

**Investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Risk Disclosure in clause 2.12, Disclaimer clause 2.13 and Warnings in clause 11 before making any Investment Decision**

# OFFERING DOCUMENT

ALFALAH GHP ISLAMIC FUND

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OFFERING DOCUMENT

**Managed by  
Alfalah GHP Investment Management Ltd.**

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## OFFERING DOCUMENT OF ALFALAH GHP ISLAMIC FUND

Managed By

### **Alfalah GHP Investment Management Limited**

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

**Date of Publication of Offering Document: August 25, 2007**

**Initial Offering Period: September 03, 2007 to September 04, 2007 (both days inclusive)**

#### INTRODUCTION

The Alfalah GHP Islamic Fund (the Fund / the Scheme / the Trust) has been established through a Trust Deed under the Trusts Act, 1882, entered into between Alfalah GHP Investment Management Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

This Offering Document is governed by the provisions of the Trust Deed, Rules and the Shariah Investment Guidelines as specified hereafter. It sets forth information about the Fund that a prospective investor should know before investing in the Fund. Prospective investors should consult one or more from amongst their legal adviser, stockbroker, bank manager or other financial adviser.

**Investors must recognize that all investments involve varying levels of risk. The portfolio of the Fund consists of market-based investments, listed as well as unlisted, that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund, nor the dividends declared by the Fund is or can be assured. Investors are requested to read the Risk Disclosure and Warnings Statement contained in Clause 2.11 and Clause 11 respectively in this Offering Document.**

**All investments of the Fund shall be in adherence with the Islamic Shariah. It is possible that adherence to the Islamic Shariah will cause the Fund to perform differently from other funds with similar objectives but that are not subject to Islamic Shariah.**

#### 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 Alfalah GHP Islamic Fund (AGIF / Fund) under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules). The SECP has approved this Offering Document, under Rule 70 of the Rules. It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of the Fund nor for the accuracy of any statement made or any opinion expressed in this Offering Document.

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

The Management Company has filed a copy of the Offering Document signed by the Chief Executive along with the Trust Deed with the SECP. Certified copies of these documents along with documents (ii) to (ix) below can be inspected at the registered office of the Management Company or the place of business of the Trustee:

- (i) The SECP's letter No. SC/NBFC-II/AGIML/IA & AMC/2007-01 dated 19th March 2007 confirming renewal of license to AGIM to carry out Asset Management and Investment Advisory Services together with the copy of the licenses;

- (ii) Trust Deed (Deed) of Alfalah GHP Islamic Fund dated April 11, 2007 between Alfalah GHP Investment Management Limited (AGIM) as the establisher and the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee;
- (iii) SECP letter No. NBFC-II/AD/AGIML/314 dated May 04, 2007, authorizing Alfalah GHP Islamic Fund;
- (iv) SECP letter No. NBFC-II/AD/AGIF/116/2007 dated February 13, 2007 approving the appointment of CDC as the Trustee of Alfalah GHP Islamic Fund;
- (v) SECP Letter No. NBFC-II/AD/AGIML/157/2007 dated 23 February 2007, approving the appointment of Mufti Khalil Ahmed Aazami and Dr. Ejaz Ahmad Samadani as members of the Shariah Advisory Board of the Fund.
- (vi) Letter from KPMG Taseer Hadi & Co., Chartered Accountants, Auditors of Alfalah GHP Islamic Fund, consenting to the issue of statements and reports;
- (vii) Letter of Consent by the legal advisor, Bawaney & Partners, to act as the legal advisor of the Alfalah GHP Islamic Fund.
- (viii) The Shariah Advisory Board members Mufti Khalil Ahmed Aazami and Dr. Ejaz Ahmed Samdani of the Fund have confirmed that the provisions of this Offering Document are in compliance with Shariah vide their Letter No. IBDK/Shariah/07/001 dated 13 June 2007 & EAS/03/007 dated 13 June 2007
- (ix) The SECP's letter No. NBFC-II/AGIF/550/2007 dated July 31, 2007, approving this Offering Document.

## 1 CONSTITUTION OF THE SCHEME

### 1.1. Constitution

The Alfalah GHP Islamic Fund is an open end Fund and has been constituted by a Trust Deed entered into at Karachi on 11th April, 2007 between:

**Alfalalah GHP Investment Management Limited (AGIM)**, an unlisted public limited company incorporated under the Companies Ordinance 1984, and licensed by SECP to undertake asset management and investment advisory services under the Rules, with its registered office at 12th Floor, Tower A, Saima Trade Towers, I.I. Chundrigar Road, Karachi, as the establisher of the Fund and the Management Company; and

**Central Depository Company of Pakistan Limited (CDC)**, an unlisted public limited company incorporated under the Companies Ordinance 1984, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi, Pakistan as the Trustee.

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

The registered address of Alfalah GHP Investment Management Limited is 12th Floor, Tower A, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Trust was created on 11th April, 2007. The official web site address of Alfalah GHP Investment Management Limited is [www.alfalahgdp.com](http://www.alfalahgdp.com).

### 1.3. Trust Deed

1.3.1. The Trust Deed is subject to and governed by the Rules [Non Banking Finance Companies (Establishment & Regulations) Rules 2003], Companies Ordinance 1984, Securities and Exchange Ordinance 1969 and all other applicable laws and regulations. Furthermore, all Investments of the Fund Property shall be made in accordance with the Shariah guidelines given by Shariah Advisory Board of the Fund. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund.

1.3.2. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder.

#### 1.4. Modification of Trust Deed

1.4.1. The Trustee and the Management Company, acting together subject to clearance from the Shariah Advisory Board and with the approval of the SECP, shall be entitled by the supplemental deed(s) to modify, alter, or add to the provisions of the Deed on any of the following grounds:

- a to such extent as may be required to ensure compliance with any applicable laws and regulations or any amendments of such laws and regulations;
- b to bring the provisions of this Deed in conformity with the principles of Shariah on the advice of the Shariah Advisory Board;
- c to enable the provisions of the Trust Deed to be more conveniently and efficiently implemented;
- d to enable the Units to be listed on a Stock exchange or any other Exchange; or
- e Otherwise to the benefit of the Unit Holders.

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

1.4.2. Where this Deed has been altered or supplemented, the Management Company shall notify the Unit Holders immediately and also publish in at least one daily newspaper widely circulated in Pakistan.

1.4.3. The Management Company may from time to time, with the consent of the Trustee frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto, provided that, such rules or regulations are not inconsistent with the provisions of this Deed, the Offering Document or the Supplemental Offering Document(s).

1.4.4. If the SECP modifies the Rules to allow any relaxations or exemptions, these will deemed to have been included in this Trust Deed and the Offering Document(s) without requiring any modification as such.

1.4.5. The cost of carrying out amendment to this Deed shall be charged to the Fund Property.

1.4.6. If at any time, any Clause of this Deed is and / or becomes in whole or in part, illegal, invalid or unenforceable in any respect of Shariah Compliance and / or under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Clauses of the Deed hereof, nor the legality, validity or enforceability of such Clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.

#### 1.5. Duration

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

#### 1.6. Units

1.6.1. The Fund is divided into Units having a First Offer price of Rupees Fifty (Rs. 50/-) each. This price is applicable to all Units that are issued before the close of the Initial Period of Offer. Thereafter, the Units shall be issued on the basis of their Net Asset Value (NAV), which shall form the basis for determining the Offer and Repurchase Prices. All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the Net Assets, earnings and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Fund proportionate to the Units held by such Unit Holder.

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

##### Classes of Units

- a **Class "A"** (Restricted / Core Units) Units issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of the closure of the Initial Period of Offer. However such Units are transferable.

- b **Class "A"** Units being offered and issued to Private Placement Investors during the Private Placement and Initial Period of Offer (IPO) with no Sales Load.
- c **Class "B"** Units, which shall be offered and issued after the Initial Period of Offer (IPO) with or without Sales Load.

### 1.7. Open End Fund

The Fund shall offer and redeem Units on a continuing basis subject to terms contained herein and to the Rules. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits (please refer Clause 4.1) to facilitate economical and efficient management of investors' accounts. Fractional Units may be issued to enhance economical and efficient handling. Units are also transferable. Depending upon Investor's option Units can be issued either in certificate form or in un-certificated form through Account Statement issued by Registrar or can be issued electronically through Central Depository System (CDS) of CDC upon fulfilling the necessary requirements of the Depository Company. Certificates representing the Units will be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee not exceeding Rupees Fifty (Rs. 50/-) per Certificate, subject to revision of this fee from time to time by the Management Company.

### 1.8. Initial Period of Offer (IPO)

The Initial Period of Offer is for Class "A" Units, with no Sales Load, which shall be issued at Par Value of Rupees Fifty (Rs. 50/-) per Unit. The Offer and Issue of Units at Initial Period shall commence from the start of the banking hours on September 03, 2007 and shall end at the close of the banking hours on September 04, 2007. This price is applicable to such Units that are issued before the close of the Initial Period of Offer (IPO). During this period Units will not be redeemed.

### 1.9. Transaction in Units after Initial Period of Offer (IPO)

Subsequent to the Initial Period of Offer, Units shall be purchased at the applicable Purchase (Offer) Price and redeemed at the applicable Redemption (Repurchase) Price. The Management Company will fix the Purchase (Offer) and Redemption (Repurchase) Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the Stock Exchange(s) / financial market(s) Business Day. In the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses, if any, for such closed days. The NAV based price per Unit shall be fixed after adjusting for the Sales Load (Front-end Load) or the Redemption Load (Back-end Load) as the case may be and any Transaction Costs that may be applicable save under circumstances elaborated in Clause 4.9 mentioned herein. Such prices shall be applicable to purchase and redemption request, complete in all respects, received during the business hours on the Business Day as announced by the Management Company from time to time. The Management Company may issue Units without Sales Load to Unit Holders opting to receive Units in lieu of dividends.

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

### 2.1. Investment Objectives

2.1.1. Alfalah GHP Islamic Fund is an open end asset allocation scheme with the primary objective of seeking long term capital appreciation and income from a diversified portfolio developed in consistence with the principles of Shariah. The investments in the Fund will be diversified both in terms of securities within an asset class as well as across asset classes. The Fund can invest upto a maximum of 80% in either Shariah complaint equity securities or alternatively the Fund can invest upto a maximum of 80% in Shariah compliant Income / money market instruments. The Fund will seek to actively switch between these asset classes so as to optimize investor returns over a period of time.

2.1.2. The Fund is designed to provide investment alternatives that are consistent with Islamic principles. All activities of the Fund shall be undertaken in accordance with the Islamic Shariah as per the guidelines given by Shariah Advisory Board of the Fund. The Fund shall not invest in any instrument or investment that is not compliant with Shariah rules and principles.



## 2.2. Investment Policy

The Investment would comprise of diversified Portfolio of Shariah-Compliant securities including Shariah-Compliant securities available outside Pakistan. The allocation between various investment classes will depend on prevailing market conditions and opportunities and will primarily comprise the following asset classes:

Asset Class (Shariah Compliant)		Min Entity Rating	Min Instrument Rating	Max Exposure Limit
<b>a. Equity Securities</b>				
i.	Listed Equity Securities	-	-	80%
ii.	Unlisted Equity Securities	A -	-	20%
iii.	Depository receipts such as Global Depository Receipts (GDR) and / or American Depository Receipts (ADR)	-	-	30%
<b>b. Spread Transaction</b>				
i.	Spread Transaction in local listed securities and also between Global Depository Receipts (GDR) and / or American Depository Receipts (ADR)	-	-	50%
<b>c. Bank Placement &amp; Deposit</b>				
i.	Long, medium and short term accounts with Islamic banks and / or Islamic branches of commercial banks.	A or Above  BBB to A-	-  -	Max 80% of Net Assets with not more than 35% in BBB to A-rated entities
ii.	Certificate of investment / deposits issued by financial institutions	BBB+		70%
<b>d. Income &amp; Money Market Instrument / Securities issued by:</b>				
i.	Federal / Local governments, government agencies			80%
	▶ Secured			80%
	- Listed	-	-	
	- Privately Placed	-	-	
	▶ Unsecured			40%
	- Listed	-	-	
	- Privately Placed	-	-	
ii.	Government guarantee bonds			80%
iii.	Public Sector Entities (where government owns majority shares)			50%
	▶ Secured			50%
	- Listed	BBB	BBB	
	- Privately Placed	BBB	BBB	
	▶ Unsecured			25%
	- Listed	A-	A-	
	- Privately Placed	A-	A-	
iv	Private Sector Entities			50%
	▶ Secured			50%
	- Listed	BBB+	BBB+	
	- Privately Placed	BBB+	BBB+	
	▶ Unsecured			25%
	- Listed	A	A	
	- Privately Placed	A	A	

<b>e. Shariah Based Transactions</b>			
i.	Placements of Funds under Modaraba, Musharika, Murahaba , Istisna'a, and Ijara arrangement	BBB	70%
ii.	Certificates, contracts, securities, instruments issued by companies, organizations, and establishments issued on the principles of Bai'Salam, Istisna'a, Modaraba, Musharika and contracts of Bai'Mu'ajjal and Murabaha.	BBB	70%
<b>f. Outside Pakistan Investments</b>			<b>30%</b>
i.	Other Shariah-Compliant investments available outside Pakistan, subject to SECP, SBP and Shariah Advisory Board's approval and on such terms and conditions as may be issued by the SECP and the State Bank including: <ul style="list-style-type: none"> <li>▶ international Shariah approved equities;</li> <li>▶ international Islamic Profit bearing securities;</li> <li>▶ international Shariah compliant Income / money market instruments;</li> <li>▶ foreign currency Shariah compliant bank deposits and certificates of investment;</li> <li>▶ international Shariah compliant mutual funds.</li> <li>▶ Any other international Shariah compliant securities</li> </ul>	-	-
♦	<i>Max exposure means max exposure in relation to Net Assets of the Fund.</i>		
♦	<i>If the entity issuing the income / money market securities is not rated then the instrument would have a minimum investment grade rating as defined above by a credit rating agency registered with the SECP.</i>		
g.	The fund shall not invest in total more than 25% of funds net assets in unsecured securities.		
h.	Any other securities or instruments that may be permitted or approved by the SECP and the Shariah Advisory Board from time to time;		
i.	The Fund will maintain the above mentioned investment parameters on an active basis		

### 2.3. Shariah Investment Guideline

Alfalah GHP Islamic Fund plans to use the following criteria to ensure that their stock selection adheres to Shariah investment guidelines:

#### a Business of the Investee company (Sector Restriction)

The basic business of the investee company should be Halal. Accordingly, investment in shares of conventional banks, insurance companies, leasing companies, companies dealing in alcohol, tobacco, pornography, etc. are not permissible.

#### b Financial Ratios (Financial Restriction)

<b>Total Debt to Total Assets</b>	The total debt of the Investee Company should not exceed 45% of the total assets
<b>Illiquid to Total Assets</b>	The total illiquid assets of the Investee Company as a percentage of the total assets should be at least 10%.
<b>Investment in Shariah non-compliant activities and income from Shariah non-compliant investments.</b>	The following two conditions will be observed for screening purposes: i. The total investment of the Investee Company in Shariah non-compliant business should not exceed 33% of its total assets. ii. The income from Shariah non-compliant investment should not exceed 5% of the gross revenue of the Investee Company. (Gross revenue means net sales plus other income).
<b>Net liquid Assets vs. Share Price</b>	The net liquid assets (Total assets - (Tangible Fixed Assets + Inventory) - current liabilities) per share be less than the market price per share.

#### **2.4. Risk Control in the Investment Process**

Investment process requires disciplined risk management. AGIF will incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through optimal portfolio diversification. AGIF believes that this diversification would help achieve the desired level of consistency in returns.

#### **2.5. Management Company Can Alter Investment Mix**

The Management Company can from time to time alter the weightages between the various types of investments if it is of the view that market conditions so warrant.

#### **2.6. Changes in Investment Policy**

The investment policy will be governed by the Rules (subject to any exemptions provided to the Fund specifically by SECP). Any fundamental change in the Investment Policy will be implemented only after obtaining prior approval from SECP and giving proper notice to the Unit Holders to the satisfaction of the Trustee.

#### **2.7. Borrowing**

2.7.1. Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying arrangements with banks or financial institutions for borrowing by the Trustee for the account of the Scheme not in contravention of Shariah; provided that the borrowing shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety (90) days.

2.7.2. The charges payable to any bank or financial institution against borrowings on account of the Trust, as permissible under Clause 2.7.1 above, shall not be higher than the normal prevailing bank charges or normal market rates.

2.7.3. The maximum borrowing for the account of the Trust shall not exceed fifteen percent (15%) of the total Net Asset Value of the Scheme or such other limit as may be provided in the Rules. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

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

2.7.5. For the purposes of securing any such borrowing, the Trustee may with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Rules and / or any law for the time being in force.

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

#### **2.8. Investments and Borrowing Restrictions**

2.8.1. The Fund Property shall be subject to such exposure limits as are provided in the Rules (subject to any written exemptions that may be specifically given to the Fund by the SECP), Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any Investment or disposal of any Investments such limit shall be exceeded. The Management Company will have three (03) months to comply with the exposure limits in case such limits are exceeded.

- 2.8.2. Pursuant to relaxation by the SECP in respect of exposure limits under sub-rule 4 of rule 71 of the Rules vide its letter No. NBFC-II/AD/AGIML/226/2007 dated 29 March 2007, the Fund may invest up to thirty percent (30%) of its Net Asset Value of the scheme in securities of any one sector as per classification of the pertinent Stock Exchange(s).
- 2.8.3. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Rules, the Management Company shall not purchase any further Investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other offering if the Management Company is satisfied that accepting such offer is in the interest of the Trust. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.
- 2.8.4. The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company owns more than five percent (5%) of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company own more than ten percent (10%) of those securities.
- 2.8.5. The Fund shall not purchase from or sell any security to the Management Company or to any director, officer or employee of the Management Company or to any person who beneficially owns ten per cent or more of the equity of the Management Company, save in the case of such party acting as an intermediary.
- 2.8.6. The Scheme will not at any time:
- a Invest in any thing that is not Shariah Compliant or is Haram.
  - b Purchase or sell:
    - i. Bearer securities;
    - ii. Securities on margin;
    - iii. Securities which result in assumption of unlimited liability (actual or contingent);
    - iv. anything other than Authorized Investments as defined herein;
    - v. Real estate or interest in real estate save and except that the Management Company may invest in securities secured by real estate or interest therein issued by companies that invest in real estate or interest therein.
  - c Participate in a joint account with others in any transaction;
  - d Make short sales of any security or maintain a short position in securities.
- 2.8.7. Pursuant to relaxation granted by the SECP in respect of exposure limits under sub-rule 3 of rule 71 of the Rules vide its letter No. NBFC-II/AD/AGIML/226/2007 dated 29 March 2007, the Investment of a Fund in any company or security shall not, at any time, exceed an amount equal to fifteen per cent (15%) of the total net asset value of the scheme at the time of investment or fifteen per cent (15%) of the issued capital of the investee company.

## 2.9. Exception to Investment Restrictions

In the event the weightages of shares exceed the limits laid down in the Offering Document(s) or the Rules as a result of the relative movement in the market prices of the investments or through any disinvestments, the Management Company shall make its best endeavors to bring the exposure within the prescribed limits within three (03) months of the event. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.

## 2.10. Voting Rights on Fund Property

- 2.10.1. All rights of voting attached to any Fund Property shall be exercisable by the Management Company on behalf of the Scheme and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain.

- 2.10.2. The Trustee shall upon written request by the Management Company, from time to time at the expense of the Fund execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote consent or otherwise act in respect of any investment in such form and in favour of such persons as the Management Company may require in writing.

The phrase "rights of voting" or the word "vote" used in this sub-clause shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.

- 2.10.3. Not later than two (2) Business Days of receipt, the Trustee shall forward to the Management Company all notice of meetings and all reports and circulars received by the Trustee as the holder of any investment.

### 2.11. Transactions with Connected Persons

- 2.11.1. The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five percent (5%) of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten percent (10%) of those securities.
- 2.11.2. The Fund shall not purchase from or sell any security to the Management Company or to any director, officer or employee of the Management Company or to any person who beneficially owns ten percent (10%) or more of the equity of the Management Company save in the case of such party acting as an intermediary.
- 2.11.3. For the purpose of clause 2.11.1 and 2.11.2 above, the term Director, Officer and Employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 2.11.4. Cash forming part of the property of the Fund may be placed as deposits with the Trustee or an institution licensed to accept deposits.
- 2.11.5. All transactions carried out by or on behalf of the Trust shall be made as provided in the Constitutive Documents and shall be disclosed in the Fund's annual accounts.

Subject to the Rules, any transaction between the Fund and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.

### 2.12. Risk Disclosure

- 2.12.1. Investors into the Fund must realize that all investments in mutual funds and securities are subject to market risks. Any target return / dividend payout cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to profit rates and equity market fluctuations and other risks inherent in all such investments. The risk emanates from various factors that include, but are not limited to:
- 2.12.2. **Credit Risk** - Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of an Islamic-income security including money market instruments.
- a **Default risk** is the risk that the issuer will not be able to pay the profit / principal obligation, either on time or at all.
- b **Credit spread risk** is the risk that there will be an increase in the difference between the return / profit rate of an issuer's bond and the return / profit rate of a bond that is considered to have little associated risk (such as a government guaranteed Islamic Sukuk bond or treasury bill). The difference between this return / profit 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 may decrease the value of Islamic income securities including money market instruments.

- c **Downgrade risk** is the risk that a SECP approved credit rating agency or any other reputed international credit rating agency will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those securities.
- 2.12.3. **Currency Risk** - The Fund may be affected favorably or unfavorably by changes in currencies and exchange control regulations. The income earned by AGIF may also be affected by fluctuations in foreign exchange rates.
- 2.12.4. **Liquidity Risk** - Some companies have limited market float of their issued securities and hence are not actively traded in the stock market / financial markets or they may generally have very few total securities issued and outstanding. Securities issued by such companies may be difficult to buy or sell, which may cause the value of the Funds that buy these securities to rise and fall substantially because any buying or selling of such company securities may have a great impact on that company's security price.
- 2.12.5. **Government Regulation Risk** - Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and / or the cash flows and / or any governmental or court orders restraining payment of capital, principal or income of Investee Companies to such companies.
- 2.12.6. **Voluminous Purchase / Redemption of Fund Units Risk** - Any significant transaction made by any investor could significantly impact the Fund's cash flow. If an investor buys large amounts of Units of the Fund, the Fund could temporarily have a high cash balance. Conversely, if a Unit Holder redeems large amounts of Units of Fund, the Fund may be required to meet the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment.
- 2.12.7. **Market Risk** - This risk involves volatility in security prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the NAV based price of the Unit of the Fund.
- 2.12.8. **Other Risks Involved:**
- a Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made.
  - b Break down of law and order, uncertain political & economical condition, war, terrorist activity, natural disasters etc.
  - c Break down of communication systems of the issuers, stock exchanges, clearing house, depository company, etc, or general disruption of satellite system.
  - d Senior rights of some creditors over other creditors in the event of winding up.
- 2.13. Disclaimer**
- 2.13.1. Prices of Units of the Fund and income from them may go up or down.
- 2.13.2. Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up. In such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the clause 12 of the Fund's Trust Deed for more detailed information regarding this clause.
- 2.13.3. **The Units of the Trust are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, the Management Company, the Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institution.**

### 3 OPERATORS AND PRINCIPALS

#### 3.1. Management Company

##### 3.1.1. Organization

Alfalah GHP Investment Management Limited (AGIM) was incorporated on 18th October 2004. Bank Alfalah Limited holds 59% stake in the paid-up capital of the Company. The Bank is the single largest shareholder and has nominated two Directors on the Board. Furthermore, GHP Financial Services AG, a Switzerland based portfolio management and investment counseling company also has a stake of 21% in the Company and has nominated a Director on the Board. The Company is currently licensed to undertake the business of Asset Management and Investment Advisory Services.

Currently AGIM has been rated as 'AM3' by Pakistan Credit Rating Agency (PACRA). The rating reflects the company's strong capacity to manage the risks inherent in asset management and the asset manager meets high investment management industry standards and benchmarks.

##### 3.1.2. Capital Structure

	<b>Rupees</b>
<b>Authorized Capital</b>	<b>400,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> (9,520,000 shares of Rs. 10/- each)	95,200,000
<b>Sponsor's Equity:</b>	
Bank Alfalah Limited	55,998,000
GHP Financial Services AG	20,000,000
Muhammad Shoib	12,000,000
Abdul Aziz Anis	7,200,000
Mr. Aqueel Hassan	1,000
Mr. Manocher Ahmed Jamal	1,000
	<b>95,200,000</b>

AGIM is in process of increasing its paid up capital to PKR 300 million. Necessary board approvals for this have been obtained and further progress under this is expected in the next few months.

##### 3.1.3. Fund under Management of Alfalah GHP Investment Management Ltd.

###### Alfalah GHP Value Fund (AGV)

Alfalah GHP Value Fund (AGV) is an Open End Asset Allocation Fund which was launched on October 28, 2005. The objective of the fund is to invest in a broad range of asset classes so as to diversify Fund risk and to optimize potential returns. The Fund can invest up to a maximum limit of 80% of its NAV in equity securities or debt / money market securities with per company and per sector imitations as prescribed in the NBFC Rules. Out of the total investment minimum 50% of assets shall remain invested in the listed securities. These asset allocations are changed from time to time in order to maximize investor returns and manage risk. PACRA has assigned a 5 - Star rating to the AGV, which reflects superior performance to its peers.

Name	Alfalah GHP Value Fund (AGV)
Date of Launching	October 28, 2005
Nature of Fund	Asset Allocation Fund
Fund Size as at 30th June, 2007	Rs. 1,013 million
Par Value	Rs. 50/-
NAV per unit on 30th June, 2007	Rs. 62.89/-
Distribution (December 31, 2006)	Bonus Unit Rs. 5/- per unit or 9.852%
Credit Rating	5 - Star by PACRA

**Performance of Alfalah GHP Value Fund during calendar year 2006:**

	<b>Alfalaha GHP Value Fund</b>	<b>KSE - 100 Index</b>
<b>As of Dec 31, 2005</b>	50.75	9,556.61
<b>As of Dec 30, 2006</b>	57.20	10,040.50
<b>NAV (Price) Growth</b>	12.71%	5.06%
<b>Standard Deviation</b>	0.74%	1.62%

Investors in AGV get the benefit of participating in the stock market upside but at comparatively low risk as certain portion of funds assets that are invested in debt & money market instruments provide stable income to the fund.

AGV is an Open End Fund that actively manages investments in both debt and equity so as to derive the optimum benefit for its investors. Prices for unit are announced on a daily basis.

**Alfalaha GHP Income Multiplier Fund (AGIMF)**

Alfalaha GHP Income Multiplier Fund (AGIMF) is an Open End Income Fund which was launched on June 15, 2007. The objective of the Fund is to generate stable and consistent returns while seeking capital preservation through a diversified portfolio of high quality debt securities and liquid money market instruments and placements. The Investment Portfolio of the Fund comprises of fixed, floating and hybrid rate instruments. The allocation between various investment classes will depend on prevailing market conditions and opportunities. The Fund allows the investors to participate in the overall performance of fixed income / money market and to take advantage of a diversified and actively managed portfolio.

Name	Alfalaha GHP Income Multiplier Fund (AGIMF)
Date of Launching	June 15, 2007
Nature of Fund	Income Fund
Fund Size as at 30th June, 2007	Rs. 1,997 million
Par Value	Rs. 50/-
NAV per unit on 30th June, 2007	Rs. 50.1890/-

**3.1.4. Board of Directors**

<b>Director</b>	<b>Status</b>
Aqueel Hassan	Chairman
Abdul Aziz Anis	Chief Executive
Mohammad Yousuf	Nominee - Bank Alfalah Limited
Shakil Sadiq	Nominee - Bank Alfalah Limited
Hani Theodor Karl	Nominee - GHP Financial Services AG
Manocher Ahmed Jamal	Non executive

**3.2. Board of Directors and the Management**
**3.2.1. Board of Directors**

<b>Name</b>	<b>Position</b>	<b>Other Directorships</b>	<b>Current Occupation</b>	<b>Address</b>
Aqueel Hassan	Chairman / Director	MCR (Pvt.) Limited Habib Oil Mills (Pvt.) Limited Millennium Software (Pvt.) Limited Satcom (Pvt.) Limited HOM Energy (Pvt.) Ltd.	CEO - MCR (Pvt.) Ltd.	2 B, Link Avenue, Phase II DHA, Karachi
Abdul Aziz Anis, CFA	Chief Executive / Director	NIL	CEO - Alfalah GHP Investment Management Limited	63, P Street, Phase 7, DHA, Karachi



Name	Position	Other Directorships	Current Occupation	Address
Hani Theodor Karl	Director	GHP Financial Services AG Alfalah Securities (Pvt.) Ltd MAB Investment Inc.	President- GHP Financial Services AG	Im Zoepfli 3, CH-6000 Lucerne 5 Switzerland
Mohammad Yousuf	Director	Alfalah Securities (Pvt.) Ltd. Alfalah Insurance (Pvt.) Ltd.	Executive Incharge- Credit Division, Bank Alfalah Ltd	C-71, Khayaban-e- Bahria, Phase 7, Karachi
Shakeel Sadiq	Director	Al-Hamra Avenue (Pvt.) Limited Wincom (Pvt.) Limited	Executive Incharge - Corporate Banking and Home Finance Division, Bank Alfalah Ltd	9, Askari Villas, Shami Road, Lahore, Cantt.
Manocheer Ahmed Jamal	Director	Alfalah Securities (Pvt.) Ltd	Finance Manager - Dhabi Group	Suite # 304, Dhabi Tower, Hamdan Street, Abu Dhabi, U.A.E

### 3.2.2. Profile of Directors

#### Mr. Aqueel Hassan

Mr. Aqueel Hassan is the Chief Executive Officer of MCR (Pvt.) Limited. He brings with him vast experience of both business and professional expertise spread over a period of 30 years. He is also serving on the Board of Habib Oil Mills (Pvt.) Limited and Millenium Software (Pvt.) Limited. He has studied Economics from Trinity College Cambridge.

#### Mr. Abdul Aziz Anis, CFA

Mr. Abdul Aziz Anis brings with him over 12 years of experience in the financial sector of Pakistan. He has vast experience of the capital markets of the country ranging from research to sales to investment advisory & corporate finance. His past assignment was as Chief Executive of the Pakistan Office of Indosuez W.I. Carr Securities (IWICS) which was one of the leading emerging market stock brokers and part of the Credit Agricole Group of France. He has also spent a brief period abroad in Hong Kong in IWICS where he was part of the Indian Subcontinent Sales team responsible for marketing equity investment opportunities in India, Pakistan, Sri Lanka and Bangladesh to Far Eastern institutional clients such as mutual funds etc. Mr. Abdul Aziz is by qualification a Chartered Financial Analyst (CFA) from the CFA Institute of USA and an MBA with a major in Finance from Institute of Business Administration (IBA) Karachi, Pakistan.

#### Mr. Hani Theodor Karl

Mr. Theodor Karl is serving as President of GHP Financial Services Ltd. Switzerland since it was established in 1988. He has more than 32 years of investment banking experience. Presently he is responsible for strategic growth and development of the company, human resources management, investment policy formulation and managing key client relationships. Mr. Karl brings with him global investment expertise and experience not only related to international investments but also investment advisory, private equity project funding and risk management.

#### Mr. Mohammad Yousuf

Mr. Mohammad Yousuf is presently working as the Executive In-Charge Credit Division of Bank Alfalah Limited. He brings with him more than 32 years of experience in banking sector. He has extensive financial risk management and audit experience. Mr. Yousuf is a Bachelor of Commerce and Fellow Member of Institute of Bankers in Pakistan.

#### Mr. Shakeel Sadiq

Mr. Shakeel Sadiq is presently working as Executive In-Charge Corporate Banking and Home Loans Division of Bank Alfalah Limited. He brings with him over 22 years of banking experience. He has extensive international banking experience, especially so in the Middle East where he spent the better part of his banking career. His previous assignments were with BCC Emirates and Union National Bank of Abu Dhabi. Mr. Sadiq is a Bachelor of Economics by qualification.

**Mr. Manocher Ahmed Jamal**

Mr. Manocher Ahmed Jamal is an MBA with a major in Finance from Institute of Business Administration Karachi. He has over 15 years of experience in the field of industrial and financial markets both nationally and internationally. He is presently working as Finance Manager in Dhabi Group, which oversees the management of investments, both domestic and international, of H.H. Sheikh Nahayan Mubarak Al Nahayan, the current Federal Minister for Education in UAE.

**3.2.3. Profile of the Management**

**Mr. Abdul Aziz Anis, CFA**

*Chief Executive*

Please see background as explained above in particulars of Directors.

**Mr. Omer Bashir Mirza, ACA**

*Chief Financial Officer and Company Secretary*

Mr. Mirza is serving as Chief Financial Officer and Company Secretary of Alfalah GHP Investment Management Company Limited. He is responsible for supervising and monitoring finance and operation functions and related reporting requirements, liaison with the regulatory authorities, trustee, internal & external auditors and tax consultants and ensuring compliance with relevant laws and regulations. He is also secretary of Audit Committee.

Mr. Mirza is an associate member of the Institute of Chartered Accountants of Pakistan and brings with him over 5 years of working experience. Before joining Alfalah GHP Investment Management Limited he has worked with different organizations and has been involved in various audit, consultancy and tax advisory services during his Chartered Accountancy training.

**Mr. Zafar Sharif**

*Head of Corporate Marketing*

Mr. Sharif's professional career spans over 15 years of banking & marketing in Pakistan as well as abroad (UAE, Canada and USA). He has vast experience in such diverse fields as corporate banking, risk management, retail credit, credit controls and operations. Prior to joining the company he was at Discovery Financials, a unit of Morgan Stanley USA, where he was working in the capacity of Manager, Financials & Risk Reporting. He has also worked for Freedom 55 in Canada (a division of London Life Insurance) and with Union National Bank in UAE. Mr. Sharif is an MBA (Finance) from the University of Toronto, Canada.

**Tariq Hussain Khan**

*Manager Equity*

Mr. Tariq Hussain Khan has over 13 years of experience in the capital markets of the country. His last assignment was at Atlas Investment Bank Limited as Head of Department in Financial Product Distribution. Prior to this Mr. Hussain has vast research experience at various brokerage houses where he has covered various sectors such as banks, cement, textile, automobiles, fertilizer etc. He brings with him strong fundamental market and economic knowledge that adds value to investing for long term growth and stability. By qualification he is a MBA (Finance) from Preston University.

**Mr. Salman Ali Hussain**

*Manager Trading*

Mr. Salman Ali has over 7 years of equity sales and investment analysis experience with renowned institutions including Live Securities, Escorts Investment Bank, Alfalah Securities and AMZ securities. Mr. Ali has strong understanding of financial markets, portfolio strategies, asset allocation and equity investments. During his career as senior equity dealer he has served large government and financial institutional clients and advised them on their investments. He is a BBA from Institute of Business Management and currently pursuing an MBA degree from the same.

**Mr. Zeeshan Khalil**

*Manager Fixed Income*

Mr. Zeeshan Khalil brings with him 3 years of experience in the financial sector, mostly in the mutual fund industry. Prior to joining the company he was working with UBL Fund Managers and was responsible for the overall Treasury Operations and Liquidity Management plus working in close interaction with the Fund Manager for placements of funds and investments in fixed income securities. He is an ICMA Finalist and has also previously worked with Central Depository Company (CDC) of Pakistan in the Trustee Division.

**Mr. Sadiq Hussain Wazir Ali**

*Head of Registrar Services*

Mr. Hussain has over 20 years of experience of share registrar services. In lieu of this he has worked in activities as diverse as shares floatation, shares registration, Term Finance Certificate (TFC) registration and income distribution and redemption, open end fund and closed end fund complete registrar services etc. He brings with him immense knowledge and experience to handle all the registrar services of the proposed fund. His previous employment was with THK Associates (Pvt.) Limited as Manager Shares. Mr. Hussain is a B-Com by qualification.

**Mr. Imad Siddiqui**

*Head of Information Technology*

Mr. Siddiqui has over 7 years of IT experience in the financial markets of the country. Prior to joining the company he was working in Pak Libya group as Head of Information Technology. He has vast experience in project management and has actively worked on systems security, analysis, design and implementation. Mr. Siddiqui holds a Bachelor of Computer Science degree from the Sir Syed University of Engineering and Technology. Besides this basic qualification, he holds various certifications in both software and networking solutions.

**3.2.4. Main Sponsors**

Alfalah GHP Investment Management Limited (AGIM) is a joint venture non-banking finance company. The joint venture is between Bank Alfalah Limited (BAF) (majority owner) and GHP Financial Services Limited (GHP) of Switzerland.

The following is the current shareholding structure of the company:

<b>Sponsors</b>	<b>Shareholding Percentage</b>
Bank Alfalah Limited	59%
GHP Financial Services AG	21%
Individuals	20%

**a Bank Alfalah Limited**

Bank Alfalah Limited (BAL) was incorporated on June 21, 1992 as a public limited company under the Companies Ordinance, 1984. The bank is engaged in banking services and is operating through more than 195 branches that include 23 Islamic Banking branches and five overseas branches as at December 31, 2006. Bank Alfalah is the fifth largest bank in the country in terms of total assets and has shown aggressive expansion in recent years in all areas of business. The financial health of BAL is evident by long term credit rating of "AA" assigned by PACRA. As at December 31, 2006 the Bank had total deposits of approximately Rs.240 billion and total shareholders equity of approximately Rs. 10.70 billion.

The key financials of Bank Alfalah for the last five year are as under:

Year End 31st December	2002	2003	2004	2005	2006
Pak Rupees (In Million)					
Shareholder's Equity	1,616	3,753	4,369	6,738	10,573
Total Assets	65,167	98,952	154,835	248,314	275,686
Advances	28,319	49,216	88,931	118,864	149,999
Deposits	51,685	76,698	129,715	222,345	239,509
Total Income	5,246	7,425	7,140	14,515	24,416
Profit After Taxation	446	2,123	1,092	1,702	1,763

**b GHP Financial Services Limited**

GHP Financial Services (GHP) is a premier portfolio management and investment counselling company with its head office in Switzerland. The company is also a member of the Swiss Association of Asset Managers (SAAM). GHP prides itself on providing its investors with a long term view on investments and aims to achieve sustainable returns for investors with active risk management. Besides portfolio management and investment counselling the company is also engaged in private equity funding and investments, direct project investments, formation and administration of companies and trusts, mergers and acquisitions advisory and real estate investments and counselling.

**3.3. Role of the Management Company**

The Management Company shall manage, operate and administer the Fund in accordance with the provisions of the Deed, this Offering Document and / or any supplementary Offering Document and the Rules.

**3.3.1. Responsibilities of the Management Company**

- a The Management Company shall manage the Scheme and the Fund in the best interest of the Unit Holders, in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in the Deed and the Rules and subject to any special exemptions granted by SECP. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- b The Management Company shall comply with the provisions of the Rules and the Constitutive Documents for any act or matter to be done by it.
- c The Management Company may from time to time appoint, remove or replace the Registrar.
- d The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Scheme.
- e The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the Rules and Constitutive Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, or for anything except for its own gross negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of Constitutive Documents, the Management Company shall not be under any liability therefor 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.
- f The Management Company shall maintain at its principal office, 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 and amounts received by the Scheme in respect of issuance of Units and paid out by the Scheme on redemption of Units and by way of distributions.
- g The Management Company shall prepare and transmit (physically or through electronic means or on the web subject to SECP's approval) an audited annual report together with a copy of the balance sheet, income and expenditure account and the Auditor's report (where applicable) of the Scheme to the SECP, Trustee and the Unit Holders within three (3) months of the closing of the accounting date and balance sheet and income and expenditure accounts shall comply with the requirements set out in the Rules.

- h The Management Company shall within one month of the closing of the first and third quarter and within two months of the closing of first half (6 months) of each Accounting Date, prepare and transmit (physically or through electronic means or on the web subject to SECP's approval) to the Unit Holders, the Trustee, and the SECP, balance sheet as at the end of that quarter, profit and loss account, cash flow statement and statement of changes in equity for that quarter, whether audited or otherwise.
- i The Management Company shall maintain a Register of Unit Holders of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- j The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, the Auditor who shall be a Chartered Accountant and independent of the Auditor of the Management Company and the Trustee and such Auditor shall not be appointed for more than three consecutive years and the contents of the Auditor's report shall be in accordance with the provisions of the Rules.
- k The Management Company shall not employ as a broker, directly or indirectly any of its director, officer or employee or a member of the family of such person or its management company and enter into transactions with any broker, which shall equal or exceed ten percent (10%) or more of the transactions of the Trust in any one (1) accounting year of the Scheme.

Explanation: For the purposes of this clause the term family includes spouse, lineal ascendants and descendants, brothers and sisters.

- l As per the Rule 64 of NBFC Rules 2003 the management company shall not:
  - i. merge with, acquire or take over any other asset management company or a Scheme, unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or take over;
  - ii. pledge any of the securities held or beneficially owned by the Scheme except for the benefit of the Scheme;
  - iii. Accept deposits from the Scheme;
  - iv. make a loan or advance money to any person except in connection with the normal business of the Scheme;
  - v. participate in a joint account with others in any transaction.

### 3.4. Trustee

#### 3.4.1 Trustee - Central Depository Company of Pakistan Limited

SECP has approved appointment of CDC as Trustee of Alfalah GHP Islamic Fund (AGIF) vide its letter No. NBFC-II/AD/AGIF/116/2007 dated February 13, 2007.

a. **Name and Registered Address:**

The Trustee to the Alfalah GHP Islamic Fund (AGIF) is:  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S, Main Shahrah-e-Faisal  
Karachi - 74400, Pakistan

b. **CDC's Vision Statement**

To be a leading national institution providing quality services to capital and financial markets stimulating economic growth.

c. **CDC's Mission Statement**

CDC is committed to provide secured and dependable services to the capital and financial markets in an efficient and cost-effective manner comparable to best international practices. The Company's aim is to be the centre of excellence by continuously employing the state-of-the-art technology available and best talent in the country while maintaining good corporate governance in its working. It is committed to provide its employees an environment of professional and personal growth.

- d. **Brief Profile:** Central Depository Company of Pakistan Limited (CDC) was incorporated as a public limited company on January 21, 1993 in Pakistan and received certificate of commencement of business on August 10, 1994. The principal business activity of the company is to manage and operate the Central Depository System (CDS), which is an electronic book entry system to record and transfer securities. It was formed for facilitating efficient, risk free and cost effective settlement of securities in accordance with the international standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan.

From the year 2002, CDC expanded its business activity to provide trustee / custodial services to mutual funds industry. Currently, CDC is acting as the trustee for open-end, closed-end mutual funds and Voluntary Pension Funds under management of all the leading asset management companies, investment advisers and voluntary pension fund managers. All trustee related operations of CDC are completely automated and supported by strong and efficient computerized systems and dedicated staff. The Trustee Division has the benefit of CDC's existing structure, as well as that for handling the National Clearing and Settlements System.

In a short span of time after introducing its trusteeship business, CDC has emerged as the largest trustee / custodial service provider in Pakistan.

- e. **Shareholders:** Following are the sponsors and the shareholders of the CDC:

Shareholders
THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED
LAHORE STOCK EXCHANGE (GUARANTEE) LIMITED
CITIBANK OVERSEAS INVESTMENT CORPORATION
MCB BANK LIMITED
HABIB BANK LIMITED
NATIONAL INVESTMENT TRUST LIMITED
INVESTMENT CORPORATION OF PAKISTAN [NOW IDBP]
PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORPORATION LTD.
ISLAMABAD STOCK EXCHANGE (GUARANTEE) LIMITED
CRESCENT STEEL AND ALLIED PRODUCTS LIMITED
CRESCENT LEASING CORPORATION LIMITED
SHAKARGANJ MILLS LIMITED
INTERNATIONAL GENERAL INSURANCE COMPANY OF PAKISTAN LTD.
CRESCENT STANDARD INVESTMENT BANK LIMITED
CRESCENT STANDARD BUSINESS MANAGEMENT (PVT.) LIMITED

- f. **Management:** CDC is run purely on professional management basis and most of the Directors on the Board of CDC represent their respective investor institutions, without any personal stake in the company. The chief executive is a highly qualified professional, without any affiliation in any investor institution. Operations of the company are carried out by a team of high caliber professionals from a wide spectrum of relevant disciplines possessing graduate and postgraduate qualifications from distinguished local and international institutions.

### 3.4.2 Basic Role of the Trustee

**Role of the trustee has been defined in detail in clause 7.1 of the trust Deed. Basic role of trustee are:**

- a The Trustee will take into custody and / or hold under its control all the property of the Fund in trust for the Unit Holders. The cash and registrable assets shall be deposited or registered in the name of or to the order of the Trustee. The Trustee will carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property, unless they are in conflict with the Deed, the Rules and the Offering Document or applicable laws. The Trustee shall issue a report to the Unit Holders to be included in the annual report, as to whether in its opinion, the Management Company has in all material respects managed the Fund Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.
- b The Trustee shall, if requested by the Management Company or if it considers necessary for the protection of the Fund Property or safeguarding the interest of the Unit Holders, institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Fund Property or any part thereof. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Fund Property, for all reasonable costs and expenses incurred in taking the aforesaid action(s). The Trustee shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if these were its own acts and omissions and shall account for any loss in value of the Fund Property where such loss has been caused by gross negligence or breach of its duties in connection with the Trust under the Trust Deed or the Rules or any reckless or willful act and / or omission of the Trustee or any of its Directors, Officers, Nominees or Agents. The Trustee shall, however, not be under any liability on account of anything done in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Deed or the Rules.
- c The Trustee shall have all the obligations entrusted to it under the Rules, the Deed and this Offering Document.

### 3.5. Shariah Advisory Board

The Shariah Board of the Fund consists of eminent Islamic economic and financial scholars. The Shariah Advisors have considerable experience in the field of Islamic Studies. The first Shariah Board of the Fund will be comprised of:

- a) Mr. Khalil Ahmed Aazami ; and
- b) Dr. Ejaz Ahmed Samadani.

The appointment of Shariah Advisors has been approved by the SECP vide its letter No. NBFC-II/AD/AGIML/157/2007, dated February 23, 2007.

#### 3.5.1. Profile of Shariah Advisory Board

##### **Mr. Khalil Ahmed Aazami**

Mr. Khalil Ahmed Aazami is an Islamic Scholar having considerable experience in advising financial institutions on Shariah related affairs. Currently, Mr. Khalil Ahmed Aazami is a Shariah Advisor of Bank Alfalah - Islamic Banking and a member of Shariah Board Takaful Pakistan Limited. In addition to this, he is teaching at Dar-ul-Uloom Karachi and Centre of Islamic Economics.

Mr. Aazami has strong academic background in Islamic Studies and Islamic Economics. He has completed Takhassus Fil Ifta and Shahadah Alimiyyah from Dar-ul-Uloom Karachi, a renowned Islamic Institute of Pakistan. He is a faculty member of Centre of Islamic Economics, Karachi & Professional Institute of Excellence.

##### **Dr. Ejaz Ahmed Samdani**

Dr. Ejaz Ahmed Samdani is an eminent Islamic economic scholar, and has considerable experience in relevant field. He has completed his Ph.D/M. Phil from Karachi University (Department of Quran & Sunnah, Faculty of Islamic Studies) in the year 2005. Dr. Samdani has delivered many lectures about Islamic Banking and Takaful in Bahria University, Centre for Islamic Economics (CIE), Professional Institute of Excellence (PIE), Skill Development Council and other places. He has worked as Audit member of Center for Islamic Economics for different Islamic Banking Branches according to Shariah perspective. Dr. Samdani has issued about two thousand fatawas on different Islamic topics especially in Islamic Finance and Meeras.

Dr. Samdani was associated with Habib Bank Ltd. (Islamic Banking Division) as a Shariah Advisor from December 2004 to November 2006.

Dr. Samdani has strong academic background in Islamic Studies and Islamic Economics. He has completed "Al-T'khasus fi al Iftaa" from Jamia Darul Uloom, "Shahdat ul Alimiyah fi al-Uloom al Islamiyah wa al-Arabia" 8 years Alimiyah course and M. A in Islamic Studies from Bahauddin Zakariya University, Multan. He has written many books on different Shariah matters and his several research topics were published in various well renowned newspapers and magazines.

The detail curriculum vitae in respect of the members of the Shariah Board have been given in Annexures 'D1' and 'D2'.

### 3.5.2. Duties & Responsibilities of Shariah Advisory Board

- a The Shariah Advisory Board will advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with the Shariah. Any verdict issued by the Shariah Advisory Board in respect of any Shariah related matter would be final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties related with the matter. Its responsibilities will be as under:
- i. Shariah Board will provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust and its investments into Shariah Compliant avenues of investments. However, in case there is a requirement for any amendment, based on future research for purposes of increasing the Shariah acceptability of the investment policy, permission for necessary amendments of the Deed may be sought from the SECP;
  - ii. The Shariah Advisory Board will be required to evaluate and advice upon all new financial instruments as and when introduced for their Shariah-permissibility;
  - iii. At the end of each Accounting Year, the Shariah Board shall issue a certificate, to be included in the Scheme's financial reports, in respect of Shariah compliance of the preceding year's operations of the Scheme;
  - iv. The Shariah Board will determine an appropriate percentage or amount as the case may be of Haram income included in the income of the Fund, if any. Such Haram income will be donated to charities for purification purposes. The list of Charities to which the Management Company will pay the Haram Income will be decided in consultation with the Shariah Advisory Board. Subject to Shariah Advisory Board approval and after making necessary arrangements, the Management Company may in future give the Unit Holder(s) the option to receive and purify the Haram income themselves.

### 3.6. Core Investors

3.6.1. Bank Alfalah Limited - Islamic Division is the Core Investor and has subscribed the amount stated below:

Name	Number of Units	Rupees
Bank Alfalah Limited - Islamic Division	5,000,000	250,000,000

The Bank Alfalah Limited - Islamic Division has subscribed an aggregate sum of Rs.250,000,000/= towards the purchase of 5,000,000 Core Units of Rupees (Rs. 50/-) each. Such Units shall not be redeemable for a period of two years from the date of closure of Initial Period of Offer (IPO). A mention of this restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. These Units shall, however, be transferable and shall be affected only on the receipt by the Registrar / Transfer Agent of a written acceptance of this condition by the Transferee.

3.6.2. Prior to and during the Initial Period of Offer, the Trustee on the advice of the Management Company shall deposit the Fund Property in a separate account with a scheduled bank and from time to time the Trustee may also on the advice of the Management Company invest such Pre-IPO amounts in short term investments as authorized by Shariah Advisory Board of the Fund (in case of investment in financial institutions they must have a minimum investment grade rating of 'A' by a SECP approved credit rating agency).



### 3.7. Registrar

The Management Company will perform duties as the Registrar of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants / advice and providing related services to the Unit Holders. However Management Company may appoint an independent Registrar in the future at its discretion and may subsequently inform the Trustee of the same.

### 3.8. Custodian

3.8.1. Central Depository Company of Pakistan Limited (CDC), trustee to the fund with the approval of the management company may also provide custodial services at competitive terms and will be responsible for the safe custody of the securities of AGIF.

3.8.2. 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.

### 3.9. Sub-Custodian

The Trustee may, if it considers necessary, may appoint sub-custodian with mutual understanding of the Management Company and at such terms and conditions as may be agreed by the Management Company, for the safekeeping of any portion of the Fund Property.

### 3.10. Distributors and Investment 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 within or outside Pakistan. 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 or terminate the arrangement with any Distributor and intimate the Trustee 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 of Units and redemption / transfer applications. They will be interfacing with and providing service to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate Certificates, transfer to electronic form in CDS, requests for income tax exemption / zakat exemption, etc. for immediate transmission to the Management Company or the Registrar (if the Management Company appoints an independent Registrar) as appropriate for further action.

3.10.3. The Management Company may, at its sole responsibility, 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 may remunerate the distributor and / or Facilitators out of the Front-end Load or from its own resources.

### 3.11. The External and Shariah Compliant Auditor

3.11.1. The auditor of the Fund is:

***KPMG Taseer Hadi and Co.***  
*Chartered Accountants*  
*1st Floor*  
*Sheikh Sultan Trust Building #2*  
*Beaumont Road*  
*Karachi*

- 3.11.2. They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to Accounting Period and will be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for up-to three consecutive terms. Thereafter, that auditor may only be appointed after a break in appointment.
- 3.11.3. The Auditors shall have access to the books, papers, accounts and vouchers of the Fund, whether kept at the office of the Management Company, Trustee, Custodian, Registrar 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.
- 3.11.4. The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 3.11.5. The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Fund and the balance sheet, profit and loss account, cash flow statement and statement of changes in equity and on every other document forming part of balance sheet and profit and loss account including notes, statements or schedules appended thereto.

3.11.6. The contents of the Auditors report shall be as mentioned in the Rules.

**3.11.7. Shariah Compliant Auditor**

The Auditor of the Fund will also act as Shariah-Compliance Auditor, and will complete a Shariah-Compliance Audit of the Scheme for each Accounting Period within three (3) months from the relevant Accounting Date and will issue a Shariah-Compliance audit report.

**3.12. Legal Advisor**

The legal advisor of the Fund is:

***Bawaney & Partners**  
404, 4th Floor, Beaumont Plaza  
Beaumont Road  
Karachi, Pakistan*

**3.13. Bankers**

3.13.1. The banker to the Fund is Bank Alfalah Limited (BAL) - Islamic Division and any other bank appointed by the Management Company from time to time. The Trustee will operate the bank accounts of the Fund on the instructions from the Management Company.

**3.13.2. Bank Accounts**

- a The Management Company would perform all banking activities through Trustee of the Fund with Islamic banks and / or Islamic branches of commercial Banks and / or Islamic financial institutions. When due to any specific reason, it is not possible, then specific approval of the Shariah Advisory Board will be sought for opening Shariah compliant accounts at any other conventional bank(s).
- b The Trustee, at the request of the Management Company, shall open Bank Accounts titled "**CDC-Trustee Alfalah GHP Islamic Fund**" for the Unit Trust at designated Bank(s) at Karachi (or any other city as per the instruction of the Management Company from time to time) for collection, investment, redemption or any other use of the Trust's funds.
- c The Trustee shall also open additional Bank Account(s) titled "**CDC-Trustee Alfalah GHP Islamic Fund**" at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.

- d The Trustee shall open additional Bank Accounts titled "**CDC - Trustee Alfalah GHP Islamic Fund**" at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and / or transfer the funds to the relevant bank accounts of the Unit Holders for redemption purposes.
- e The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. These accounts may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
- f The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- g All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- h All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund 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.
- i The amounts received from the Core Investors (seed capital) and Private Placement Investors (as defined in Clauses 4.2.1 and 4.2.2. below) shall be deposited in separate Bank Accounts having title "**CDC-Trustee Alfalah GHP Islamic Fund - Pre-IPO**". Separate bank accounts for Local & Offshore Pre-IPO investors will be opened with a scheduled bank. As authorized by Shariah Advisory Board the Management Company may from time to time deposit and / or place such Pre-IPO amounts with Banks and Financial Institutions (in case of investment in financial institutions they must have a minimum investment grade rating of 'A' by a SECP approved credit rating agency) and subsequently transfer such amounts to the main Bank Account of the Fund upon the close of the Initial Period of Offer. Any Income, profit etc. earned on such Pre-IPO short term placements and / or bank deposits upto the close of the Initial Period of Offer, after deducting all expenses in this regard, shall be paid to the Core Investors and Private Placement Investors on proportionate basis of their Pre-IPO subscription amounts and shall not form part of the Fund Property.
- j The Management Company will provide clause references on every instruction for opening of new bank accounts of the Fund.
- k All Bank Accounts shall be operated by the Trustee of the Fund and in case of any unauthorized activity in such accounts, the Trustee may report to SECP and / or State Bank of Pakistan and may also consider removing such banker from funds' bank accounts panel.

#### **4 CHARACTERISTICS OF UNITS**

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

The Management Company may from time to time amend the minimum amount of initial investment that is required to open an Investment Account (Account) with the Registrar. Presently, the minimum amount of investment to open an Account for purchasing the Units of the Fund is Rs. 5,000/- and the minimum amount for adding to an existing Account is Rs. 1,000/- per transaction. The Management Company reserves the right to alter the minimum amounts stated hereinabove. In the event the investment in any investor's Account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to close such Account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

##### **4.2. Classes of Units:**

The Management Company may initially issue the following classes of Units:

- 4.2.1. **Class "A"** (Restricted / Core Units) Units issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Period of Offer. However, such Units are transferable.
- 4.2.2. **Class "A"** Units being offered and issued during the Private Placement and Initial Period of Offer (IPO) with no Sales Load.
- 4.2.3. **Class "B"** Units, which shall be offered and issued after the Initial Period of Offer (IPO) with or without Sales Load.
- 4.2.4. The Transfer Agent may send an Account Statement to the Unit Holder each time there is an activity in the account. Such statements or report may be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the register.
- 4.2.5. All Units and fractions thereof (up to four decimal places) represent an undivided share in the Scheme 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 AGIF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's *pari passu* rights, 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.
- 4.2.6. The Unit Holder may transfer his / her investment holdings to some other person at any stage by filling out and lodging the prescribed Service Request Form to the Distributor / Investment Facilitator or to the Management Company or to the Registrar / Transfer Agent during business hours on the Business Day as announced by the Management Company from time to time. This transfer may be done without any Sales Load or back end load or any other transaction costs.
- 4.2.7. The Unit Holder(s) may obtain Certificates representing the Units they hold by paying a nominal fee of Rupees (Rs. 50/-) per Certificate, subject to revision from time to time by the Management Company. Requests for redemption, transfer or transmission of Units shall be processed only on the production of the Certificate(s) if issued earlier. In the event of loss or defacing of Certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Management Company / Trustee / Registrar and the associated cost if any will be borne by the Unit Holder.
- 4.2.8. Registration of Pledge / Lien - the Registrar may register a pledge / lien on any Units in favor of any third party with the specific authority of the Management Company. However, the pledge / lien shall be valid only if evidenced by a statement or letter issued by the Registrar indicating 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 (Please see Clause 4.8 for details).
- 4.2.9. In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holder(s) to continue acquiring Units out of any distribution declared on Units held by them.
- 4.2.10. In the event of winding up of the Fund, the Units standing to the credit of investor(s) shall be dealt with as per the applicable NAV of those Units.
- 4.3. Purchase and Redemption of Units**
- 4.3.1. Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices on any Business Day during business hours as announced by the Management Company from time to time.
- 4.3.2. During the period in which the register is closed, as mentioned in Clauses 4.9 and 5.9 of this Offering Document, the purchase and redemption of Units will be suspended.
- 4.3.3. The Management Company may decline to issue Units to any applicant if it is of the opinion that it will not be possible to invest substantial inflow of fund.

#### 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. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 4.4.2 below including but not limited to:

- 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 so long as 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 Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- 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 Takaful companies under Takaful Rules 2005 under the Insurance Ordinance, 2000.
- g Non Profit Organization under Rule 213 (i) of the Income Tax Rules, 2002.

##### 4.4.2. Account Opening Application Procedure

- a Fully completed Account Opening & Purchase Of Units Form (AGIF - 01) form for purchase of Units accompanied by the payment for the investment and copies of the documents mentioned in the subparagraphs below should be delivered at any of the Authorized Branches of the Distribution Companies or to Investment Facilitator or may be submitted directly to the Management Company during the business hours on the Business Day as announced by the Management Company from time to time. Application forms are available with Distributors or Investment Facilitators or may be obtained from the Management Company or its web site. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 4.10.3. Currently only the Authorized Branches of the Distribution Companies as mentioned in "Annexure C" of this Offering Document are authorized to collect application and payment for the issue of Units as laid down in Clause 4.4.4 of this Offering Document.
- b In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company, needs to be furnished, along with following key relevant information:
  - i. Personal Information of the Investor such as name, father's name etc;
  - ii. In case of Joint Holders the names along with CNIC / passport copies;
  - iii. Information about Nominee. (where required);
  - iv. Zakat declaration Form in case of exemption;
  - v. Specimen signature of the applicant plus all Joint Holders;
  - vi. Operating Instructions for Redemption / Operation of Account;
  - vii. Instructions for Dividend and redemption mandate;
  - viii. Bank details for Redemption and Dividend mandate.

- c In case of body corporate or a registered society, institutions, corporates or trusts, copies of the following documents, if available, may be submitted at the time of opening of the investment account:
- i. Investor's name;
  - ii. Registration Number and National Tax Number. (NTN);
  - iii. List of Authorized Signatories along with copies of CNIC and their specimen signatures;
  - iv. Instructions for Redemption;
  - v. Bank details;
  - vi. Instructions for Dividend mandate, Zakat and Tax status;
  - vii. Other relevant documents as may be required by the Transfer Agent / Registrar.
- d Once the Investor Account has been opened, the Investor will be allotted a specific Registration / Folio Number which can be used for all future transactions to facilitate reference and linking.
- e The applicant will receive acknowledgement confirming the receipt of the application form from Authorized Officer of the Distributor or Management Company. Payment of Units can be made as laid down in Clause 4.4.4.
- f The Distribution Company and / or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant fails to rectify the discrepancy.
- g If subsequent to receipt of the application by the Distributor or Management Company, but prior to issue of the Units, the application is found by the Transfer Agent / Registrar or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent / Registrar or the Distributor will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen (15) days. In the event the discrepancy is not removed in the said fifteen (15) days, the amount will be refunded without any markup.
- h However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Transfer Agent / Registrar or the Distributor or the Management Company will advise the applicant in writing to remove the discrepancy within fifteen (15) days. If the investor, in the opinion of the Transfer Agent / Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price announced on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- i Investors will be allotted Units based on the Purchase (Offer) Price of the Fund, as announced by the Management Company, for the day on which correctly filled Purchase of Units Form is submitted to the Distributor and / or Management Company within the business hours on the Business Day as may be prescribed by the Management Company from time to time. However, the Investor will be provided the account statement within seven (7) Business Days after the said purchase amount of the Units purchased have been credited to the Fund Account.
- j In the event a cheque is returned unpaid, the Management Company will assume the application for subscription to be regarded as void and the Units allotted will be cancelled and the investor informed accordingly. The investor will be asked to submit fresh payment for the said Units which will then be allotted Units based on the Purchase (Offer) Price announced by the Management Company on the day the said new Investment Form together with the payment is received by the Distributor and / or Management Company on the Business Day within the business hours as may be prescribed by the Management Company from time to time.
- k In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company and / or Transfer Agent., fresh submission of documents will not be required, provided that deposited documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.

#### 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 named holder basis; however, each person must sign the application form and submit a copy of their Computerized National Identity Card (CNIC) or any other identification document.

- 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 designated bank account as mentioned at the time of Purchase of Units shall be considered as a valid discharge by the Trustee and Management Company of its obligation.
- c In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Application Form, shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee and Management Company of its obligations.

#### 4.4.4. Payment for Purchase of Units

- a Payment for the Fund Units can be made in the form of:
  - i. Cheque (marked "**Account Payee Only**") in favor of "**CDC-Trustee Alfalah GHP Islamic Fund**";
  - ii. Demand draft or Pay-order in favor of "**CDC-Trustee Alfalah GHP Islamic Fund**";
  - iii. Online transfer of money.
- b 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.
- c The aforesaid payments must be handed over to a Distributor or Management Company who will acknowledge the receipt on the Investment Form. Such payments will only be deposited in the bank account of the Fund titled "**CDC - Trustee Alfalah GHP Islamic Fund**" maintained with the designated banks and their branches.
- d Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Rule 65 of the Rules.

#### 4.5. Procedure for Redemption of Units

##### 4.5.1. Who Can Apply?

- a All Unit Holders, other than the holders of Class "A" Units (Core / Restricted Units) are eligible to redeem the said Units. Holders of Class "A" Restricted Units will be eligible for redemption after the expiry of the period of two years from the date of the closure of the Initial Period of Offer (IPO), however such Units are eligible for transfer subject to the condition that the new transferee of such unit(s) agrees to the same for the balance period, if any.
- b Application forms are available with Distributors or Investment Facilitators or may be obtained from the Management Company or its website.

##### 4.5.2. Redemption Requests Procedure

- a Request for redemption can be made by completing the prescribed Redemption of Units Form and surrendering the relevant Certificate, if issued, and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company or through an Investment Facilitator within business hours on the Business Day as announced by the Management Company from time to time. In case the Certificate is not issued, the applicant has only to complete the prescribed Redemption of Units Form. The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder(s) from the Unit Holder Register.
- b In case of CDS Units, copy of withdrawal request form submitted to the CDC by the unit holder, will also be submitted to the Transfer Agent / Registrar along with the Redemption of Units Form.
- c The Unit Holder(s) will receive the acknowledgement confirming the receipt of the application for redemption from the relevant Distributor and / or Management Company.
- d The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Redemption of Units Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

- e If subsequent to receipt of the application by the Distributor, but prior to the Redemption of the Units, the application is found by the Transfer Agent / Registrar or the Distributor or the Management Company to be incomplete or incorrect in any material manner, the Transfer Agent / Registrar or the Distributor or the Management Company will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen (15) days. In the event the discrepancy is not removed in the said fifteen (15) 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.
- f Units will be redeemed on the basis of daily Net Asset Value (NAV) announced as of the close of the Business Day on which a correctly filled Redemption of Units Form is submitted within business hours on the Business Day as announced by the Management Company from time to time.
- g Unless otherwise instructed, payment of the redemption proceeds will be made by a cross cheque, in favor of Unit Holder's registered name or first named Joint Holder in the event of Joint Holders, and will be sent to registered address of the Unit Holder or first named Joint Holder within six (6) Business Days of the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first named Joint Holder in the event of Joint Holder. No money shall be paid to any intermediary except the Unit Holder / Joint Holder or his / their authorized representatives.
- h In case the investor has requested encashment of bonus Units then such bonus Units will be redeemed at the ex - NAV of the relevant Accounting Period(s) / Distribution date(s).
- i Redemption of Fund's Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this, please refer to Clause 4.9.2 and Clause 4.9.4 below.
- j Partial Redemption of Units covered by a single Certificate is not permitted. However, Unit Holders may apply for a splitting of the Certificate before applying for redemption.

#### **4.6. Procedure for Requesting Change in Unit Holder Particulars**

##### **4.6.1. Who Can Request Change?**

All existing unit holders or those who have purchased Fund's Units as per Clause 4.4 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Service Request Form. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

##### **4.6.2. Application Procedure for Change in Particulars**

- a The information submitted at the time of purchase of Units can be changed through the Service Request Form.
- b Some of the key information which the Unit Holder can change is as follows:
  - i. Change in address;
  - ii. Joint Holder details;
  - iii. Nominee details.
- c The Unit Holder can also issue the following instructions:
  - i. Change in Bank Account details;
  - ii. Account operating instructions;
  - iii. Dividend mandate instruction.
- d The Unit Holder can also issue the following instructions:
  - i. Transfer Unit holding in favor of someone else;
  - ii. Transmission of Units;
  - iii. Deletion and Merger of Units;
  - iv. Change in form of Units.



- e The Unit Holder can also issue instructions for certificate processing such as:
  - i. Issuance of Certificate;
  - ii. Splitting of Certificate;
  - iii. Consolidation and cancellation of Certificate.
- f Fully completed Service Request Form has to be submitted by both Individuals and / or by Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Transfer Agent / Registrar through an Investment Facilitator or may be directly given to the Management Company within business hours as announced by the Management Company from time to time on the Business Day.
- g The applicant must obtain the acknowledgment of the receipt of Service Request Form signed and duly verified by an Authorized Officer of the Distributor or Management Company if the Form is given to an Investment Facilitator. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Rule 65 of the Rules.
- h The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Service Request form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- i The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request via the Service Request Form. 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.
- j Transfer of Units from one owner to another may be done without any back end load or transaction charges. However such transfer may be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value per Unit. Any taxes or duties applicable on such transfer and transmission shall be payable by the transferee. These taxes, charges or duties may be recovered by redemption of Unit Holder equivalent Units at the time of the service request.

#### **4.7. Procedure for Transfer of Units**

- 4.7.1. A Unit Holder can transfer Units held by him by completing the prescribed Form and surrendering the relevant Certificate, if issued, to be signed by the transferor and transferee and paying applicable Duties and Charges.
- 4.7.2. Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole holder or the survivor of joint holders shall be registered as the holder or joint holders as the case may upon paying applicable Duties and Charges.
- 4.7.3. The request for transfer of Units would be honored after verifying the signature and other particulars of the Unit Holder(s) from the unit holder Register.
- 4.7.4. Partial transfers of Units covered by a single Certificate are not permitted. However, Unit Holders may apply for a splitting of the Certificate before applying for transfer.
- 4.7.5. Application for transfer can be submitted on any of the Authorized Branches of the Distribution Companies or to the Management Company or through an Investment Facilitator within business hours on the Business Day as announced by the Management Company from time to time.

#### **4.8. Procedure for Pledge / Lien / Charge of Units**

- 4.8.1. The Unit Holder(s) who have purchased Fund Units as per Clause 4.4 above or in whose name(s) Units have been transferred are eligible to apply for Pledge / Lien / Charge of Units (other than Core Units upto two years from the date of the closure of Initial Period of Offer) if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

- 4.8.2. The Unit Holder(s) or Joint Unit Holder(s) (as per mandate in Purchase of Units Form) may request the Registrar to record a pledge / lien of all or any of his / their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in 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 Registrar 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.
- 4.8.3. 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 Registrar, shall be liable for ensuring the validity of any such pledge / lien / charge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge / lien / charge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Registrar shall take any responsibility in this matter.
- 4.8.4. Payments of 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 pledge / lien / charge shall be made to the pledge / lien / charge holder for the account of the Unit Holder.
- 4.8.5. The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Pledge of Units Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 4.8.6. Fully completed Pledge of Units Form has to be submitted by both Individuals and / or by Institutional 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 through an Investment Facilitator or may be given directly to the Management Company within business hours on the Business Day as announced by the Management Company from time to time.
- 4.8.7. 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.
- 4.8.8. Any charges, duties, levies etc applicable on such pledge / lien will be borne by the pledger. It is the responsibility of the Pledger and the Pledgee to ensure that the pledge / lien meets their respective legal compliance.

#### **4.9. Dealing, suspension and deferral of dealing**

##### **4.9.1. Temporary change in the method of dealing**

Under the circumstances mentioned in the Offering Document, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld. The Management Company may, at any stage, suspend the dealing of Units and for such periods it may so decide.

##### **4.9.2. Suspension of redemption of Units**

- a The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchanges on which any of the securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price so determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent (10%) of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in this Offering Document.

- b In the event of extra-ordinary circumstances, the Management Company may suspend or defer redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and / or the banking system or strikes or other events that render the Management Company or the Distributors unable to function. Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and Trustee and publish the same in newspapers in which the Fund's prices are normally published.

#### 4.9.3. Suspension of fresh issue of Units

The Management Company may at any time, subject to the Rules, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP if fresh issue 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.

#### 4.9.4. Queue System

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

#### 4.9.5. Issue and Redemption of Units in Extraordinary Circumstances

The Management Company may, at any stage, suspend both Purchase and Redemption of Units simultaneously and for such periods as it may so decide. The issue and redemption of Units may be suspended during extraordinary circumstances as defined in clauses 4.9.2, 4.9.3 and 4.9.4 above.

#### 4.9.6. 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 shall result in the Fund being run down to an unmanageable 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 (Repurchase) Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

#### 4.10. Frequency of Valuation, Dealing and Mode of the Price Announcement

- 4.10.1. For the Classes of Units and the First Offer (Purchase) Prices, please refer to Clause 1.6.2 and Clause 1.8 of this Document.

- 4.10.2. Subsequent to the First Offer, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices daily, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be cleared to the Trustee's satisfaction that such method is adequate for ensuring accurate calculation of the prices.
- 4.10.3. The Purchase (Offer) Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), Transaction Costs as defined in Clause 15.80, any Front-end Sales Load (Load) not exceeding 5% of the Net Asset Value (NAV) (Please refer to Annexure B for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges.
- 4.10.4. The Purchase (Offer) Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Purchase of Units Form has been received.
- 4.10.5. The Redemption Price shall be equal to the NAV as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), less Transaction Costs as defined in Clause 15.80, a Back-end Load (Processing charge) not exceeding five percent of the Net Asset Value (Please refer to "Annexure B" for the current level of load) and such amount as the Management Company may consider an appropriate provision for Duties and Charges.
- 4.10.6. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Redemption of Units Form has been received.
- 4.10.7. The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Rules, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document, the Management Company may suspend the announcement of the prices.
- 4.10.8. The Management Company shall publish the Purchase (Offer) and Redemption (Repurchase) Prices in at least one daily newspaper widely circulated in Pakistan.
- 4.10.9. The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.
- 4.11. Purchase (Offer) and Redemption (Repurchase) of Units outside Pakistan**
- 4.11.1. Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the Purchase (Offer) of Units to persons not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the Purchase (Offer) Price as hereinbefore provided a further amount sufficient to cover any currency exchange risk insurance, currency exchange fluctuations, bank charges, 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.
- 4.11.2. 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 at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any currency exchange risk insurance, currency exchange fluctuations, bank charges 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.
- 4.11.3. The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor is not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, for receipt or payment in any other currency or for any obligations arising therefrom.

#### 4.12. Electronic Trading of Units

Any dealing in Units may be carried out online, through ATM's or any other means of electronic use to the extent permitted by the SECP and the State Bank of Pakistan in accordance with the Deed, this Offering Document and the Rules and after making the required arrangement with the Trustee.

### 5 DISTRIBUTION POLICY

#### 5.1. Distribution Policy

5.1.1. The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund including the net impact of the revenue collected and paid out in the NAV calculation through Purchase (Offer) and Redemption (Repurchase) of Units, less all expenses incurred or accrued attributable to the Fund.

5.1.2. The Fund may distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail tax exemption or any other benefits in the interest of the Unit Holder.

#### 5.2. Determination of Distributable Profit and Date

5.2.1. The Management Company shall decide from time to time the Relevant Period(s) but not later than three (3) months after the Accounting Date whether to distribute among Unit Holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash, additional Units, or a combination of both as the Management Company may determine.

5.2.2. The profit (if any) available for distribution in respect of any Relevant Period shall be determined by the Management Company in consultation with Shariah Advisory Board but shall not exceed the portion of Net Assets on the Relevant Date that is attributable to the sum total of:

- a the total income earned on the Fund Property during such Relevant Period including all amounts received in respect of dividend, profit, fee and any other income;
- b net realized appreciation as set out in sub-clause 5.2.3 below.

5.2.3. From which shall be deducted expenses as set out in sub-clause 5.2.4 below, adjustment as set out in sub-clause 5.2.5 below and such other deductions and adjustments as the Management Company may determine in consultation with the Auditor and Shariah Advisory Board.

5.2.4. The proceeds of sale of rights (when allowed by Shariah Advisory Board) and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for determining distributable income in terms of this Clause but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company after consulting the Auditor to be in the nature of the net realized appreciation may be included in determining distributable income to the Holders by the Trustee and shall not form part of the Fund Property.

5.2.5. The income qualifying for distribution in respect of the Relevant Period shall be ascertained by deducting expenses as are admissible under the Rules, circulars, notifications, handouts, guidelines, etc. of the SECP, this Offering Document and the Trust Deed including:

- a Remuneration of the Management Company for the Relevant Period;
- b Remuneration of the Trustee and its agent for the Relevant Period;
- c Any amount or percentage as the case may be, which the Shariah Advisory Board may declare to be Haram and has to be paid to Charity etc, for purification purposes;
- d Other cost and expense as mentioned in clause 6.4 of this Offering Document;

- e Formation Cost not exceeding 1% of the pre initial public offering (Pre IPO) capital or five million rupees whichever is lower; and
- f Remuneration and expenses of the custodian and sub-custodian for the Relevant Period.

5.2.6. The amount qualifying for purposes of determining distributable income in respect of the Relevant Period shall be adjusted as under:

- a Deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investment / dividend and profits;
- b Addition of a sum representing amounts included in the price of Units for income accrued prior to the date of issue and deduction of a sum representing all participation in income distributed upon Redemption of Units upon a reduction of the Trust during the Relevant Period;
- c Adjustment considered necessary by the Management Company to reflect the diminution in value of Fund Property.

5.2.7. Out of the amount determined for the purpose of distributable income in respect of each Unit Holder withholding tax, zakat or other statutory levies, as may be applicable to the relevant Unit Holder shall be deducted before computing the distributable income for the relevant Unit Holder.

5.2.8. The Management Company may decide to distribute in the interest of the Unit Holders, wholly or in part the distributable profits in the form of a stock dividend, which would comprise bonus Units of the Scheme. 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 after the date of issue of these bonus Units.

### 5.3. Declaration of Dividend

The Management Company shall decide from time to time the Relevant Period but not later than three (3) months after the Accounting Date whether to distribute among Unit Holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash, additional Units, or a combination of both as the Management Company may determine.

### 5.4. Distribution of Profit

5.4.1. On each Relevant Date, the Management Company shall instruct the Trustee to transfer such amount of cash as required to reflect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of this Offering Document be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided.

5.4.2. After the fixation of the amount of cash distribution per Unit, distribution payments shall be made by transfer to the Unit Holders' designated bank accounts or in the case of joint Unit Holders to designated bank account of the joint Unit Holder, first named on the Register or by dispatch of any banking instrument in the name of Unit Holder at his / her address as provided. The receipt of funds by such designated bankers or dispatch of instrument shall be a good discharge therefor.

5.4.3. The Management Company may offer the Unit Holder the option to receive new Units or fractions thereof instead of dividend payment, as per the terms and condition and the procedure laid down in the Offering Document(s).

5.4.4. Before making any payment in respect of a Unit, the Trustee or the Management Company may make such adjustments as may be required by law in respect of any Zakat, income or other taxes, Duties and Charges or assessments whatsoever and may on the request of the Unit Holder issue to the Unit Holder a certificate or statement in respect of such deductions.

5.4.5. Where Units are placed under Pledge / Lien the payment of dividend and bonus Units or any other benefits of the Units shall be made to the Pledge / Lien holder for the account of the Unit Holder.

5.4.6. After the fixation of rate of bonus entitlement per Unit, the Management Company shall instruct the Registrar to credit the respective Unit Holders' accounts with the designated number of Units calculated on the basis of the rate of distribution determined above against the number of Units held by them on the date of register closure.

5.4.7. In case of encashment of the bonus Units on each Relevant Period, the bonus Units will be redeemed on the basis of ex NAV per Unit at relevant distribution date, after appropriation of the distribution of each Relevant Period but without any charge of any Back-end Load (if any).

#### **5.5. Reinvestment of Dividend**

5.5.1. The Unit Holder(s) may opt to receive the amount equivalent to their share of the annual / interim cash distribution in the form of additional Units. In such an event, the Management Company shall at the end of the financial year (or the Relevant Period(s) in the event of an interim distribution) cause to issue such number of Units to the Unit Holder that approximately equates the value of the Cash Dividend for the period. The issue price shall be determined on the basis of the ex- NAV at the Distribution Date after appropriation of the distribution but without any charge of the front end load normally deducted from the Offer Price. The issuance of the bonus Units shall be made, net of any taxes, charges and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder.

5.5.2. The Unit Holder may in writing at the time of opening of an account in the Unit Holder Register during the first purchase of Units or may by completing the prescribed Service Request Form at a later date instruct the Management Company to reinvest the future dividends to which he will be entitled to Fund Units.

5.5.3. The Purchase (Offer) Price for the Units to be issued under Clause 5.5.2 above will be the ex- NAV at the Distribution Date after the adjustment of the announced dividend.

#### **5.6. Bonus Units**

5.6.1. In case of distribution in the form of bonus Units on each relevant distribution date(s) the Management Company shall determine the amount available for distribution as bonus Units and accordingly advise the Trustee of the same for onward action, if any. Such Units shall be added to the holding of the Unit Holders.

5.6.2. A Unit Holder may receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing through Service Request Form prior to the dividend declaration for any Relevant Period(s). The NAV applicable to the encashment of such Units will be the ex- NAV after the distribution.

5.6.3. **The above is for interim and annual distribution announcements by the Management Company from time to time.**

#### **5.7. Payment of Dividend**

All payments for dividend shall be made by transfer of funds to the Unit Holder(s) designated bank account or through any other mode(s) of payment and such payment shall be subject to Rules (or the charge-holder's designated bank account in case of lien / pledge of Units as the case may be). The cash dividend shall be transferred as per the Rules.

#### **5.8. Dispatch of Dividend Warrants / Advice**

Dividend warrants or advice or the Account Statement, as the case may be, shall be dispatched to the Unit Holder's or the charge-holder registered address as per the Rules.

#### **5.9. Closure of Register**

The Management Company may close the Register with intimation to Trustee by giving at least seven (7) days notice to Unit Holders and for a period not exceeding forty-five (45) days in a calendar year. During the period the Register is closed for the purchase and redemption of Units, including transfer applications, will be suspended.

## 6 FEE AND CHARGES

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

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

The Unit Purchase Price includes Front end load of a maximum of five percent (5%) of the Net Asset Value. (The current level of Load is indicated in Annexure B). The issue price applicable to Bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any front end load. Transfer of Units from one owner to another may be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value per Unit at the date the request is lodged within business hours on the Business Day to the Authorized Distributor, Management Company or Transfer Agent / Registrar which shall be recovered from the transferee. These taxes, charges or duties may be recovered by redemption of Unit Holder equivalent Units at the time of the transfer or may be charged separately. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

#### 6.1.2. Allocation of Front - End Load

- a The remuneration of Distributors and Investment Facilitators for the sale of units with front end load shall be paid exclusively from any Front-end Load received by the Trustee and any remaining balance of the Front-end load will then be disbursed to the management company to meet distribution and processing charges. Alternatively, in the case when the Trustee pays the entire Front end load to the Management Company, the management company will then be responsible for payment of the remuneration of the Distributors and investment Facilitators out of the Sales Load thus received and no charges shall be made against the Fund Property or the Distribution Account in this respect. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.
- b Such payments may be made to the Distributors and Investment Facilitators and the Management Company by the Trustee or may be made by the Trustee on the instructions of the Management Company on monthly basis in arrears within thirty days of the end of the calendar month.
- c 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.
- d In the event no Sales Load is charged on the Purchase (Offer) of the Fund Units then the Distribution Company or any Investment Facilitator, as the case may be employed by the Management Company will be entitled to a remuneration payable by the Management Company (out of its own resources) in terms to be agreed between the Management Company and the Distribution Company / Facilitator.

#### 6.1.3. Redemption Processing Charge (Back-end Load)

Back end Load is a processing charge, not exceeding 5% of the Net Asset Value, which may be deducted by the Management Company from the Net Asset Value in determining the Redemption (Repurchase) Price.

### 6.2. Fees and Charges payable by Alfalah GHP Islamic Fund

#### 6.2.1. Remuneration of the Management Company

- a The Management Company shall be entitled to receive:

A remuneration of an amount not exceeding three percent (3%) per annum of the average annual Net Assets for the first five (5) years of the scheme and there after of an amount equal to two percent (2%) per annum of the average annual Net Assets.

- b Current level of Management Fee is defined in Annexure 'B'.



- c The remuneration shall begin to accrue from the close of the Initial Period of Offer. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.
- d The Management Company shall be entitled to draw advance remuneration on a monthly basis from the Fund Property out of its accrued remuneration.
- e In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and the Deed to be payable out of Fund Property.
- f The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.

#### 6.2.2. Remuneration of the Trustee

- a The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure 'A'), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the close of the Initial Period of Offer. For any period other than a full calendar month, such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.
- b Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.
- c Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the SECP.
- d The remuneration and expenses of the custodian and sub-custodian shall be charged from the Fund Property.
- e In consideration of the foregoing and save as aforesaid, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Fund. The Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Rules and the Deed.
- f The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.

#### 6.3. Formation Costs to be amortized against Property of the Scheme

- 6.3.1. Formation Cost not exceeding one percent (1%) of the pre initial public offering (Pre IPO) capital or five million rupees, whichever is lower, shall be borne by the Fund.
- 6.3.2. Formation Cost will be amortized over a period not exceeding five years.

#### 6.4. Other costs and expenses to be charged to and borne by the Scheme

- 6.4.1. Custodial and Sub Custodial charges, both local and international;
- 6.4.2. Listing fee payable to the Stock Exchange(s) including renewals;
- 6.4.3. Charges and levies of Stock Exchange(s), National Clearing and Settlement Company and Central Depository Company;

- 6.4.4. Rating fee payable to approved rating agency;
- 6.4.5. Auditors' fees and related expenses;
- 6.4.6. Any fees payable to the SECP;
- 6.4.7. Brokerage and transaction costs related to investing and disinvesting of the assets of the Scheme;
- 6.4.8. Expenses incurred by Trustee in effecting registration of all registerable assets in the name of the Trustee;
- 6.4.9. Legal and related costs incurred in protecting or enhancing the interests of the unit or Certificate Holders of the Scheme;
- 6.4.10. Bank charges and borrowing / financial costs;
- 6.4.11. Hedging costs including forward cover, forward purchase or option purchase costs (when allowed by Shariah Advisory Board);
- 6.4.12. Any printing costs and related expenses for issuing the scheme's quarterly, half yearly and annual reports etc.;
- 6.4.13. Taxes, fees, cess, duties and other charges applicable to the scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investments outside Pakistan;
- 6.4.14. Marketing expenses specifically related to the Fund;
- 6.4.15. Fund dividend / redemption of Units transfer charges as payable to bank at time of transfer of funds to Unit Holder and such other levies and charges;
- 6.4.16. Any Other expenses directly related to or arising out of the activities of the Fund; subject to the approval from the SECP and intimation to the Trustee;
- 6.4.17. Any other expense or charge as may be permitted by the SECP;
- 6.4.18. Such expenses shall be paid to the Management Company at actual within thirty days of the incurring of such expense.

## **7 TAXATION**

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

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

- a Under the Tax Law in Pakistan, the definition of a public company includes a unit trust whose Units are widely available to the public and any other trust as defined in the Trust Act, 1882. The Fund will be regarded as a public company liable to a tax rate applicable to a public company.
- b The income of the Fund will accordingly be taxed at the following rates:
  - i. Dividend income received from a Pakistani company shall be taxed at an income tax rate of 10%;
  - ii. Capital gain arising on sale of securities listed on any stock exchange(s) in Pakistan is exempt from tax upto 30th June 2008;
  - iii. Income from term finance certificates or corporate papers, profit on government securities, return on deposits / certificates of investment with banks / financial institutions, profit from money market transactions, profit from profit and loss sharing accounts with banks or any other income not mentioned above is taxable at the rate applicable to a public company (as per Income Tax law).

### 7.1.2. Liability for Income Tax if 90% of Income is distributed

- a Notwithstanding the tax rates given above, the income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as dividend. Further under the provisions of Clause 47 (B) of Part 4 of the Second Schedule to the Income Tax Ordinance 2001 the Fund's income from dividend, profit on debt, brokerage and commission is exempt from withholding tax under relevant provision of Law.
- b Under Finance Act, 1989 (V of 1989) as amended by Finance Act 2004 (II of 2004), read with Circular # 06 of 2004 dated July 1, 2004 a Capital Value Tax at the rate of 0.01% of the purchase value of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. Subsequently the rate of CVT was increased from 0.01% to 0.02% through Finance Bill, 2006. This tax will be collected by the stock exchange concerned and will be payable by the Fund on any purchase transactions.

### 7.1.3. Zakat

The Fund is Sahib-e-Nisab under Zakat and Ushr Ordinance, 1980.

## 7.2. Taxation on Unit Holders

### 7.2.1. Income Tax

- a Unit Holders of the Fund will be subject to Income Tax on dividend income (excluding the amount of dividend paid out of capital gains) at a rate of 10%;
- b The rate of tax so specified will be the final tax and the payer (trustee) will be required to withhold the amount of tax at source;
- c 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 Registrar (Transfer Agent) and on the basis of Exemption Certificate income tax will not be withheld;
- d In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

### 7.2.2. Capital Gains

Capital Gains in disposition of Units in the Fund will be subject to capital gains tax at the applicable tax rate. The Units of the Fund will be listed on the stock exchange. Consequently, subject to such listing, the capital gain on disposal of the Units shall be exempt from tax upto Tax Year ending on 30th day of June 2008.

### 7.2.3. Tax Credit

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested in purchase of new Units, (b) 10% of the taxable income of the Unit Holder, and (c) Rs. 300,000 (Rupees Three hundred thousand), and will be calculated by applying the average rate of tax of the unit holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year in which the Units are disposed shall be increased by the amount of tax credit.

### 7.2.4. Zakat

Units held by resident Pakistani shareholders (individuals only) shall be subject to Zakat at 2.5% of the Par value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds.

### 7.3. Dividends

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

### 7.4. Disclaimer

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

7.4.2. **The entire information in this Clause 7 is based on the current taxation status. The exemptions and rates of taxation are subject to change from time to time.**

## 8 REPORTS AND ACCOUNTS

### 8.1. Financial Year of Alfalah GHP Islamic Fund

8.1.1. The Accounting Period shall commence on January 1 of a calendar year and shall end on December 31 of the same calendar year.

8.1.2. Accounting Date shall be the 31st day of December in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.

8.1.3. Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and in any other case from the end of the preceding Accounting Period.

### 8.2. Financial Reporting

8.2.1. The following reports will be sent to the Unit Holders:

- a Audited financial statements, together with the auditors report, the report by the Management Company (Director's Report) and the report by the Trustee within three (3) months of the close of each Accounting Period;
- b Un-audited financial statements (subject to limited scope review by auditors), together with the report by the Management Company within two months of the close of the second quarter of the Accounting Period, as per the Rules;
- c Un-audited financial statements, together with the report by the Management Company within one month of the close of the first and third quarter of each Accounting Period or such period as prescribed by SECP or the Rules;
- d The Trustee shall issue a report to the Unit Holders to be included in the annual report, or at such times as directed by the SECP, in accordance with the Law, whether in its opinion, the Management Company has in all material respects managed the Fund Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof;
- e The regularity of reporting will change if so required by the SECP or under the Rules and the Ordinance.

## **9 SERVICE TO UNIT HOLDERS**

### **9.1. Availability of Forms**

All the forms mentioned and / or included in this Offering Document will be available at the Authorized Branches of the Distribution Companies as well as from the Management Company or on its web site at [www.alfalahghp.com](http://www.alfalahghp.com).

### **9.2. Register of Unit Holders**

Details of Register of Unit Holders are defined in clause 10.7 of the Deed. Unit holder register contain following features:

- 9.2.1. A Register of Unit Holders may be maintained by Registrar Department of the Management Company presently having its office at Registrar Department, Alfalah GHP Investment Management Limited, 12th Floor, Tower A, Saima Trade Towers, I. I. Chundrigar Road, Karachi, or such other company, as the Management Company may appoint as the Registrar from time to time after giving prior notice to the Unit Holders.
- 9.2.2. Every Unit Holder will have a separate Registration / Folio number. The Management Company shall use such Registration / Folio number for recording Units held by the Unit Holder(s). Unit Holder's account identified by the Registration / Folio number will reflect all the transactions in that account held by such Unit Holder.
- 9.2.3. The Holder will be entitled to ask for copies of his account statement thereof on any Business Day within business hours by applying to the Registrar in writing and providing such fee that the Management Company may notify from time to time.
- 9.2.4. The Registrar shall, within seven (07) Business Days of receiving a written request from any Unit Holder(s), post (or send by courier or through electronic means) to such Unit Holders details of such Unit Holder's account in the Register. The Management Company may prescribe reasonable charges for servicing of any additional requests.
- 9.2.5. The Unit Holder's Register shall be open from 11 AM to 1 PM in each Business Day excluding close days or such other days as the management company may determine from time to time in legible form to the inspection of any Unit Holder without any charge with regard to Unit Holder's own information / data.
- 9.2.6. The Register shall be conclusive evidence as to the Units held by each Unit Holder.

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

The Register may normally contain the following major information:

#### **9.3.1. About Unit Holders**

- a Name of Unit Holder / Joint Unit Holders (if any);
- b Address of Unit Holder / first named Joint Holder;
- c Computerized National Identification Card (CNIC) Number(s) of Unit Holder / Joint Unit Holders and / or identification number of passport if applicable;
- d Father's or Husband's name of Unit Holder in case of individual;
- e Occupation of Unit Holder;
- f Nationality;
- g Tax status of the Unit Holder;

- h Bank details;
- i Zakat status of the Unit Holders;
- j Record of signature of Unit Holder / Joint Holders;
- k Particulars of Nominee;
- l Incorporation / Registration Number in case of a company, institution, body corporate, etc;
- m Names and designations of authorized signatories in case of a company, institution or a body corporate;
- n Registered office address, in case of a company, institution or a body corporate.

#### 9.3.2. About Units

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

#### 9.3.3. Instructions

- a Instruction about reinvestment or payment of dividend or the encashment of bonus Units;
- b Information and instruction about pledge of Units / lien;
- c Information and instruction about nominee in case of death of Unit Holder;
- d Bank details for redemption / dividend mandate.

#### 9.3.4. Request for Changes

All Unit Holder(s) are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Service Request Form. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site. The Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate if required to such Holder.

#### 9.3.5. Book Closure

The Management Company may close the Register with intimation to the Trustee by giving at least 07 days notice to Unit Holders and for period not exceeding forty five (45) days in any Accounting period. During the period the Register is closed, no application will be entertained.

#### 9.4. Account Statement

Depending on the type of unit and size of investment the Registrar may send directly, through mail or electronically to each Unit Holder an account statement each time there is a transaction in the account.

## 9.5. Certificates

- 9.5.1. Physical Certificates will be issued only to Unit Holder(s) if requested by them.
- 9.5.2. Unit Holders can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company and to Management Company or to the Management Company through an Investment Facilitator together with a fee at the rate of Rupees (Rs. 50/-) per Certificate or any other amount as determined by the Management Company from time to time.
- 9.5.3. The issued Certificate would be sent through postal or courier service at the applicant's risk within 21 Business Days after the request for the Certificate has been made, to the address of the Unit Holder or to the address of the first named Joint Holder / Principal Account Holder, if the relevant Unit or Units are jointly held.
- 9.5.4. Each Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.
- 9.5.5. In the case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such Joint Holders and delivery of such Certificate to the first named Joint Holder / Principal Account Holder named first therein shall constitute sufficient delivery to all Joint Holders. All payments required under this document (i.e. redemption and dividend) will be made to first named Joint Holder / Principal Account Holder.
- 9.5.6. Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- 9.5.7. Certificate shall only be issued for Unit(s) that have been fully paid.

## 9.6. Replacement of Certificates

- 9.6.1. The Registrar or Management Company may replace certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed Service Request 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.
- 9.6.2. The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one certificate upon surrender of existing Certificates.
- 9.6.3. Each new issue of Certificates will require payment of Rupees Fifty (Rs.50/-) per Certificate, subject to revisions of fee from time to time by the Management Company.

## 9.7. Pledge / Lien of Units / Charge

For details about Pledge / Lien of Units / Charge please refer to Clause 4.8 above.

## 9.8. Nomination

Subject to any Personal Laws that may applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by filling in the relevant portion of the Account opening / Purchase of Units Form or may request a nomination or change in nomination through the Service Request Form . Nominee(s) can be nominated only by single Unit Holders when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not restrict the Management Company or the Trustee or the Registrar from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.

## 10 FINANCIAL INFORMATION

### 10.1. Auditors Certificate on Core Investors' Investment in the Units of the Fund



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

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

The Board of Directors  
Alfalah GHP Investment Management Limited  
12th Floor, Tower A  
Saima Trade Towers  
I.I Chundrigar Road,  
Karachi.

Our ref KA-ZQ-1786

26 June 2007

Dear Sirs,

#### Certificate on Core Investors' Investments in the units of Alfalah GHP Islamic Fund

As requested, we are pleased to confirm to have verified from the un-audited books and records of Alfalah GHP Islamic Fund that Rs. 250 million have been received by the Fund as core investment as follows:

Name of Investor	Investment (Rupees)
Bank Alfalah Limited	<u>250,000,000</u>

Yours faithfully,

KPMG Taseer Hadi & Co.



## 10.2. Auditors Certificate on the Net Asset Value of the Fund



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

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

The Board of Directors  
Alfalah GHP Investment Management Limited  
12th Floor, Tower A  
Saima Trade Towers  
I.I Chundrigar Road,  
Karachi

Our ref KA-AQ-005

3 July 2007

Dear Sirs,

### Net Asset Value (Un-audited) of Alfalah GHP Islamic Fund (“The Fund”)

As requested, we have checked from the un-audited books and records of the Fund and details provided to us by the Management Company of the Fund that Net Assets of the Fund as on 30 June 2007 amounted to Rs. 250 million are as follows:

	(Rupees)
Total assets of the Fund	251,263,958
Total liabilities of the Fund	<u>(1,263,958)</u>
	<u>250,000,000</u>

Net Asset Value per unit based on the proposed issue of 5,000,000 units of Rs. 50 each as at 30 June 2007 amounts to Rs. 50 per unit.

This certificate is being issued only for inclusion as part of Alfalah GHP Islamic Fund’s “Offering Document”.

Yours faithfully,

*KPMG Taseer Hadi & Co.*

### 10.3. Pre - IPO Investors

In addition to the Core Investors, the following have agreed to subscribe to Class 'A' Units of AGIF as Pre-IPO investors. A list of key Pre-IPO Investors (in alphabetical order) is given below:

- 1 Ahmed Hassan Textile Mills Limited
- 2 Ali Gohar & Company (Pvt) Limited - Staff Provident Fund
- 3 Bahria Foundation
- 4 Cherat PaperSack Employees Provident Fund
- 5 Dadex Eternit Limited Provident Fund
- 6 First Dawood Investment Bank Limited
- 7 Gul Ahmed Textile Mills Limited Employees Provident Fund Trust
- 8 Haleeb Foods Limited- Employees Provident Fund Trust
- 9 Hillton Pharma (Pvt) Limited
- 10 Pak Kuwait Takaful Company Limited
- 11 Pak Kuwait Takaful Company Limited Staff Provident Fund
- 12 Pak Oman Investment Company Limited
- 13 Pakistan Takaful Limited
- 14 Security Leasing Corporation Limited
- 15 Soneri Bank Limited
- 16 Sui Southern Gas Provident Fund Trust Company (Pvt) Limited
- 17 Warid Telecom (Pvt) Limited

The above Pre-IPO investors have committed an amount of Rs. 122.95 million in the Alfalah GHP Islamic Fund.

### 10.4. Formation Cost

All preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document's, issue, legal costs, printing, circulation and publication of the Offering Document, Trust Deed, announcements describing the Fund, inviting investment therein and all expenses incurred during the period leading up to the initial issue of Units. This shall not exceed one percent (1%) of the pre-initial public offering (Pre-IPO) capital or five million Rupees whichever is lower.

## 11 WARNINGS

### 11.1. Offering Document

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

### 11.2. Fluctuation in Price and Income

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

### 11.3. Disclaimer

11.3.1. Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial and other market investments whether listed or otherwise. Capital invested in extreme circumstances may lose its entire value. However, diversification of the investment into a number of highly liquid equities, fixed income securities including money market instruments and repurchases transactions and other financial and other market assets whether listed or otherwise tends to reduce the risk substantially. The historical performance of this Fund, financial and other markets or instruments or investments whether listed or otherwise included in the Fund portfolio does not necessarily indicate future performance.

11.3.2. Investors are advised to read risk disclosure as mentioned in this document in Clause 2.12 above for more information concerning risk.

## 12 GENERAL INFORMATION

### 12.1. Inspection of Constitutive Documents

The copies of the Trust Deed and the Offering Document can be inspected free of charge at the addresses given below between 11am to 1pm during Business Days:

**Alfaluh GHP Investment Management Limited**

12th Floor  
Tower A  
Saima Trade Towers  
I.I. Chundrigar Road  
Karachi  
Pakistan

**Central Depository Company of Pakistan Limited (CDC)**

CDC House, 99-B  
Block 'B', S.M.C.H.S.  
Main Shahr-e-Faisal  
Karachi.

### 12.2. Date of Publication of Offering Document

**The Offering Document has been published on August 25, 2007. The Management Company accepted responsibility for the information contained in the Offering Document as being accurate at the date of publication.**

## 13 TERMINATION OF THE FUND

### 13.1. By the Management Company

The Fund may be terminated by the Management Company, if the Net Assets at any time fall below Rupees Fifty million (Rs. 50,000,000/-). The Management Company shall give at least three months notice to Unit Holders and the SECP and shall disclose the grounds of its decision. The Management Company may also announce termination of the Trust on the grounds given in Clauses 4.9.6 of this Offering Document. The grounds on which termination is made shall be mentioned in the notice to the Unit Holders.

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

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

### 13.3. Winding up

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

## 14 ARBITRATION

- 14.1.1. In the event of any disputes arising out of the Trust Deed and / or this Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Management Company and the Trustee, as well as those relating to the interpretation of the terms and conditions of the Trust Deed and / or the Offering Document relating to the Unit Trust, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the

reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners of renowned Law Firms, or senior bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

**14.1.2. Subject to Arbitration Clause above applicable between the Management Company and the Trustee inter se, each party, including the unit holders, irrevocably submit to the exclusive jurisdiction of the courts at Karachi.**

## 15 GLOSSARY

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

- 15.1. "Accounting Date" means the date 31st December in each calendar year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.
- 15.2. "Accounting Period" means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and in any other case from the end of the preceding Accounting Period.
- 15.3. "Act" is defined in the preamble.
- 15.4. "Asset Management Company" means an asset management company as defined in the Rules.
- 15.5. "Audit Date" means the date as of which the Auditor issues its report in respect of the Fund's balance sheet and income and expenditure account for the corresponding Accounting Period.
- 15.6. "Auditors" or Shariah Compliance Auditor" means a firm of chartered accountants that is appointed by the Management Company, with the consent of Trustee, as the auditor for the Fund, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Rules.
- 15.7. "Authorized Branch or Branches" means those branches of the Distributors whose addresses shall be given in the Offering Documents or as amended by the Management Company from time to time.
- 15.8. "Authorized Investment" means any Shariah Compliant investments transacted, issued, traded or listed in Pakistan and abroad as defined in this Offering Document and the Deed.
- 15.9. "Authorized Dealer" means a Scheduled Bank appointed by the Management Company under the Foreign Exchange Manual of the State Bank of Pakistan to manage receipts and transfers of payments for subscription and redemption of Units and distributions to offshore investors.
- 15.10. "Back-end Load" means a Processing Charge, not exceeding five percent of the Net Asset Value, deducted by the Management Company from the Net Asset Value in determining the Redemption Price.
- 15.11. "Bai Mu'ajjal" means a contract in which the seller sells the assets on spot delivery and deferred price.
- 15.12. "Bai' Salam" means a contract in which the price is made on advance and certain defined goods to be delivered later on a fixed date.
- 15.13. "Bank" means any Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.

- 15.14.** "Bank Accounts" means those account(s) opened and maintained for the Fund by the Trustee at scheduled banks, the beneficial ownerships in which shall vest in the Unit Holders.
- 15.15.** "Broker" means any person licensed by the SECP as a broker for effecting transactions in securities for the account of others or a member of the Stock Exchange(s).
- 15.16.** "Business Day" means a day (such business hours thereof) when Banks are open for business in Pakistan and / or such hours for which Management Company is open for business.
- 15.17.** "Certificate" means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holders issued at the request of the Unit Holders pursuant to the provisions of the Trust Deed.
- 15.18.** "Charity" means amount paid out of the income of the Fund to a charitable / welfare organization, in consultation with the Shariah Advisory Board, representing income, which is Haram and it's done for purification purposes.
- 15.19.** "Connected Person" shall have the same meaning as assigned in the Rules.
- 15.20.** "Constitutive Document" means the principal documents governing the formation of an open-end scheme and all related material agreements.
- 15.21.** "Core Investors" of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of Clause 67(2)(f) of the Rules. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Fund.
- 15.22.** "Core Units" shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of close of Initial Period of Offer. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 15.23.** "Custodian" means:
- 15.23.1. Bank(s) which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; and / or
- 15.23.2. The Trustee, with the approval of the Management Company, to hold and protect the Fund Property or any part thereof as custodian.
- 15.24.** "Deed" means the Trust Deed which is one of the principal document governing the formation, management and operation of the Fund.
- 15.25.** "Distribution Account" means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. 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 Fund Property for the benefit of the Unit Holders.
- 15.26.** "Distributor(s)" means Company(ies), Firm(s) or Bank(s) appointed by the Management Company for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions;
- 15.27.** "Distribution Functions" means the functions with regard to:
- 15.27.1. Receiving applications for purchase of Units together with aggregate Purchase (Offer) Price for Units applied for by the applicants;

- 15.27.2. Interfacing with and providing services to the Unit Holders including receiving purchase, redemption, transfer and pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
- 15.27.3. Acknowledging receipt in respect of Clauses 15.27.1 and 15.27.2 above;
- 15.27.4. Accounting to the Management Company for (i) monies received from the applicants when they purchase Fund Units; and (ii) payments made to the Unit Holders on redemption of Units.
- 15.28.** "Duties and Charges" means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distributor or any Front-end or Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 15.29.** "Federal Government" means the Federal Government of Islamic Republic of Pakistan.
- 15.30.** "Financial Institution" means a scheduled bank or development finance institution, an investment bank, and / or other financial institutions as defined under the Companies Ordinance, 1984.
- 15.31.** "Formation Cost" means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document's, issue, legal costs, printing, circulation and publication of the Trust Deed, the Offering Document, announcements describing the Fund, inviting investment therein and all expenses incurred during the period leading up to the initial issue of Units. This shall not exceed one percent (1%) of the pre-initial public offering investment or five million rupees whichever is lower.
- 15.32.** "Front-end Load" means the sales and processing charges, also described as Sales Load in Clause 15.67, payable to the Management Company, which are included in the Offer Price of Units.
- 15.33.** "Fund's Auditors" mean the Auditors.
- 15.34.** "Fund Property" means the aggregate proceeds of the sale of all Units at Purchase (Offer) Price and any Transaction Costs recovered in the Purchase (Offer) or Redemption (Repurchase) prices after deducting therefrom or providing there-against the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Purchase (Offer) Price or Redemption (Repurchase) Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising therefrom and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed and 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 and the income earned on the investments of the Core Investors (seed capital) and private placement investors (Pre-IPO) as per Clause 4.2.1 & 4.2.2 above upto the date of close of First Offer, which shall not form part of the Fund Property.
- 15.35.** "Halal" means anything permitted by the Shariah.
- 15.36.** "Haram" means anything prohibited by the Shariah
- 15.37.** "Holder" or "Unit Holders" means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investor jointly so registered pursuant to the provisions of this Offering Document and the Deed.

- 15.38.** "Initial Period of Offer / Initial period" means the same as "Initial Offering Period" and "Initial Public Offer" which means the period during which First Offer of Units shall be made at the price of **Rs. 50/-** per Unit, which shall be indicated in the Offering Document and not exceeding seven (7) days.
- 15.39.** "Investment" means any Authorized Investment forming part of the Fund Property.
- 15.40.** "Investment Facilitator / Facilitator" means an individual, firm, corporate or other entity appointed by the Management Company, at its sole responsibility, to identify, solicit and assist investors in investing in the Fund. The Management Company shall compensate the Investment Facilitators out of the Sales Load collected by it in the Offer Price.
- 15.41.** "Islamic Bank" or "Islamic Banking" means a system of banking or banking activities that is consistent with Islamic Shariah law and principles. This will also includes all banks or financial institutions, approved by the Shariah Advisory Board of the Fund for the purpose of banking activities.
- 15.42.** "Islamic Debt or Shariah Compliant Debt Transactions" means a debt instrument sold or transferred to a third party for money at par.
- 15.43.** "Islamic Financial Institution" means institutions defined in clause 15.41 above and who perform their function strictly in compliance with the Islamic Shariah Principles.
- 15.44.** "Istisna'a" means a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery.
- 15.45.** "Modaraba" means a form of partnership where one partner provides funds, while another provides expertise and management.
- 15.46.** "Murabaha" means a sale on mutually agreed profit. Technically, it is a contract for sale in which the seller declares his cost and profit. As a financing technique, it involves a request by the client to the financier to purchase certain items for him, which are then sold to the client at a mutually agreed price.
- 15.47.** "Musharika" means a relationship established under a contract by the mutual consent of the parties for sharing of profit and losses arising from a joint enterprise or venture. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions.
- 15.48.** "Management Company" is defined in the preamble hereto.
- 15.49.** "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the NBFC Rules.
- 15.50.** "Net Asset Value" means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 15.51.** "Offer Price (Purchase Price)" means the sum to be paid by the investor for the purchase of one Unit, such price to be determined pursuant to the Offering Document.
- 15.52.** "Offering Document" means the prospectus, advertisements or other documents (approved by the SECP), which contain the investment and distribution policy and all other information in respect of the Fund, as required by the Rules and is calculated to invite offers by the public to invest in the Fund.
- 15.53.** "Online" means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 15.54.** "Ordinance" means Companies Ordinance 1984.
- 15.55.** "Par Value" means the Initial Period of Offer Price of a Unit that shall be Rupees fifty (Rs. 50/-).

- 15.56.** "Personal Law" means the law of inheritance and succession as applicable to the individual Unit Holders.
- 15.57.** "Pre Initial Public Offering (Pre-IPO)" means period during which the investors have subscribed to the Units of the Scheme before the Initial Public Offer.
- 15.58.** "Private Placement Investors" mean those investors who subscribe to Class 'A' Units prior to the Initial Period as mentioned in Clause 4.2.2 above.
- 15.59.** "Redemption of Units Form" means the prescribed form, which is to be stated in the Offering Document.
- 15.60.** "Redemption Price (Repurchase Price)" means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Clause 4.10.5 of this Offering Document.
- 15.61.** "Register" means the Register of the Holders kept pursuant to the Rules, the Deed and this Offering Document.
- 15.62.** "Registrar" means an organization that the Management Company may appoint for performing the Registrar Functions and may include a department of the Management Company. The term and definition of "Transfer Agent" is also covered within the definition of a Registrar.
- 15.63.** "Registrar Functions" means the functions with regard to:
- 15.63.1. Maintaining the Register;
- 15.63.2. Processing requests for Purchase (Offer), Redemption (Repurchase), Transfer and Transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holders;
- 15.63.3. Issuing account statement to the Unit Holders;
- 15.63.4. Issuing Certificates to the Unit Holders if required;
- 15.63.5. Dispatching income distribution advice and / or bank transfer intimations; and
- 15.63.6. Canceling old Certificates on redemption or replacement.
- 15.64.** "Relevant Date" means the date on which the Management Company decides to distribute the profits (if any).
- 15.65.** "Relevant Period" means the period in respect of which distribution of profits, are proposed to be made by the Management Company.
- 15.66.** "Rules" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 15.67.** "Sales Load" means the sales and processing charges or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Net Asset Value. The Management Company may, at its discretion, charge different levels of the load to different investors from time to time.
- 15.68.** "SECP" means the Securities and Exchange Commission of Pakistan.
- 15.69.** "Security" or "Securities" means any Shariah Compliant share, scrip, participation term certificate, term finance certificate bond, Sukuk or Shariah Compliant bonds, modaraba, musharika, murahaba, Istisna'a, Ijara, Bai Muajjal, Bai Salam etc. certificates, Depository Receipts (Global and American etc.), units of collective investment scheme, short term Islamic commercial papers or such other instruments as may be approved by the Shariah Advisory Board and permitted by the SECP and any other appropriate regulatory body by notification, specify for the purpose.
- 15.70.** "Shariah" or "Islamic Shariah" means divine guidance as given by the Holy Quran and the Sunnah of Prophet Muhammad (Peace Be Upon Him) and embodies all aspects of the Islamic faith.



- 15.71.** "Shariah Advisor" means an expert in Islamic Shariah appointed as a member of the Shariah Advisory Board of the Fund.
- 15.72.** "Shariah Advisory Board" or "Shariah Board" or "Board" means either an Islamic financial institution, a body of Islamic scholars or individuals appointed by the Management Company with the approval of the SECP, having knowledge of Islamic finance, to supervise and monitor the activities of the Scheme and to ensure that all its activities comply with Shariah.
- 15.73.** "Shariah Advisory Services" mean the technical guidance, support services, investment guidelines, advices in relation to the investments, transactions and other activities of the Fund in consonance with the principles of Islamic Shariah.
- 15.74.** "Shariah Compliant" shall mean any activity that is approved by the Shariah Advisory Board to be in accordance with the Islamic Shariah.
- 15.75.** "Stock Exchange" means stock exchanges, registered under the Securities and Exchange Ordinance, 1969.
- 15.76.** "Sub-Custodian" means a financial or any other institution for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the part of the Trust Property.
- 15.77.** "Subscription Day" means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in at least one daily newspapers widely circulated in Pakistan, declares any particular Business Day or days not to be a Subscription Day.
- 15.78.** "Sukuk" means a type of Islamic bond that is backed by the assets of the issuer that earn profit.
- 15.79.** "Supplementary Offering Document" means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing the special features of new type of Units and offering investment in the Scheme.
- 15.80.** "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or be deducted from the NAV in determining the Redemption (Repurchase) Price. The Transaction Costs may not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may with intimation to the Trustee, apply such charge either to the Offer or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Purchase (Offer) or Redemption (Repurchase) prices, without intimating the Trustee provided the difference between the Purchase (Offer) Price and the Redemption (Repurchase) Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.
- 15.81.** "Trust", "Alfalah GHP Islamic Fund", "AGIF", "The Scheme", "Unit Trust" or "Fund" means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.
- 15.82.** "Trust Deed" means the deed executed between the Management Company and the Trustee along with all the exhibits appended thereof.
- 15.83.** "Trustee" is defined in the preamble hereto.
- 15.84.** "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.
- 15.85.** "Zakat" has the same meaning as in the Zakat and Ushr Ordinance, 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.

**ANNEXURE A****Central Depository Company Limited****Tariff Structure for Trusteeship of Open-end Mutual Funds (Unit Trusts)**

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

Net Assets (Rupees in million)		Tariff
From	To	
1	1,000	Rs 0.7 million or 0.20 % pa of NAV whichever is higher
>1,000	& above	Rs 2.0 million plus 0.10 % pa of NAV exceeding Rs. 1,000 million

## ANNEXURE B

### Current Level of Front-end, Back-end Loads and Management Fee

#### Effective from Close of Initial Period of Offer

**Front-end Load:** upto 2.50%

**Back-end Load:** 0.00%

**Management fee:** The current level of management fees is 2.25% (two hundred and twenty five basis points) per annum of the average daily Net Assets Value of AGIF.

Any change in the load and fee structure, provided it is within the maximum limit disclosed in Clauses 6.1.1, 6.1.3 and 6.2.1, shall be notified through an addendum to this annexure.

**ANNEXURE C**
**LIST OF DISTRIBUTION OFFICES**

<b>Alfalah GHP Investment Management Limited</b>	
<b>Head Office</b> 12th Floor, Tower A, Saima Trade Towers, I. I. Chundrigar Road, Karachi Tel: 9217600 - 03	
<b>Bank Alfalah Limited - Islamic Banking Division</b>	
<b>Karachi</b>	<b>Lahore</b>
<b>Uni - Tower Branch</b> Ground Floor, Uni Tower I.I. Chundrigar Road, Karachi Tel: 021-2472295-98 Fax:0212472289	<b>Gulberg Main Branch</b> 66-Main Boulevard, Gulberg, Lahore Tel: 042-5781841-55 Fax: 042-5781875
<b>Gulshan-e-Iqbal Branch</b> Plot # 40-B, Block # 13-A, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi. Tel: 021-4144650-52 Fax: 021- 4144653	<b>Y-Block Branch</b> 93-Y-Block DHA, Lahore. Tel: 042-5746190-5 Fax: 042-5746190
<b>Sharah-e-Faisal Branch</b> Fortune Centre, Sharah-e-Faisal, Karachi Tel: 021-4313580 Fax: 021-4313581	<b>New Garden Town Branch</b> Awami Complex Block # 1, New Garden Town, Lahore. Tel: 042-5846374-85 Fax: 042-5846984
<b>Faisalabad</b>	<b>Rawalpindi</b>
<b>Main Branch</b> P-36, Kutchery Bazar, Faisalabad. Phone: 041-2603019-20 Fax: 041-2603029	<b>Cantt Branch</b> 125-D, Murree Road, Rawalpindi Cantt. Phone: 051-5795184-88 Fax: 051-5795189
<b>Peshawar</b>	<b>Multan</b>
<b>Peshawar Branch</b> Azam Tower, Ground Floor, Arbab Chowk, Jamrud Road, Peshawar. Phone: 091-5701385 Fax: 091-5701392	<b>Multan Branch</b> 2-Bosan Road, Multan. Phone: 061-6750884 Fax: 061-6750885
<b>Islamabad</b>	
<b>Islamabad Branch</b> Redco Plaza, Jinnah Avenue, 8-E Blue Area, Islamabad. Phone: 051-2879581-5 Fax: 051-2879589	

The above selected branch of Bank Alfalah Limited - Islamic Banking Division will facilitate the distribution and collection of all Fund related application forms and marketing material to existing and prospective investors of the Fund.

**Please note that the above number of branch(es) may change from time to time as per the discretion of the Management Company. The Trustee will be informed accordingly.**

The Management Company may also appoint Investment Facilitators at its sole discretion from time to time.

The Management Company may appoint additional distributors or investment facilitators or change any one of the existing ones from time to time.

## ANNEXURE D-1

### Curriculum Vitae of Shariah Advisors

**Khalil Ahmad Aazami**  
 Jamia Darul-uloom Karachi  
 Korangi Industrial Area, Karachi  
 Phone 0321-2481024, 021-2472356, Fax 2472141  
 E-mail: Khalilaazami@gmail.com

Mr. Khalil Ahmad Aazami is learned Shariah Scholar. He is well qualified and experienced personnel in the field of Islamic Studies.

#### Professional Experience:

- ▶ Member of Sharaih Board **Takaful Pakistan Limited**
- ▶ Shairah Advisor of **Bank Alfalah Islamic Banking** (September, 2003 to date)
- ▶ Member **Darul Ifta, Jamia Darul Uloom Karachi**
- ▶ Teaching various courses in Islamic Studies and Arabic at **Jamia Darul Uloom Karachi** (1999 to date)
- ▶ Faculty member of **Center for Islamic Economics, Karachi**
- ▶ Faculty member of **Professional Institute of Excellence**
- ▶ Faculty member of **Qannah Associates, Karachi**
- ▶ Visiting faculty member of **IBP**

#### Educational Background

The details of his qualification are as follows:

QUALIFICATION	YEAR	INSTITUTION
<b>TAKHASSUS FIL IFTA</b> (Specialization in Islamic Jurist Prudence)	1999	Jamia Darul Uloom, Karachi
<b>SHAHADAH - AL-ALAMIYYAH</b>	1997	Jamia Darul Uloom, Karachi
<b>HIFZ-e-QURAN</b>	1987	Jamia Hammadia Karachi

#### Other Qualification

He was also attended various courses and training programmes related to Banking and Finance from time to time, some of which are mentioned hereunder:

- Special Courses in **Islamic Banking & Finance** (Conducted by Mufti Muhammad Taqi Usmani) In The Series Titled '**Islam and The Modern Economic & Trade**'.
- Course of AAOIFI's Shariah Standard (Conducted by Mufti Muhammad Taqi Usmani)
- International Conference on Islamic Finance & Banking (By Center for Islamic Economics) 2002.
- Presently working on Doctorate Thesis "**WAQF**" towards the award of PHD from University of Karachi.

Mr. Aazami also obtained two years English language certificate course from Pak American Culture Centre.

#### Professional Background

Mr. Khalil Ahmad Aazami has vast experience of teaching of various subjects like Hadees, Islamic Jurisprudent, sources of Islamic Shariah, Arabic Grammer and Islamic Banking (Liability and Asset side). He has been associated with the teaching Islamic Studies since 1999. He has taught Islamic Studies to different levels of under graduation, graduation and post graduation in Jamia Darul Uloom, Karachi in following subject:

- ▶ Hadees
- ▶ Sources of Islamic Shariah
- ▶ Islamic Banking (Liability & Asset Side)
- ▶ Islamic Jurisprudent
- ▶ Arabic Grammer

He has also experience of giving Shariah rulings in the field of Fatwa in all aspect of life since 1997 through Jamia Darul Uloom, Karachi. Since 1999 he has giving approximately **2000 fatwas** in all aspect of life. In addition to that, he has worked under the supervision of Mufti Muhammad Taqi Usmani and Mufti Mahmood Ashraf during the last five years.

#### **Achievements**

- Among the top three positions holders in all examinations conducted by Jamia Darul Uloom Karachi and Wifaq-ul-Madaris in the 11 years of study of Alamiyyah at Jamia Darul Uloom Karachi.
- Secured 2nd position in Final year across Pakistan by scoring 91% marks.

#### **Personnel Information:**

Father Name	Iftikhar Ahmad
Date of Birth	05-07-1976
Religion	Islam
Nationality	Pakistani
CNIC No.	42501-1523504-7

## ANNEXURE D-2

**Dr. Ejaz Ahmed Samdani**  
DARUL IFTA JAMIA DARUL ULOOM,  
KORANGI 'K' AREA, KARACHI- 74400 PAKISTAN  
PHONE: +9221- 5049774-6; 5046885, +92 0300-2092162  
Email: ejaz.samdani@gmail.com

### PROFESSIONAL EXPERIENCE

#### Since 2001

Responsible for Issuing Fatawas on different Islamic topics in Darul Ifta, Jamia Darul Uloom Karachi.

#### Since 2003

Teaching various courses as Islamic Studies, English, Science, Arabic Language, Islamic Jurisprudence and Usool-ul-deen in Jamia Darul Uloom Karachi.

#### December 2004 to November 2006

Associated with Habib Bank Ltd. (Islamic Banking Division) as a Shariah Advisor.

#### Since October 2004

Faculty member of Centre for Islamic Economic (CIE) Karachi.

#### Since January 2007

Visiting faculty member of Professionals' Institute of Excellence (PIE) Karachi

#### Since February 2007

Currently Associate with Arif Habib Investment Management Ltd., as a Shariah Advisor for Pakistan International Element Islamic Fund (PIEIF).

#### Since March 2007

Currently Associate with Alfalah GHP Islamic Fund, as Shariah Advisor & Member Shariah Advisory Board.

#### Since April 2007

Faculty member of Qannah Associates, Karachi.

### QUALIFICATIONS

#### 1. SPECIALIZED PROFESSIONAL

- ▶ "Al-T'khasus fi al Iftaa" 3 years specialized course in Iftaa and Fiqh from Jamia Darul Uloom Karachi in the year 2003.
- ▶ "Shahdat ul Alimiyah fi al-Uloom al Islamiyah wa al-Arabia" 8 years Alimiyah course equivalent to Masters in Arabic & Islamic Studies. (M.A) in the year 2000.
- ▶ "Hafiz ul Quran" from Jamia Shamsia Fakhra-ul-Madaris, Ahmed Pur Sial District Jhang., in the year 1990.
- ▶ "L.L.B." from Sind Muslim Law College in the year of 2006.

#### 2. PROFESSIONAL

- ✓ Ph .D / Master of Philosophy ( M. Phil) from Karachi University(Department of Quran & Sunnah, Faculty of Islamic Studies) in the year 2005 on the topic of

غیر کی حقیقت اور مالی معاملات پر اس کی اثرات کا شرعی جائزہ

- ✓ Master of Arts (M. A.) in Islamic Studies from Bahauddin Zakariya University, Multan, in the year 1998.



### 3. ACADEMIC

- ✓ Bachelor of Arts (B.A) from University of Punjab in the year 1996.
- ✓ F. Sc. Intermediate (Pre Medical) from F. C. College Lahore, in the year 1993
- ✓ H. Sc. Matriculation from Faisalabad Board, in the year 1991.

#### NON-VOCATIONAL QUALIFICATION

- ✓ Special courses in Islamic Banking & Finance conducted by Mufti Muhammad Taqi Usmani.
- ✓ Successfully completed the Astronomy (Falkiat) course held in Jamia Darul Uloom Karachi, conducted by well renowned astronomer Syed Shabbir Ahmed Kaka Khail.
- ✓ Successfully completed the Certificate course in Mufti-al-Meerat held in Jamia Darul Uloom Karachi.
- ✓ Successfully completed the one month course in Khatm-e-Nabowat and Christianity held in Chanab Nagar, Chiniot (Punjab).

### HONOURS

- ✓ Always got first position during the three years specialization course in Ifta & Fiqh (Takhassus) from Jamia Darul Uloom Karachi.
- ✓ Among the top three position holders and mostly got first position during the eight years Alimiyah course in various Jamias.
- ✓ Got throughout high first division from H.Sc to M.A.
- ✓ Received several Certificates of Excellence in academic and extra curricular activities.
- ✓ Ex-Chief Editor student's magazine "Al-Afkar".
- ✓ Has delivered many lectures about Islamic Banking and Takaful in Bahria University, Centre for Islamic Economics (CIE), Professional Institute of Excellence (PIE), Skill Development Council and other places.
- ✓ Has worked as Audit member of Center for Islamic Economics for different Islamic Banking Branches according to Shariah perspective.
- ✓ Has issued about two thousand fatawas on different Islamic topics especially in Islamic Finance and Meerat.

### INFORMATION TECHNOLOGY

- ✓ Operating systems: Windows 2000 workstation,
- ✓ Front-End Tools: Ms-office (complete).

### LINGUISTIC SKILLS

- ✓ Fluent in Arabic, Persian, Urdu and English.

### BOOKS WRITTEN ON

1. اسٹیٹ ایجنسی سے متعلق کاروبار کے شرعی احکام
2. غرر کی صورتیں
3. مالی معاملات پر غرر کے اثرات
4. مشترکہ خاندان میں پردہ کا حکم
5. اسلامی بینکاری اور غرر
6. اسلامی بینکاری۔ ایک حقیقت پسندانہ جائزہ
7. آسان فلکیات
8. اسلامی بینکوں میں رائج مرابحہ کا طریقہ کار
9. عشر و خراج کے ضروری احکام
10. تشریح التہذیب
11. تکافل۔ انشورنس کا اسلامی طریقہ کار
12. اسلامی بینکوں میں رائج اجارہ کا طریقہ کار

### 3.1 TRANSLATIONS

۱. تاریخ طبری جلد اول
۲. طبقات ابن سعد جلد پنجم حصہ دوم

### 3.2 ZABT-O-TARTEEB

۱. اصلاحی تقریریں جلد سوم، چہارم، پنجم، ششم، ہفتم، ہشتم
۲. گلگت کے پہاڑوں میں یادگار آپ بیتی
۳. انبیاء کی سرزمین میں چند روز

### 3.3 TAKHREEJ

درس مسلم جلد اول

### 3.4 TASHEEH-O-TAHZEEB

۱. شان صحابہؓ
۲. صبر و تحمل کی روشن مثالیں

### 3.5 RESEARCH TOPICS

Several research topics published in various well renowned newspapers and magazines. Some of them are these:

- |   |   |   |                                     |
|---|---|---|-------------------------------------|
| ☆ | مجوزین سود کے دلائل کا علمی جائزہ                       | ☆ | ماہنامہ القاسم مئی ۲۰۰۰ء            |
| ☆ | مروجہ سودی نظام کے مضرات و نقصانات                      | ☆ | ماہنامہ القاسم جون ۲۰۰۰ء            |
| ☆ | بلاسود بینکاری دین کا تقاضا بھی ہے اور وقت کی ضرورت بھی | ☆ | ماہنامہ القاسم جولائی ۲۰۰۰ء         |
| ☆ | دامن کو زرا دیکھ  | ☆ | ماہنامہ القاسم ستمبر ۲۰۰۰ء          |
| ☆ | اے کاش  | ☆ | ماہنامہ القاسم اکتوبر ۲۰۰۰ء         |
| ☆ | موافقات قرآنی۔ سیرت فاروقی اعظم کا تابناک پہلو          | ☆ | ماہنامہ الفاروق اکتوبر ۲۰۰۰ء        |
| ☆ | اسلامی سزائیں اور مغربی پروپیگنڈے                       | ☆ | ماہنامہ بزم قاسمی مارچ ۲۰۰۱ء        |
| ☆ | فیصلہ، رجم اور اس کا رد عمل                             | ☆ | ماہنامہ الصدق اپریل ۲۰۰۱ء           |
| ☆ | یہ بھی حقیقت ہے   | ☆ | ماہنامہ الصدق مارچ ۲۰۰۲ء            |
| ☆ | پھر آگ ہے   | ☆ | ماہنامہ الصدق دسمبر ۲۰۰۱ء           |
| ☆ | اسلامی سزائیں اور مغربی شہادت (دواقساط)                 | ☆ | ہفتہ روزہ ضرب مومن ۲۴-۳۰ اگست ۲۰۰۱ء |
| ☆ | سود کا خاتمہ۔ پاکستان کا آئینی و نظریاتی فریضہ          | ☆ | ہفتہ روزہ ضرب مومن ۲۵-۳۱ مئی ۲۰۰۱ء  |
| ☆ | ربا کیس کا فیصلہ اور روایتی حربے                        | ☆ | ہفتہ روزہ ضرب مومن ۰۶-۱۰ مئی ۲۰۰۱ء  |
| ☆ | مروجہ انشورنس کے شرعی متبادل                            | ☆ | ماہنامہ الصدق جون ۲۰۰۲ء             |
| ☆ | ہائر پرجیز (Hire Purchase) اور اس کا شرعی متبادل        | ☆ | ماہنامہ القاسم ستمبر ۲۰۰۲ء          |
| ☆ | برہمن   | ☆ | ماہنامہ الزکریٰ اکتوبر ۲۰۰۲ء        |

**PERSONAL INFORMATION**

Father's Name : Mian Mohammad Shafi  
Date of Birth : February 16, 1976  
Nationality : Pakistani  
Religion : Islam  
N.I.C. : 33203-4013585-3

## ANNEXURE E

### Forms

The following Forms are attached herewith:

Type of Form	Form Reference
Account Opening / Purchase of Units Form	AGIF - 01
Redemption of Units Form	AGIF - 02
Service Request Form - Change in Unit Holder Particulars	AGIF - 03
Pledge of Units Form	AGIF - 04