

**Risk Disclaimer: All Investments in mutual Funds are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in Clause 2.2, Risk Factors mentioned in Clause 2.8, Taxation Policies mentioned in Clause 7 and Warning in Clause 9 before making any investment decision.**

## **OFFERING DOCUMENT OF**

### **IAML EQUITY FUND (IEF)**

**(An Open End Equity Fund)**

**MANAGED BY**

#### **Interloop Asset Management Limited**

<b>Interloop Asset Management Limited</b>			
<b>Fund Name</b>	<b>Fund Category</b>	<b>Risk Profile</b>	<b>Risk of Principal Erosion</b>
<b>IAML Equity Fund</b>	<b>Equity Scheme</b>	<b>High</b>	<b>Principal at High risk</b>

CLAUSE	TABLE OF CONTENTS	PAGE NO.
<b>1.</b>	<b>CONSTITUTION OF THE SCHEME</b>	<b>2</b>
1.1	Constitution	2
1.2	Trust Deed	2
1.3	Modification Of Trust Deed	3
1.4	Duration	3
1.5	Trust Property	3
1.6	Initial Offer and Initial Period	3
1.7	Transaction in Units after Initial Offering Period	3
1.8	Offering Document	4
1.9	Modification of Offering Document	4
1.10	Responsibility of the Management Company for Information given in this Document	4
<b>2.</b>	<b>INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER</b>	<b>4</b>
2.1	Investment Objective	4
2.2	Investment Policy	4
2.3	Change in Investment Policy	6
2.4	Investment Restrictions	6
2.5	Exemptions to Investment Restrictions	8
2.6	Financing Arrangements	9
2.7	Restriction of Transactions with Connected Persons	9
2.8	Risk Disclosure	10
2.9	Disclaimer	11
<b>3.</b>	<b>OPERATORS AND PRINCIPALS</b>	<b>11</b>
3.1	Management Company	11
3.2	Board of Directors of the Management Company	12
3.2.1	Performance of listed companies	13
3.3	Profile of Directors and the Management	13
3.4	Funds under Management of the Management Company	21
3.5	Role and Responsibilities of the Management Company	21
3.6	Maintenance of Unit Holders Register	23
3.7	Role of the Trustee	24
3.8	Transfer Agent	25
3.9	Custodian	25
3.10	Distributors/Facilitators	26
3.11	Auditors	26
3.12	Legal Advisors	27
3.13	Bankers	28
3.14	Minimum Fund Size	28
<b>4.</b>	<b>CHARACTERISTICS OF UNITS</b>	<b>28</b>
4.1	Units	28
4.2	Classes of Units	29

---

4.3	Purchase and Redemption of Units	29
4.4	Procedure for Purchase of Units	30
4.5	Procedure for Redemption of Units	35
4.6	Purchase (Public Offer) and Repurchase of Units Outside Pakistan	37
4.7	Determination of Redemption (Repurchase) Price	38
4.8	Procedure for Requesting Change in Unit Holder Particulars	38
4.9	Partial Transfer	40
4.10	Procedure for Pledge / Lien / Charge of Units	40
4.11	Temporary Change in Method of Dealing, Suspension of Dealing and Queue System	41
<b>5.</b>	<b>DISTRIBUTION POLICY</b>	<b>43</b>
5.1	Declaration of Dividend	43
5.2	Determination of Distributable Income	43
5.3	Payment, Dispatch and Advice of Dividend	44
5.4	Bonus Units	44
5.5	Reinvestment of Dividend	44
5.6	Closure of Register	44
<b>6.</b>	<b>FEES AND CHARGES</b>	<b>45</b>
6.1	Fees and Charges Payable by an Investor	45
6.2	Fees and Charges Payable by the Fund	46
6.3	Formation Cost	47
6.4	Other Costs and Expenses	47
<b>7.</b>	<b>TAXATION</b>	<b>47</b>
7.1	Taxation on the Income of the Fund	48
7.2	Withholding Tax	48
7.3	Zakat on Fund	48
7.4	Taxation and Zakat on Unit Holder	48
7.5	Disclaimer	49
<b>8.</b>	<b>REPORTS TO UNIT HOLDERS</b>	<b>49</b>
8.1	Account Statement	49
8.2	Financial Reporting	50
8.3	Trust Report	50
8.4	Fund Manager Report	50
<b>9.</b>	<b>WARNING AND DISCLAIMER</b>	<b>50</b>
9.1	Warning	50
9.2	Disclaimer	50
<b>10.</b>	<b>GENERAL INFORMATION</b>	<b>51</b>
10.1	Accounting Period / Financial Year of the Fund	51
10.2	Inspection of Constitutive Documents	51
10.3	Transfer of Management Rights of the Fund	51

10.4	Extinguishment/Revocation of the Fund	51
10.5	Procedure and Manner of Revocation of the Fund	52
10.6	Distribution of Proceeds on Termination	52
<b>11.</b>	<b>GLOSSARY</b>	<b>52</b>
ANNEXURE A		<b>59</b>
ANNEXURE B		<b>60</b>
ANNEXURE C		<b>61</b>

**OFFERING DOCUMENT OF**

**IAML EQUITY FUND (IEF)**

**MANAGED BY**

**INTERLOOP 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 Dated**

**6<sup>th</sup> September 2023**

**Initial Offering Period from 15<sup>th</sup> September 2023 to 15<sup>th</sup> September 2023 both days inclusive**

---

The **IAML Equity Fund** (the Fund/the Scheme/the Trust/the Unit Trust/IEF) has been established through a Trust Deed (the Deed) dated **20<sup>th</sup> January 2023**, under the Sindh Trusts Act, 2020 entered into and between **Interloop Asset Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee.

**REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of **IAML Equity Fund (IEF)** and registered it as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (Regulations) vide letter **No SCD/AMCW/IAMLEF/233/2022/MF-NE-104 dated 28<sup>th</sup> February 2023** SECP has approved this Offering Document; under the Regulations vide letter No **<\_\_\_\_\_>dated <\_\_\_\_\_>**.

**It must be clearly understood that in giving this approval, 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.**

**Offering Document**

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

If prospective investor has any doubt about the contents of this Offering Document, he/she/it should consult one or more from amongst their investment advisers, legal advisers, bank managers, stockbrokers, or financial advisers to seek independent professional advice.

Investors must recognize that the investments involve varying levels of risk. The portfolio of the Fund consists of investments, in listed securities that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund nor the dividend declared by the Fund is, or can be, assured. Investors are requested to read the Risk Disclosure and Warnings statement contained in Clause 2.8 and Clause 9 respectively in this Offering Document.

## Filing of the Offering Document

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

- a License No. AMCW/33/ILAML/AMS/03/2022 dated April 18, 2022 granted by SECP to **Interloop Asset Management Limited** to carry out Asset Management Services and Investment Advisor;
  - b SECP's Letter No. SCD/AMCW/IAMLEF/233/2022/MF-NE-104 dated February 28 2023 registering the Fund in terms of Regulation 44 of the NBFC and Notified Entities Regulations 2008;
  - c Consent of **Central Depository Company of Pakistan Limited (CDC)** to act as the Trustee of the Fund;
  - d Letter dated April 10 2023 from Trustee Central Depository Company of Pakistan Limited (CDC) consenting the contents of the Offering Document;
  - e Trust Deed (the Deed) of **IAML Equity Fund** dated January 20 2023 between **Interloop Asset Management Limited** as the Management Company and **Central Depository Company of Pakistan Limited (CDC)**, as a Trustee registered under Sindh Trusts Act, 2020;
  - f Letters from **A.F.Ferguson**, as auditors of the Fund, consenting to the issue of statements and reports;
  - g SECP's letter No. SCD/AMCW/IAMLEF/2023/286 dated 19<sup>th</sup> April 2023 approving this Offering Document.
- 

## 1. CONSTITUTION OF THE SCHEME

### 1.1 Constitution

The Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on January 20 2023 between:

**Interloop Asset Management Limited**, a non-banking finance company incorporated under the laws of Pakistan and licensed by SECP to undertake asset management services and investment advisory services, having its registered office at Suit No. 205, 2nd Floor, The Forum, Clifton Block 09, Karachi, Pakistan (hereinafter called the "**Management Company**" which expression where the context so permits shall include its successors in interest and assigns); and

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

### 1.2 Trust Deed (the "Deed")

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities and Exchange Act, 2015, Companies Act 2017 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between the Offering Document and the Deed the latter shall supersede and prevail over the provisions contained

in this Offering Document. In the event of any conflict between the Deed and the Rules or Regulations and Circulars issued by SECP, the latter shall supersede and prevail over the provisions contained in the Deed.

The fund shall also subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency.

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

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed(s) to modify, alter or add to the provisions of the Deed to such extent as may be required to ensure compliance with any applicable laws, Rules and Regulations.

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

### **1.4 Duration**

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up or revoke the fund, on the occurrence of certain events as specified in the Regulations or Clause 10.4 of this Document.

### **1.5 Trust property**

The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs & applicable Sale Load shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising there from and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed but does not include any amount payable to the Unit Holders as distribution. However, any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Trust Property.

### **1.6 Initial Offer and Initial Period**

Initial Offer is made during the Initial Period which will be **one Business Day and begins at the start of the banking hours on 15<sup>th</sup> September 2023 and shall end at the close of the banking hours on 15<sup>th</sup> September 2023.** During the Initial Offering period, the Units shall be issued at the Initial Price of **Rs. 10** per Unit and subsequently at the price calculated based on the net asset value of the fund and announced by the Management Company for every Dealing Day.

### **1.7 Transaction in Units after Initial Offering Period**

Subsequently the Public Offering the transactions will be made at the Offer Price and redeemed at the Redemption Price. The Management Company will fix the Offer (Purchase) and Redemption (Repurchase) Prices for every Dealing Day on the basis of the Net Asset Value (NAV). The NAV based price shall be fixed after adjusting for the Sales Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in Clause 4.11 & 10.4 of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received during the Business Hours on the Dealing Day.

### **1.8 Offering Document**

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

### **1.9 Modification of Offering Document**

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

### **1.10 Responsibility of the Management Company for information given in this Document**

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

## **2. INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER**

### **2.1 Investment Objective**

The Fund is by definition a broad equity fund; whose objective is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.

The core objective of the Fund is to maximize returns for Unit holders, provide a regular stream of current income through dividends, while long term growth in the value of the fund is achieved by the management of a diversified portfolio and investments into capital growth and high yielding equity securities.

The risk profile of the Fund will be high.

### **2.2 Investment Policy**

Consistent with the Investment Objective, the Fund shall invest at least seventy percent (70%) of its Net Assets during the year (based on quarterly average investment calculated on daily basis) in a diversified portfolio of listed equity securities. The remaining Net Assets of the Fund shall be invested in cash and/or near cash instruments (excluding TDRs) and Treasury Bills not exceeding 90 days' maturity. The performance benchmark of the Fund for the period of return shall be the liquid KSE-30 Index (Total Return Index) or such other benchmark as determined by the Management Company under prior intimation to the Trustee, SECP and the Unit Holders and disclosed in the Offering Document.

### **Authorized Investments**



No	Investment Instrument	Minimum Exposure Limit (As a % age of Net Assets)	Maximum Exposure Limit (As a % age of Net Assets)	Minimum Ratings
1.	Listed equity securities.	70%* during the year based on quarterly average investment calculated on a daily basis	100% during the year based on quarterly average investment calculated on a daily basis	N/A
2.	Treasury bills not exceeding 90 days' maturity and cash or near term cash instruments including cash in Bank accounts (excluding TDRs). The rating of banks shall be BBB+ or above	0%	30%	N/A
3.	Equity security not listed on the Stock Exchange, where application for listing has been accepted by the Stock Exchange.	0%	15%	N/A
4.	Investment outside Pakistan, including international listed securities and foreign currency bank deposits (excluding TDRs), subject to such conditions as imposed by SECP and with prior approval of SECP and SBP	0%	30% (Subject to a cap of USD 15 million)	N/A
5.	Investment in Units of Exchange Traded Funds	0%	10%	N/A
6.	Investment in Units of Unlisted and or Privately placed REIT Scheme subject to conditions as laid down by SECP	0%	5%	N/A
7.	Investment in Equity Future Contracts subject to conditions as laid down by SECP	0%	40%	N/A

Any other securities or instruments that may be permitted or approved under SECP Rules, Regulations or any other directive from time to time;

### **2.2.1 Benchmark**

The performance benchmark for the Fund shall be the KSE-30 Index (Total Return Index), the Benchmark, as determined by the Management Company may be changed if required or as deemed necessary, and amended through a Supplementary Offering Document.

The Equity Fund allocation is expected to **broadly follow** the KSE-30 Index (Total Return Index), chosen, as it is composed of companies with superior trade-ability and liquidity than the KSE-100 Index. The performance of the Equity Fund may vary from the Benchmark for a number of reasons, including changes in economic conditions, changes in market volatility, transaction costs, perceived asset valuations, corporate actions (such as mergers and spin-offs), liquidity of desired holdings, non-availability of any specific security on a given time period, redemption requirements, timing variances and other unforeseen differences between the Fund's portfolio and the benchmark Index.

### **2.2.2 Risk Control in the Investment Process**

The Management Company shall ensure that effective risk control measures are in place for protection of the investors.

The objective of the risk control process is to monitor and measure the risks of Portfolio construction, diversification and holdings, risk concentrations and their contribution to the overall risk profile of the fund, with clear definitions of process and procedures.

### **2.2.3 Management Company Can Alter Investment Mix**

The Management Company can from time to time alter the weightings, subject to the specified limits as per Clause 2.2 above, between the various types of Authorized investments if it is of the view that market conditions so warrant. The Funds not invested in the foregoing avenues shall be placed as deposit with scheduled banks.

## **2.3 Changes in Investment Policy**

The investment policy will be governed by the Regulations and/or SECP directives. Any fundamental change in the Investment Policy will be implemented only after obtaining prior approval from the SECP and giving 30 days' prior notice to the Unit Holders as specified in the regulation.

## **2.4 Investment Restrictions**

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.

- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

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

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

- i. Purchase or sell:
  - a) Bearer securities;
  - b) Securities on margin;
  - c) Real estate;
  - d) commodities or commodity contracts;
  - e) Securities which result in assumption of unlimited liability (actual or contingent);
  - f) Anything other than Authorized Investments as defined herein;
- ii. Participate in a joint account with others in any transaction
- iii. Affect a short sale in a security whether listed or unlisted;
- iv. Purchase any security in a forward contract (as per applicable fund category as equity/equity oriented CIS are allowed to invest in future contracts; similarly gold/commodity oriented CIS are allowed)
- v. Take Exposure in any other Collective Investment Scheme except as allowed under the Regulations and / or Circulars;
- vi. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or Indebtedness of any person as specified in the Regulation;
- vii. Make any investment which will vest the Management Company or its group with the management or control of the affairs of the investee company;
- viii. invest in securities of the Management Company;
- ix. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission;
- x. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission
- xi. sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme;
- xii. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over;
- xiii. invest the subscription money until the closure of Initial Period;
- xiv. enter on behalf of the Scheme, into underwriting or sub- underwriting contracts.

- xv. subscribe to an issue underwritten, co-underwritten or sub- underwritten by group companies of the Management Company.
  - xvi. pledge any of the securities held or beneficially owned by the scheme except as allowed under the Regulations.
  - xvii. accept deposits.
  - xviii. make a loan or advance money to any person from the assets of the Scheme.
- (d) Exposure of the Scheme to any single entity shall not exceed an amount equal to ten percent (10%) of the total Net Assets of the Scheme or the index weight of the security subject to limit of fifteen percent (15%) whichever is higher.
- (e) Exposure to Equity Securities of a company shall not exceed ten per cent (10%) of the issued capital of that company.
- (f) The Management Company, on behalf of the Scheme, shall not take Exposure of more than thirty-five per cent (35%) of the total Net Assets of the Scheme in any single group. For this purpose, “group” means persons having at least thirty per cent (30%) or more shareholding in any other company, as per publicly disclosed information
- (g) The Management Company shall not invest more than thirty per cent (30%) of total Net Assets of the Scheme in securities of any one sector as per classification of the stock exchange or index weight subject to maximum of thirty-five percent.
- (h) Where the Exposure of the Scheme exceeds the limits specified in sub-clause (d), (e), (f) or (h) of this Clause because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in Net Assets of the Scheme, the excess Exposure shall be regularized within Four (4) months of the breach of limits.
- (i) The Management Company, on behalf of the Scheme, shall not take Exposure of more than ten per cent (10%) of the total Net Assets of the Scheme in listed group companies of the Management Company and such Exposure shall only be made through the secondary market.
- (j) Rating of any bank with which funds of the Scheme are placed shall not be lower than investment grade.
- (k) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.

## **2.5 Exemption to Investment Restrictions**

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

## **2.6 Financing Arrangements**

- (a) Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange borrowing for account of the Scheme, with the approval of the Trustee, from Banks, Financial Institutions, or such other companies as specified by the Commission from time to time. The borrowing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such borrowing shall not exceed fifteen (15) percent of the net Assets or such other limit as specified by the Commission of the scheme at the time of borrowing.

If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

- (b) Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financings from banks, financial institutions and non-banking finance companies. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such financings.
- (c) For the purposes of securing any such borrowing, the Trustee may on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and/or any law for the time being in force.
- (d) Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.
- (e) Any liability or loss incurred due to gross negligence of the Management Company or the Trustee shall be borne by them.

## **2.7 Restriction of Transactions with Connected Persons**

- (a) The Management Company in relation to the Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five per cent (5%) of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent (10%) of those securities collectively subject to exemption provided in the Regulations.
- (b) The Management Company on behalf of the Scheme shall not without the approval of its Board of Directors in writing and consent of the Trustee, purchase or sell any security from or to any Connected Person or employee of the Management Company.

Provided that above shall not be applicable on sale or redemptions of Units.

- (c) For the purpose of sub-paragraphs (a) and (b) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

- (d) All transactions carried out by or on behalf of the Scheme with connected person(s) shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual reports.

## 2.8 Risk Disclosure

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return/ dividend range cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that include, but are not limited to:

- a) **Equity Risk** - Companies issue equities, or stocks, to help finance their operations and future growth. The company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
- b) **Government Regulation Risk** – Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- c) **Credit Risk** - Credit Risk comprises of Default Risk, Credit and Spread Risk. Each can have negative impact on the value of the income and money market instruments including Sukuks etc.:
- d) **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
- e) **Credit Spread Risk** - Credit spread may be defined as the risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of income and including money market instruments;
- f) **Price Risk** – The price risk is defined as when the value of the Fund due to its holding in such securities rises and falls as a result of change in interest rates.
- g) **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- h) **Settlement Risk** – At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund's performance etc.
- i) **Reinvestment Rate Risk** –In a declining interest/ markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters
- j) **Redemption Risk**- There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.

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

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

## 2.9 Disclaimer

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

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

## 3. OPERATORS AND PRINCIPALS

### 3.1 Management Company

#### 3.1.1. Organization

Interloop Asset Management Limited (IAML) is a Non-Banking Finance Company licensed to undertake Asset Management Services as per the NBFC Rules.

IAML has been awarded a Management Quality Rating of "AM2++" from Pakistan Credit Rating Agency Limited (PACRA).

#### 3.1.2 Principal Shareholders

The initial shareholding structure of Interloop Asset Management Company is as follows:

Sr. No.	Names	% of Holding	Number of Shares	Amount (PKR)
01	Mr. Saeed Akhtar Abbasi	0.00043	100	1,000
02	Mr. Muhammad Maqsood	0.00043	100	1,000
03	Mr. Umer Javed	0.00043	100	1,000
04	Ms. Faryal Sadiq	0.00043	100	1,000
05	Mr. Feroze Ahmed	0.00043	100	1,000
06	Mr. Muhammad Iqbal Awan	0.00043	100	1,000

07	Mr. Tariq Iqbal khan	0.00043	100	1,000
08	Interloop Holdings (Private) Limited	99.99696	23,000,000	230,000,000

Current shareholding structure of Interloop Asset Management Company is as follows:

Shareholder Name	Designation	Initial	Right Issue 1 as on 01-02-2022 (Count of Shares)	Right Issue 2 as on 04-11-2022 (Count of Shares)	Total Shareholding	New Percentage
Mr. Saeed Akhtar Abbasi	Director	100	-	100,000	100,100	0.40
Mr. Muhammad Maqsood	Director	100	-	-	100	0.00
Mr. Umer Javed	Director	100	-	-	100	0.00
Ms. Faryal Sadiq	Director	100	-	-	100	0.00
Mr. Feroze Ahmed	Director	100	-	-	100	0.00
Mr. Muhammad Iqbal Awan	Director	100	-	40,000	40,100	0.16
Mr. Tariq Iqbal khan	Director/ Chairman	100	-	500,000	500,100	2.00
Interloop Holdings (Private) Limited	-	20,000,000	3,000,000	1,360,000	24,360,000	97.44
		<b>20,000,700</b>	<b>3,000,000</b>	<b>2,000,000</b>	<b>25,000,700</b>	<b>100.00</b>

### 3.2 Board of Directors of the Management Company

Sr. No	Name of Director	Position	Other Directorships	Address
1	Tariq Iqbal Khan	Chairman / Director	<ol style="list-style-type: none"> <li>1. Attock Refinery Limited</li> <li>2. National Refinery Limited</li> <li>3. Pakistan Oil Fields Limited</li> <li>4. Interloop Limited</li> <li>5. Silk Bank Limited</li> <li>6. Packages Limited</li> <li>7. KIA Lucky Motor Corp.</li> <li>8. Shifa Medical Center</li> <li>9. Audit Oversight Board (Chairman)</li> </ol>	House 33, St. 23, F-10/2, Islamabad
2	Muhammad Maqsood	Executive Director / Nominee Director of Interloop Holdings (Pvt.) Limited	<ol style="list-style-type: none"> <li>1. Interloop Limited</li> <li>2. Interloop Holdings Private Limited</li> <li>3. Interloop Dairies Limited</li> <li>4. IRC Dairy Products Private Limited</li> <li>5. Interloop Welfare Trust</li> </ol>	House no. D-4, Block New Garden, Saeed Colony no. 2, Faisalabad



3	Saeed Akhtar Abbasi	Non-Executive Director	N/A	House 35/II, Khayaban-e-Hilal, Phase VI, DHA, Karachi Cantt
4	Umer Javed	Non-Executive Director	1. Momentum Logistics Private Limited 2. Socks and Socks Private Limited 3. Octans Digital (Private) Limited	House no. D-44, Model City No.1, Canal Road, Faisalabad
5	Nabeela Waheed	Independent Director	Security General Insurance Company Limited	155 Cavalry Ground, Street 4, Lahore Cantt, Lahore
6	Feroze Ahmed	Independent Director	1. Momentum Logistics Private Limited 2. Octans Digital (Private) Limited	West Canal Bank, H.No.1274, Abdullapur, Faisalabad
7	Muhammad Iqbal Awan	Independent Director	1. PECO 2. Presently Director on Board of Rawalpindi Waste Management Company, Rawalpindi.	House 286, St. 65, Sector E-11/3, Islamabad

### 3.2.1 Performance of listed companies

<b>National Refinery Limited</b>		<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
EPS (Loss) per sh	Rs	113.53	22.14	-50.82	-108.69	22.14
Cash Dividend per sh	Rs	15.00	10.00	-	-	10.00
Break-up value per sh	Rs	497.95	395.01	373.12	423.60	540.87
<b>Attock Refinery Limited</b>		<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
EPS (Loss) per sh	Rs	93.14	-20.12	-26.50	-50.51	5.43
Cash Dividend per sh	Rs	10.00	-	-	-	-
Break-up value per sh	Rs	483.28	391.22	411.77	315.68	460.98
<b>Pakistan Oilfields Limited</b>		<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
EPS (Loss) per sh	Rs	91.37	47.14	57.69	59.44	40.10
Cash Dividend per sh	Rs	70.00	50.00	50.00	50.00	42.50
Break-up value per sh	Rs	179.89	138.67	141.86	134.12	115.44
<b>Silk bank Limited</b>		<b>CY22</b>	<b>CY21</b>	<b>CY20</b>	<b>CY19</b>	<b>CY18</b>
EPS (Loss) per sh	Rs	-	-	-0.72	-0.44	0.15
Cash Dividend per sh	Rs	-	-	-	-	-
Break-up value per sh	Rs	-	-	2.08	4.60	6.14
Note: Defaulter						
<b>Packages Limited (Con)</b>		<b>CY22</b>	<b>CY21</b>	<b>CY20</b>	<b>CY19</b>	<b>CY18</b>
EPS (Loss) per sh	Rs	76.71	77.49	50.55	1.71	10.34
Cash Dividend per sh	Rs	27.50	27.50	22.50	12.00	15.00
Break-up value per sh	Rs	746.36	660.40	646.42	670.18	727.87

### 3.3 Profile of Directors and Managers of Management Company

### **3.3.1 Profiles of Directors**

#### **Mr. Tariq Iqbal Khan – Chairman IAML**

Mr. Tariq Iqbal Khan is a Fellow Chartered Accountant. He is currently serving on the Boards of numerous listed companies; Silk Bank Limited, Interloop Limited, Pakistan Oil Limited, Attock Refinery Limited, Packages Limited and three unlisted companies; Chairman Packages Converters Limited, Kia Lucky Motors.

Mr. Tariq Iqbal Khan has held numerous key positions including President Islamabad Stock Exchange, Member Federal Board of Revenue, Commissioner and Acting Chairman of SECP and Chairman of National Investment Trust Limited (NIT). He has also served as Chairman on the Boards of Attock Refinery Limited, Sui Northern Gas Pipelines Limited, Pakistan Banking Association, Pakhtunkhwa Energy Development Organization (PEDO), Khyber Pakhtunkhwa Oil and Gas Company Limited (KPOGCL).

Mr. Tariq Iqbal Khan has also served as Director on the Boards of National Refinery Limited, AWT Investments Limited, DCR-VIS Credit Rating Agency Limited, Central Depository Company Limited, Glaxo Smith Kline (GSK) Limited, Sanofi Aventis, Siemens Engineering, British Oxygen, ICI Pakistan Limited, Bank Al Habib Limited, Prime Bank Limited, Faisal Bank Limited, PICIC Bank Limited, Askari Commercial Bank Limited, Atlas Bank Limited, International Steels Limited, International Industries, Gillette Pakistan Limited and Bata Pakistan Limited.

Mr. Tariq Iqbal Khan has also been associated with A. F. Ferguson & Co., Chartered Accountants and Tariq Ayub Anwar & Co., Chartered Accountants.

#### **Mr. Muhammad Maqsood - Director**

Mr. Muhammad Maqsood is President / Group CFO of Interloop Limited and Executive Director on Interloop Limited's Board. He is a Member of the Boards of Interloop Dairies (Pvt.) Limited, Interloop Holdings (Pvt.) Limited, IRC Dairy Products (Pvt.) Limited, Texlan Center (Pvt.) Limited, Shifa Medical Centre, Shifa National Hospital, and Interloop Welfare Trust. With an overall experience of 25 years, Mr. Maqsood's association with Interloop spans 18 years. His current responsibility portfolio includes finance, taxation, yarn sales and supply chain & logistics.

Mr. Maqsood is a fellow member of Institute of Chartered Accountants of Pakistan and the Institute of Financial Accountants, UK. He has also obtained certified training on Strategic Financial Management in Global Markets from INSEAD University France. As of October, 2018, Muhammad Maqsood has been certified under the Directors Training Program as prescribed by the Securities & Exchange Commission of Pakistan, under Listed Companies (Code of Corporate Governance) Regulations, 2017.

#### **Mr. Saeed Akhter Abbasi**

Mr. Saeed Abbasi has a wealth of advanced-level engineering expertise in the Information Technology sector, with over 17 years of leadership experience at IBM, growing and developing their comprehensive IT infrastructure and services platform. Mr. Abbasi led and grew one of the largest professional services organizations in the world, helping enterprise clients across all industries, transforming their businesses through consulting services, strategy, technology, and operations. Expertise spans large-scale comprehensive enterprise solutions, network implementation and all aspects of data management, business continuity and server and storage implementation. Mr. Abbasi also specializes in leading high-performing and multi-disciplinary teams from the project development stage through to product launch. His deep expertise also

encompasses project, people and resource management to meet revenue and operational KPIs for business unit targets and profitability.

**Mr. Umer Javed - Director**

Mr. Umer Javed is Head of Finance at Interloop Holdings (Private) Limited. He is also a Director of Momentum Logistics (Pvt.) Limited, Socks & Socks (Pvt.) Limited and Octans Digital (Pvt.) Limited, which are subsidiaries of Interloop Holdings. Umer's association with Interloop spans over 12 years. His current responsibilities include managing group finance, accounts and investments. Mr. Javed is a fellow Member of Association of Chartered Certified Accountants and a member of CFA Institute, USA. He has been certified under the Directors Training Program as prescribed by the Securities & Exchange Commission of Pakistan, under Listed Companies (Code of Corporate Governance) Regulations, 2019.

**Ms. Nabeela Waheed - Director**

Ms. Nabeela Waheed is a seasoned banker with 35 years' global expertise with a strong focus in Risk Management, Corporate and Islamic Banking. More recently, Ms. Waheed oversaw MCB's Risk Management Group, with oversight over Credit Review, Credit Policy, Market, Operational, Credit, and Information Security Risk across the bank's local and international operations. She has been an active member of MCB's Board Committees including: Credit & Risk, Investment, Assets & Liabilities, Write Offs and Information Technology. In addition, Ms. Waheed was also engaged in the following Management Sub-Committees: Cyber Security (Chairperson), Overseas Monitoring, Compliance, AML and CFT Review, Outsourcing Relationship Review, Disciplinary Action.

During Ms. Waheed's tenure as Group Head, MCB achieved industry-leading performance across risk-management-focused metrics in non-performing loans and asset recovery. Ms. Waheed also conceptualized and launched a first-of-its-kind cybersecurity system. Previously, as Country Credit Head for MCB's Retail Banking Group, Ms. Waheed introduced a four-eye-principle for credit approval processes on a pan-bank basis in line with best international practices.

**Mr. Feroze Ahmed - Director**

Mr. Feroze Ahmed is Vice President Denim, and also heads New Business Development, Operations & Quality Assurance functions at Interloop Limited. He is also a Director of Momentum Logistics (Pvt.) Limited, and Octans Digital (Pvt.) Limited. Mr. Ahmed began his career in consulting at Ernst & Young UK. Prior to joining Interloop, he was managing the implementation of digital initiatives across the corporate, retail, and wealth segment in the UK banking sector. Mr. Ahmed graduated in Economics from the University of Toronto, Canada, and holds a masters' degree in International Business & Emerging Markets from the University of Edinburgh, UK.

Mr. Ahmed has been certified under the Directors Training Program as prescribed by the Securities & Exchange Commission of Pakistan, under Listed Companies (Code of Corporate Governance) Regulations, 2017.

**Mr. Muhammad Iqbal Awan - Director**

Mr. Muhammad Iqbal Awan has been serving as civil servant. He has retired as Additional Secretary from the Ministry of Finance. During his career he has served on various senior positions within the Federal Government. Mr. Awan is an M.S. in Economic Policy Management from Columbia University, USA, with a Certification in Budgeting & Financial Management from University of Pittsburgh, Pennsylvania. Mr. Awan has also an M.Sc. from Government College,

Lahore and an LLB from Islamia University. Mr. Awan is presently serving as Director on the Board of Rawalpindi Waste Management Company and Interloop Asset Management Limited.

Previously, he has served as Director on the Boards of several eminent listed and non-listed public sector companies and corporations such as OGDC, PPL, POL, PGCL, ARL, NRL, PARCO, PSO, SNGPL, SSGCL and a number of other companies in the Telecom Sector, Industrial Sector, Agriculture Sector, Banking sector, Health Sector and Social Sector.

### **3.3.2 Profiles of Management**

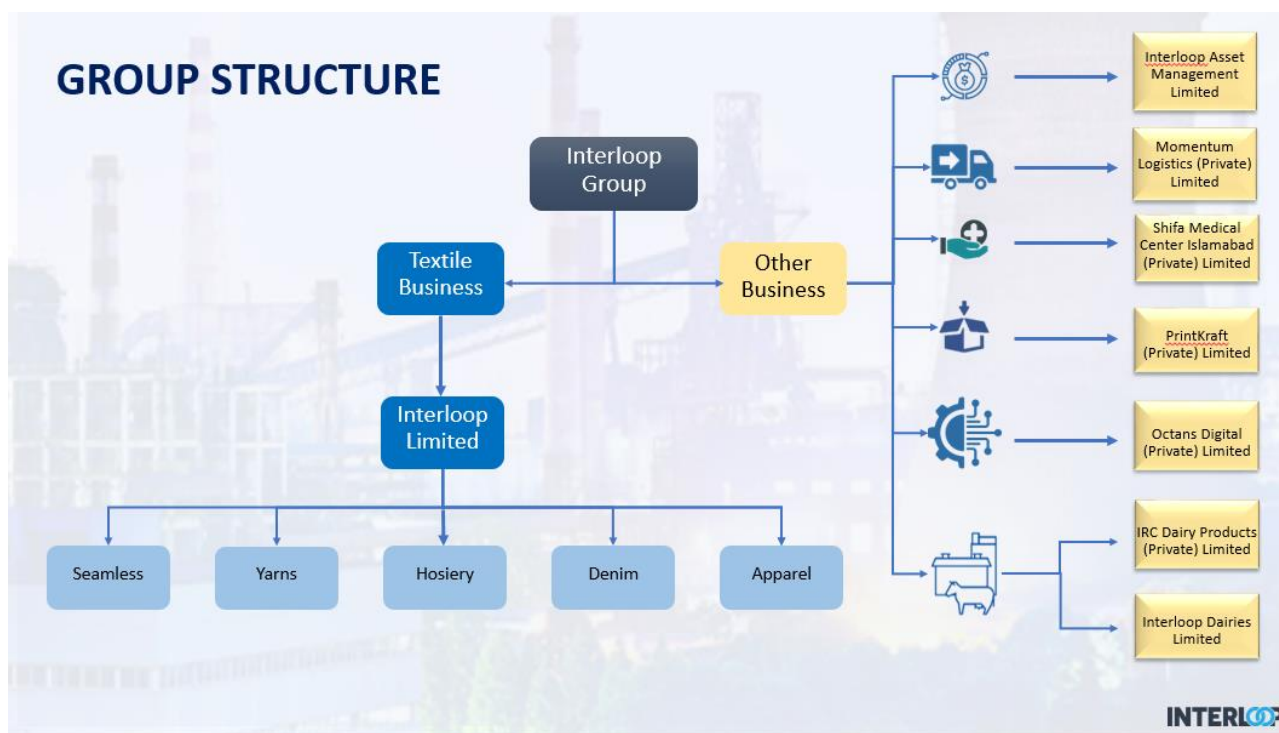
#### **Ms. Aaliya Dossa - Chief Executive Officer**

Ms. Aaliya Dossa is Chief Executive Officer of Interloop Asset Management Limited. She has more than 25 years' experience in Capital Markets in Pakistan, Canada and the UAE, across both Buy and Sell-side Equity and Fixed-Income. Ms. Dossa holds an MBA from the Institute of Business Administration, University of Karachi, and her expertise spans Fundamental Research, Equity, Fixed-Income and Alternatives Strategy and Portfolio Management.

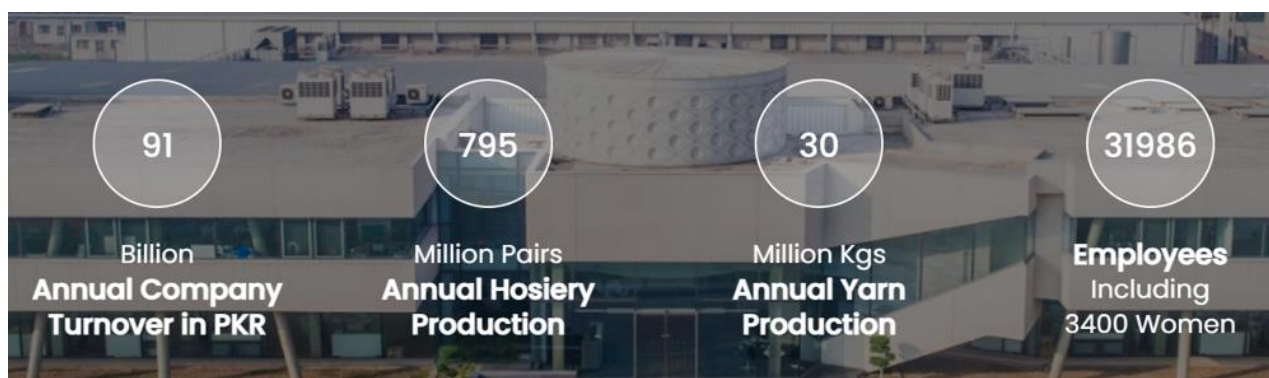
Ms. Dossa led Taurus Securities, Joint Book-runners with National Bank of Pakistan, on the first-ever, landmark, USD1.2Bn Sukuk (Islamic Bond) issue, through the Dutch-auction method, on the Pakistan Stock Exchange, working in close co-ordination with the Regulators. Ms. Dossa has comprehensive experience in corporate finance, valuation and equity research; with demonstrated expertise in financial planning and investment portfolio management for private individuals, retirement funds, and institutions.

Ms. Dossa was Chief Investment Officer at Arif Habib Investment Management Ltd. in Karachi. Prior to that Ms. Dossa headed Equity Research, at National Investment Trust Ltd. the largest public sector Unit Trust (open-end Mutual Fund) in Pakistan. Ms. Dossa has a keen interest in promoting Online Wealth Management in Pakistan and showcasing the depth and value in the Pakistan Stock Market globally. Ms. Dossa is a Member of the National Committee for Investment, Aga Khan University Foundation, Pakistan Branch.

## Performance of INTERLOOP LIMITED



Interloop Limited (ILP) is a vertically integrated multi-category full family clothing company, manufacturing Hosiery, Denim, Knitted Apparel and Seamless Active wear, for top international brands and retailers, besides producing Yarns for a range of textile customers.



In June 3 2022 VIS Credit Rating Company Ltd. (VIS) reaffirmed:

- Entity ratings of 'A+/A-1' (Single A plus/Single A-One)
- Long-term rating of 'A+'
- Outlook 'Stable'

'The ratings incorporate a prominent market position in the hosiery segment that contributes around four-fifth of the sales revenue of the company' (VIS)



ILP - LAST SIX YEARS STATEMENT OF FINANCIAL POSITION

PARTICULARS	2022	2021	2020	2019	2018	2017
	(RUPEES IN '000)					
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant and equipment	34,730,382	26,193,029	22,744,239	18,256,474	15,451,969	13,639,799
Intangible Asset	227,457	209,623	171,459	66,161	42,410	47,205
Long term investments	–	–	1,853,735	1,008,735	380,549	1,400,159
Long term loans	179,626	144,673	113,823	65,762	60,747	50,027
Long term deposits	86,955	60,478	38,337	28,019	25,055	29,372
<b>Total non current assets</b>	<b>35,224,420</b>	<b>26,607,803</b>	<b>24,921,593</b>	<b>19,425,151</b>	<b>15,960,730</b>	<b>15,166,563</b>
<b>Current Assets</b>						
Stores and spares	1,866,417	1,199,116	1,062,524	887,659	779,198	696,743
Stock in trade	23,142,048	11,276,308	8,810,625	6,282,491	5,121,718	3,565,881
Trade debts	28,603,965	15,052,940	7,207,391	8,247,740	7,293,008	4,814,220
Loan and advances	1,633,562	1,034,836	485,930	1,063,342	617,743	1,007,837
Deposit, prepayment and other receivables	998,491	318,708	193,182	194,544	179,864	480,505
Accrued Income	4,570	2,131	2,239	10,441	–	–
Tax refunds due from government	4,224,938	4,328,555	2,408,014	1,925,439	2,451,806	1,971,626
Short term investments	500,000	500,000	125,044	1,207,251	147,425	716,526
Deferred employee share option compensation expense	–	–	–	–	5,014	968
Cash and bank balances	117,119	374,442	150,787	1,538,564	193,687	58,599
<b>Total current assets</b>	<b>61,091,110</b>	<b>34,087,036</b>	<b>20,445,736</b>	<b>21,357,471</b>	<b>16,789,463</b>	<b>13,312,905</b>
<b>Total Assets</b>	<b>96,315,530</b>	<b>60,694,839</b>	<b>45,367,329</b>	<b>40,782,622</b>	<b>32,750,193</b>	<b>28,479,468</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	8,983,635	8,721,975	8,721,975	8,721,975	1,901,104	1,899,385
Reserves	3,528,149	3,791,602	3,791,602	3,791,602	38,863	21,052
Unappropriated profit	17,428,486	8,001,035	4,766,115	5,366,207	7,142,570	12,522,990
<b>Total equity</b>	<b>29,940,270</b>	<b>20,514,612</b>	<b>17,279,692</b>	<b>17,879,784</b>	<b>9,082,537</b>	<b>14,443,427</b>
<b>Non current liabilities</b>						
Long term financing	14,396,116	8,213,978	6,861,130	3,628,745	2,247,936	1,916,475
Lease liabilities	93,973	152,969	102,158	–	615	1,084
Deferred liabilities	5,048,654	3,816,001	3,140,682	2,482,623	1,925,612	1,572,461
<b>Total non current liabilities</b>	<b>19,538,743</b>	<b>12,182,948</b>	<b>10,103,970</b>	<b>6,111,368</b>	<b>4,174,163</b>	<b>3,490,020</b>
<b>Current liabilities</b>						
Trade and other payables	9,084,790	5,551,641	3,031,231	3,576,861	2,730,414	1,815,056
Unclaimed dividend	3,006	4,004	2,952	130,935	475,276	–
Accrued mark up	702,689	221,674	191,136	110,483	137,856	83,140
Short term borrowings	35,007,908	19,636,066	14,354,861	11,726,000	15,180,937	7,636,573
Derivative financial instruments	94,154	33,074	–	–	–	–
Current portion of non current liabilities	1,943,970	2,550,820	403,487	1,247,191	969,010	1,011,252
<b>Total current liabilities</b>	<b>46,836,517</b>	<b>27,997,279</b>	<b>17,983,667</b>	<b>16,791,470</b>	<b>19,493,493</b>	<b>10,546,021</b>
<b>Total equity and liabilities</b>	<b>96,315,530</b>	<b>60,694,839</b>	<b>45,367,329</b>	<b>40,782,622</b>	<b>32,750,193</b>	<b>28,479,468</b>

## ILP - LAST SIX YEARS KEY FINANCIAL RATIOS

PARTICULARS		2022	2021	2020	2019	2018	2017
<b>Profitability Ratios</b>							
Gross Profit Margin	%	28.68	25.86	21.66	31.90	29.37	26.48
Net Profit Margin	%	13.60	11.45	4.95	13.86	12.48	11.35
Return on Equity	%	41.28	30.67	10.40	29.05	42.78	20.85
<b>Liquidity Ratios</b>							
Current Ratio	Times	1.30	1.22	1.14	1.27	0.86	1.26
Quick/Acid Test Ratio	Times	0.77	0.77	0.59	0.84	0.56	0.85
<b>Investment/Market Ratios</b>							
Earnings per share - basic	Rs	13.76	7.00	2.00	6.45	5.06	3.92
Earnings per share - diluted	Rs	13.76	7.00	2.00	6.45	5.06	3.92
Dividend Yield Ratio	%	3.28	3.57	4.55	6.78	-	-
Cash dividend per share - declared	Rs	4.00	2.50	2.00	3.00	5.00	5.21
Market Price - at year end	Rs	61.00	70.03	43.92	44.27	-	-
Break up value per share	Rs	33.33	23.52	19.81	20.50	47.78	76.04
<b>Capital Structure</b>							
Leverage Ratio	Times	1.74	1.50	1.27	0.93	2.04	0.74
Interest Cover	Times	7.16	8.29	3.15	7.09	10.62	10.81
Operating Cycle	Days	151.97	135.56	144.66	124.04	117.58	103.86

## ILP - LAST SIX YEARS STATEMENT OF PROFIT OR LOSS

PARTICULARS	2022	2021	2020	2019	2018	2017
(RUPEES IN '000)						
Sales	90,894,049	54,962,265	36,302,794	37,478,321	31,138,736	26,529,786
<b>Gross Profit</b>	<b>26,066,169</b>	<b>14,212,280</b>	<b>7,863,718</b>	<b>11,954,714</b>	<b>9,144,499</b>	<b>7,026,284</b>
Operating expenses	(10,149,751)	(6,192,379)	(4,610,725)	(5,538,024)	(4,655,082)	(3,520,071)
<b>Profit from operations</b>	<b>15,916,418</b>	<b>8,019,901</b>	<b>3,252,993</b>	<b>6,416,690</b>	<b>4,489,417</b>	<b>3,506,213</b>
Finance cost	(2,492,950)	(1,147,038)	(1,137,162)	(995,707)	(483,654)	(391,940)
<b>Profit before taxation</b>	<b>13,423,468</b>	<b>6,872,863</b>	<b>2,115,831</b>	<b>5,420,983</b>	<b>4,005,763</b>	<b>3,114,273</b>
Taxation	(1,063,972)	(581,292)	(319,428)	(226,216)	(119,954)	(103,188)
<b>Profit for the year</b>	<b>12,359,496</b>	<b>6,291,571</b>	<b>1,796,403</b>	<b>5,194,767</b>	<b>3,885,809</b>	<b>3,011,085</b>

## ILP - LAST SIX YEARS STATEMENT OF CASH FLOWS

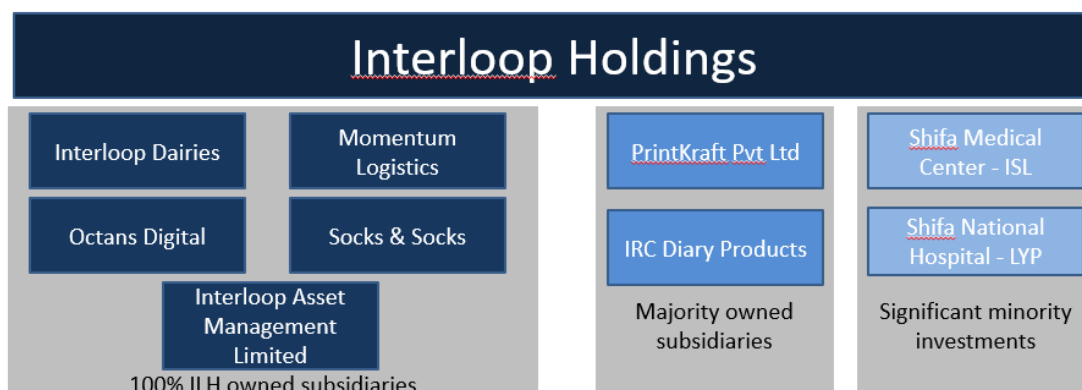
PARTICULARS	2022	2021	2020	2019	2018	2017
(RUPEES IN '000)						
Cash Flows from Operating Activities	(7,205,843)	(707,684)	2,602,454	5,856,137	(2,790,766)	1,238,798
Cash Flows from Investing Activities	(11,390,899)	(4,618,250)	(7,283,840)	(5,224,627)	(4,467,281)	(3,152,722)
Cash Flows from Financing Activities	18,339,419	5,413,852	2,477,398	1,654,622	7,369,132	1,945,152
<b>Net (decrease) / increase in cash &amp; cash equivalents</b>	<b>(257,323)</b>	<b>87,918</b>	<b>(2,203,988)</b>	<b>2,286,132</b>	<b>111,085</b>	<b>31,228</b>



## OTHER BUSINESS

### Interloop Holdings Private Limited (ILH)

ILH invested aggressively in FY20 into various non-textile businesses, expanding into growth as well as defensive sectors. During FY22, the businesses expanded significantly.



### Introduction to Interloop Asset Management Limited (IAML)

- IAML is a public unlisted company Incorporated in Pakistan as a limited liability company on December 21, 2021, under the Companies Act, 2017
- Registered with the Securities and Exchange Commission of Pakistan (SECP)
- Regulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008
- Asset Management and Investment Advisory Licenses were both received on 18 April 2022
- IAML is a 100% owned subsidiary of Interloop Holdings Private Limited, the Holding Company (see above)
- Registered office is Suite 205, 2<sup>nd</sup> Floor, The Forum, Clifton Block 9, Khayaban-e-Roomi, Karachi, Pakistan

#### 3.4 Funds Under the Management of the Management Company

There are no funds registered under the management of the Management Company.

#### 3.5 Role and Responsibilities of the Management Company

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

##### 3.5.1 Administration of the Scheme

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

##### 3.5.2 Management of Fund Property

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

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

### **3.5.3 Appointment of Distributors**

The Management Company, may from time to time under intimation to the Trustee appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s) locally or internationally. The Management Company may also itself act as a Distributor for carrying on Distribution Functions and updated list of distributors would be available on official website of the Management Company.

The Management Company shall ensure, where it delegates the Distribution Function, that:

- (a) the Distributors to whom it delegates, have acquired registration from SECP / MUFAP as registered service providers, and are abiding by the code of conduct or any other requirements prescribed by the association or SECP;
- (b) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and mis-selling of Collective Investment Schemes;
- (c) the Management Company and Distributor shall not:
  - i. involve either directly or indirectly in the mis-selling of Collective Investment Scheme; and
  - ii. sell units of Collective Investment Scheme directly or indirectly by making a false and mis-leading statement, concealing or omitting material facts of the Scheme and concealing the risk factors associated with the Scheme;
- (d) The Management Company or distributor shall take reasonable care to ensure suitability of the scheme to the investor.

- (e) The Management Company or distributor shall ensure that;
  - i. any performance reporting/ presentation is accompanied by all explanations, qualifications, limitations and other statements that are necessary to prevent such information from misleading investors;
  - ii. promotional materials do not contain untrue statements or omit to state facts that are necessary in order to prevent the statements from being misleading, false or deceptive; and
  - iii. performance is measured and presented after taking into account the risk-tolerance, investment objectives, level of understanding and knowledge of the recipient.

#### **3.5.4 Appointment of Investment Facilitator**

The Management Company may, at its own responsibility and cost, from time to time appoint Investment Facilitators to assist it in promoting sales of Units. An update list of investment facilitators appointed by the Management Company shall be made available at all times on the websites of the Management Company.

The Management Company shall ensure, where it appoints the investment facilitator, that:

- a. the investment facilitator have acquired registration from SECP / MUFAP as registered service providers, if required by applicable regulations or guidelines issued by the Commission from time to time; and are abiding by the code of conduct or any other requirements prescribed by the association or SECP
- b. the written contract with the Investment facilitator clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

#### **3.5.5 Maintenance of Accounts and Records**

The Management Company shall maintain at its principal office, complete and proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme, amounts received by the Scheme in respect of issue of Units, payments made from the Scheme on redemption of the Units and by way of distributions and payments made at the termination of the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

The Management Company shall ensure that no entry and exit from the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than the following manners, unless permitted otherwise by the Commission under the Regulations:

- (a) cash settled transaction based on the formal issuance and redemption requests.
- (b) net off issuance and redemption transaction at same net asset value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any).

The Management Company shall clearly specify Cut-Off Timings (for acceptance of application forms of issuance, redemption, and conversion of Units of the Scheme) in this Offering Document, on its web site and at designated points. Such Cut-Off Timing shall uniformly apply on all Unit Holders.

The Management Company shall ensure all valid redemption requests are paid based on ranking of the request in a queue.

### **3.6 Maintenance of Unit Holders Register**

A Register of Unit Holders may be maintained by the Management Company itself or such other company, as the Management Company may appoint after giving prior notice to the Unit Holders.

The office of the Transfer Agent is located at: Suit No. 205, 2nd Floor, The Forum, Clifton Block 09, Karachi, Pakistan where the Register of Unit Holders will be maintained.

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

#### **Disclaimer**

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

### **3.7 Role of the Trustee**

The trustee shall perform its role as specified in the Rules, Regulation and directives issued there under, this Deed and the Offering Document. The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the provisions of this Trust Deed or the Rules and Regulations. Whenever pursuant to any provision of this Trust Deed, any instruction, certificate, notice, direction or other communication is required to be given by the Management Company, the Trustee may accept as sufficient evidence thereof:

- i. a document signed or purporting to be signed on behalf of the Management Company by any authorized representative(s) whose signature the Trustee is for the time being authorized in writing by the Management Committee to accept; and
- ii. any Instructions received online through the software solution adopted by the Management Company/Trustee in consultation with each other shall be deemed to be instructions from the authorized representative(s).

The Trustee shall not be liable for any loss caused to the Fund or to the value of the Trust Property

due to any elements or circumstances of Force Majeure.

In the event of any loss caused due to any gross negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss. However, the Trustee shall not be under any liability thereof or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.7.1 Obligations under Regulations and Constitutive Document**

The Trustee shall perform all the obligations entrusted to it under the Regulations, circulars, directives, the Deed and this Offering Document and discharge all its duties in accordance with the Rules, Regulations, the Trust Deed and this Offering Document. Such duties may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company. Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by negligence or any reckless willful act or omission of the Trustee or any of its attorney (ies), or agents.

### **3.7.2 Custody of Assets**

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

### **3.7.3 Investment of Fund Property at direction of Management Company**

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

### **3.7.4 Carrying out instructions of the Management Company**

The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property unless such instructions are in conflict with the provisions of the Deed, this Offering Document(s), the Regulations, the Circulars and Directives of SECP or any other applicable law.

### **3.7.5 Liabilities of the Trustee**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and/or the Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Fund Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder. The Trustee shall not be liable

for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

### **3.7.6 Disclaimer**

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and Regulations and the Deed nor shall the Trustee be liable for any act or omission of the Management Company nor for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Trust Property. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

### **3.8 Transfer Agent**

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

### **3.9 Custodian**

Central Depository Company of Pakistan Limited, the Trustee will also be performing the functions of the custodian of the Fund Property. The salient features of the custodial function are:

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

The Trustee may, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and agreed by the Management Company for the safe keeping of any portion of the Fund Property.

### **3.10 Distributors/Facilitators**

3.10.1 Parties detailed in Annexure C of this Offering Document have each been appointed as Distributors to perform the Distribution Functions at their Authorized Branches. The addresses of these branches are given in Annexure C of this Offering Document; these branches may be increased or decreased by the Management Company from time to time. The Management Company may, from time to time, appoint additional Distributors (if they fulfill the requirement of regulations) or terminate the arrangement with any Distributor and intimate the Trustee and Commission accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

- 3.10.2 The Distributors will be responsible for receiving applications for Purchase, Redemption, Conversion or Transfer of Units etc. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address or other particulars or applications for issuance of duplicate certificates, requests for income tax exemption or Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action. The Management Company shall remunerate the Distributors out of its resources and/or from Sales Load.
- 3.10.3 The Management Company may, at its sole discretion, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators out of its resources and/or from Front-end Load.

### **3.11 Auditors**

#### **A.F.Ferguson & Co**

They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for such terms as stipulated by the Regulations and/or the Act, as amended from time to time. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and Regulations.

- 3.11.1 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.11.2 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 3.11.3 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet, profit and loss account, cash flow statement and statement of movement in Unit Holders' Funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.
- 3.11.4 The contents of the Auditors report shall be as mentioned in the Regulations.

### **3.12 Legal Advisors**

The legal advisors of the Fund are:

Mohsin Tayebaly & Co.  
180-B, Street P  
Scotch Corner, Upper Mall  
Lahore, Pakistan

Abdur Rehman Qureshi  
Advocate High court  
HNO 7/1, Street 23, F-8/2, Islamabad, Pakistan

### 3.13 Bankers

- a) Bank Al-Habib Limited
- b) Bank Alfalah Limited

In addition, the Management Company may appoint any other Bank(s) or make changes to the above list. The Trustee shall operate the accounts on instruction from the Management Company.

#### 3.13.1 Bank Accounts

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled “**CDC Trustee IAML Equity Fund**” for the Unit Trust at designated Bank(s) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust’s Funds.
- (b) The Management Company may also require the Trustee to open Bank Account(s) as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- (e) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account of the Fund and any income, profit etc. earned and/or accrued on the investments of that amount up to and including the day before the opening of Initial Period shall not form part of the Trust Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Offering Period, either in cash or in additional Units as selected by those Investors, in proportion of their investments.
- (f) The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the constitutive documents of such Funds and have Trustee as common between them. Such accounts shall be in the title of **CDC-Trustee IAML Funds**.

#### Rating of the Scheme

The Management Company will be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the criteria of the rating agency, and such rating shall be



updated at least once every Financial Year and also published in the annual and quarterly reports of the Scheme as well as on the Management Company's website.

### 3.14 Minimum Fund Size

The minimum size of IAML Equity Fund shall be PKR 100,000,000/- (Pak Rupees One Hundred Million) at all times during the life of the scheme. In case after the initial public offering or subsequently at any time if the size of open end scheme falls below that minimum size of PKR 100,000,000/- (Pak Rupees One Hundred Million), the asset management company shall ensure compliance with the minimum fund size within three (3) months of its breach and if the fund size remains below the minimum fund size limit for consecutive ninety (90) days the asset management company shall immediately intimate the grounds to the Commission upon which it believes that the scheme is still commercially viable and its objective can still be achieved.

## 4. CHARACTERISTICS OF UNITS

### 4.1 Units

All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time, after seeking prior approval of the Commission and amending the Offering document.

### 4.2 Classes of Units

- a) Class "A" Units issued to the Investors participated before the Initial Period with no Front-end Load.
- b) Class "B" Units being offered and issued during Initial Offer of Period with no Front-end Load.
- c) Public Offering will be made with Class "C" Units, which shall be offered and issued after the Initial Period, with Front-end Load at the discretion of the Management Company.

#### 4.2.1 Types of Units

An investor shall, at the time of opening an account, select the types(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Units and/or Income Units. Unit Holders can switch from one type of Units to another at any time by filling out the required application form available at all distribution points.

- (a) **Growth Units:** The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive additional units at prevailing price, after adjusting for taxes against Cash Dividend (if any) at the time of distribution. Dividend announced by the company shall be reinvested in the form of units

- (b) **Income Units:** The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive distribution income in the form of cash, if any distribution announced by the Fund.

In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under the above options.

Unit Holders may switch over to any of the other options or withdraw funds from the option at any stage by submitting the prescribed form to the Distributor/ Management Company.

The Management Company may introduce Administrative Plans for the Fund in the future with a prior notice to Unit Holders after seeking prior approval of the Commission.

#### **4.3 Purchase and Redemption of Units**

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices during Business Hours on any Dealing Day in accordance with the procedure set out in of this Offering Document.
- (b) Units are issued after realization of subscription money
- (c) Units of the Scheme shall be allocated on the basis of Purchase (Offer) Price applicable on the date of receipt of duly completed purchase application along with the online payment/ payment instrument within cutoff timings.
- (d) During the period the register is closed, the sale, redemption and conversion of Units will be suspended.
- (e) The Management Company may decline an applicant for issue of units if it is of the opinion that it will not be possible to invest the substantial inflow of Funds or to meet any regulatory requirements.

#### **4.4 Procedure for Purchase of Units**

##### **4.4.1 Who Can Apply?**

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. Application may be made pursuant to the procedures described in paragraph 6.4.4 below by any qualified or authorized investor(s) including, but not limited to, the following:

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

- (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the Purchase of Units in the Fund shall warrant that he/she is duly authorized to purchase such Units.
- (d) Provident Funds constituted by companies registered under the Companies Act, 2017, subject to conditions and investment limits as laid down in Employees Contributory Fund (Investment in Listed Securities) Regulations, 2018 (Regulations 2018) as amended from time to time, including by SROs.
- (e) Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- (f) Insurance companies under the Insurance Ordinance, 2000.
- (g) Non-Profit Organization under Rule 213 (i) of the Income Tax Rules, 2002.
- (h) Fund of Funds.

#### **How can Units be purchased?**

##### **4.4.2 Account Opening Procedure**

The procedure given below is designed for paper-based transactions. The Management Company at a later date after seeking approval of the Commission may introduce electronic/Internet based options for the transactions.

- (a) Before purchasing Units of the Fund an investor must open an account with Management Company using the Account Opening Form (IEF 01) attached to this Offering Document along with KYC form.
- (b) In case of individuals, a photocopy of the Computerized National Identity Card (CNIC), NICOP or Passport etc. of the applicant or any other form of identification acceptable to the Management Company needs to be furnished. The Management Company may also require other documents for processing account opening request in accordance with the laws as may be applicable from time to time.
- (c) In case of a body corporate or a registered society or a trust the following documents would be required,
  - (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
  - (ii) Duly certified 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;

- (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
- (d) In case of existing Unit Holders, if any of the documents (in a-c above) have previously been submitted with the Management Company and/or Transfer Agent, fresh submission of documents will not be required provided that submitted documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.
- (e) Any change of name or address of any unit holder as entered in the Register shall forthwith notified in writing by relevant unit holder to the distributor company or transfer agent.
- (f) The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Account Opening Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.
- (g) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- (h) The Investor Account Opening Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Investment Facilitators) is authorized to accept the forms or payment.
- (i) The Management Company will make arrangements, from time to time, for receiving Account Opening Forms from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- (j) In case of submission of electronic online investment requests the Investor's user ID and password will authenticate his/her identity.

#### **4.4.3 Joint Application**

- (a) Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis. However, each person must sign the Account Opening Form and submit a copy of Computerized National Identity Card, NICOP, Passport and other identification document and is also required to fulfill the FACTA and KYC requirements

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

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

#### 4.4.4 Purchase of Units

- (a) After opening an account an account holder may purchase Units of the Fund using the Investment Application Form (IEF 02) attached to this Offering Document. Payment for the Units must accompany the form.
- (b) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of Trustee Bank Account and crossed "Account Payee only" as specified below;
- Demand draft or Pay order in favor of **CDC-Trustee – IAML Equity Fund**
  - Online transfer to Bank Account(s) of **CDC-Trustee – IAML Equity Fund**
  - Cheque (account payee only marked in favor of **CDC-Trustee – IAML Equity Fund**)
- (c) The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it with the prior approval of Commission.
- (d) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (e) The applicant must obtain a copy of the application signed and stamped by an authorized officer 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. Acknowledgement for applications and payment instruments can only be validly issued by Distributors or the Management Company.

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

#### **4.4.5 Minimum Amount of Investment**

Initially Units shall be issued at Par Value of Rs. 10 with a minimum investment size of Rs. 5,000 (Pak Rupees Five Thousand only) and thereafter the minimum amount for investment would be of Rs. 1,000 (Pak Rupees One Thousand only) per transaction, at applicable NAV or purchase price, other than reinvestment of Dividend and Bonus Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days' prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

#### **4.4.6 Determination of Purchase (Public Offer) Price**

- (a) Units offered during the Initial period will be as specified in Clause 1.6.
- (b) After the Initial Period, the Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (c) hereafter and shall be announced by the Fund for Dealing Days during the period when the Fund is open for subscription.
- (c) The Purchase (Offer) Price shall be equal to the sum of:
  - (i) The Net Asset Value as of the close of the Business Day (Forward pricing);
  - (ii) Any Front-end Load as disclosed in this Offering Document.
  - (iii) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (iv) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
  - (v) Such sum shall be adjusted upward to the nearest paisa
  - (vi) If such price exceeds or falls short of the current value of the underlying assets by more than five percent based on information available, the Assets Management Company shall defer dealing and calculate a new price and this new price would be applicable for dealing of units.
- (d) The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which the completely and correctly filled purchase of Units application form is received.
- (e) The Purchase (Offer) Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and

will also be published daily on the Management Company's and MUFAP's website.

#### **4.4.7 Allocation/ Issue of Units**

- (a) The Purchase Price determined shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day. Any Investment Request Forms received after Business Hours will be transferred to the next Dealing Day.
- (b) Units will be allocated at the Purchase Price as determined in clause 4.4.6. above and issued after realization of funds in the bank account of the Fund.
- (c) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.
- (d) In case the Management Company announces a suspension of further issue of Units of Fund, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

#### **4.4.8 Issuance of Physical Certificates**

- (a) Unit Certificates will be issued only if requested by the Unit Holder.
- (b) Unit Holder 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. 50** per Certificate or any other amount as determined by the Management Company from time to time.
- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.
- (d) The Certificate will be available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) A Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

#### **4.4.9 Replacement of Certificates**

- (a) The Transfer Agent or Management Company may replace Certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed form on the payment of all costs and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- (b) The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one (01) Certificate upon surrender of existing Certificates.

- (c) 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.

#### **4.4.10 Issuance of Units in Book Entry form in CDS**

Unit Holder may obtain Units in Book Entry form in CDS. The Issuance of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

### **4.5 Procedure for Redemption of Units**

#### **4.5.1 Who Can Apply?**

All Unit Holders shall be eligible for redemption after the closure of the Initial Period.

#### **4.5.2 Redemption Application Procedure**

4.5.2.1 Request for Redemption of Units shall be made by completing the prescribed Redemption Form (IEF 03) and the same is received at the Authorized Branch or office of the Distributor on a Dealing Day during the Business Hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of the Redemption Form and a copy may also be supplied to the Registrar, if so required by the Management Company.

4.5.2.2 The Management Company may redeem only part of the Units comprised in a Certificate and reissue a new Certificate for the remaining Units, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. At the discretion of the Management Company certificate charges may apply for the reissued Certificate.

4.5.2.3 The Registrar with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof.

4.5.2.4 In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the investor account opening Form.

4.5.2.5 The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by Management Company or the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions, the Unit Holder's user ID and password will authenticate his identity.

The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.

4.5.2.6 If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Management Company or the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Management Company or Registrar or the Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen



days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.

4.5.2.7 The Management Company shall ensure all valid redemption requests are paid based on ranking of the request in a queue.

4.5.2.8 The amount payable on redemption shall be paid to the Unit Holder or first name joint Unit Holder by dispatching a cheque/ bank draft/ pay order for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form within six Business Days from the date of presentation of the duly completed Redemption form, electronic or otherwise, at the Authorized Branch or office of the Distributor or the Management Company.

The amount can also be paid to the third party upon instruction of the Unit Holder through Electronic Bank transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form or Redemption form.

No Money shall be paid to any intermediary except the Unit Holder or his authorized representative.

**The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet, web based or ATM facilities under prior arrangement with the Trustee and seeking prior approval of the Commission. In case of submission of electronic online redemption requests the Investor's user ID and password will authenticate his/her identity.**

4.5.2.9 The receipt of any amount payable in respect of the Units by the Unit Holder or any Joint Holder, as the case may be, shall be a good discharge to the Trustee and the Management Company. In case of joint Unit Holders any one of them may give effectual receipt for any such money.

4.5.2.10 Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Dealing Days. Where redemption requests on any one Dealing Day exceed ten (10) percent of the total number of Units outstanding, such redemption requests in excess of ten (10) percent may be deferred in accordance with the procedure elaborated in the Clause 4.11.4.

4.5.2.11 On the occurrence of any circumstance specified in the Regulation or the Deed that may require the Fund should be suspended, the Management Company shall suspend the Sale and Redemption of Units and the intimation of suspension shall be made to the Unit Holders, the Trustee and the Commission according to the procedure laid down in the Regulation.

#### **4.5.3 Redemption of Units in Book Entry form in CDS**

Unit Holder may redeem their Units held in Book Entry form in CDS. The Redemption of Units in CDS shall be made in accordance with the procedure laid down in CDCPL Regulations.

#### **4.6 Purchase (Public Offer) and Redemption (Repurchase) of Units outside Pakistan**

4.6.1 Subject to exchange control, SECP prior approval and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Public Offer) of Units to persons not residing in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may include in addition to the Purchase (Public Offer) Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.

4.6.2 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility. Provided however, neither the Management Company, nor the Trustee give any assurance or make any representation that remittance would be allowed by the State Bank of Pakistan at the relevant time.

4.6.3 The currency of transaction of the Trust is the Pakistani Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising there from.

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

4.7.1 The Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of Business Day (forward pricing)/ less:

- (a) Any Back-end Load as per the details in this Offering Document;
- (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc.
- (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- (d) Such sum shall be adjusted downward to the nearest paisa.
- (e) The level of all back end loads shall be disclosed in the Offering Document. An increase in Back End load will require 30 days prior notice to the Unit Holder or any other period as specified in the Regulations.

4.7.2 The Repurchase (Redemption) Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which a correctly and properly filled redemption application is received.

4.7.3 The Redemption Price determined by the Management Company shall be made available for every Dealing day to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in any daily newspaper widely circulated in Pakistan and will be published at the Management Company's and MUFAP's website.

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

##### **4.8.1 Who Can Request Change?**

All Unit Holders are eligible to change their Unit Holder details if they so desire. For such change in particulars, a request shall be made via the Special Instructions Form (IEF 06). These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made through CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.

##### **4.8.2 Application Procedure for Change in Particulars**

- (a) Subject to the submission of Special Request Form and supporting documents to the satisfaction of the Management Company, the Unit Holder may request any change in his or her information kept in the Unit Holder Register. Changes will not be allowed in CNIC and Joint Holder.
  - i. Change in address
  - ii. Next of Kin details
  - iii. Change in Bank Account details
  - iv. Account Operating instructions
  - v. Frequency of profit payment
- (b) Fully completed Special Request/Instructions Form(s) have to be submitted by both Individuals and/or Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within Business Hours on a Dealing Day.
- (c) The applicant must obtain a copy of the Special Request/ Instructions Form signed and duly verified by an Authorized Officer of the Distributor or Management Company.
- (d) The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Special Request/Instructions Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (e) The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes. These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.
- (f) Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instructions Form for such Units.

##### **4.8.3 Transfer, Nomination, Transmission and Systemic Conversion Procedure**

- 4.8.3.1 Unit Holder may, subject to the law, transfer any Units held by them to any other person. The transfer shall be carried out after the Management Company/Transfer Agent has been satisfied that all the requisite formalities including the payment of applicable taxes and duties have been complied with.
- 4.8.3.2 Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value.
- 4.8.3.3 Where Certificates have been issued, the Management Company / Transfer Agent with the consent of the Trustee may dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document. The Management Company or the Transfer Agent shall retain all instruments of transfer.
- 4.8.3.4 The Transfer Agent shall, with the prior approval of the Management Company or the Management Company itself be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner. Complete list of unclaimed dividends will be maintained by AMCs and shall not be destroyed. Unit Holder may nominate any successor/nominee for transmission, subject to all legal requirements, in case of the decease of Unit Holder.
- 4.8.3.5 Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent or the Management Company itself as Registrar after satisfying as to all legal requirements such as intimation of death of deceased Unit Holder along-with certified copy of death certificate, furnishing succession certificate approved by competent authority with copy of CNIC of successors and deceased Unit Holders , original unit certificate (in case of physical certificate) etc. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.
- 4.8.3.6 A Unit Holder may convert the Units of the Scheme into Units of another scheme managed by the Management Company by submitting a form designated for this purpose either physically or electronically. Notwithstanding anything contained in this Offering

Document, the Offer Prices applicable on the conversion shall be the price applicable for the day on which form is submitted. For the purpose of conversion transaction applicable Cut Off timings of the respective Schemes shall be applicable. The Transfer Agent or Management Company itself shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.

4.8.3.7 A Unit Holder may merge the Units which he/she has invested with two folio/registration numbers into one folio/ registration number. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.

#### **4.9 Partial Transfer**

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

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

##### **4.10.1 Who Can Apply?**

- (a) All Unit Holders are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form 05. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its website. However, if Units are held in CDS account then request should be made to the CDS Participant or the Investor Account Service (IAS) with which the account is maintained, according to the procedure laid down in CDC Regulations.
- (b) Any Unit Holder either singly or with Joint Unit Holder(s) (where required) may request the Management Company or Transfer Agent to record a pledge / lien of all or any of his / her/ their Units in favor of any third party legally entitled to invest in such Units in its own right. The Management Company or Transfer Agent shall register a lien on any Unit in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Management Company or Transfer Agent with the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.
- (c) The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Transfer Agent, shall be liable for ensuring the validity of any such pledge / charge/ lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.
- (d) Payments of cash dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien / charge pledge shall be paid to the order of the lien / charge / pledge holder's bank account or posted to the registered address of Pledgee mentioned in the Pledge

Form and/or Investor Account Opening Form submitted. In case of Units are pledged through Central Depository System, payments of cash dividends or the issuance of bonus Units goes to the Pledgor as per Central Depositories Act.

- (e) The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Pledge Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (f) Fully completed Pledge of Units Form has to be submitted by both Individuals and/or non-individuals Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company directly or through an Investment Facilitator within Business Hours on a Dealing Day.
- (g) All risks and rewards, including the right to redeem such Units and operate such account shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

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

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

Under the circumstances mentioned in Clauses 4.11.2 and 4.11.3, subject to compliance with Regulations (having regard to the interests of Unit Holders), the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units.

A permanent change in the method of dealing shall be made after expiry of at least one month's notice to Unit Holders and with the approval of Trustee.

##### **4.11.2 Suspension of Fresh Issue of Units**

The Management Company may, under the following circumstances, suspend issue of fresh Units.

- The situation of Force Majeure as defined in this Offering Document;
- A situation in which it is not possible to invest the amount received against issuance of fresh Units; or
- Any other situation in which issuance of fresh Units is, in the Management Company's opinion, against the interests of the existing/remaining Unit Holders.

Such suspension may however not affect existing Unit Holders for the issue of bonus Units as a result of profit distribution, The Management Company shall announce the details of circumstances at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP and Trustee if issuance of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

In case of suspension of redemption of Units due to extraordinary circumstances, the issuance of Units shall also be kept suspended until and unless the redemption of Units is resumed.

Investment application form received on the day of suspension will not be processed and the amount received (if any) shall be returned to the investor.

#### **4.11.3 Suspension of Redemption of Units**

The Redemption of Units may be suspended during extraordinary circumstances/ Force Majeure.

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

#### **4.11.4 Queue System**

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Dealing Day, such requests shall be processed on basis proportionate to the size of the requests. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Dealing 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 Dealing Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

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

In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

### **5. DISTRIBUTION POLICY**

#### **5.1 Declaration of Dividend**

The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date / interim period whether to distribute among Unit Holders, profits, in form of cash dividend, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the amount of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the Unit Holders, not less than ninety per cent of the accounting income of the Collective Investment Scheme received or derived from sources other than capital gains as reduced by such expenses as are chargeable to a Collective Investment Scheme under the Regulations.

For the purpose of this Clause the expression “accounting income” means income calculated in accordance with the requirements of International Accounting Standards (IAS) Or any other standards as notified by the Commission under the Companies Act 2017, the Regulations and the directives issued by the SECP. Wherever the requirements of Regulations or the directives issued by SECP differ with the requirement of IAS the Regulations and the said directives shall prevail.

## **5.2 Determination of Distributable Income**

The amount available for distribution in respect of any Accounting Period shall be determined in accordance with the regulatory and taxation requirement as may be applicable from time to time.

All the receipts deemed by the Management Company to be in the nature of capital accruing from Investments may not be regarded as available for distribution but may be retained as part of the Fund Property, provided that and subject to the regulatory and taxation requirements such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Fund Property.

## **5.3 Payment, Dispatch and Advice of Dividend**

All payments for dividend shall be made through payment instruments or transfer of Funds to the Unit-holder’s designated bank account or the charge-holder’s designated bank account in case of lien / pledge of Units as the case may be or through any other mode of payment with the approval of Commission and such payment shall be subject to the Regulations and any other applicable laws.

If a Unit Holder, under Clause 5.5, decides to reinvest in new Units, Cash Dividends / Bonus Units shall be re-invested in the Fund, on behalf of such Unit-holder, after deduction of applicable duties, charges and taxes.

Dividend advices and/or Account Statements shall be emailed to the Unit Holders or the charge-holders at their registered email addresses.

## **5.4 Bonus Units**

The Management Company may decide to distribute, the distributable income in the form of stock dividend (which would comprise of the Bonus Units of the Trust) if it is in the interest of Unit Holders subject to prevailing tax laws. After the fixing of the rate of bonus distribution per Unit, in case of distribution in the form of Bonus Units, the Management Company shall, under intimation to the Trustee, issue additional Units issued in the name of the Unit Holders as per the bonus ratio. The Bonus Units would rank pari passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these



Bonus Units. The account statement or Unit Certificate shall be dispatched to the Unit Holder within fifteen days of the issue of Bonus Units.

### **5.5 Reinvestment of Dividend**

The Management Company shall give option to the Unit Holders at the time of opening of Unit Holder Account (via the Investor Account Opening Form) within the Unit Holders Register to receive new Units instead of cash dividend. The Unit Holders shall be entitled to change such option. In the event of death of the Unit Holder, the option to reinvest shall automatically convert to cash dividend from the date of intimation of death of the Unit Holder to the Management Company who shall then issue cash dividend in lieu of the same only. This option shall apply only on those Unit Holders who opt for this option and shall not be applicable on all Unit Holders.

### **5.6 Closure of Register**

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

## **6. FEE AND CHARGES**

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

The following fees and charges shall be borne by the Investor:

#### **Front-end Load**

Front end Load is a part of Sales Load which may be included in the offer price of the Units. The remuneration of Distributors shall be paid from such Load and if the Front-end Load is insufficient to pay the remuneration of the Distributors, the Management Company shall pay the amount necessary to pay in full such remuneration and no charges shall be made against the Fund Property or the Distribution Account in this respect. Such payments may be made to the Distributors by the Management Company upon the receipt from the Trustee.

The Management Company may at its discretion charge different levels of Load as per Annexure "A". Any change in Front-end Load shall be done through an addendum to the Offering Document after seeking prior approval of the Commission.

A Distributor located outside Pakistan may if so authorized by the Management Company and the Trustee retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

The issue price applicable to Bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any sales or processing charge.

#### **Back-end Load**

Back end Load is deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of Units, but Unit Holders within a class shall be charged the same level of back end load. The Management Company may change the current level of Back-end Load after giving 30 days prior notice to the Unit Holder through a newspaper (either Urdu or English Newspaper) and via post and the Unit Holders shall be given an option to exit at the applicable NAV without charge of back end load as specified in the Regulations. The current level of Back-end Load is Nil.

Provided that an AMC may charge sales load maximum up to 3% of NAV per unit if the investors approach directly for investment or where transaction is done through a third party online distribution portal, through website and may charge sales load maximum up to 1.5% of the NAV per unit where transactions are done through AMC's own online distribution portal or website.

#### **6.1.1 Other Charges**

Transfer of Units from one owner to another shall be subject to a Processing charge of an amount not exceeding 1% of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. Currently no fee will be charged. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

Units issued to an Account holder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value on that date.

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

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

Any cost associated with sales, marketing and advertisement of collective investments schemes shall not be charged to the collective investment schemes except as may be allowed by the Commission.

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

The Distribution Company employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources and/or from Front End Load on terms to be agreed between the Management Company and the Distribution Company. The Investment Facilitator/Investment Adviser/Sales Agent employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources.

Distributors/Investment Facilitators located outside Pakistan may, if so authorized by Trustee and the Management Company, be entitled to remuneration (from Management Company's own resources) on terms to be agreed between them and the Management Company, subject to the law for the time being in force.

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

The following expenses shall be borne by the Fund:

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

The remuneration shall begin to accrue from the close of the Initial Offering Period. In respect of any period other than an Annual Accounting Period, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the Annual Accounting Period concerned.

Maximum Level of Management Fee payable on monthly basis (in arrears) is disclosed in **Annexure "A"**. Any increase in the maximum level of Management Fee, provided it is within the maximum limit prescribed in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 ("**Regulations**") shall be subject to prior approval of SECP and after giving 30 days prior notice to the unit holders and the unit holders shall be given an option to exit at the applicable NAV without charge of any exit load.

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

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

The remuneration shall begin to accrue following the expiry of the Initial Period. For any period, other than an Annual Accounting Period such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in an Annual Accounting Period concerned. Any upward change in the remuneration of trustee from the existing level shall require prior approval of the Commission.

## **6.3 Formation Costs**

All preliminary and floatation expenses of the Fund including expenses incurred in connection with the establishment and authorization of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred during and up to the Initial Offering Period subject to a maximum of 1.5 per cent of IPO capital of the Fund or Rupees ten million, whichever is lower, shall be borne by the Fund subject to the audit of expenses and amortized over a period of not less than five years or within the maturity of the Fund whichever is lower. This cost shall be reimbursable by a collective investment scheme to an AMC subject to the audit of expenses. The Formation Cost shall be reported by the Management Company to the Commission and the Trustee giving their break-up under separate heads, as soon as the distribution of the securities is completed.

## **6.4 Other costs and expenses**

Expenses allowed under the applicable laws shall be paid out of the Fund Property. The following expenses shall also be payable out of the Fund Property,:

- (i) Custody, Brokerage, Transaction Costs of investing and disinvesting of the Fund Property.
- (ii) All expenses incurred by the Trustee in effecting the registration of all registerable property in the Trustee's name.
- (iii) Legal and related costs incurred in protecting or enhancing the interests of the Unit Holders.
- (iv) Bank charges, borrowing and financial costs;
- (v) Auditors' Fees and out of pocket expenses.
- (vi) printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports.
- (vii) Fund rating fee payable to approved rating agency.
- (viii) Registrar services, accounting, operation and valuation services related to CIS.
- (ix) Listing Fee including renewals payable to the Stock Exchange(s) on which Units may be listed.
- (x) Fee pertaining to the Fund payable to the Commission.
- (xi) Taxes, fees, duties if any, applicable to the Fund and on its income, turnover and/or its properties including Sales tax levied on services offered by Asset Management Company (for management of Fund).
- (xii)
- (xiii) Charges and levies of stock exchanges, national clearing and settlement company, CDC charges.
- (xiv) Any other expense permissible under Rules and Regulations from time to time and/or permitted by the Commission.
- (xv) Total Expense Ratio: Total Expense Ratio shall be capped at 4.5% or any other limit as may be directed by SECP from time to time.
- (xvi) Selling and Marketing expenses subject to such conditions as prescribed by SECP

## **7. TAXATION**

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

#### **7.1.1 Liability for Income Tax**

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

Under the Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. The Fund 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:

- (i) Dividend income at applicable rates,
- (ii) Capital Gains Tax as applicable according to the relevant law.
- (iii) Return from all other sources / instruments are taxable at the rate applicable to a public company.

#### **7.1.2 Liability for Income Tax if Ninety Percent of Income is distributed**

Notwithstanding the tax rate given above, the income from the 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 Unit Holders as dividend.

The Fund will distribute not less than 90% of its income received or derived from sources other than realized or unrealized capital gains as reduced by such expenses as are chargeable to the Fund.

## **7.2 Withholding tax**

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

## **7.3 Zakat on Fund**

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

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

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

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

Unit Holders of the Fund will be subject to Income Tax at applicable tax rates on dividend income distributed by the Fund (**exemption on distribution out of capital gains is limited to those Funds which are debt or money market Funds and they do not invest in shares**).

The tax payer will be required to withhold the amount of tax at source from payment of dividend except where specific exemption from withholding is available to any person(s).

Capital gain arising from sale/redemption of Units of the Fund will be subject to tax at the applicable tax rate as mentioned in Income Tax Ordinance 2001.

Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and/or Transfer Agent and on the basis of Exemption Certificate income tax will not be withheld.

### **7.4.2 Liability for Income Tax if Ninety Percent of Income is distributed**

Notwithstanding the tax rate 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 is distributed amongst the Unit Holders as dividend. The Fund will distribute not less than 90% of its income received or derived from sources other than capital gains as reduced by such expenses as are chargeable to the Fund.

### **7.4.3 Zakat**

Units held by resident Pakistani Unit Holders shall be subject to Zakat at the rate applicable of the value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the redemption proceeds. Above deduction will not be made if Unit Holder provides declaration in due course of time to the Management Company.

## **7.5 Disclaimer**

The tax and Zakat information given above is based on the Management Company's tax advisor's interpretation of the law which, to the best of the Management Company's understanding, is correct. Investors are expected to seek independent advice so as to determine the tax consequences arising from their investment in the Units of the 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 TO UNIT HOLDERS**

### **8.1 Account Statement**

The Management Company/Transfer Agent shall send directly to each Unit Holder an account statement through electronic means or otherwise each time there is a transaction in the account.

The Management Company/Transfer Agent shall provide account balance and/or account activities through electronic mode to Unit Holder, who opted for such service.

The Management Company/ Transfer Agent shall send an investment account statement to each unit/certificate holder on the registered mailing address provided by the unit holder at least once in a year. The Unit Holder will be entitled to ask for copies of his account statement on any Dealing Day within Business Hours by applying to the Asset Management Company/Transfer Agent in writing. An Asset Management Company/ Transfer Agent shall provide the account statement to the investors within 7 working days from the receipt of such request.

### **8.2 Financial Reporting**

- (a) The Management Company shall prepare and transmit the annual report physically (or through electronic means) or otherwise in such form and manner as set out in Regulations as amended or substituted from time to time.
- (b) The Management Company shall prepare and transmit quarterly reports physically (or through electronic means or on the web subject to SECP approval) in such form and manner as set out in Regulations as amended or substituted from time to time.

### **8.3 Trustee Report**

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

### **8.4 Fund Manager Report**

The Management Company shall prepare Fund Manager Report each month as per guideline issued by MUFAP and transmit the same to the Unit Holders and also made available at their web site latest by 7<sup>th</sup> of each month or within stipulated time allowed by MUFAP.

## **9. WARNING AND DISCLAIMER**

### **9.1 Warning**

9.1.1 In case of any apprehension regarding the contents of this Offering Document, consultation of the bank manager, Legal, Financial advisor is advised.

9.1.2 The price of the Units of this Fund and the income of this Fund (from which distributions to Unit Holders is made) may increase or decrease. Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.

Before making any investment decision, investor should review the latest monthly fund manager report and financial statements of the Scheme particularly the details of non-complaint investment and Risk Factors.

### **9.2 Disclaimer**

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

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

## **10. GENERAL INFORMATION**

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

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

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

### **10.2 Inspection of Constitutive Documents**

The copies of Constitutive Documents, such as the Deed and the Offering Document, can be inspected free of charge at the addresses given below, however such documents shall also be available on the web site of the Management Company:

**Interloop Asset Management Limited**

Suit No. 205, 2nd Floor, The Forum, Clifton Block 09, Karachi, Pakistan

**10.3 Transfer of Management Rights of the Fund**

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

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

**10.4 Extinguishment/Revocation of the Fund**

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

- (ii) where the Management Company is unable to remove the suspension of redemption of Units of the Fund within the fifteen business days of suspension and the Unit Holders representing at least three fourth in value of total outstanding Units of the concerned scheme pass a resolution or have given consent in writing that the scheme be revoked;
- (iii) where the Management Company goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license;
- (iv) in the opinion of the Management Company the scheme is not commercially viable or purpose of the scheme cannot be accomplished subject to the consent of Trustee;
- (v) The Management Company subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.



- (vi) On occurrence of any event or circumstances which, in the opinion of the Trustee, requires the Fund to be revoked; and
- (vii) where the Commission deems it necessary to revoke the Fund so directs either Trustee or the Management Company in the interest of Unit Holders;

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

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

#### **10.6 Distribution of proceeds on Revocation**

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

### **11. GLOSSARY**

Unless the context requires otherwise the following words or expressions shall have the meaning respectively assigned to them:

**“Accounting Date”** means the thirtieth day of June in each year and any interim date on which the financial statements of the Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income Tax may change such date to any other date and such change shall be intimated to the Commission.

**“Account Opening / Investment Account Opening Form”** means standardized form prescribed by the Management Company to be duly filled by the investors at the time of opening an account with the Management Company.

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

**“Act”** means Companies Act 2017.

**“Administrative Plans”** means investment plans offered by the Management Company and approved by the Commission, where such plans allow investors a specific investment strategy in any one or a combination of Schemes managed by the Management Company in accordance with the conditions specified by SECP.

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

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

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

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

**“Authorized Investments”** Authorized Investments are those as defined in the clause 2.2 of this Offering Document

**“Back-end Load”** means the charge deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of Units, as specified in this document.

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

**“Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).

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

**“Business Day”** means any day on which the stock exchanges are open for business in Pakistan.

**“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of the Trust Deed.

**“Connected Person”** shall have the same meaning as assigned in the Rules and Regulations.

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

**“Contingent Load”** means Load payable by the Unit Holder at actual basis to the extent of loss incurred by the fund due to disinvestments if Units are redeemed by any major Unit Holder in such period of time that the Management Company believes may adversely affect the interest of other Unit Holder(s). Any Contingent Load received will form part of the Trust Property.

**“Custodian”** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be appointed by the Trustee in consultation with the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee, and shall also include the Trustee itself if it provides custodial services for the Fund.

**“Cut-Off Time” / “Business Hours”** means the day time for dealing in Units of the Fund. The current Cut-Off Timing/Business Hours are mentioned in Annexure “A” of this Offering Document.

**“Dealing Day”** means every Business Day from Monday to Friday of every week. Units will be available for dealing (purchase, redemption, transfer, switching etc.) on Dealing Days during Cut-off Time. Provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days' notice in two widely circulated English or Urdu newspapers in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).

**“DFI”** means Development Financial Institution and includes the Pakistan Industrial Credit and Investment Corporation (PICIC), the Saudi Pak Industrial and Agricultural Investment Company Limited, the Pak Kuwait Investment Company Limited, the Pak Libya Holding Company Limited, the Pak Oman Investment Company (Pvt.) Limited, Investment Corporation of Pakistan, House Building Finance Corporation, Pak Brunei Investment Company Limited, Pak-Iran Joint Investment Company Limited, Pak-China Investment Company Limited, and any other financial institution notified under Section 3-A of the Banking Companies Ordinance, 1962.

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

**“Distributor / Distribution Company”** means Company (ies), Firm(s), Sole Proprietorship concern(s), individual(s), Banks or any other Financial Institution appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and who are registered with SECP / MUFAP as Registered Service Providers. The Management Company may itself also performs the Distribution Function.

**“Distribution Function”** means the functions with regard to:

- a. receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- b. issuing receipts in respect of (a) above;
- c. interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
- d. accounting to the Management Company for all:
  - (i) payment instruments received from the applicants for issuance of Units;
  - (ii) payments instruments to the Holders on redemption of Units; and
  - (iii) expenses incurred in relation to the Distribution Function.
- e. the above functions may be performed electronically, if appropriate systems are in place.

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

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

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

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

**“Force Majeure”** means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

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

**“Front-end Load”** means the Sales load which may be included in the offering price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as determined by the Management Company. However, aggregate of Front-end Load and Back-end Load should not exceed 3% of Net Asset Value.

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

**“Initial Period” or “Initial Offering Period”** means a period determined by the Management Company during which Units will be offered as mentioned in clause 1.6 of this Offering Document.

**“Initial Price” or “Initial Offer”** means the price per Unit during the Initial Period determined by the Management Company.

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

**“Investment Facilitators/Advisors”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The investment facilitator/advisor is not authorized to perform the Distribution Functions. The Management Company shall compensate the Investment Facilitators.

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

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

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

**“Net Assets”**, in relation to the Trust, means, the excess of assets over liabilities of the Scheme as calculated in accordance with the Regulations.

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

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

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

**“Online”** means transactions through electronic data- interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.

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

**“Pre-IPO”** means the private placement of Units to investors prior to the Initial Public Offering.

**“Pledge Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to Pledge his/her Units and will be stated in this Offering Document.

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

**“Provincial Governments”** mean the Provincial Governments of all four provinces of Pakistan.

**“Public Offering”** means offering of Units to the general public through and in accordance with the Offering Document;

**“Redemption Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to redeem Units and will be stated in this Offering Document.

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

**“Registrar Function”** means the functions with regard to:

- a. Maintaining the Register, including keeping a record of change of addresses/other particulars of the Holders;
- b. Issuing account statements to the Holders;
- c. Issuing Certificate, including Certificates in lieu of undistributed income to Holders;
- d. Cancelling old Certificates on redemption or replacement thereof;
- e. Processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Holders;
- f. Issuing and dispatching of Certificates;
- g. Dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h. Receiving applications for redemption and transfer/transmission of Units directly from Holder or legal representatives or through Distributor;
- i. Maintaining record of lien/pledge/charge; and
- j. Keeping record of change of addresses/other particulars of the Holders.

**“Regular Interval”** means monthly, quarterly, half yearly or annual periods.

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

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

**“Sales Load”** means Front end load and Back end load and any processing charges or Commission (excluding Duties and Charges) not exceeding three percent of NAV or as may be allowed under the Regulations, which may be included in the offer price of all or certain class of Units or deducted from the NAV in order to determine the Redemption Price of certain classes of Units.

**“SECP” or “Commission”** means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.

**“Special Instruction Form”** means a standardized form prescribed by the Management Company to be duly filled by the investor to change his/her particulars and will be stated in this Offering Document.

**“Stock Exchange”** means Pakistan Stock Exchange established under the laws of Pakistan;

**“Sukuk”** means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.

**“Transaction Costs”** means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust’s portfolio, *inter alia*, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.

**“Transfer Agent”** means a company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Function.

**“Transfer Form”** means a standardized form prescribed by the Management Company to be duly filed by the investor to transfer Units and will be stated in this Offering Document.

**“Trust Deed” or “Deed”** means the Trust Deed of the Fund executed between the Management Company and the Trustee along with all the exhibits appended hereto.

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

**“Trust Property”** means the aggregate proceeds of the sale of all Units at Purchase Price and any Transaction Costs recovered in the Purchase or Redemption Price after deducting there from or providing there against the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Purchase Price or Redemption Price) applicable to the purchase or redemption of Units and any expenses chargeable to the Scheme; 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 there from and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to this Trust Deed and shall include the income, profit etc. earned on the amount credited to the Distribution Account but shall not include any amount standing to the credit of the Distribution Account.

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

**ANNEXURE A**

**Current Fee Structure:**

<b>Class of Units</b>	<b>*Front End Load</b>	<b>Back End Load</b>	
Class "C" units	1.50%	0%	

**\*Management Company may waive the Front-end Load fully or partially at its own discretion to any investor.**

**\*\* Management Company may have an option to charge fee from 0% up to 3%.The actual percentage of Management Fee charged as percentage of Net Assets will be disclosed in the monthly Fund Manager Report.**

**Note: If the Investments are made online or through website, maximum 1.5% Front end Load will be charged.**

**Cut-Off Timings:**

Current Cut-Off Timing & Business Hours for dealing in Units:

Monday to Thursday – 9:00 am to 3:00 pm

Fridays – 9:00 am to 4:00 pm

- Transaction requests made prior to Cut-off Timings will be processed on the day-end NAV, of the same day
- Transaction requests made after the Cut off Timings will be processed on the next working day's NAV

Note:

1. Any upward change in the load structure and/or management fee shall be notified after prior approval of the Commission through an addendum to this annexure and by publication in a widely circulated newspaper and/or as and how the SECP may direct.
2. Any change in the Cut-off Timing including for the month of Ramadan shall be notified to Investors/ Unit holders via Company's Website



## ANNEXURE B

### REMUNERATION OF TRUSTEE

Trustee Fee subject to review by either party. However, any upward revision shall require prior approval of SECP.

The fee structure for services of the Trustee is as follows;

#### Trusteeship Tariff Structure

The trustee remuneration shall consist of reimbursement of actual custodial expenses / charges plus the following tariff;

NET ASSETS (Rs.)	TARIFF
Up to 1 billion	0.20% p.a. of Net Assets
Over 1 billion	Rs. 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1 billion.

**ANNEXURE C**  
**Designated Distribution Outlets**

The Management Company of the Fund is Interloop Asset Management Limited. Forms and other information of the Fund can be collected from the address of the Management Company available on [www.iaml.com.pk](http://www.iaml.com.pk) or from the branches of the Distributors, for which addresses are available on the link.