaction.

## 9.5 Certificates

### 9.5.1 Unit Certificates will be issued only if requested by the Unit Holders.

9.5.2 Unit Holders can apply for the issue of Certificate(s) by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of Rs.25 per Certificate or any other amount determined by the Management Company from time to time.

**9.5.3** The Certificate would be sent through postal or courier service at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Holder, if the relevant Unit or Units are jointly held.

**9.5.4** Each Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

**9.5.5** 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. All payments required under this Deed (i.e. redemption and dividend) will be made to first name joint Unit Holder.

## **9.6 Replacement of Certificates**

**9.6.1** The Registrar or Management Company may replace certificates, which are defaced, mutilated, lost or destroyed on application to the relevant Distribution Company and on payment of all costs, and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.

**9.6.2** The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one certificate upon surrender of existing Certificates.

**9.6.3** Each new issue of Certificates will require payment of Rs.50 per Certificate, subject to revisions of fee from time to time by the Management Company.

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

- Returned the mutilated or defaced Certificate or furnished to the Distribution Office/Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate.
- Paid all expenses incurred in connection with the investigation of the facts and any notice to be issued in newspaper inviting any claim (if any) against the lost Certificate to be notified to the Management Company, Trustee or Transfer agent; and furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Officer/Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of the sub-clause.

## 9.7 Pledge/Lien of Units/Charge

9.7.1 Any 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. However, the lien shall be valid only if evidenced by a lien letter issued in the form attached hereto as Annexure C, which shall bear a special series sequential number and shall be signed by the Registrar and countersigned by two officers of the Management Company specifically authorized by its Board of Directors for signing letters of lien. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.

9.7.2 The lien letter shall record particulars of the bank account of the party obtaining the lien.

9.7.3 The lien once registered shall be removed by the authority of the party in whose favour the 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 and the Registrar take any responsibility in this matter.

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.

9.7.5 In addition to the above, special procedures under the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations may also apply in case the Units are book-entry securities.

## 9.8 Nomination

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 by completing the prescribed nomination form and submitting the same to the Authorized Branch of the relevant Distribution Company.

10. FINANCIAL INFORMATION

10.1 Auditors Certificate on Core Investor’s Investment in the Units of the Fund



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

Telephone +92 (21) 568 5847  
Fax +92 (21) 568 5095  
Internet www.kpmg.com.pk

The Board of Directors  
AMZ Asset Management Limited  
19th Floor, Tower B  
Saima Trade Towers  
I.I. Chundrigar Road  
Karachi

Our ref KA-HS-858

2 February 2006

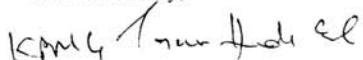
Dear Sirs,

**Certificate on Core Investors' Investments in the units of AMZ Plus Income Fund**

As requested we are pleased to confirm to have verified from books and records of AMZ Plus Income Fund (the Fund) that an amount of Rs. 250 million have been received by the Fund as core investment as follows:

Name of Investor	Investment (Rupees)
Union Leasing Limited	30,000,000
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	30,000,000
AMZ Securities (Private) Limited	5,000,000
Orix Leasing Pakistan Limited – Staff Gratuity Fund	5,000,000
Dawood Capital Management Limited	25,000,000
Prime Commercial Bank Limited	25,000,000
Orix Leasing Pakistan Limited	30,000,000
Union Bank Limited	50,000,000
First National Equities Limited	25,000,000
First Credit & Discount Corporation Limited	5,000,000
Bank of Punjab	20,000,000
<b>Total</b>	<b>250,000,000</b>

Yours faithfully,



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

**10.2 Auditors Certificate on Net Asset Value of Units in the Fund**



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

Telephone +92 (21) 568 5847  
Fax +92 (21) 568 5095  
Internet www.kpmg.com.pk

The Board of Directors  
AMZ Asset Management Company Limited  
19th Floor, Tower B  
Saima Trade Towers  
I.I. Chundrigar Road  
Karachi

Our ref KA-HS-859

2 February 2006

Dear Sirs,

**Certificate of Net Asset Value of Units of AMZ Plus Income Fund**

In accordance with your request, we state that on the basis of unaudited books and records of the AMZ Plus Income Fund (the 'Fund') as on 2 February 2006, the Net Assets of the Fund amounted to Rs. 250 million. The Net Asset Value of each unit amounted to Rs. 100.00, which was arrived at by dividing the Net Assets by the number of units (2,500,000) as at that date.

We draw attention to paragraph 10.3 of the offering documents in which the Management Company has estimated the formation cost of the Fund upto one percent of the Core Investors investment into the Fund expected to be incurred during the period leading to the First Offer of Units. The Net Assets as on 2 February 2006 have been determined before writing off formation costs incurred upto that date.

Yours faithfully,

### 10.3 Formation Cost

All preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund and inviting investment therein and all expenses incurred during the period leading upto the First Offer, shall be borne by the Fund and amortized over a period of not more than five years. Such cost will not exceed one percent (1%) of the Core Investors' investment into the Fund.

## 11. WARNING

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### 11.1 Offering Document

**The provisions of the Trust Deed & the Rules govern this Offering Document. This Offering Document sets out the arrangements covering the basis of the Fund Unit. It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund. Prospective investors should consult one or more from amongst their legal adviser, stockbroker, bank manager, or other financial adviser.**

### 11.2 Fluctuation in Price and Income

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

### 11.3 Disclaimer

**Investors must recognize that all investments involve varying levels of risk. Neither the value of Units in the Fund nor the dividends declared by the Fund are or can be assured.**

**The historical performance of this Fund, the financial markets or that of any one security or transaction included in the Fund's portfolio does not necessarily indicate future performance.**

## 12. GENERAL INFORMATION

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### 12.1 Filing of the Offering Document

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the Documents (1) to (8) below with the SECP. Certified copies of these documents can be inspected at the registered office of the Management Company or the registered office and place of business of the Trustee or at any of the Authorized Branches of the Distribution Companies.

- (1) Trust Deed (Deed) of the Fund dated December 01, 2005, between AMZ Asset Management Company Limited, the Management Company, as the establisher of the Fund and CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED, as the Trustee;
- (2) Registrar Agreement dated December 23, 2005 between the Management Company and Gangjees Registrar Services (Pvt) Limited;
- (3) Letters dated February 02, 2006 from Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, Auditors of the Fund, consenting to the issue of statements and reports appearing in Part 10.1 & 10.2 of this Offering Document;
- (4) SECP's Certificate of Registration K-10136 dated June 18, 2004, registering AMZ Asset Management Company Limited as an Asset Management Company.
- (5) SECP's letter No NBFC-II/DD/AMZAML/821, dated November 22, 2005, approving the appointment of CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED as the Trustee of the Fund;
- (6) SECP's letter No. NBFC-II/DD/AMZAML/820, dated November 22, 2005, authorizing APIF;
- (7) SECP's letters No. SEC/NBFC-DD-I/94/2006 and No. SEC/NBFC-DD-I/95/2006 dated February 13, 2006, approving this Offering Document.
- (8) As per the NBFC Rules, a sum of Rs. 1,000,000/- has been paid to the SECP by Challan No. 978213 dated October 21, 2005 as prescribed fee for authorization of the Scheme.

## 12.2 Date of Publication of Offering Document

The Offering Document has been published on February 16, 2006. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.

## 12.3 Responsibility of Management Company for information given in this Document

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

## 13. TERMINATION OF THE FUND

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### 13.1 By the Management Company

The Management Company may terminate the Fund, if the Net Assets at any time fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and shall disclose the grounds of its decision. 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 Fund property to meet such redemption would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of the Unit Holders that the Fund be wound up.

### 13.2 By the Securities and Exchange Commission of Pakistan

If the SECP considers that further continuation of the authorization of the Fund will not be in the interest of Unit Holders, it will give a three months notice to the Unit Holders about its intention not to maintain such authorization, provided that no notice shall be served without offering an opportunity of hearing to the Management Company.

### 13.3 Winding up

In case of the termination of the Fund, the Management Company shall be required to wind-up the Fund and refund the proceeds to the Unit Holders in such a manner and within such time as may be specified by the SECP.

## 14. GLOSSARY

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Unless the context requires otherwise the following words or expressions used in this Offering Document above, shall have the following meanings respectively assigned to them viz.:

- 14.1 **“Accounting Date”** means the thirtieth day of June in each year provided that the Management Company with the written consent of the Trustee may change such date to any other date and such change shall be intimated to the Commission
- 14.2 **“Accounting Period”** means a period ending on and including an Accounting Date and commencing in case of the first such period on the date of commencement of the Initial Period and in any other case from the end of the preceding Accounting Period.
- 14.3 **“Audit Date”** means the date on which the Auditor issues its report in respect of the Scheme’s balance sheet and income and expenditure account for the corresponding Accounting Period.
- 14.4 **“Auditor”** means the Auditor of the Trust appointed by the Management Company with the consent of the Trustee.
- 14.5 **“Authorised Investment”** means short to long term, fixed, floating and hybrid rate instruments including the following:
- Government of Pakistan Investment Bonds, Federal Investment Bonds and other Government Securities;
  - Listed or Privately Placed Term Finance Certificates (TFCs) issued by local governments, government agencies, statutory bodies and public sector entities;
  - Listed TFCs issued by corporates/financial institutions (Secured and Unsecured);
  - Secured Privately placed TFCs issued by corporates, financial institutions having a minimum investment grade rating. If the entity issuing the TFCs is not rated then the instrument would have a minimum investment rating of A- by a credit rating agency registered with the Commission;
  - Unsecured Privately Placed TFCs issued by corporates / financial institutions having minimum investment grade rating of A. If the entity issuing the TFCs is not rated then the instrument would have a minimum investment rating of A+ by a credit rating agency registered with the Commission Total Investment in Privately Placed TFCs (Secured and Unsecured) issued by corporates / financial institutions will not exceed 50% of the net asset value of the Scheme;
  - Convertible TFCs issued by corporates financial institutions. In case APIF is required to convert the TFCs into shares, it would offload the shares within a period of three months of the shares being issued. Total investment by APIF in Convertible TFCs will not exceed 10% of its Net Asset Value;
  - Asset Backed Securities;

- Convertible and Non-Convertible preferred shares. In case APIF is required to convert the preference shares into ordinary shares it would offload the ordinary shares within a period of three months of the ordinary shares being issued. Total investment by APIF in Convertible Preferred Shares will not exceed 10% of its Net Asset Value;
- Certificates of Investment issued by financial institutions having a minimum of A-rating by a credit rating agency approved by the Commission or State Bank of Pakistan;
- Long, medium and short term bank deposits;
- Treasury Bills;
- Reverse Repo Transactions ;
- Any other Money Market Instruments;
- Continuous Funding System (CFS); Investment in CFS shall be restricted upto a maximum of 50% of Net Assets of the Fund, with not more than 20% of CFS amount in any scrip at the time of investment;
- Spread Transactions. APIF will enter into transactions aimed at earning a spread in the price of shares resulting from the timing difference between ready and future settlements. APIF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying shares;
- Commercial Paper;
- Derivative instruments including:
  - Interest rate swaps
  - Forward Rate Agreements
  - Any other derivative instruments permitted by SECP. Options

The investment in this Asset Class shall be for hedging purposes and subject to such terms and conditions as specified by the SECP.

**14.6 “Back-end Load”** means the Sales Load deducted from the Net Asset Value in determining the Redemption Price.

**14.7 “Bank”** means any banking company licensed under the Banking Companies Ordinance, 1962.

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

- 14.9 **“Business Day”** means a day (such business hours hereof) when offices of Management Company are open for business in Pakistan.
- 14.10 **“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Deed.
- 14.11 **“Connected Person”** shall have the same meaning as in the Rules.
- 14.12 **“Constitutive Documents”** means this Trust Deed that is the principal document governing the formation, management or operation of the Trust, the Offering Document and all material agreements in relation to the Trust.
- 14.13 **“Commission”** is defined as the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.
- 14.14 **“Core Investors”** “Core Investors” of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of clause 67(2) (f) of the Rules. The Core Investors shall be issued with Core Units representing their subscription. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 14.15 **“Core Units”** shall mean such Units of the Trust 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.
- 14.16 **“Distribution Company”** means a Company or Companies, Firm, Central Depository or Bank or any other financial institution appointed by the Management Company in consultation with the Trustee for performing the Distribution Function and shall also include the Management Company if it performs the Distribution Function.
- 14.17 **“Distribution Function”** means the functions with regard to:
- a. Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
  - b. Issuing receipts in respect of (a) above;
  - c. Interfacing with and providing services to the Unit Holders including receiving redemption applications, transfer application, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate; and

- d. Accounting to the Trustee for all (1) moneys received from the applicants for issuance of Units (2) payments made to the Unit Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.

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

**14.19 “Formation Cost”** means preliminary expenses relating to regulatory and registration fees of the Scheme.

**14.20 “Front end Load”** means the sales processing charges, also described as Sales Load in clause 14.39, payable to the management company, which are included in the Offer Price of Units.

**14.21 “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.

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

**14.23 “Initial Offering Period”** means the period during which First Offer of Units shall be made, which shall be indicated in the Offering Document.

**14.24 “Investment”** means any Authorized Investments forming part of the Fund Property.

**14.25 “Initial Price”** means the Offer Price in respect of Units that is equal to the sum of the Par Value and any applicable Duties and Charges as determined by the Management Company.

**14.26 “Net Assets”** shall have the same meaning as in the Rules.

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

**14.28 “No Sales Load”** means No Sales Load payable on sale or redemption of Units.

**14.29 “Offer Price”** means the sum to be paid to the Trustee for the benefit of the Trust for issuance of one Unit, such price to be determined pursuant to clause 5.2 of Trust Deed and to be stated in the Offering Document.

**14.30 “Offering Document”** means the prospectus, advertisement or other document (approved by the Commission) which contains the investment and distribution policy and all other information in respect of the Unit Trust, as required by the Rules and is circulated to invite offers by the public to invest in the Unit Trust.

**14.31 “Ordinance”** means the Companies Ordinance, 1984, as amended from time to time.

**14.32 “Par Value”** means the face value of a Unit that shall be Rs. [100] /= (Rupees [One Hundred Only]) or such other amount as may be determined by the Management Company in consultation with the Trustee till the time of circulation of the Offering Document to invite offers by the public to invest in the Fund.

**14.33 “Redemption Price”** means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Unit such amount to be determined pursuant to clause 5 of the Trust Deed and to be stated in the Offering Document.

**14.34 “Register”** means the Register of the Unit Holders kept pursuant to the Rules and the Trust Deed.

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

- a. Maintaining the Register;
- b. Issuing account statements to the Unit Holders;
- c. Issuing Certificates;
- d. Canceling old Certificates on redemption or replacement thereof;
- e. Processing of applications for issue, redemption, transfer and transmission of Units, recordal of pledges and liens and recordal of changes in the data with regard to the Unit Holders;
- f. Issuing and dispatching of Certificates;
- g. Issuing and dispatching cheques or pay orders in respect of residual amount left after allocation and issue of Units.

**14.36 “Restricted Investments”** means the following:

Ordinary shares without having a sale agreement in place. However if in the interest of the Unit Holders, the Scheme is required to convert TFCs or preference shares into ordinary shares, it would do so subject to the condition that these ordinary shares are offloaded within a period of three months of the issuance;

Bearer securities;

Securities which result in assumption of unlimited liability (actual or contingent);

- (i) Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein and are approved by the Management Company;
- (ii) Short sale of any security or maintain a short sale position.

**14.37 “Reverse Repo”** means an arrangement in which securities are purchased with an agreement to resell the same securities to the same investor at a pre-determined price on a pre-determined future date.

**14.38 “Rules”** means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced 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 the Commission and/or the Federal Government, as appropriate.

**14.39 “Sales Load”** means the sales charge or commission as determined by the Management Company from time to time subject to a maximum of 1.5% of the Net Asset Value (excluding Duties and Charges).

**14.40 “Scheme”** is defined in the recitals.

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

**14.42 “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.

**14.43 “Transfer Agent or Registrar”** means a partnership firm or company including a Bank that the Management Company shall appoint for performing the Registrar Functions.

**14.44 “Trust Property or Fund Property”** shall consist of:

- (i) The aggregate proceeds of all Units issued from time to time after deducting the sum of : (a) Duties and Charges; and (b) applicable Sales Load;

- (ii) All Authorised Investments made by the Trustee in terms of the Trust Deed and all income, profit (including accrued profits) and other benefits arising there from and all cash and other assets movable 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 Unit Holders pursuant to the Trust Deed; and
- (iii) Amounts standing to the credit of the accounts maintained by the Scheme, including profits accruing therein, until, from time to time, such amounts (or part thereof) are actually paid to Unit Holders upon receipt of a request by such Unit Holders to redeem their Units in accordance with the provisions of the Trust Deed.

**14.45 “Trust” or “Unit Trust”** means the Unit Trust constituted by this Deed for continuous offers for sale of Units and includes any rules or regulations framed in accordance with clause 13.4 of the Trust Deed.

**14.46 “Trustee”** is defined in the preamble.

**14.47 “The Management Company”** is defined in the preamble.

**14.48 “Unit”** means one undividable share in the Trust.

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

## **ARBITRATION**

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In the event of any disputes arising out of this Deed or the Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the parties hereto, as well as those relating to the interpretation of the terms and conditions of this Deed and the Offering Document relating to Unit Trusts, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the parties hereto. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners of renowned law firms, or senior bankers or senior members of the Karachi Stock Exchange(Guarantee) Limited. The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

## ANNEXURE A

**Central Depository Company of Pakistan Limited's  
Tariff Structure for Trusteeship of Open-ended Mutual Funds (Unit Trusts)**

The Trustee's remuneration shall consist of reimbursement of its normal custodial and other charges as central depository company at actuals, plus the following tariff:

- Upto Rs. 1,000 million Rs. 0.7 million or 0.20% p.a of NAV, whichever is higher
- On amount exceeding Rs. 1,000 million Rs. 2.0 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million

## ANNEXURE B

Current Level of Front-end and Back-end Loads and Management Fee  
Effective February 25, 2006

**Front-end Load:** 1.25%  
**Back-end Load:** Nil

**Management Fee**

- A remuneration of an amount not exceeding one and a quarter percent (1.25%) per annum of the annual Net Assets; and
- A remuneration of an amount not exceeding three percent (3.0%) per annum of the annual Net Assets for the first five years of the scheme and thereafter of an amount equal to two percent (2.0%) per annum of the annual Net Assets.
- Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003

Any change in the load and fee structure, provided it is within the maximum limit disclosed in Section 4.12.1 and Section 6, shall be notified through an addendum to this annexure.

**ANNEXURE C**

Specimen of Letter of Pledge/Lien  
**Letter of Acknowledgement**  
**Sequential Number** \_\_\_\_\_

**Date** \_\_\_\_\_

To,  
 Dear Sir/s

**Re: Registration of Pledge/Lien**  
**Against Units of Investment held in**  
**Name of Account** \_\_\_\_\_  
**Account Number** \_\_\_\_\_

We hereby acknowledge having registered a pledge/lien in your favour on the following Units (hereinafter referred to as the Pledged Units), held in the investment account of the above named party (hereinafter referred to as the Party);

Name of Fund/Unit Trust Pledge/Lien	No. of Units placed under	Certificate No. (if issued)
----------------------------------------	---------------------------	-----------------------------

You have been allotted Registration Number: \_\_\_\_\_. Please quote this number for any correspondence or enquiries in this regard.

The Pledged Units have been issued pursuant to the Trust Deed and the Offering Document and are governed by the terms and conditions thereof, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the laws prevailing in Pakistan.

The registration of this pledge/lien places a responsibility on us to ensure that all the benefits accruing on the Pledged Units are held or paid to your order. Save any legal bar or court order requiring otherwise, any dividends that are declared on the Pledged Units shall be paid to your order, any bonus Units that the Pledged Units are entitled to shall automatically be marked under your pledge/lien and in the event the Pledged Units are redeemed for any reason whatsoever, the proceeds shall be paid to your order.

We do not however, accept any responsibility for the validity of the Party’s act of placing the Units under pledge/lien nor for any obligations or commitments undertaken by the Party in respective thereof. The lien on the Pledged Units shall continue till such time it is necessary by you in writing.

Yours truly,

**For and on behalf of**  
**AMZ Asset Management Limited**  
**Management Company**

**For and on behalf of**  
**Gangjees Registrar Services(Pvt) Ltd**  
**Registrars**

**Authorized Signatory**

**Authorized Signatory**

**ANNEXURE D**

**DISTRIBUTION OFFICE**

**AMZ Asset Management Ltd.**

18th Floor, Tower-B,

Saima Trade Towers,

I.I. Chundrigar Road,

Karachi - 74000, Pakistan.

UAN : 111-269-111

Fax : 2272155

Website : [www.amzassets.com](http://www.amzassets.com)