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OFFERING DOCUMENT OF

**FAYSAL BALANCED GROWTH FUND**

MANAGED BY

**FAYSAL ASSET MANAGEMENT LIMITED**

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

**Date of Publication of Offering Document April 14, 2004**

**Initial Offering Period: April 19, 2004 to April 21, 2004 (both days inclusive)**

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The Faysal Balanced Growth Fund (the Fund/the Scheme/the Trust) has been established through a Trust Deed under the Trusts Act 1882 entered into between Faysal Asset Management Limited, the Management Company and Muslim Commercial Financial Services (Pvt.) Limited, the Trustee and is authorized under The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).

## **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 Faysal Balanced Growth Fund (the Fund) under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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.

Investors must recognize that all investments involve varying levels of risk. The portfolio of the Fund consists of market-based investments and is subject to market fluctuations and risks inherent in all such investments. 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**

### **1.1 Constitution**

The Fund has been constituted by a Trust Deed entered into at Karachi on January 29, 2004 between:

**Faysal Asset Management Limited (FAML)**, a Non-Banking Finance company incorporated under the Companies Ordinance 1984, and licensed by SECP with its registered office at 11/13 Trade Centre, I. I. Chundrigar Road, Karachi, as the establisher of the Fund and Management Company; and

**Muslim Commercial Financial Services (Pvt.) Limited, (MCFSL)** a company incorporated in Pakistan and a wholly owned subsidiary of Muslim Commercial Bank Limited, having its registered office at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi and with its place of business at 9th Floor, Sheikh Sultan Trust, Building No. 1, Beaumont Road, Karachi.

## 1.2 Registered Address, Place and Date of Creation

The registered address of the Faysal Balanced Growth Fund is Trade Centre, 11/13, I.I. Chundrigar Road, Karachi. The Trust was created on January 29, 2004.

## 1.3 Trust Deed

The Deed is subject to and governed by the Securities and Exchange Ordinance 1969, the Rules and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed/s shall be binding on each Unitholder.

## 1.4 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 exchange or any other exchange; or
- 4) Otherwise to the benefit of the Unitholders;

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

Where the Deed has been altered or supplemented, the Management Company shall notify to the Unitholders at their respective registered addresses, at least seven days prior to the effectuation of any such amendments and the dispatch of such notices to the Unitholders will be announced in one daily newspaper having its primary circulation in Pakistan.

## 1.5 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".

## 1.6 Units

**1.6.1** The Fund is divided into Units having a First Offer price of Rs. 100 each. 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 the 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 Unitholder has a beneficial interest in the Fund proportionate to the Units held by such Unitholder.

**1.6.2** The Management Company is initially issuing the following Classes of Units:-

- a) Class "A" (Restricted) Units issued to the Core Investors with no Sales Load.
- b) Class "A" Units being 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.

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 Document(s) from time to time.

### **1.7 Open-end Fund**

The Fund is an open-end fund. It shall offer and redeem Units on a continuing basis subject to terms contained herein and to the Rules. There is no upper limit set on the Units to be issued to a single Unitholder or on the total number of units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. 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 only, if requested by the Unitholder.

### **1.8 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 April 19, 2004 and shall end at the close of the banking hours on April 21, 2004. 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.

### **1.9 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 Transaction 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 Unitholders opting to receive Units in lieu of dividends.

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

### **2.1 Investment Objectives**

The prime objective of the Fund is to provide investors an opportunity to invest through one simple transaction into a diverse pool of securities available in the market. The invested amount will be allocated between the equity market and fixed income securities including money market instruments. Upto 70% of the total investment of the Fund will be allocated to the equity market securities. The mix of such equity market securities will include investment in securities that offers opportunity for capital appreciation while other such securities will ensure comparatively higher or constant dividend yield. The remaining 30% of the funds will be allocated to fixed income securities including money market instruments that are Authorized Investments. These instruments include Term Finance Certificates (TFCs), Participation Term Certificates (PTCs), Carry Over Transaction (COT), non-equity securities by whatsoever name called (both listed and non listed in the exchanges) including asset backed securities of Special Purpose Vehicles (SPVs), Certificate of Investments (COIs) and Certificate of Musharikas (COMs), Options and Derivatives (subject to the condition that exposure under Options and Derivatives shall not exceed 10% of the funds value at all times) and securities traded or to be traded in Over the Counter (OTC) Markets and other deposits in the bank and Non-Banking Finance Institutions, including short term maturity reverse repurchase transactions. Investments made by the Fund in the aforesaid equity securities and fixed income securities including money market instruments will be made either directly as an investor or as a participant in Pre-IPO/IPO issued directly or indirectly through brokers/arrangers. Provided however, if at any time, 70% of the total investment in the equity market possesses any unprecedented risk, or where it becomes in the interest of the Unitholders to

reduce the investment in the equity market below of 70% of the total investment of the Fund at any given time, the Management Company may, at its discretion vary the ratio between the investments in the equity market and fixed income securities including money market instruments, without the need to amend this Offering Document. The Fund shall invest not less than fifty percent of its assets in listed securities or in securities for which an application has been approved by a stock exchange.

The Fund seeks to achieve the following benefits for the investors:

- To earn overall return for its investors in the form of capital gains, dividends and return on fixed income through investing in growth and dividend yielding stocks as well as fixed income securities including money market instruments, thereby allowing continuous growth in value as well as a return that is higher than income earned on bank deposits.
- Long-term growth in the value of the investments, aimed at surpassing not only the underlying inflation rate prevalent in Pakistan but also out-performing most other types of investment options;
- In order to manage risk associated with the capital markets yet ensuring that all opportunities for maximizing values for Unitholders are availed, our debt / equity distinction is as follows;
  - o To provide steady income stream for the fund, a minimum 30% of the fund value will be invested in fixed income securities including money market instruments for example TFCs, PTCs, COT, non-equity securities by whatsoever name called (both listed and non listed in the exchanges) including SPVs, COIs and COMs and other deposits in the bank and Non-Banking Finance Institutions including short term maturity reverse repurchase transactions, Options, Derivatives etc. (subject to the condition that exposure under Options and Derivatives shall not exceed 10% of the funds value at all times) which offer a reasonable return against an acceptable risk. For the said purpose, instruments with minimum investment grade will be bought while appropriate due diligence will be carried out for instruments with lower or no credit ratings.
  - o Mutual Funds are restricted to allocate not more than 25% of Net Asset Value to one sector and not more than 10% of Net Asset Value to one security or not more than 10% of the issued capital of the investee company.

## **2.2 Investment Policy**

Maximum of upto 70% of the Fund's portfolio will be invested in equity securities, primarily in liquid shares. For determining the liquidity, the activity ranking shall be based on the value of transactions recorded at the Karachi Stock Exchange during the preceding twelve months on a continuing basis. Fund Management will choose securities using a fundamental, value-oriented investment approach within the limits prescribed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Within the proportion that is invested in the equity market, a major portion of the Fund shall be allocated to shares of listed companies (or companies that are in the process of listing) that offer good value in terms of potential dividend yield or growth in the stock price. The remaining part of the Fund representing a minimum 30% of the Fund's portfolio will be invested in a mix of transactions, including TFCs, PTCs, COT, SPVs, COIs and COMs, Options and Derivatives (subject to the condition that exposure under Options and Derivatives shall not exceed 10% of the funds value at all times) and securities traded or to be traded Over the Counter (OTC) Markets and other deposits in the bank and Non-Banking Finance Institutions including short term maturity reverse repurchase transactions. All investments made by the Fund in the aforesaid securities and fixed income securities including money market instruments will be made either directly as an investor or as a participant in Pre-IPO/IPO issued directly or indirectly through brokers/arrangers.

### **2.2.1 Management Company may alter investment mix**

The Management of the fund has the authority to change the investment allocation mix among the different security types. The proportion of the Fund invested in each category at any given time depends on the Fund Management's view of how attractive that category appears relative to others. The Fund intends to invest up to a maximum of 70% of its assets in equity market securities and the remainder representing not less than 30% of its asset value in fixed income securities including money market instruments. In the event, when the capital market is presenting better prospects in terms of added value to the fund's portfolio and increased dividend yields, the management of the fund will be permitted to deploy up to 70% of the fund's asset value in the equity securities. Whereas, during periods where the Management Company is of the view that there exists potential upside in the prevalent return/mark-up rates in the economy or any related economic uncertainty, the weightage of the portfolio shall be structured in favor of short-term or long-term non equity based securities or similar fixed income securities including money market instruments and repurchase arrangements including spread transactions, COT, TFCs, PTCs, SPVs, COMs, Options and derivatives (subject to the condition that exposure under Options and Derivatives shall not exceed 10% of the funds value at all times) and securities traded or to be traded Over the Counter (OTC) Markets and other deposits in the bank and Non-Banking Finance Institutions including short term maturity reverse repurchase transactions, etc. Provided however, if at any time, 70% of the total investment in the equity market possesses any unprecedented risk, or where it becomes in the interest of the Unitholders to reduce the investment in the equity market below of 70% of the total investment of the Fund at any given time, the Management Company may, at its discretion vary the ratio between the investments in the equity market and fixed income securities including money market instruments, without the need to amend this Offering Document. The funds not invested in the foregoing avenues shall be placed in bank deposits or Certificates of Investments or deposits with NBFIs by whatsoever name called. This flexibility is the keystone of the Fund's investment strategy, being incorporated as a "balanced growth fund".

### **2.2.2 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 to include in the portfolio, Pakistan origin investments issued, traded or listed outside Pakistan.

### **2.2.3 Investment in derivatives and lending of securities**

Subject to any regulatory permission that may be required and subject to the restrictions stated in Section 2.3 herein below, the Management Company may seek to enhance the return on the Fund or to protect its value through lending securities or through derivatives.

### **2.2.4 Changes in Investment policy**

The above investment policy will be governed by the Rules and any other conditions as may imposed by the SECP. Any change in the investment policy will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unitholders 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. The Fund being a balanced fund shall invest not more than seventy percent of its portfolio in securities dealt in the equity market including securities in the process of being listed.

- ii. The Fund will not invest more than the 10% value in any one security excluding the securities issued or floated by the company or any body corporate, majority of which is owned or controlled by the Federal or Provincial Government. However, COT will be entered into, only if the underlying security is a member of a recognized Stock Exchange. If the Management Company is of the view that the underlying security offers adequate liquidity and that the COT is administered by the management of the Exchange with appropriate safeguards and the Management Company views the relevant member (brokerage house) to be of appropriate standing, only then will the Fund enter into such transactions.
- iii. The Fund shall not at any time:
  - a) Purchase or sell:
    - Bearer securities;
    - Securities on margin;
    - Securities which result in assumption of unlimited liability (actual or contingent);
    - Commodities or commodity contracts;
    - 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 or equity securities issued by companies that invest in real estate or have interest therein;
    - Invest in anything other than Authorized Investments as defined herein;
  - b) Participate in a joint account with others in any transaction;
  - c) Make short sales of any security or maintain a short position. However, subject to the Rules and any other applicable law and with prior approval of SECP, 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 item (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 of the Fund at the time such transactions are entered into.
  - d) Save as mentioned herein above and subject to SECP approval, the Fund will comply with the diversification policy prescribed under the Rules.

### **2.3.2 Exception to Investment Restrictions**

In the event the weightages of shares or sectors exceed the limits laid down in this offering document or the Rules as a result of the relative movement in the market prices of the investments or through any disinvestments, the Management Company shall make its best endeavor to bring the exposure within the prescribed limits within six months of the event. But in any case the Management Company shall not invest further in such shares or sectors whilst the deviation exists. However, this restriction on further investment shall not apply to any offer of shares through rights issues.

## **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, 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.

### **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, 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 reason of any loss to the Trust or any loss that a Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.

## **2.5 Transactions with Connected Persons**

- i. 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 five 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.
- ii. 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, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.
- iii. For the purpose of sub-paragraphs (i) and (ii) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

## **2.6 Risk Disclosure**

- 2.6.1 The Fund will primarily invest in the securities listed on the Stock Exchanges and also fixed income securities including money market instruments such as spread transactions, TFCs, PTCs, COT, SPVs, COIs and COMs, Options and Derivatives (subject to the condition that exposure under Options and Derivatives shall not exceed 10% of the funds value at all times) and securities traded or to be traded in OTC Markets and other deposits in the bank and Non-Banking Finance Institutions including short term maturity reverse repurchase transactions.

Investments made by the Fund in the aforesaid securities and fixed income securities including money market instruments will be made either directly as an investor or as a participant in Pre-IPO/IPO issued directly or indirectly through brokers/arrangers. Such investments are subject to varying degrees of risk. The risk emanates from various factors that include, but are not limited to:

- *Credit Risk* - Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of a fixed-income securities including money market instruments.
  - a) **Default risk** is the risk that the issuer will not be able to pay the obligation, either on time or at all.
  - b) **Credit spread risk** is 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 these 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.
  - c) **Downgrade risk** is the risk that a credit rating agency, such as PACRA or JCR-VIS, 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, create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:
  - a) The hedging strategy may not be effective.
  - b) There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract.
  - c) 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.
  - d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
  - e) The counter-party to the derivative contract may not be able to meet its obligations.
  - f) The Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a Fund from closing out a particular contract.
  - g) If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract.
  - h) The price of a derivative may not accurately reflect the value of the underlying security or index.
- *Business Risk* - Funds that invest in natural resource companies or in income or royalty trust based on commodities, such as oil and gas, will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move dramatically in short periods of time. In addition, new discoveries or changes in government regulations can affect the price of commodities.

- *Concentration Risk* - The fund may concentrate its investments in a relatively small number of securities, certain sectors or specific regions. This may result in higher volatility, as the value of the portfolio will vary more in response to changes in the market of these securities, sectors or regions.
- *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 rates 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.
- *Equity Risk* - Companies issue equities, or stocks, to help finance their operations and future growth. Mutual funds that purchase equities become part owners in these companies. The company's performance outlook, market activity and the larger economic picture influence the price of a stock. When the economy is expanding, the outlook for many companies will be good and the value of their stocks should rise. The opposite is also true. Usually, the greater the potential reward, the greater the risk.

For small companies, start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance.

- *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 regulations 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.
- *Liquidity Risk* - Some companies are not well known, they have few shares outstanding, or can be significantly affected by political and economic events. Securities issued by such companies may be difficult to buy or sell, which may cause the value of the Funds that buy these securities to rise and fall substantially. For example, smaller companies may not be listed on a stock market or traded through an organized market. They may be hard to value because they are developing new products or services for which there is not yet a developed market or revenue stream. They may have few shares outstanding, due to which a sale or purchase of shares may have a great impact on the share price.
- *Repurchase and 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 Involved:*
  - a) 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.
  - b) Break down of law and order, war, natural disasters etc.
  - c) Senior rights of creditors over the shareholders in the event of winding up.

**2.6.2** Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. However, diversification of the investment into a number of highly liquid equities, fixed income securities including money market instruments and repurchase transactions tends to reduce the risk substantially. 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.

## **2.7 Disclaimer**

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

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

**2.7.3** The Units of the 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**

#### **3.1 Management Company**

**3.1.1 Organization:** The Management Company was incorporated on 6th August 2003 and registered as an Asset Management Company with the SECP on November 12, 2003. The paid up capital of the Management Company is Rs. 50 million, held by:

Name	Number of Shares	Amount (Rupees)
<b>I. Islamic Investment Company of the Gulf</b>		
<b>(Bahamas) Limited (IICG); 50%</b>	2,499,500	24,995,000
a) Hassan Mohamed Mahmood on account IICG as ND*	500	5,000
<b>II. Faysal Bank Limited (FBL); 30%</b>	1,498,500	14,985,000
a) Farook Bengali on account FBL as ND*	500	5,000
b) Mohammad Khan Hoti on account FBL as ND*	500	5,000
c) Ajaz Rahim on account FBL as ND*	500	5,000
<b>III. AKD Securities (Pvt.) Limited (AKD); 19.98%</b>	998,500	9,985,000
a) Mohammad Aliuddin Ansari on account AKD as ND*	500	5,000
<b>IV. Feroz Rizvi; 0.01%</b>	500	5,000
<b>V. Iqbal Alimohamed; 0.01%</b>	500	5,000
<b>Total</b>	<b>5,000,000</b>	<b>50,000,000</b>

\* ND; Nominee Director

#### **3.1.2 Islamic Investment Company of the Gulf (Bahamas) Limited.**

Islamic Investment Company of the Gulf (Bahamas) Limited (IICG) is the principal shareholder with 50% equity ownership in the Management Company. IICG manages, on a trustee basis, the investment side of funds according to Islamic Sharia. IICG is an expert in real estate fund management; it has floated 15 Modarabas for real estate investment in US over the last 3 years and is expanding into the European and Canadian markets. It is also involved in real estate development financing for over 20 years through flotation of investment funds. Funds under IICG's Management amounted to US \$1.3 billion as of 2002. IICG participates in structured trade finance deals through Open-ended Modaraba Funds with deals in Saudi Arabia, UAE, Egypt, Turkey, Pakistan, Korea, Malaysia, UK and USA.

### **3.1.3 Faysal Bank Limited**

Faysal Bank Limited (FBL) is one of the leading commercial banks in Pakistan, with 30% equity ownership in the Management Company. FBL has a well-entrenched name in the local market with brand recognition in capital market, investment banking and commercial banking. Besides normal commercial banking activities, the bank has a very active trading portfolio, and the required experience in the capital markets with a proven track record. It had an equity base of PKR 2.137 billion in 1998, which has grown to PKR 5.419 billion (excluding revaluation reserves of Rs. 1.9 billion) by September 30, 2003. FBL's vigorous participation in pre IPO issues, their underwriting capabilities, corporate advisories and active roles as arrangers to various issues have also helped in the growth of its equity base and the total assets. The bank has expanded its branch network to over 39 branches all over the major cities of Pakistan to access larger retail business & clientele.

### **3.1.4 Aqeel Karim Dhedhi Securities (Pvt.) Limited**

Aqeel Karim Dhedhi Securities (Pvt.) Limited (AKD) has taken up 19.98% of the equity. It is one of the leading securities firms of Pakistan providing financial services to a large and diversified group of foreign and local institutional clients as well as individual clients. AKD has been a leading force for innovation in Pakistan's capital markets. It has not only been a pioneer in introducing venture capital to Pakistan through its subsidiary TMT-PKIC, but is also known for Pakistan's first ever securitization, the largest TFC issue and the biggest mergers & acquisition transaction. In fund management, AKD has entered into joint venture agreements with N.I.T (Pakistan's largest fund manager), Pak Kuwait Investment Company and Meezan Bank (Al-Meezan Investment Management).

### 3.2 The Board of Directors and Management

#### 3.2.1 The Board of the Management Company

Name of Director	Position	Other Directorships	Occupation	Address
Mr. Farook Bengali	Chairman & Director	President & C.E.O - Faysal Bank Limited, Pakistan  Chairman & Director -Faysal Management Services (Pvt) Limited.	Banker	Faysal Bank Limited 1st Floor, Trade Centre, I.I. Chundrigar Road, Karachi
Mr. Ahsan Raza Durrani	Chief Executive	Director - Chanda Oil and Gas Securitization Company Limited	Investment Management	Faysal Asset Management Limited Ground Floor, Trade Centre, 11/13 I.I. Chundrigar Road, Karachi
Mr. Mohammad Khan Hoti	Director	Country General Manager (Investment Banking) - Faysal Bank Limited, Pakistan  Chief Executive Officer - Chanda Oil and Gas Securitization Company Limited  Director - Faysal Management Services (Pvt.) Limited	Banker	Faysal Bank Limited 1st Floor, Trade Centre, I.I. Chundrigar Road, Karachi
Mr. Ajaz Rahim	Director	EVP & Deputy General Manager (Investment Banking) - Faysal Bank Limited, Pakistan  Director - Clariant Pakistan Limited - Bata Pakistan Limited - Chanda Oil and Gas Securitization Company Limited	Banker	Faysal Bank Limited 3rd Floor, Trade Centre, I.I. Chundrigar Road, Karachi

Mr. Mohammad Aliuddin Ansari	Director	<p>Chief Executive Officer - AKD Securities (Pvt.) Limited</p> <p>Director - TMT Ventures Limited - TBT (Pvt.) Limited - YEvolve (Pvt.) Limited - Post Amazers (Pvt.) Limited - ApplicationXS (Pvt.) Limited - Anilogix (Pvt.) Limited - Al Meezan Investment Management Limited - RFM Loyalty (Pvt.) Limited</p>	Securities Trading & Brokerage	AKD Securities (Pvt) Limited 6th Floor, Continental Trade Centre, Block 8, Clifton Karachi
Mr. Hassan Mohamed Mahmood	Director	<p>General Manager - Islamic Investment Company of the Gulf (Bahamas) Limited</p> <p>Director - Faisal Finance, Morocco - 10th Ramadan for Pharmaceuticals &amp; Diagnostics Company, Egypt - Fine Spinning Mills, Sudan - Egyptian Investment Company, Egypt</p>	Investment Banking	Islamic Investment Company of the Gulf (Bahamas) Limited Tamlik Towers, 2nd & 3rd Floors Crown Prince Street Jeddah 21423 Kingdom of Saudi Arabia
Mr. Iqbal Alimohamed	Director	<p>Chief Executive Officer - Gul Ahmed Energy Limited</p> <p>Chairman - Excel Insurance Limited - Gul Ahmed CBMC Glass Company Limited - Swift Textile Mills Limited - Bolan Bank Limited</p>	Businessman	B-84/1-A, K.D.A. Scheme No. 1, (Extension), Karachi
Mr. Feroz Rizvi	Director	<p>Chief Financial Officer - ICI Pakistan Limited</p> <p>Director - ICI Pakistan Power Gen Limited</p> <p>Alternate Director - ICI Pakistan Limited</p>	Chartered Accountant	96/II, 23 <sup>rd</sup> Street, Off Khayaban-e-Rahat, Phase VI, DHA, Karachi

### 3.2.2 Particulars of the Directors

#### **Mr. Farook Bengali - Chairman**

Mr. Farook Bengali has over 33 years of experience in Banking and Financial market and has been with the group for 7 years serving as President & CEO of Al Faysal Investment Bank before his current position of President & CEO of Faysal Bank Limited. His prior appointments include Chief Executive Officer, Pakistan, for Standard Chartered Bank where his responsibilities included planning, directing and controlling the operations of the Bank in Pakistan. Other senior management experience includes Managing Director, Standard Chartered Mercantile Leasing Co. Limited.

#### **Mr. Mohammad Khan Hoti**

Mr. M. K. Hoti has served with the group for the last 6 years in high level positions (previously served as CEO of Al Faysal Investment Bank) looking after all major investment banking deals including capital markets, money market and equity, advisory services, mergers and acquisitions, debt re-profiling, project finance, treasury services and derivatives. Previously, Mr. Hoti held senior level positions with Union National Bank in Abu Dhabi, Mashreq Bank in Dubai and American Express Bank in Pakistan.

#### **Mr. Ajaz Rahim**

Mr. Ajaz Rahim has over 15 years experience in Banking, International Development Finance and the Private Sector. Currently managing investment-banking transactions at FBL including Advisory, Capital Market Issues, Debt Syndications, Mergers & Acquisitions, Project Finance and Privatizations along with equity and fixed income portfolios. Previous work experience includes senior level management positions with American Express Bank including Head of Corporate Finance & Capital Markets and experience with Standard Chartered Bank, USAID, and Aga Khan Rural Support Program.

#### **Mr. Mohammad Aliuddin Ansari**

Mr. Ali Ansari has held senior level positions at Credit Lyonnais Securities (CLS) serving as Chief Operating Officer for their Europe, Middle East & Africa (EMEA) Group overseeing its brokerage operations. He was also appointed as the Chief Executive Officer for CLS's brokerage, corporate finance, and research division in Pakistan. Currently he holds the position of Chief Executive Officer at AKD Securities (Pvt.) Limited and is managing the corporate finance operations.

#### **Mr. Hassan Mohamed Mahmood**

Mr. Mahmood is a former Associate Manager of Price Waterhouse Cooper in Bahrain. He is currently the General Manager of the Islamic Investment Company of the Gulf (Bahamas) Limited (IICG), managing various funds in the international market. Mr. Mahmood has 35 years of extensive and diversified experience in auditing, accounting, offshore investments and banking.

#### **Mr. Iqbal Alimohamed**

Mr. Alimohamed is a fellow member of the Institute of Chartered Accountants (England & Wales). He is one of the leading industrialists of the country and also the pioneer of modern day management in Pakistan. He has over twenty-four years of extensive industry experience, including 17 years with Gul Ahmed Textile Mills Limited where he served as Managing Director. He is currently holding the office of Chief Executive in Gul Ahmed Energy Limited. Mr. Iqbal Alimohamed has also served as APTMA Chief Sindh, thus assisting and contributing to Government policies through participation and interaction at different forums.

#### **Mr. Feroz Rizvi**

Mr. Rizvi qualified as a Chartered Accountant from England and Wales. He currently holds the office of Chief Financial Officer in ICI Pakistan Limited. His responsibilities include long-term financial planning, investor relations, risk management, corporate governance, succession planning of senior finance staff, medium and long-term financial and corporate strategies and acting as a liaison with the company's principal shareholder, ICI Plc UK. He possesses over 20 years of extensive experience at various senior management levels with ICI Group, at both local and international levels. He is a member on the panel for constitution of Alternate Dispute Resolution Under Section 47-A of The Sales Tax Act 1990.

### 3.3 Particulars of Management

#### 3.3.1 Mr. Ahsan Raza Durrani - Chief Executive Officer

Mr. Ahsan Raza Durrani is a qualified Chartered Accountant and Cost and Management Accountant. He has been associated with the group since 1994 and possesses extensive senior level experience in investment banking and corporate finance with in-depth knowledge of capital market, treasury and international trade. He specialized in negotiating and arranging for highly reputed clients syndicated and structured Islamic finance facilities based on Morabaha, Ijara and Modaraba structures with focus on accounting, financial modeling & analysis, investment evaluation to evaluate mergers and acquisition proposals, credit & investment risk analysis, capital structuring and long term debt / bond market. His over nine years post qualification experience at Faysal Bank has given him thorough understanding of accounting, reporting and administrative issues at operational level for investment and corporate portfolio.

#### 3.3.2 Mr. M. Siddique Memon - Company Secretary

Mr. M. Siddique Memon will perform the functions of Company Secretary. Mr. Memon is an M.A. LLB and a Corporate Lawyer registered with the Sindh Bar Council since 1978. He possesses more than 20 years experience as Corporate Lawyer & Company Secretary including 12 years as General Manager (Legal and Corporate Affairs) with Lakson Group of Companies and more than 5 and a half years with Faysal Bank Limited as Company Secretary and Legal Advisor.

#### 3.3.3 Mr. Salim Jamal - Chief Financial Officer

Mr. Salim Jamal is a qualified Chartered Accountant. Previously, Mr. Jamal held the position of Assistant Manager in A. F. Ferguson & Co. Chartered Accountants. His responsibilities included strategic audit planning, system evaluation, documentation and risk management, corporate business and financial reporting, and taxation and allied matters.

#### 3.3.4 Mr. Syed Khurram Jan - Associate Fund Management

Mr. Jan has completed his MSc in Finance from the University of Maryland, USA and his BSC (Hons) from the University of Plymouth, UK. Before joining FAML, he was working with Salomon Smith Barney in USA as Research Analyst in the Funds Management Division. Being expert in research and financial modeling, he assisted fund managers in monitoring various funds of the company. He also holds experience of working with British Oxygen Corporation (BOC) in UK.

#### 3.3.5 Miss. Sabeen Farooq Malik - Associate Fund Operations

Miss. Malik did her Canadian Securities Course (CSC) making her eligible to act as an Investment Advisor to mutual funds in Canada; she also did her graduate degree from McGill University, Canada. She has comprehensive work experience in the Mutual Fund industry of the North American market. She was involved in monitoring, managing and administering domestic (Canadian) as well as international (Euro based or US dollar based) mutual funds whose net portfolio worth was over a hundred million dollars. Her past experiences include positions held in AIM Trimark Investments and State Street Canada Limited.

### 3.4 Duties and Responsibilities of the Management Company

The 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 redemption of Units and by way of distribution of profits, as required under the Rules. The Management Company shall prepare and transmit to Unitholders, 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 Unitholders, 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 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 willful 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 Unitholders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof.

### **3.5 Trustee**

Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) has been appointed as the trustee for the Fund. The Trustee is a wholly owned subsidiary of Muslim Commercial Bank Limited, a banking company incorporated in Pakistan having its registered office at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi and with its place of business at 9th Floor, Sheikh Sultan Trust, Building No. 1, Beaumont Road, Karachi. The Trustee has considerable amount of experience of trusteeship of some open-end schemes, which are successfully functioning in the country.

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

The Trustee will take into custody and/or hold under its control all the property of the Fund in trust for the Unitholders. The cash and registrable 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, the Rules 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 Unitholders 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 in writing by the Management Company. 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.

### 3.6 Core Investors

Core Investors of the Fund are:

Name	Number of Units	Rupees
Faysal Bank Limited	1,170,000	117,000,000.00
AKD Securities (Pvt.) Ltd.	600,000	60,000,000.00
Al - Zamin Leasing Modaraba	100,000	10,000,000.00
Arif Habib Securities Limited	100,000	10,000,000.00
Atlas Investment Bank	100,000	10,000,000.00
Attock Cement Pakistan Limited	100,000	10,000,000.00
BRR International Modaraba	250,000	25,000,000.00
Century Paper & Board Mills Ltd - Employees Contributory Provident Fund	10,000	1,000,000.00
Century Paper & Board Mills Ltd - Employees Gratuity Fund	10,000	1,000,000.00
D.G. Khan Cement Company Ltd.	30,000	3,000,000.00
EAPCL MPT Employees Pension Fund	20,000	2,000,000.00
Escorts Investment Bank Limited	50,000	5,000,000.00
First Credit & Discount Corporation	50,000	5,000,000.00
First International Investment Bank Limited	100,000	10,000,000.00
First Standard Investment Bank Limited	100,000	10,000,000.00
Hinopak Motors Limited	30,000	3,000,000.00
Ibrahim Group	100,000	10,000,000.00
Mr. Faisal Bengali	10,000	1,000,000.00
Mr. Muhammad Altaf	10,000	1,000,000.00
Mrs. Nasreen Shaikh	100,000	10,000,000.00
National Bank of Pakistan	250,000	25,000,000.00
Novartis Pharma (Pakistan) Limited, Employees Gratuity Fund	100,000	10,000,000.00
Novartis Pharma (Pakistan) Limited, Junior Provident Fund	10,000	1,000,000.00
Novartis Pharma (Pakistan) Limited, Senior Provident Fund	10,000	1,000,000.00
Pakistan Industrial Credit and Investment Corp. Ltd.	250,000	25,000,000.00
Pakistan Papersack Corporation Limited	15,000	1,500,000.00
PICIC Commercial Bank Limited	400,000	40,000,000.00
Saif Telecom Limited	100,000	10,000,000.00
Saudi Pak Commercial Bank Limited	500,000	50,000,000.00
Security Leasing Corporation Limited	100,000	10,000,000.00
Shaheen Insurance Company Limited	50,000	5,000,000.00
Shirazi Investments Ltd.	250,000	25,000,000.00
Thal Jute Mills Limited Employees Provident Limited	25,000	2,500,000.00
The Bank of Punjab - Employee Provident Fund	250,000	25,000,000.00
The Bank of Punjab - Finance Division	500,000	50,000,000.00
Trust Leasing Corporation Limited	50,000	5,000,000.00
United Bank Limited	100,000	10,000,000.00
<b>Total</b>	<b>6,000,000</b>	<b>600,000,000.00</b>

The above core investors have subscribed an aggregate sum of Rs. 600,000,000/- towards the purchase of 6,000,000 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.

### **3.7 Registrar**

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

By a separate agreement, the Management Company has appointed Gangjees Registrar Services (Pvt.) Limited as its agent to perform duties as the Registrar of the Fund. Gangjees Registrar Services (Pvt.) Limited will be responsible for maintaining the Unitholder's Register, preparing and issuing accounts statements, Unit Certificates and dividend warrants/ advice, and providing related services to the Unitholders.

**3.7.2** Gangjees Registrar Services (Pvt.) Limited has the necessary human resource, experience, computer hardware and software, which is designed to provide an efficient service to the Unitholders.

### **3.8 Custodian**

**3.8.1** By a separate arrangement, the Trustee has appointed Muslim Commercial Bank Limited (MCB) as the Custodian for the Fund. The salient features of the Custodian Agreements are:

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

**3.8.2** 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.

### **3.9 Distributors and Investment Facilitators**

**3.9.1** Parties detailed in Annexure D have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in Annexure D of this Offering Document. The Management Company may with the approval of the Trustee, from time to time, appoint additional Distributors or terminate the arrangement with any Distributor. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

**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 service to Unitholders, including receiving applications for change of address and other particulars or application for issuance of duplicate Certificates, requests for income tax exemption/ zakat exemption, etc. for immediate transmission to the Management Company or Registrar as appropriate. The Distributors shall be accountable to the Trustee for (i) monies received from the applicants for the issuance of Units, (ii) payment made to the Unitholders on redemption of Units and (iii) expenses incurred in relation to the Distribution Functions.

**3.9.3** The branches have been equipped with the necessary support staff, computer hardware and software where the volume of potential business so justifies to provide service to the investors and have established an efficient communication link with the Trustee, Management Company and the Registrar.

**3.9.4** The Distributors may appoint sub-distributors with prior approval of the Management Company to perform some aspects of the distribution function but the distributor shall be responsible for all acts and omissions of the sub-distributor appointed by it.

**3.9.5** The Management Company may, at its sole responsibility, from time to time, appoint Investment Facilitators (Facilitators) with the approval of the Trustee 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.

- 3.9.6** 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**

**3.10.1** The auditors of the Fund are:  
Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants  
Progressive Plaza  
Beaumont Road,  
P.O. Box 15541  
Karachi, 75530 Pakistan

**3.10.2** They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to June 30, 2004 and will be eligible for re-appointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for upto three consecutive terms. Thereafter, that auditor may only be appointed after a break in appointment.

**3.10.3** The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar, 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.

**3.10.4** The Auditors shall carry out a continuous compliance audit with such scope and frequency as is agreed between the Trustee and the Management Company. Copies of the Auditor's reports shall be sent directly to the Trustee.

**3.10.5** The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.

**3.10.6** The Auditors shall prepare a written report to the Unitholders on the accounts 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.

**3.10.7** The contents of the Auditors report shall be as required in the Rules.

### **3.11 Legal Advisors**

The legal advisors of the Fund are:  
Bawaney & Partners  
Room No. 404, 4th Floor, Beaumont Plaza,  
Beaumont Road  
Karachi, Pakistan

### **3.12 Bankers**

The banker to the Fund is Faysal Bank Limited (FBL) and any other bank appointed by the Management Company. The Trustee will operate the bank accounts

### 3.12.1 Bank Accounts

- a) The Trustee, in consultation with the Management Company shall open a Bank Account titled **MCFSL - Trustee FBGF** for the Unit Trust at its main Bank at Karachi for collection and investment of the Trust's funds.
- b) The Trustee shall also open additional Bank Account(s) titled "MCFSL - Trustee FBGF" 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.
- c) The Trustee shall open additional Bank Accounts titled "**MCFSL - Trustee FBGF**" 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 - "**MCFSL - Trustee FBGF**".
- d) 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.
- e) The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust.
- f) Notwithstanding anything in the Trust Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unitholders.

## **4. CHARACTERISTICS OF UNITS**

### **4.1 Minimum amount of Investment**

The Management Company may from time to time amend the minimum amount of initial investment that is required to open an account 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**

- a) The Management Company is initially issuing the following Classes of Units:-
  - i) Class "A" (Restricted) Units issued to the Core Investors with no Sales Load.
  - ii) Class "A" Units being offered and issued during the Initial Offering Period with no Sales Load.
  - iii) Class "B" Units, which shall be offered and issued after the Initial Offering Period with Sales Load.

Provided that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP, introduce and offer other classes of Units vide supplemental or additional Offering Document(s) from time to time.

- b) All Units of the Fund shall rank pari passu with each other. Units shall be accounted for in

fractions up to four decimal places. Statements shall be sent to the Unitholders 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 Unitholders may obtain more frequent statements by paying a nominal fee representing the costs involved.

- c) Unitholders may obtain certificates representing the units they hold by paying a nominal fee 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 Unitholder.
- d) 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 Annexure C, which shall bear a special series sequential number and shall be signed by the Registrar and countersigned by two designated 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. Units shall be issued based on the Offer (Sale) Price that is fixed on the basis of the NAV determined (as described in Section 4.12) on the Business Day prior to the receipt of the duly completed application along with the funds in favour of the Trustee (MCFSL - Trustee FBGF). 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/cash 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 "MCFSL - Trustee FBGF" 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 Procedure for Purchase of Units is given in Section 4.5 of this document.

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

A Unitholder may redeem Units by lodging a Redemption Request in the prescribed form with any authorized Distributor. In the event certificates have been issued to represent the Units at the specific request of the Unitholder, the Unitholder 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 Units shall be redeemed based on the Repurchase Price that is fixed on the basis of the NAV determined (as described in Section 4.12) on the Business Day prior to the receipt of the duly completed Request Form (along with certificates where applicable). The payment of the redemption value shall be made by virtue of a transfer to the Unitholder'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 Unitholder 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 so 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 bye-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 Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended by S.R.O. 261(I)/2002 dated 10 May, 2002, to the extent of twenty percent of the Provident Fund.
- 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 the subparagraphs 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 National Identity Card 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/ Byelaws 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 National Identity Card 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. Cash can only be deposited in a bank account titled "MCFSL - Trustee FBGF" 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 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 Unitholder shall not be entitled to any payment beyond the redemption value so determined.
  - In the event payment has been accepted by cheque, pay order or direct deposit, 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 deems 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 transfer to investors bank account or through issuance of 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 class of investors), made payable to the "MCFSL - Trustee FBGF" 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 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 Unitholders and/or the legal heirs or legal representatives of the deceased.

- Where Units are registered in the name of Joint Unitholders and subsequently additional Units are purchased by the same Joint Unitholders 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 Companies 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 returned 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.

- Unitholders 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 Unitholder's (the firstnamed 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 Unitholder or his authorized representative. However, no payments shall be made to any intermediary. The Management Company, at the request of Unitholder, may agree to change the mode of payment.

#### **4.6.3 Joint Unitholders**

Unless the Joint Unitholders of Units have specified otherwise, all the Joint Unitholders 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 Unitholder, 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**

#### **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.

A Unitholder can transfer Units held by him by:

- 4.7.1.1** Completing a prescribed Transfer Application Form to be signed by the transferor and transferee; and
- 4.7.1.2** Paying any applicable Duties and Charges; and
- 4.7.1.3** 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 an appropriate design for recording transfers.
- 4.7.1.4** 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:
  - .7.1.5** Paying any applicable Duties and Charges; and
- 4.7.1.6** 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 as deemed appropriate by the Registrar, which may prove his entitlement to the Units.
- 4.7.1.7** 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 Unitholder must first apply for splitting of the unit certificate representing the partial amount and then the new certificate shall be applied for transfer.

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

At the request of the Unitholder, 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 applications 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 exemptions at the time a suspension of fresh issue is announced.

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

In the event of extraordinary 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 the 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 upto 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 Unitholders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on basis proportionate to the size of the requests. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed ten-percent of the Units in issue, these shall once again be treated on first-come first- served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

#### **4.8.4 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 Unitholders 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 Unitholders 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 as 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 Unitholders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money cannot be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unitholders 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 Unitholders 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 above. 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 newspaper 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 Classes of Units and the First Offer (Selling) Prices, please refer to Sections 1.6.2 and Section 1.8 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 as defined in Clause 14.51, any Front-end Load (Load) not exceeding 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 as defined in Clause 14.51, a Back-end Load (Processing charge) not exceeding one half 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. However, the back-end load shall not be deducted from the NAV for such Units that are being converted for investment in another scheme being run by the Management Company.
- 4.10.5** If on any day during a week the variation of the NAV exceeds five percent (5%) 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 good 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 announced in the Price Quotations of the Stock Exchange on which the Fund is listed.

**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 Unitholder 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 Unit**

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

The Unit Sale Price includes sales and processing charges of a maximum of five percent (5%) of the Offer Price as a load on the Net Asset Value of the Unit and such amount as a Management Company may consider to be an appropriate provision for Duty and Charges; such sum to be adjusted upwards to the nearest five Paisa. 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 half of one percent of the Redemption Price as a Back-end Load on the NAV.

**4.12.3** Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request, complete in all respects, 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 Unitholder. Any taxes or duties applicable on the transfer or transmission shall be payable by the transferee.

**4.12.4** 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.

**4.12.5** 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.

#### **4.13 Claims by Exiting Unitholder**

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

## **5. DISTRIBUTION POLICY**

### **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, if income tax laws will allow any other limit for retention of profits, the Management Company may consider such option in the interest of the Unitholders. However, in the event the tax impact is not significantly adverse, the capital gains realized shall normally be retained for reinvestment.

**5.1.2** Unitholders may opt to receive the amount equivalent to their share of the annual distribution as bonus units. 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 issue such number of Units of the Unitholder that approximately equate the value of the Cash Dividend for the period. The issue price shall be determined on the basis of the NAV at the distribution date after appropriation of the distribution but without any charge of the front-load normally deducted from the offer price. The issuance of the bonus units shall be made, net of any taxes that the Management Company or the Trustee is obliged to recover from the Unitholder.

**5.1.2** The Management Company may alter the distribution policy in order to achieve tax efficiency in the best interest of the Unitholders.

### **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 Unitholders. The balance of the net income will be retained for re-investment in the Fund.

### **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;

- (i) the expenses, as stated in Section 6.2 of this Offering Document and
- (ii) 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.

### **5.4 Reinvestment of Dividend**

**5.4.1** Dividends shall be automatically reinvested in additional Units, however a Unitholder 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 5.4.1 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 with the prior approval of SECP, such Units shall be added to the holding of the Unitholders. A Unitholder may elect to receive the cash value of the bonus Units provided such Unitholder 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 Unitholder's (or the first named joint holder's or the charge-holder's) designated bank account. The dividend shall be transferred to the Unitholder's designated banker within 30 days after the declaration of the dividend.

#### **5.7 Dispatch of Dividend Warrants/Advice**

Dividend warrants/advice shall be dispatched to the Unitholder'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 Unitholder can be arranged through bank account. For payment of redemption proceeds through bank account, instruction to this effect shall be given at the time of redemption application by indicating in the Application for Redemption Form.

### **6. FEE AND CHARGES**

#### **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 five percent (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 one percent 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 Unitholder.

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

The Unit Redemption Price is calculated after deducting a processing charge not exceeding one-half of one percent 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 Faysal Balanced Growth 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:

- A remuneration of an amount not exceeding three percent per annum of the average daily Net Assets during the first five years of the Scheme commencing from the date of payment in full of all Core Units subscribed by the Core Investors and two percent per annum of the average daily Net Assets thereafter; 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 a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure A), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the date of payment in full of all Units subscribed by the Core Investors. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned. 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 interest of the Unitholders, are reimbursable at actuals, out of the Fund's properties. All expenses incurred by Trustee effecting the registration of all registrable property in Trustee's name, are reimbursable at actuals, 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 Unitholders.

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

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

**6.2.7** Formation Cost estimated at but not exceeding Rs. 2,500,000 that will be amortized over a period not exceeding five years.

**6.2.8** Listing Fee payable to the Stock Exchange(s) on which Units may be listed.

**6.2.9** Annual fee payable to the SECP under Rule 79 of the Rules; and

**6.2.10** Taxes, if any, applicable to the Trust and its income and/or its properties.

**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 Unitholders 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**

**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 a 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 gains whether realized or unrealized is distributed amongst the Unitholders as dividend.

Even if the Fund fails to distribute not less than 90% of its income, Profit from the sale of securities are exempt from tax upto June 30, 2005 or for 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

The Fund is not liable to Zakat under the Zakat and Ushr Ordinance, 1980.

## 7.2 Taxation on Unitholders 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 Dividend: 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%
- thers 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 2005 or for such other period as may be notified by tax authorities from time to time.
- 7.2.3** 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 lower 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 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.
- 7.2.4** Zakat: Units held by resident Pakistani shareholders (individuals 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**

At least 90% of the income for the year as reduced by capital gains whether realized or unrealized received by the Fund will be distributed annually as dividend and the balance of the Fund's income will be retained for re-investment.

All units shall have the same right with respect to dividend. The Unitholders 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**

### **8.1 Financial Year of Faysal Balanced Growth Fund**

The Accounting Period will commence from the date of registration of the Fund for the first year to June 30, 2004 and from July 1 to June 30 for all the following years.

### **8.2 Financial Reporting**

The following reports will be sent to the Unitholders:

- a) 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 Unitholders of the fact in writing.

- b) Un-audited financial statement, together with the report by the Management Company as per the Rules.
- c) Un-audited financial statement, together with the report by the Management Company within one 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.
- d) The Trustee shall issue a report to the Unitholders 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**

### **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 as by post from the Management Company and from its web site. Investment Facilitators will also carry limited stocks of the Forms.

### **9.2 Register of Unitholders**

- A Register of Unitholders shall be maintained by Gangjees Registrar Services (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 Unitholders.
- Every Unitholder will have a separate account identification number. The Management Company shall use such account for recording Units held by the Unitholder in various schemes. Such account will reflect all the transactions in that account held by such Unitholder.
- 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.

### **9.3 Information in the Register**

The Register will normally contain the following information:

#### **9.3.1 About Unitholders**

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

**9.3.2 About Units**

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

**9.3.3 Instructions**

- a) Instruction 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 Unitholders only;
- c) Information and instruction about pledge of Units/ lien; and
- d) Information and instruction about nominees in case of death of the Unitholder;
- e) Particulars of bank account if payment of dividend to be made to credit of a bank account, or if payment is to be made to the Holder's registered address.

**9.3.4 Request for Changes**

The Unitholders may notify in writing 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 application 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 Holder.

**9.4 Account Statement**

The Registrar will send directly to each Unitholder 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 favor 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 completion of the relevant transaction.

**9.5 Certificates**

**9.5.1** Unit Certificates will be issued only if requested by the Unitholders.

- 9.5.2 Unitholders can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of Rs. 25 per Certificate or any other amount as 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 Unitholder 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 Holders and delivery of such Certificate to the Holder named first therein shall constitute sufficient delivery to all joint Holders. All payments required under this Deed (i.e. redemption and dividend) will be made to first name joint Holder.
- 9.5.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive and serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.

#### **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 Unitholder 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.

#### **9.7 Pledge/Lien of Units/Charge**

- 9.7.1 Any Unitholder/or all joint 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 shall take any responsibility in this matter.

**9.7.4** 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 Unitholder.

**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 Unitholder, a single Unitholder 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 Investors' Investment in the Units of the Fund

AF/668/2004  
April 08, 2004

The Board of Directors  
Faysal Asset Management Limited (the Company)  
Trade Centre  
I. I. Chundrigar Road  
Karachi

Dear Sirs,

#### **AUDITORS' CERTIFICATE FOR RECEIPT OF SUBSCRIPTION TOWARDS SEED CAPITAL OF FAYSAL BALANCED GROWTH FUND (THE FUND)**

This has reference to your letter dated April 02, 2004 on the captioned subject. As desired, we have verified from the books of account and records of the Fund managed by the Company that a sum of Rs. 600,000,000/- (Rupees Six hundred million) has been received upto April 07, 2004 in the Fund's bank account towards subscription of seed capital of the Fund from the following;

Investors	Participating interest Rs. in million
Faysal Bank Limited	117.00
AKD Securities (Pvt.) Ltd.	60.00
Saudi Pak Commercial Bank Limited	50.00
The Bank of Punjab - Finance Division	50.00
PICIC Commercial Bank Limited	40.00
BRR International Modaraba	25.00
National Bank of Pakistan	25.00
Pakistan Industrial Credit and Investment Corp. Ltd.	25.00
Shirazi Investments Ltd.	25.00
The Bank of Punjab - Employee Provident Fund	25.00
AI - Zamin Leasing Modaraba	10.00
Arif Habib Securities Limited	10.00
Atlas Investment Bank	10.00
Attock Cement Pakistan Limited	10.00
First International Investment Bank Limited	10.00
First Standard Investment Bank Limited	10.00
Ibrahim Group	10.00
Mrs. Nasreen Shaikh	10.00
Novartis Pharma (Pakistan) Limited, Employees Gratuity Fund	10.00
Saif Telecom Limited	10.00

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Investors	Participating interest Rs. in million
Security Leasing Corporation Limited	10.00
United Bank Limited	10.00
Escorts Investment Bank Limited	5.00
First Credit & Discount Corporation	5.00
Shaheen Insurance Company Limited	5.00
Trust Leasing Corporation Limited	5.00
D.G. Khan Cement Company Ltd.	3.00
Hinopak Motors Limited	3.00
Thal Jute Mills Limited Employees Provident Limited	2.50
EAPCL MPT Employees Pension Fund	2.00
Pakistan Papersack Corporation Limited	1.50
Century Paper & Board Mills Ltd - Employees Contributory Provident Fund	1.00
Century Paper & Board Mills Ltd - Employees Gratuity Fund	1.00
Mr. Faisal Bengali	1.00
Mr. Muhammad Altaf	1.00
Novartis Pharma (Pakistan) Limited, Junior Provident Fund	1.00
Novartis Pharma (Pakistan) Limited, Senior Provident Fund	1.00
<b>TOTAL</b>	<b>600.00</b>

Yours faithfully,



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

AF/669/2004  
April 08, 2004

The Board of Directors  
Faysal Asset Management Limited (the Company)  
Trade Centre  
I. I. Chundrigar Road  
Karachi

Dear Sirs,

### **AUDITORS' CERTIFICATE ON NET ASSET VALUE OF UNITS IN FAYSAL BALANCED GROWTH FUND (THE FUND)**

As desired, we have verified from the books of account and records of the Fund managed by the Company that the Net Assets of the Fund as at the close of business on April 07, 2004 was Rs. 723,000,000/- (Rupees Seven hundred and twenty three million). The Net Asset Value of each Unit is worked out to Rs. 100 which is arrived by divided the Net Assets of the Fund by the number of Units as at that date.

We would like to draw your attention to paragraph 10.3 of the offering document which species that the Company has estimated the formation costs of the Fund expected to be incurred during the period leading to the First offer of Units. The Net Assets of the Fund as at close of business on April 07, 2004 specified above has been determined before writing off these formation costs.

Yours faithfully

*Ford Rhodes Sidat Hyder & Co.*

### 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 up to the First Offer, shall be borne by the Fund and amortized over a period of not more than five years. The cost is estimated at Rs. 2,500,000/-.

## 11. WARNING

### 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 Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. However, diversification of the investment into a number of highly liquid equities, fixed income securities including money market instruments and repurchase transactions tends to reduce the risk substantially. 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

### 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 January 29, 2004, between FAYSAL ASSET MANAGEMENT LIMITED, the Management Company, as the establisher of the Fund and MUSLIM COMMERCIAL FINANCIAL SERVICES (PVT.) LIMITED, as the Trustee;
- 2) Registrar Agreement dated March 9, 2004 between the Management Company and Gangjees Registrar Services (Pvt.) Limited;
- 3) The following Distribution Agreements:

Name of Distributor	Agreement Date
Faysal Asset Management Limited	March 29, 2004
Faysal Bank Limited	March 29, 2004
Aqeel Karim Dhedhi Securities (Pvt.) Limited	March 29, 2004

- 4) Letter from Messrs. Ford Rhodes Sidat Hyder & 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;

- 5) The SECP's letter No. NBFC-50/AM94/2003, dated November 12, 2003, registering FAML as an asset management company;
- 6) The SECP's letter No. NBFC/MF-DD(R-II)/79/2004, dated January 21, 2004, approving the appointment of MUSLIM COMMERCIAL FINANCIAL SERVICES (PVT.) LIMITED as the Trustee of the Fund;
- 7) The SECP's letter No. NBFC/MF-DD(R)/152/2004, dated February 18, 2004, authorizing FBGF;
- 8) The SECP's letter No. NBFC/MF-DD(R)/325/2004, dated April 14, 2004, approving this Offering Document.

As per the NBFC Rules, a sum of Rs.: 1,000,000/- has been paid to the SECP by Demand Draft No.110-000188, dated December 12, 2003, drawn on Faysal Bank Limited as prescribed fee for authorization of the Scheme.

## **12.2 Date of Publication of Offering Document**

The Offering Document has been published on April 14, 2004. The Asset 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**

### **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 Unitholders 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 Unitholders and that it would be in the best interest of the Unitholders 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 Unitholders, it will give a three months notice to the Unitholders 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 Unitholders in such a manner and within such time as may be specified by the SECP.

## **14. GLOSSARY**

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

- 14.1 "Accounting Date" means the date 30th June in each year and any interim dates at which the financial statements of the Trust are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.

- 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 on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 14.3 "Auditors" means a firm of chartered accountants that is appointed by the Management Company, with the consent of Trustee, as the auditor for the Scheme, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Rules;
- 14.4 "Authorized Branch or Branches" means those branches of the Distributors whose addresses shall be given in the Offering Document.
- 14.5 "Authorized Investment" means Pakistan origin investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:-
- 14.5.1 Securities, shares, stock, bonds, debentures, debenture stock, warrants, options, participation term certificates, modaraba certificates, musharika certificates, term finance certificates, participation term certificates, convertible bonds and other asset backed or mortgage backed securities. Such investments shall include those for ready settlement as well as those for future settlement;
  - 14.5.2 Treasury bills and other Government Securities;
  - 14.5.3 Money Market Instruments, Certificates of Deposit and Bankers' Acceptances;
  - 14.5.4 Deposits with Banks or financial institutions (subject to an appropriate investment grade rating, or as per the criteria that may be laid down by the SECP);
  - 14.5.5 Units in any other unit trust schemes;
  - 14.5.6 Any other equity or fixed income securities including money market instruments (subject to an appropriate investment grade rating, or as per the criteria that may be laid down by the SECP) in respect of which permission to deal on a Stock Exchange is effective;
  - 14.5.7 Repurchase transactions (REPOs) and reverse REPOs including Carry Over Transactions (COTs). Purchase or sale of a security for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement;
  - 14.5.8 Options and derivatives (subject to the condition that exposure under Options and Derivatives shall not exceed 10% of the funds value at all times) and securities traded or to be traded Over-The-Counter (OTC) Markets; and
  - 14.5.9 Investment in any equity or fixed income securities including money market instruments that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
- 14.6 "Back-end Load" means a Processing Charge, not exceeding one-eighth of one percent of the Redemption Price, deducted by the Management Company from the Net Asset Value in determining the Redemption Price.
- 14.7 "Bank" means any Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.
- 14.8 "Bank Accounts" means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unitholders.

- 14.9 "Business Day"/"Dealing Day" means a day (such business hours thereof) when Banks are open for business in Pakistan.
- 14.10 "Carry Over Transaction (COT)" is a form of financing transacted through the Stock Exchange. It consists of two simultaneous transactions, the first for purchase of an underlying security (shares) on the next settlement date and the second for selling back the security at a higher price for a subsequent settlement date.
- 14.11 "Certificate" means the definitive certificate acknowledging the number of Units registered in the name of the Unitholder issued at the request of the Unitholder pursuant to the provisions of the Trust Deed.
- 14.12 "Connected Person" shall have the same meaning as assigned in the Rules.
- 14.13 "Constitutive Document" means the Trust Deed which is the Principal Document governing the formation management or operation of the Scheme.
- 14.14 "Core Investors" of the Scheme 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 subscriptions. Particulars 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 "Custodian" means a bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Management Company and the SECP, to hold and protect the assets of the Trust or any part thereof as custodian on behalf of the Trustee.
- 14.17 "Discount Rate" means the rate at which the State Bank of Pakistan makes funds available to banks for short periods against the collateral of government bonds; and if no longer published then the substitute thereof.
- 14.18 "Distribution Account" means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank approved by the Management Company in which the amount required for distribution of income to the Unitholders shall be transferred.
- 14.19 "Distributor(s)" means Company (ies), Firm(s) or Bank(s) appointed by the Management Company with the approval of the Trustee for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions;
- 14.20 "Distribution Functions" means the functions with regard to:
- 14.20.1 Receiving applications for issue of Units together with aggregate Offer Price for Units applied for by the applicants;
  - 14.20.2 Issuing receipt in respect of 14.20.1 above;
  - 14.20.3 Interfacing with and providing services to the Unitholders including receiving redemption, transfer and pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and

- 14.20.4 Accounting to the Trustee for (i) monies received from the applicants for issuance of Units; (ii) payments made to the Unitholders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
- 14.21 "Duties and Charges" means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, sale, 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 Distributor or any Front-end or Back-end Load or 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.
- 14.22 "Faysal Balanced Growth Fund", "FBGF", "The Scheme", "Trust", "Unit Trust" or "Fund" means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.
- 14.23 "First Offer" means the price of Rs. 100 per Unit during the initial offering period determined by the Management Company, which shall not exceed a period of ten days (provided that this period may be extended with the prior approval of SECP).
- 14.24 "Formation Cost" means all preliminary and floatation expenses of the Scheme including expenses in connection with authorization of the Scheme and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund, inviting investment therein and all expenses incurred during the period leading up to the First Offer.
- 14.25 "Front-end Load " means the sales and processing charges, also described as Sales Load in Clause 14.46, payable to the Management Company, which are included in the Offer Price of Units.
- 14.26 "Fund's Auditors" means the Auditors.
- 14.27 "Fund Property" means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices after deducting therefrom or providing thereagainst the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising therefrom and all cash and other movable or immovable assets and properties of every description, whether accrued, accruing or contingent, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unitholders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.
- 14.28 "Holder" or "Unitholder" means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investor jointly so registered pursuant to the provisions of this Deed.
- 14.29 "Initial Offering Period" means the period during which First Offer of Units shall be made, which shall be indicated in the Offering Document.
- 14.30 "Investment" means any Authorized Investment forming part of the Fund Property.
- 14.31 "Investment Facilitator" (Facilitator) means an individual, firm, corporate or other entity appointed by the Management Company, at its sole responsibility, to identify solicit and assist investors in investing in the Scheme. The Management Company shall compensat the Facilitators out of the Sales Load collected by it in the Offer Price.

- 14.32 "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified hereunder:-
- 14.32.1 A security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of which it is valued, or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date, the security shall be valued at an amount not higher than the closing asked price nor lower than the closing bid price;
  - 14.32.2 An investment purchased and awaiting payment against delivery shall be included for valuation purposes as security held, and the cash account of the Scheme shall be adjusted to reflect the purchase price, including brokers' commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;
  - 14.32.3 An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
  - 14.32.4 A security bought or sold under a repurchase or reverse repurchase transaction, which has to be settled at a future date, shall be valued by taking the net affect of the complete transaction into account. The value or loss accruing from such transaction shall be recognized taking into account the allocation of such value or loss over the period between the transaction date and the settlement date.
  - 14.32.5 The value of any dividends, bonus-shares or rights which may have been declared on securities in the portfolio but not received by the company as of the close of business on the valuation date shall be included as assets of the company, if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;
  - 14.32.6 A security not listed or quoted on a stock exchange shall be valued at investment price or its breakup value as per last audited accounts, whichever is lower, as provided under Rules 2(xxxiv)(i) and 80 of the Rules and the value of investments in non-equity/debts securities that are not listed or quoted on any stock exchange shall be determined on a regular basis by the Management Company with the approval of the Trustee;
  - 14.32.7 Mark-up or profit accrued on any mark-up or profit bearing security in the portfolio shall be included as an asset of the trust if such accrued mark-up or profit is not otherwise included in the valuation of the security;
  - 14.32.8 Any value accrued (or loss incurred), realized or otherwise, on any commitment entered into on behalf of the Trust;
  - 14.32.9 Any other income accrued up to the date on which computation was made shall also be included in the assets; and
  - 14.32.10 All liabilities, expenses, taxes and other charges due or accrued up to the date of computation which are chargeable under the Rules and this Trust Deed (other than the paid-up value of the Units issued by the Trust) shall be deducted from the value of the assets;
  - 14.32.11 In case of assets, which cannot be computed in accordance with the above formula mentioned in Clause 14.32, the computation shall be done in accordance with the methods as may specifically be prescribed by the SECP.
- 14.33 "Net Asset Value" means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 14.34 "Offer Price" means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to Clause 7.1 of the Trust Deed and to be stated in the Offering Document.

- 14.35 "Offering Document" means this document and any other prospectus, advertisement or document (approved by the SECP), which contain the investment and distribution policy and all other information in respect of the Scheme, as required by the Rules and is calculated to invite offers by the public to invest in the Scheme.
- 14.36 "Ordinance" means Companies Ordinance 1984.
- 14.37 "Pakistan Origin Investments" includes securities or instruments that are issued, traded or listed outside Pakistan as long as they are of Pakistani Origin.
- 14.38 "Par Value" means the First Offer Price of a Unit that shall be one hundred Rupees.
- 14.39 "Personal Law" means the law of inheritance and succession as applicable to the individual Unitholder.
- 14.40 "Redemption Price" means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Clause 7.3 of the Trust Deed and to be stated in the Offering Document.
- 14.41 "Redemption Request Form" means the prescribed form, which is to be stated in the Offering Document.
- 14.42 "Register" means the Register of the Holders kept pursuant to the Rules and the Trust Deed.
- 14.43 "Registrar" means an organization that the Management Company shall appoint for performing the Registrar Functions.
- 14.44 "Registrar Functions" means the functions with regard to:
- 14.44.1 Maintaining the Register;
  - 14.44.2 Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unitholders
  - 14.44.3 Issuing account statement to the Holders;
  - 14.44.4 Issuing Certificates including Certificates in lieu of un-distributed income to Holders;
  - 14.44.5 Dispatching income distribution warrants/ advice and bank transfer intimations; and
  - 14.44.6 Canceling old Certificates on redemption or replacement.
- 14.45 "Rules" means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 14.46 "Sales Load" means the sales and processing charge or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Offering Price. The Management Company may, at its discretion, charge different levels of the load to different investors, which will be specified in the Offering Document.
- 14.47 "SECP" means the Securities and Exchange Commission of Pakistan.
- 14.48 "Stock Exchange" means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.
- 14.49 "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 news papers declare any particular Business Day not to be a Subscription Day.

- 14.50 "Transfer Application Form" means the prescribed form, which is to be stated in the Offering Document.
- 14.51 "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The Transaction Costs shall not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unitholders, it may, in consultation and with the agreement of the Trustee, apply such charge either to the Offer or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Offer or Redemption prices, without consulting the Trustee provided the difference between the Offer Price and the Redemption Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.
- 14.52 "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof. Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules.

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

In the event of any disputes arising out of the Trust Deed or this 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 management Company and the Trustee, as well as those relating to the interpretation of the terms and conditions of the Trust Deed and/or the Offering Document relating to the Unit Trust, 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. 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, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

#### ANNEXURE A

##### Muslim Commercial Financial Services (Pvt.) Limited's Tariff Structure for Trusteeship of Open-end Mutual Funds (Unit Trusts)

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

- On Net Assets up to Rs. 1 billion 0.20% per annum of the Net Assets
- On Net Assets exceeding Rs. 1 billion Rs. 2 million per annum plus 0.10% per annum of the amount exceeding Rs. 1 billion

*All charges shall be billed on a monthly basis*

#### ANNEXURE B

##### Current Level of Front-end and Back-end Loads and Management Fee Effective April 22, 2004

**Front-end Load: 2.10%**

**Back-end Load: Nil**

##### **Management fee**

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

Any change in the load and fee structure, provided it is within the maximum limit disclosed in Section 4.12 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	No. of Units placed under Pledge/Lien	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 released by you in writing.

Yours faithfully,

**For and on behalf of  
Faysal Asset Management Ltd  
Management Company**

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

**Authorized Signatory**

**Authorized Signatory**

ANNEXURE D

LIST OF DISTRIBUTION OFFICES

**FAYSAL ASSET MANAGEMENT LIMITED**

*Head Office*

Trade Centre, 11/13,  
I. I. Chundrigar Road, Karachi  
Tel: 2210516 or 2210383

**AQEEL KARIM DHEDHI SECURITIES (PVT.) LIMITED**

*Karachi Office*

6th Floor, Continental Trade Centre,  
Block 8, Clifton  
Karachi  
Tel: 111 253 111

*Lahore Office*

35 K  
Gulberg II,  
Lahore  
Tel: 111 253 253

*Islamabad Office*

M-4, Stock Exchange Building, 101-E  
Fazal-ul-Haq Road,  
Blue Area, Islamabad  
Tel: 111 253 253

BRANCHES OF FAYSAL BANK LIMITED - AUTHORIZED AS DISTRIBUTION COMPANIES

Karachi	Lahore	Faisalabad	Islamabad	Sailkot
<i>Karachi Main</i> Trade Centre I.I.Chundrigar Road Tel: 111-747-747 PABX: 2638011-20	<i>Mall</i> 43 Shahrah- e-Quaid e Azam Tel: 7314051-4	<i>Faisalabad</i> Bilal Road Civil Lines Tel: 644481-5	<i>Blue Area</i> 15 West Jinnah Avenue Blue Area Tel: 051-2275096-9	Plot No.B1-16S-98B 17 Paris Road Tel: 292501
<i>Clifton</i> Quality Heights K.D.A.Scheme 5 Tel: 5863771-3	<i>Gulberg</i> 105-B-2 M.M. Alam Road Tel: 5755190-4, 5712748	<i>Faisalabad 2</i> Liaqat Road Tel: 617403	<i>F-10 Markaz 2-G-</i> Capital Business Centre Tel: 2104456-7	
<i>Gulshan</i> B-35, Block 13A Main University Road Tel: 4994261-3	<i>D.H.A.</i> 136, Block H, Phase 1 Tel: 5897712-7	<b>Gujranwala</b> Zia Plaza, G.T. Road Tel: 730301-3	<b>Rawalpindi</b> <i>Rawalpindi</i> 32 Haider Road Cantonment Tel: 5525871-4	<b>Peshawar</b> Cantonment Plaza Supermarket Saddar Road Tel: 270176-8
<i>Karachi Jodia Bazar</i> G-2, Ismail Trade Centre Ram Bharti Street Tel: 2444051-2443795	<i>Y Block</i> 11-Commercial Plaza Ground Floor, DHA Y Block Tel: 5743741-3		<i>Rawalpindi II</i> Fifth Road, Satellite Town Commercial Market Tel: 4424969-72	
<i>D.H.A.</i> 23-C, Khayaban- e-Shahbaz Phase 6 Tel: 5856053-4	<i>Garden Town</i> 4 Aibak Block Tel:5889671-4	<b>Quetta</b> Shahrah e Adalat Tel: 836451-2	<b>Hyderabad</b> 339 Main Bohra Bazar Saddar Tel: 781661, 728356-9	<b>Multan</b> <i>Multan I</i> 66-B Abdali Road Tel: 542160-170
<i>Shaheed e Millat</i> Iqbal Arcade, Block 3/7 DMCHS Tel: 4388103-7	<i>Circular Road</i> Babar Centre 51 Circular Road Tel: 7676001-10	<b>Gujrat</b> Noble Furniture, G.T. Road, Gujrat Tel: 0433-5231745		<i>Multan II</i> 129/1- Old Bahawalpur Road Tel: 784491-4
<i>North Nazimabad</i> D/6, Block D KDA Scheme 2 Tel: 6625517-8	<i>Shalimar Gardens</i> Chowk Shalimar Bagh Baghbanpura Tel: 6844712			

Karachi	Lahore	Mirpur Azad Kashmir	Gujar Khan
<p><i>Shahrah e Faisal</i> Business Avenue 26-A, Block 6, PECHS Tel: 4315634-6, 4389436</p> <p><i>Cloth Market</i> Plot 1-2, Street No. BR-2 Bander Quarter Tel: 2439021-2</p> <p><i>SITE</i> B-17 Estate Avenue Tel: 2585336</p> <p><i>Karachi Korangi Road</i> Speedy Towers 129/I &amp; II Main Korangi Road Phase I, D.H.A., Karachi</p> <p><i>Karachi Muhammad Ali Society</i> Plot No. 2-F (commercial) Maulana Muhammad Ali Jauhar Memorial Cooperative Housing Society Limited (M.A.C.H.S.)</p> <p><i>Karachi New Chali</i> Abid Chambers Plot No. S.R. 6/9 Serrai Quarters, Shahrah-e-Liaquat</p>	<p><i>Allama Iqbal Town</i> 18 Hunza Block Allama Iqbal Town Tel: 5437006-10</p> <p><i>Main Boulevard, Gulberg</i> 59-A, Main Boulevard, Gulberg, Lahore Tel: 042-5872811-4</p> <p><i>Lahore Upper Mall</i> 309-A, Upper Mall, Lahore Tel:042-5713026</p>	<p>121-B Chowk Kutcheri Tel: 45100-3</p>	<p>B-III-215-D Ward 5 G.T.Road Tel: 514874</p>

### Forms

The following Forms are attached herewith;

#### Types of Forms;

- Application for Investor's Account Opening
- Application for Investment Form
- Application for Redemption of Units
- Application for Pledge/Lien of Units
- Application for Transfer of Units

# FAYSAL BALANCED GROWTH FUND



Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
Investor's Account Opening Form - FBGF - 01  
(TO BE FILLED IN BLOCK LETTERS)

New  
 Changes / Amendments  
Reference No: \_\_\_\_\_

<b>INFORMATION ABOUT PRINCIPAL ACCOUNT HOLDER</b>										Date			
Name: Mr. /Mrs./ Ms./ M/s				CNIC No.				Phone No. (Off)				Res:	
Father's/ Husband's Name				Zakat Deduction <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Declaration Attached				Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married					
Name of Guardian (for minor applicant)						Signature of Guardian							
Address													
City		Postal Code		Country				Fax no.		E-Mail			
Gender M <input type="checkbox"/> F <input type="checkbox"/>		Nationality		Date of Birth				Specimen Signature (With Rubber Stamp in case of Institutional Clients)					
OCCUPATION- [please select one]													
<input type="checkbox"/> Professional		<input type="checkbox"/> Business		<input type="checkbox"/> Service-Public		<input type="checkbox"/> Service-Private							
<input type="checkbox"/> Agriculturist		<input type="checkbox"/> Housewife		<input type="checkbox"/> Student		<input type="checkbox"/> Retired		<input type="checkbox"/> Others					
FOR INSTITUTIONAL CLIENTS													
Type of Organization		<input type="checkbox"/> Public Ltd. Companies		<input type="checkbox"/> Private Ltd. Companies		<input type="checkbox"/> NGO		<input type="checkbox"/> Provident/Pension/Gratuity Fund					
		<input type="checkbox"/> NBF1 / NBFC		<input type="checkbox"/> DFI		<input type="checkbox"/> Insurance Co.		<input type="checkbox"/> Others (Please specify)					
Incorporation/ Registration No.						NTN No.						or <input type="checkbox"/> Non-Resident	
<b>FULL DETAILS OF BANK ACCOUNT OF PRINCIPAL ACCOUNT HOLDER</b>						Bank Name							
Branch Name						Account No.							
Branch Address													
Request for Account Statement		<input type="checkbox"/> Account Statement of Units will be issued in registered, uncertificated form and will be confirmed by means of an account statement issued by the Registrar.											
Request for Physical Certificates		<input type="checkbox"/> Unit Certificate(s) will be issued only if requested and on payment of Rs. 25/ certificate(s) may be combined with the payment for Unit(s). Unless indicated by the applicant, minimum number of certificates will be issued.											
STATEMENTS <input type="checkbox"/> Half-yearly <input type="checkbox"/> Send More Frequent at additional charge ( <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly )													
Dividend Option / Dividend Mandate		<input type="checkbox"/> Do not reinvest dividend and transfer to my bank account				<input type="checkbox"/> Please provide me with Dividend Warrants							
		<input type="checkbox"/> Reinvest dividend amount and convert into units at repurchase price of Ex-dividend											
<b>JOINT HOLDERS DETAILS (IF ANY)</b>													
		NAME		SIGNATURE		CNIC No.							
Mr. /Mrs./ Ms./ M/s													
Mr. /Mrs./ Ms./ M/s													
Mr. /Mrs./ Ms./ M/s													
<b>INSTRUCTIONS TO OPERATE THE ACCOUNT FOR INDIVIDUALS / GROUP OF PERSONS, INSTITUTIONS/FUND AS PER THEIR BOARD RESOLUTION</b>													
<input type="checkbox"/> Jointly		<input type="checkbox"/> Singly		<input type="checkbox"/> Either or Survivor		<input type="checkbox"/> Others (Please Specify)							
<b>NOMINEE</b>													
Name: Mr. /Mrs./ Ms.						Relation with principal holder							
Address													
CNIC No.:						Telephone #							
<b>OPTIONAL INFORMATION (Select one/whichever is applicable)</b>													
Education			Monthly Income			Other Investments							
Basic	Graduate	Higher	Over 10,000	Over 25,000	Over 50,000	Bank Deposits	Govt. Savings	Stock Market	Property	Other			
<b>FOR OFFICIAL USE ONLY</b>													
<b>APPLICATION CHECKLIST</b>													
<input type="checkbox"/> Copy of CNIC(s)		<input type="checkbox"/> Board Resolution (authorizing investment)		<input type="checkbox"/> Any Other Document (Specify)									
<input type="checkbox"/> Zakat Declaration (where applicable)		<input type="checkbox"/> Memorandum and Articles of Association/ Bye Laws/ Trust Deed		<input type="checkbox"/> Documentary evidence for tax exemption (if any)									
<input type="checkbox"/> Power of Attorney(s)		<input type="checkbox"/> Certificate of Incorporation/ Registration		(or any other document authorizing officers to operate the account)									
Facilitator Code		Distributor Name & Code		Investment Form No.		Investment Form Date							
Name of Authorized Person at Distribution Centre						Authorized Signature							
<b>FOR REGISTRAR USE ONLY</b>													
Date Account Opening Form Received		Registration # issued to client		Data input By		Data and Attachments Verified By							
Remarks													

**To be filled by the Distribution Company (Investor's Receipt)**

<b>Receipt</b>		Date _____	
Received from _____			
Application Form for Account Opening / changes / amendments to existing Account.			
<input type="checkbox"/> Unit certificate not requested		_____	
		Authorized Branch (Rubber Stamp)	Authorized Signatory

Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
Investor's Account Opening Form - FBGF - 01

## **Guidelines for Completing the Application for Account Opening**

This Form is a one-time requirement for both Individual and Institutional Customers, and is required to be filled when the account is opened for the first time or if there are any changes in investors' particulars.

Please complete the application form in Block letters and write with a ball pen.

### **INFORMATION ABOUT PRINCIPAL ACCOUNT HOLDER**

- 1) Information about the Principal Account Holder is recorded under this section.
- 2) Please make sure that information i.e. name, address, telephone number provided in this section are correct.
- 3) In case of an Individual, if the client chooses "NO" for Zakat Deduction, the Zakat declaration would be required (in case of joint holder declaration from all holders will be required).
- 4) In case of Institutional Clients, ensure that type of institution and Registration/Incorporation number and the NTN number is filled in under the "For Institutional Client" section. All non-resident companies need to tick in the box assigned for the purpose.

### **DETAILS OF BANK ACCOUNT OF PRINCIPAL HOLDER**

- 5) Please make sure to provide correct details of bank account of Principal Account Holder. Any error in filling this information may cause delay in transfer of funds to the account holder.

### **DETAILS OF JOINT HOLDER(S) IF ANY**

- 6) If there are any Joint Holders, their name(s) need to be specified along with their CNIC # and signature (Joint signatories for institution).
- 7) Please "Tick" how the account shall be operated.

### **DEATH OF UNIT HOLDER**

- 8) In the case of FAML receiving notice of the demise of an investor, FAML shall not be obliged to allow the transfer of title, redemption or pay out any dividends with-out the production of evidence of title or right to the units which FAML considers sufficient.

### **OPTIONAL INFORMATION**

- 9) The account holder is encouraged to fill in the Optional Information. Knowledge about the customers would help us serve them more efficiently.

### **CHECK LIST**

- 10) In case of Individual Client Attested copies of CNIC's\*, Zakat Declaration (if exemption claimed) will be required.
- 11) In case of Institutional Client attested copies of;
  - a) CNIC's\* (authorized officers)
  - b) Power of Attorney (s) (or any other document authorizing officer to operate the account)
  - c) Board Resolution (authorizing investment)
  - d) Memorandum and Articles of Association/Trust Deed/Bye Laws
  - e) Certificate of Incorporation/Registration

*\*Note; In the absence of CNIC, to better facilitate our clients, ATTESTED copies of the old NICs ALONG WITH proof of application (NADRA receipt) for the new CNICs, can also be accepted.*

### **OTHER INSTRUCTIONS**

- 12) Principal Account Holder must sign in the space meant for the purpose. Without signature of the Principal Account Holder, the officer at Distributor Office will not accept the form.
- 13) In case the account holder is illiterate and cannot sign, then he/she must be required to submit either a clear copy of CNIC with photo or one recent passport size photograph authenticated by his/her banker.
- 14) The account holder should either mark all empty spaces in the form "Void" or cross (X) them out
- 15) In case of an Application form being filled in by the guardian, on behalf of a minor(s), the name of the minor(s) as well as the guardian should be written clearly on the Form and the guardian's signature should be recorded.
- 16) **Cash shall not be accepted.**
- 17) It shall be the responsibility of the applicant to pay all stamp and other duties, taxes and processing charges in relation to the units acquired by him/her.
- 18) If an acknowledgement of the investment is not received within 10 working days, the investor should contact Faysal Asset Management Limited.

**If you have any questions or need additional information, please call:  
(92) (21) 2210516 or 2210383**

If you have any questions or need additional information, please call:  
**(92) (21) 2210516 or 2210383**

or contact the **Management Company** at;  
Trade Centre, 11/13  
I. I. Chundrigar Road  
Karachi

\_\_\_\_\_  
Authorized Branch  
(Rubber Stamp)

\_\_\_\_\_  
Authorized Signatory



<b>INFORMATION ABOUT PRINCIPAL ACCOUNT HOLDER</b>						Date	
Name: Mr./Mrs./Ms./M/s			CNIC No.				
			Registration No. (if any)				
<b>INVESTMENT DETAILS</b>							
Amount (Rs):				In Words:			
Name of Guardian (for minor applicant)				Signature of Guardian			
No. of units:							
Mode of Payment: <input type="checkbox"/> Cheque <input type="checkbox"/> Pay-order <input type="checkbox"/> Demand Draft <input type="checkbox"/> Telegraphic Transfer						No. _____	
Drawn on: (Name of Bank & Branch):							
<p><b>Please Note:</b>                  Cheque/Pay-order/Demand Draft/ Telegraphic Transfer to be made in favor of "MCFSL - Trustee FBGF" and crossed "Payee Account Only"</p>							
<b>DECLARATION</b>							
I/We hereby confirm having read and understood the relevant Trust Deed, Offering Documents that govern this transaction and further acknowledge understanding of the risk involved.							
Signature of applicant/joint applicant(s) (with rubber stamp in case of institutional customers)							
Witness Name (Incase of illiterate investor):		Occupation		Address		Signature	
<b>FOR OFFICIAL USE ONLY</b>							
<input type="checkbox"/> Cheque / Payorder / Demand Draft / Telegraphic Transfer				<input type="checkbox"/> Power of Attorney (or any other document authorizing officer to operate the account)			
<input type="checkbox"/> Board Resolution authorizing investment (required with fresh investment)				<input type="checkbox"/> Any other documents (please specify)			
<input type="checkbox"/> Copy of CNIC(s) of Authorized officers *				(* Not required if provided with Account Opening Form and there is no change in the existing Authorized Signatories)			
<b>FACILITATOR INFORMATION</b>							
Facilitator Name		Facilitator Code		Remarks/Instructions from facilitator		Signature of Facilitator	
<b>FOR REGISTRAR USE ONLY</b>							
Application Received On		Data Input By	Data and Attachments Verified By	Certificate # (if issued)	Funds Received on (Data)	Rate/Unit (Rs.)	Number of Units allotted
<b>DISTRIBUTOR INFORMATION</b>							
Distributor Name		Distributor Code		Investment form No.		Transaction Date	
Name of Authorized Person at Distribution Centre						Authorized Signature	
Remarks (Please mention unique reference transaction number for credit to "MCFSL - Trustee FBGF" with account number 110-2141779-143) No. _____							

**To be filled by the Distribution Company**

<p><b>Receipt</b> Date _____</p> <p>Received from _____ Application Form for the sale of _____ units of FBGF with cheques/ draft/ payorder/ telegraphic transfer number _____ dated _____ for Rs. _____ drawn on _____.</p> <p style="text-align: right;">Authorized Branch (Rubber Stamp)                      Authorized Signatory</p>
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Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
Investment Application Form - FBGF - 02

## **Guidelines for Completing the Investment Application Form**

This Form is common for both Individual and Institutional Customers, and is designed to make investments in Faysal Balanced Growth Fund

Please complete the application form in Block letters and write with a ball pen.

### **INFORMATION ABOUT PRINCIPAL ACCOUNT HOLDER**

- 1) Information about the Principal Account Holder is recorded under this section
- 2) Please make sure that information i.e. name and registration number (if issued) provided in this section are correct.

### **INVESTMENT DETAILS**

- 3) **Cash shall not be accepted.**
- 4) Payments in the form of cheques/draft/payorder/ telegraphic transfer should be made in favor "MCFSL - Trustee FBGF" and crossed "Payee Account Only".
- 5) If the cheque is returned unpaid the application will be rejected.
- 6) The Account Statement will be dispatched at the Registered Address of the Principal Account Holder within 10 days of submission of properly documented Application Form.
- 7) If acknowledgment of investment is not received within 10 working days the investor should contact Faysal Asset Management Limited.

### **OTHER INSTRUCTIONS**

- 8) Principal Account Holder must sign in the space meant for the purpose.
- 9) Without signature of the Principal Account Holder, the officer at Distributor Office will not accept the form.
- 10) In case the account holder is illiterate and cannot sign, then he/she must be required to submit either a clear copy of CNIC with photo or one recent passport size photograph authenticated by his/her banker. His/her form would also need to be signed by a witness.
- 11) The account holder should either mark all empty spaces in the form "Void" or cross (X) them out.
- 12) In case of an Application form being filled in by the guardian, on behalf of a minor(s), the name of the minor(s) as well as the guardian should be written clearly on the Form and the guardian's signature should be recorded.
- 13) It shall be the responsibility of the applicant to pay all stamp and other duties, taxes and processing charges in relation to the units acquired by him/her.
- 14) For change in the Unit Holder's Register, such as address, unit holders may please complete Form 01, as applicable.

**If you have any questions or need additional information, please call:  
(92) (21) 2210516 or 2210383**

If you have any questions or need additional information, please call:  
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or contact the **Management Company** at;  
Trade Centre, 11/13  
I. I. Chundrigar Road  
Karachi



<b>INFORMATION ABOUT PRINCIPAL ACCOUNT HOLDER</b>		Redemption Date	
Name: Mr. /Mrs./Ms./M/s		Registration No.	
<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Certificate Issued</p> <p><input type="checkbox"/> Y    <input type="checkbox"/> N</p> </div>		Specimen Signature (with rubber stamp in case of institutional customers)	
<b>DISINVESTMENT INFORMATION</b>			
Disinvestment Rs.	Figures	(Rupees	) / or No. Of Units
Name of Guardian (for minor applicant)		Signature of Guardian	
<b>Redemption in case account's balance is less than the required minimum amount</b>			
<input type="checkbox"/> Redeem all units and close account		<input type="checkbox"/> Redeem less units so that minimum balance is maintained	
<b>INSTRUCTIONS REGARDING REDEMPTION PROCEEDS</b>			
<input type="checkbox"/> Credit to my bank account as specified in the Account Opening form		<input type="checkbox"/> Send me a crossed cheque / payorder at my registered address	
<b>INSTRUCTIONS REGARDING CERTIFICATES</b>			
<input type="checkbox"/> Cancel, Split and Reissue the attached Certificates		<input type="checkbox"/> Do not issue certificates, start normal statement system	
Certificate Numbers	1	3	5
	2	4	6
			7
			8
			9
			10
<b>AUTHORIZATION BY JOINT HOLDERS/ JOINT SIGNATORIES</b>			
Mr. /Mrs./ Ms./ M/s	Name (in full).	Signature	
Mr. /Mrs./ Ms./ M/s	Name (in full).	Signature	
Mr. /Mrs./ Ms./ M/s	Name (in full).	Signature	
Witness Name (in case of illiterate)	Occupation	Address	Signature
<b>FOR REGISTRAR USE ONLY</b>			
Account Number Verified by	Signature Verified by	Certificates Verified and defaced by	Redemption Rate
<b>DISTRIBUTION INFORMATION</b>			
Distributor Name	Distributor Code	Redemption Form No.	Transaction Date
Total Certificate and Units Received		Name of Authorized Person at Distribution Centre	Authorized Signature
Certificate	Units		
Remarks			

**To be filled by the Distribution Company**

<b>Receipt</b>	Date _____
Received from _____	(Holder/ First-named Holder)
Application Form for Redemption of _____ units of FBGF along with Certificates - where applicable.	
_____ Authorized Branch (Rubber Stamp)	_____ Authorized Signatory

Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
Redemption Application Form - FBGF - 03

## **Guidelines for Completing Redemption Application Form**

This form would be used for disinvestment of funds from Faysal Balanced Growth Fund for both Individual and Institutional Customers.

Please complete the application form in Block letters and write with a ball pen.

### **INFORMATION ABOUT PRINCIPAL ACCOUNT HOLDER**

- 1) The Account Holder would need to state his/her name and most importantly the Registration number.
- 2) The Account Holder needs to specify whether he had taken physical possession of the certificates against his/her investment. If the account holder ticks in the box provided against '**yes**' option the certificates would need to be attached with the redemption form.

### **DISINVESTMENT INFORMATION**

- 3) In this section the Account Holder may choose to specify the disinvestment in terms of Rupees or Units, as per convenience.
- 4) In case the redemption is likely to result in the balance of the account to fall below the required minimum balance then the Account Holder would need to specify if he/she wishes to close the account or only redeem to an extent of funds in excess of the required minimum limit.
- 5) In the section '**Instructions regarding Certificates**' the Account Holder would need to identify if he/she wishes to '**Cancel**', '**Split**' and '**Reissue Certificates**' or would not want the 'Issue of New Certificates.'

### **INSTRUCTIONS REGARDING INVESTMENT PROCEEDS**

- 6) Payment of redemption proceeds will be made by the Trustee within six Business days after the receipt of a properly documented request for Redemption of Units by relevant Distribution Company.
- 7) If redemption requests on any single day exceeds 10% of the total number of Units in issue, the Trustee shall redeem only 10% on a first-come-first-serve-basis and defer the remaining redemption requests to the next Business Day.

### **INFORMATION ABOUT JOINT HOLDERS**

- 8) All Joint Holders as specified in the Account Opening Form (FBGF-01) under the section '**Instructions to Operate the Account**' will need to sign this form, and specify their Names.

### **OTHER INSTRUCTIONS**

- 9) In case the applicant is illiterate and cannot sign, then he/she must be required to submit either a clear copy of CNIC with photo or one recent passport size photograph authenticated by his/her banker. His/her form would also need to be signed by a witness. In the said case, redemption proceeds will be credited to the designated bank account; no proceeds will be sent to the registered address.
- 10) The Account Holder should either mark all empty spaces in the form 'void' or cross (X) them out.
- 11) In case of an Application form being filled in by the guardian, on behalf of a minor(s), the name of the minor(s) as well as of the guardian should be written clearly on the Form and the guardian's signature should be recorded.

**If you have any questions or need additional information, please call:  
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If you have any questions or need additional information, please call:  
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I. I. Chundrigar Road  
Karachi

**FAYSAL  
BALANCED  
GROWTH FUND**



Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
 Application Form for Pledge/Lien of Units - FBGF - 04  
 (TO BE FILLED IN BLOCK LETTERS)

Gangjees Registrar Services (Pvt.) Limited  
 Registrar, Faysal Balanced Growth Fund  
 Karachi

Dear Sirs,

**RE: REQUEST FOR REGISTRATION OF UNITS UNDER LIEN**

I/We own the Units hereunder held in Account Number \_\_\_\_\_, Name: \_\_\_\_\_ and request you to issue a letter, confirming the registration of these units under the lien of:

<b>Name:</b>
<b>Address:</b>
<b>Bank Account Details;</b>
<b>Contact No.:</b>

Details of Units:

Number of Units to be placed under lien / pledge	Certificate Numbers (if issued)

In making the request, I/We recognize and understand that:

- ⊙ The registration of this lien places a responsibility on you to ensure that all benefits accruing on such Units (hereinafter referred to as the Pledged Units) shall be held or paid to the order of the lien-holder.
- ⊙ Save any legal bar or court order requiring otherwise, any dividends that are declared on the Pledged Units shall be paid to the order of the lien-holder, any bonus Units that the Pledged Units are entitled to be automatically marked under the lien of the lien-holder and in the event the Pledged Units are redeemed by the lien-holder for any reason whatsoever, the proceeds shall be paid to the order of the lien-holder.
- ⊙ You do not however, accept any responsibility for the validity of my/our act of placing the Pledged Units under lien nor for any obligations or commitments undertaken by me/us in respect thereof.
- ⊙ The lien on the Pledged Units shall continue till such time it is released by the lien-holder in writing.

Thanking you.

Yours faithfully

Name(s) and Signature(s)	
1.	2.
3.	4.

Unit Holder or  
 Authorized Signatory/s

Date \_\_\_\_\_

Corporate Stamp \_\_\_\_\_

RECORD OF PROCESSING THE REQUEST			
<b>ACKNOWLEDGEMENT</b>			
Distributor Branch (if involved)	Code	Date	Signature
<b>RECORDED BY REGISTRAR</b>	Sequential Number	Date	Initials
MANAGEMENT COMPANY			
REGISTRATION REQUEST FORMS SIGNED	Initials/date	Initials/date	

**To be filled by the Distribution Company**

Receipt _____	Date _____
Received from _____	
(Name of Pledger)	
Application Form for Pledge/ Lien of _____ units of FBGF along with	
Certificates - where applicable.	
_____	_____
Authorized Branch (Rubber Stamp)	Authorized Signatory

Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
Application Form for Pledge/Lien of Units - FBGF - 04

**Guidelines for completing the Application Form for Pledge / Lien**

Please complete the application form in Block letters and write with a ball pen.

- 1) The Unit holder/ Pledger must indicate the name and account number along with the particulars of the pledgee/ lien holder for the record of the Registrar.
- 2) In case of verification, the verified pledge/ lien form will be the only instrument recognized by the Registrar for recording pledge/ lien of units. If the pledge/ lien form is lost or destroyed or mutilated a new verified pledge/ lien form will be issued on application by the Unitholder/ lien-holder and on payment of such cost and on such terms as to evidence, indemnity and security, including publication of the fact in newspapers.
- 3) The Distribution Company will verify the signature(s) on the Pledge/ Lien Application Form along with the copy's of the original documents or request for attested copies.  
Copies of the following documents are required to be submitted by the pledgee/ lien holder with the Pledge/ Lien Application Form;
  - a) Individuals: Computerized National Identity Card(s)\*
  - b) For Corporate/ Statutory bodies:
    - Memorandum and Articles of Association/ Bye Laws/ Trust Deed
    - Power of Attorney or other documents authorizing the officer signing the Application Form.
    - Computerized National Identity Card\* of the officer(s) - signing on company's behalf
    - Board Resolution authorizing pledge.
- 4) For change in Unitholder's and pledge/ lien holder's Register, such as address, unit holders/ lien holders may please complete Form 01, as applicable.

*\*Note; In the absence of CNIC, to better facilitate our clients, ATTESTED copies of the old NICs ALONG WITH proof of application (NADRA receipt) for the new CNICs, can also be accepted.*

**If you have any questions or need additional information, please call:  
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Trade Centre, 11/13  
I. I. Chundrigar Road  
Karachi

The Trustee  
Faysal Balanced Growth Fund  
9<sup>th</sup> Floor, Sheikh Sultan Trust Building No. 1  
Beaumont Road,  
Karachi

Transfer Number \_\_\_\_\_  
Date \_\_\_\_\_

**Part A - Application for Transfer**

Dear Sir

- 1) I / We the undersigned Transferor(s) being the registered Holder(s) of under mentioned Units of the Faysal Balanced Growth Fund transfer the said Units to the herein after named Transferee to hold subject to the same conditions on which I/ We hold them.

Registration Number	Certificate(s) Number (attach if issued)	Number of Units

Yours faithfully,  
Name(s) and signature(s) of the Transferor(s)  
(All joint holders shall sign unless first named is authorized to sign singly)

Name(s) and Signature(s)	
1. _____	2. _____
3. _____	4. _____

**Witness**

Name	Address	Signature

**Names of the Transferee(s)**

I am/ We are a Unitholder. Our Registration number is \_\_\_\_\_  
The above Units may be registered under the Registration Number / separate Registration Account

**Part B - Particulars of Transferee**

1) Mr./ Mrs./ Ms./ M/s \_\_\_\_\_

Signature of Transferee/ First named joint transferee \_\_\_\_\_

**Witness**

Name	Address	Signature

**NOTES;**

- For Transferees who are NEW APPLICANTS, Transfer of Units of FBGF Form 05 will NOT be accepted without submission of Form 01 along with appropriate documents.
- If an applicant already has an account with FBGF, Form 01 will not be required.

RECORD OF PROCESSING THE REQUEST			
ACKNOWLEDGEMENT			
Distributor Branch (if involved)	Code	Date	Signature
RECORDED BY REGISTRAR		Date	Initials

**To be filled by the Distribution Company**

Receipt Date \_\_\_\_\_

Received from Mr./ Mrs./ Ms. \_\_\_\_\_ (Name of Transferor)  
Application Form for Transfer of \_\_\_\_\_ Units of FBGF.

\_\_\_\_\_  
Authorized Branch  
(Rubber Stamp)

\_\_\_\_\_  
Authorized Signatory

Faysal Asset Management Limited  
**FAYSAL BALANCED GROWTH FUND**  
Application Form for Transfer of Units - FBGF - 05

## **Guidelines for completing the Application Form for Transfer**

Please complete the application form in Block letters and write with a ball pen.

- 1) This Application form is divided into two parts.
  - a. "Part A" is your application for transfer of Units. This portion has to be filled by the transferor and the transferee. If the transferee is already a Unitholder the Registration Number should be stated.
  - b. "Part B" is particulars of transferee for the record of the Registrar.
    - If the transferee is not already a Unitholder, then he will be required to submit Form 01 along with all appropriate documents.
    - If the transferee is already a Unitholder and has indicated the existing Registration Number in Part A, submission of Form 01 is not required. However, if there is any change in the particulars, he will have to submit Form 01 for changes/ amendments.
- 2) At the request of the Unitholder, the Registrar will verify the holding and relevant details on the Transfer Application form and signature of the Unitholder. In case of verification the verified Transfer Application Form will be the only instrument recognized by the Registrar for transfer. If the verified Transfer form is lost, destroyed or mutilated a new verified Transfer Form will be issued on application by the Unit holder and on payment of such costs and on such terms as to evidence, indemnity and security, including publication in newspapers. In case of redemption of Units, the verified Transfer Application form will have to be surrendered.
- 3) The Distribution Company will verify the signature (s) on Transfer Application Form along with the copy's of the original documents or request for attested copies.

All the requirements as set forth in Form 01 will have to be fulfilled including for the Transferee to submit copies of the following documents with the Application for Transfer of Units:

  - a) Individuals (new Applicants only) Computerized National Identity Card\*.
  - b) For Corporate/ Statutory bodies (new applicants only and if there is any amendment in these documents):
    - Memorandum and Articles of Association/ Bye Laws/ Trust Deed
    - Power of Attorney or other documents authorizing the officer signing the Application Form
    - Computerized National Identity Card\* in respect of the officer signing on behalf of the Institutional Investors.
    - Board Resolution authorizing investment / disinvestment.
- 4) Account Statement/ Unit Certificate (if any) will be dispatched at the registered address within 10 business days after the submission of a properly documented Application Form for Transfer.

*\*Note; In the absence of CNIC, to better facilitate our clients, ATTESTED copies of the old NICs ALONG with proof of application (NADRA receipt) for the new CNICs, can also be accepted.*
- 5) If an acknowledgement of the transfer is not received within 10 working days, the investor should contact Faysal Asset Management Limited.

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