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## **OFFERING DOCUMENT**

**IGI STOCK FUND**  
(Benchmark-KSE-100)

MANAGED BY

IGI FUNDS LIMITED

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

Date of Publication of Offering Document: July 08, 2008

Initial Offering Period: July 15<sup>th</sup>, 2008

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The IGI Stock Fund (“**Scheme**”) has been established through a Trust Deed entered into between IGI Funds Limited, (“**Management Company**”) and Central Depository Company of Pakistan Limited, (“**Trustee**”) and is authorized under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (“**Regulations**”).

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### **REGULATORY APPROVAL AND CONSENT**

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

The Securities and Exchange Commission of Pakistan (herein after referred to as the “**Commission**”) has authorized the offer of Units of the IGI Stock Fund (the “**Scheme**”) under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (herein after referred to as the “**Regulations**”). The Commission has approved this Offering Document under the Regulations.

Please note that in giving this approval, the Commission does not take any responsibility for the financial soundness of the Scheme nor for the accuracy of any statement made or opinion expressed in this Offering Document.

**If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal adviser, stock broker, bank manager, or other financial / tax adviser. Investors must recognize that all investments involve varying levels of risk. The portfolio of IGI Stock Fund consists of market based investments and is subject to market fluctuations and risks inherent in all such investments. The value of Units in IGI Stock Fund may appreciate as well as depreciate, and consequently the level of dividend declared by IGI Stock Fund may get affected to that extent. Investors are requested to read the Risk Disclosure and Disclaimer statement contained in clauses 2.10 and 2.11 of this Offering Document.**

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

The Management Company has filed a copy of this Offering Document signed by the Chief Executive Officer along with the Trust Deed with the Commission. Certified copies of the documents mentioned below can be inspected at the head offices of the Management Company or the Trustee:

1. The Commission's letter No. NBFC-II/18/IGIFL/IA & AMC/3/2007 dated May 18, 2007 granting license to the Management Company for the purposes of carrying out investment advisory and asset management services together with a copy of the license;
2. Trust Deed of IGI Stock Fund dated June 10, 2008 and executed between IGI Funds Limited as the Management Company and the Central Depository Company of Pakistan Limited as the Trustee;
3. The Commission's letter No. NBFC-II/AD/IGIFL/461/2008 dated June 20, 2008 authorizing the IGI Stock Fund;
4. The Commission's letter No. NBFC-II/AD/AAML/449/2008 dated June 06, 2008 approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of the IGI Stock Fund;
5. Letter No. KA-ZQ-905 dated January 04, 2008 from KPMG, Chartered Accountants, Auditors of the IGI Stock Fund, consenting to the issue of the statements and reports;
6. The Commission's letter No. NBFC-II/DD/IGISF/505/2008 dated July 07, 2008 approving this Offering Document.

## **1. CONSTITUTION OF THE SCHEME**

### **1.1 Constitution**

IGI Stock Fund is an open-end scheme that has been constituted by a Trust Deed entered into at Karachi on 10<sup>th</sup> June, 2008, under the Trusts Act 1882, executed between:

**IGI Funds Limited**, a Non- Banking Finance Company incorporated under the Companies Ordinance, 1984 having its registered office at 5 F.C.C., Syed Maratib Ali Road, Gulberg, Lahore, and licensed by the Commission to undertake investment advisory and asset management services. The Official website address of IGI Funds Limited is [www. Igifunds.com.pk](http://www.Igifunds.com.pk);

**AND**

**Central Depository Company of Pakistan Limited**, a company incorporated under the Companies Ordinance, 1984 with its registered office at CDC House, 99-B, Block B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi, Pakistan as the Trustee.

### **1.2 Governing Law**

- 1.2.1 The Trust Deed and this Offering Document shall be subject to and governed by the laws of the Republic of Pakistan, including the Ordinance, the Rules/ Regulations and all applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed and offering document by the Regulations are incorporated in this Trust Deed and the Offering Documents as a part and parcel thereof and in the event of any conflict between Trust Deed and Offering Documents of the scheme and the provisions required to be contained in a trust deed and offering document by the Regulations, the latter shall supersede and prevail over the provisions contained in the Trust Deed and this Offering Document. The Scheme shall also be subject to the rules and regulations framed by the State Bank of Pakistan (SBP) with regard to the foreign Investments made by the Scheme and investment made in the Scheme from outside Pakistan in foreign currency.
- 1.2.2 Subject to the Arbitration clause 33 of the Trust Deed applicable between the Management Company and the Trustee inter se, each party, including the Unit Holder(s) irrevocably submit to the exclusive jurisdiction of the Courts at Karachi.
- 1.2.3 The Investments made in offshore countries and the Bank Accounts and custodial services accounts that may be opened by the Trustee for the Scheme in any offshore countries on the instructions of the Management Company may become subject to the laws of such countries

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

- 1.3.1 The Trustee and the Management Company, acting together and with the prior approval of the Commission, shall be entitled by the supplemental deed(s) to modify, alter, or add to the provisions of the Trust 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 enable the provisions of the Trust Deed to be more conveniently and efficiently implemented;
  - (c) to enable the Units to be listed on a stock exchange or any other exchange; or
  - (d) otherwise to the benefit of the Unit Holders.

Provided that 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.

1.3.2 Where the Trust Deed has been altered or supplemented the Management Company shall notify the Unit Holder(s) immediately at their respective registered addresses and the dispatch of such notices to the Unit Holders shall be announced in two (2) daily newspapers having their primary circulation in Pakistan.

1.3.3 If the Commission modifies the Regulations or allows any relaxations or exemptions, in respect thereof, these shall deem to have been included in the Trust Deed without requiring any modification as such.

#### **1.4 Modification of the Offering Document**

1.4.1 The Trustee and the Management Company, acting together and with the prior approval of the Commission, shall be entitled by the supplemental offering document(s) to modify, alter, or add to the provisions of this Offering Document on any of the following grounds:

- (e) to such extent as may be required to ensure compliance with any applicable laws and regulations or any amendments of such laws and regulations;
- (f) to enable the provisions of this Offering Document to be more conveniently and efficiently implemented;
- (g) to enable the Units to be listed on a stock exchange or any other exchange; or
- (h) otherwise to the benefit of the Unit Holders.

Provided that 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 the Offering Document has been altered or supplemented the Management Company shall notify the Unit Holder(s) immediately at their respective registered addresses and the dispatch of such notices to the Unit Holders shall be announced in two (2) daily newspapers having their primary circulation in Pakistan.

1.4.3 If the Commission modifies the Regulations or allows any relaxations or exemptions, in respect thereof, these shall deem to have been included in this Offering Document without requiring any modification as such.

#### **1.5 Duration**

The duration of the Scheme is perpetual. However, the Commission or the Management Company may, on the occurrence of certain events, wind it up as stated in clause 15 of this Offering Document under the heading of “**Termination of the IGI Stock Fund**”.

#### **1.6 Units**

The Scheme is divided into Units having an Initial Price of rupees one hundred (Rs.100/-) per Unit. This price is applicable to such Units that are issued before close of the Initial Period. Thereafter, the Units shall be issued on the basis of the Net Asset Value (NAV) of the Scheme, which shall form the base for determining the Offer Price and the Redemption Price.

All Units and fractions thereof 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 the Scheme proportionate to the Units held by such Unit Holder. However, the Management Company (while maintaining the integrity of each Unit's *pari passu* rights) may issue the following types of Units:

- Growth Units which shall be entitled to bonus units in case of any distribution by the Fund. Bonus Units issued to growth Unit holders shall also be the growth Units.
- Income Units which shall be entitled to cash dividend in case of any distribution by the Fund.

Consequently, the Units issued with differing arrangements may have differing respective applicable quantum of the Front-end Load added to the NAV for determining the Offer Price thereof and differing respective applicable quantum of the Back-end Load deducted from the NAV for determining the Redemption Price.

Core Units subscribed by the Core Investors shall however be offered and issued at par. The Core Units may be of more than one type, including a restricted class which shall not be redeemable (but are transferable) for a period of two years from the close of Initial Period. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. Any transfer of these Core Units, during the first two (2) years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee. The Scheme shall have minimum investment in compliance with the requirement of Regulation 61(2)(e)(ii) of the Regulations which shall be rupees one hundred million (Rs. 100,000,000/-), out of which at least rupees fifty million (Rs. 50,000,000/-) shall be invested by the Management Company or by Core Investors for a minimum period of two (2) years. Further the management company will notify to the Trustee on each transfer of Core Units

## **1.7 Open-end Scheme**

The Scheme shall offer and redeem Units on a continuing basis subject to the terms contained herein and the Regulations. However, the Management Company may, from time to time, vary amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. No such variation will be introduced without a prior notice of 30 days. Unit Holders will be allowed three months time to meet the new monetary investment limits. Fractional Units shall be issued to enhance economical and efficient handling. Units are also transferable and shall be issued in registered, un-certificated form and shall be confirmed to investors by means of an account statement issued by the Registrar. However, investors have the option to request their Unit Certificates subject to the conditions stated in sub-clause 11.7 of this Offering Document.

## **1.8 Initial Offer**

The Initial Offer shall be made during the Initial Period, which shall be for one (1) Business Days and commence at the start of the banking hours on July 15, 2008 and shall end at the close of the banking hours on July 15, 2008. During the Initial Period, Units shall be offered at the Initial Price

of rupees one hundred (Rs. 100/-) per Unit and shall not include any Sales Load. During the Initial Period, Units shall not be redeemed.

### **1.9 Transaction in Units after Initial Period**

Subsequent to the Initial Offer, the public sale of Units at the Initial Price shall be discontinued. The Units shall be offered at the applicable Offer Price and redeemed at the applicable Redemption Price. The Management Company shall determine the Offer Price and Redemption Price on the basis of the Net Asset Value (NAV). The Offer and Redemption Prices shall be calculated and Units shall be available for purchase and redemption on each Subscription Day. Please see clause 6 for details.

The Management Company may at some future time register the Units with a depository organization, such as the Central Depository Company of Pakistan. Any issue, redemption, transfer or transmittal of de-materialized Units registered with the depository shall take place according to the rules and regulations of the depository organization and the Management Company may frame its own rules and regulations to deal with such situations.

The Issue and Redemption of Units may be suspended or deferred by the Management Company under certain circumstances as detailed in clause 6.



## 2. INVESTMENT OBJECTIVE, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER

### 2.1 Investment Objective

The Scheme shall seek long-term capital growth by investing primarily in a diversified pool of equities and equity related investments.

### 2.2 Investment Policy

The Scheme shall construct a diversified portfolio of equity and other investments.

The equity stocks shall be evaluated based on a combination of growth and value parameters. The best companies shall then be chosen from each sector. The final portfolio shall be determined taking into consideration the relative attractiveness of each sector

The fund's asset allocation in equity asset class shall range from 50% to 100%. The fund may also invest in equity related investments, debt securities, short/medium/long term fixed income securities as well as derivatives (for hedging only) for purposes of diversification and when it has bearish view of stock market.

The Benchmark for IGI Stock Fund is KSE- 100 Index. The performance of IGI Stock Fund will be compared against KSE- 100 Benchmark. If the Fund Manager makes correct decisions on timing and selection of stocks, the Fund Manager should outperform the Benchmark and vice versa. The performance of the Fund and the Benchmark will be reported to Investors at least on a quarterly basis

The fund shall invest in the asset classes mentioned in clause 16.5 of this Trust Deed under the heading Authorized Investment.

### 2.3 Investment Exposure Limits

Investments of the Scheme shall follow the following exposure limits expressed as percentage of Net Assets:

<u>Instruments</u>	<u>Entity Rating</u>	<u>Instrument Rating</u>	<u>Exposure Limit</u>
Listed Equity Securities	N.A.	N.A.	50 - 100%
Unlisted Equity Securities (application for listing accepted)	N.A.	N.A.	0 - 20%
Pre-IPO Placements (subject to Regulations)	N.A.	N.A.	0 - 15%
Debt Securities by Federal/ Provincial Govt	N.A.	N.A.	0 - 50%
Listed Debt Securities by Financial Institutions	A-	A-	0 - 25%
Unlisted Debt securities by Financial Institutions	A-	A-	0 - 15%
Listed Debt Securities by Corporate entities	A-	A-	0 - 25%
Unlisted Debt securities by Corporate entities	A-	A-	0 - 15%
Certificates of Investment/Deposits/Musharika/Modaraba	A-	A-	0 - 25%
Term Deposits with Commercial Banks	A-	A-	0 - 50%
Foreign Currency Deposits with Commercial Banks	A-	A-	0 - 25%
Convertible Debt Securities	A-	A-	0 - 40%
Convertible and Non-Convertible Preferred Shares	N.A.	N.A.	0 - 40%
Reverse Repurchase Transactions (against securities referred to in 16.5(n))	N.A.	N.A.	0 - 25%

Commercial Papers	A-	A-	0 - 25%
Continuous Funding System	N.A.	N.A.	0 - 25%
Spread Transactions (as per regulations)	N.A.	N.A.	0 - 30%
Warrants, Options, Derivatives (subject to prior SECP approval)	N.A.	N.A.	0 - 25%

## 2.4 Investments in Overseas Markets

The Management Company may with the prior written regulatory permission from the Commission and State Bank of Pakistan and subject to the exchange controls invest in instruments issued, traded and listed outside Pakistan. Investments in overseas markets shall be to the extent of thirty per cent (30%) of the Net Assets, subject to a cap of fifteen million dollars (US\$ 15,000,000/-) or such cap as may be defined in the Regulations from time to time.

## 2.5 Changes in the Investment Policy

The investment policy shall be governed by the Regulations (subject to any exemptions provided to the Scheme specifically by the Commission). Any change in the investment policy shall be implemented only after obtaining prior approval from the Commission and giving proper notice to the Unit Holders to the satisfaction of the Trustee.

## 2.6 Investment and Exposure Restrictions

2.6.1 The Trust Property shall be subject to such exposure limits as are provided in the Regulations (subject to any exemptions that may be specifically given to the Scheme by the Commission):

Provided that it shall 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 shall have three (3) months to comply with the exposure limits in case such limits are exceeded.

2.6.2 The exposure of the Scheme to any person shall not, at any time, exceed an amount equal to ten per cent (10%) of total Net Assets of the Scheme or ten per cent (10%) of issued capital of that person, whichever is lower:

Provided that where exposure of the Scheme exceeds the limits so specified because of corporate actions including taking up rights or bonus issue, and due to market price increase or decrease in Net Assets the excess exposure shall be regularized within three (3) months of the breach of limits unless the said period of three (3) months is extended up to another three (3) months by the Commission on an application by the Management Company.

2.6.3 Cumulative exposure by all the schemes (including the Scheme), managed by the Management Company, to a single person shall remain below forty nine per cent (49%) of issued capital of that person:

Provided that the Management Company shall comply with the conditions, including divestment by a scheme, as may be specified by the Commission from time to time.

2.6.4 The Scheme shall not invest more than twenty five per cent (25%) of its Net Assets in securities of any one sector as per classification of the pertinent stock exchange(s).

2.6.5 The Management Company shall not take exposure of more than:

- (a) thirty five per cent (35%) of Net Assets of the Scheme in any single group; and
  - (b) ten per cent (10%) of Net Assets of the Scheme at the time of taking exposure in listed group companies of the non-banking finance company holding license of asset management services and such exposure shall only be made through the secondary market.
- 2.6.6 The Scheme shall not make total investments in a pre-initial public offering (Pre-IPO) in excess of fifteen per cent (15%) of its Net Assets, subject to the investment limits prescribed under the Regulations.
- 2.6.7 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company or any of their Connected Persons own more than five per cent (5%) of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company or any of their Connected Persons own more than ten per cent (10%) of those securities.
- 2.6.8 The Scheme shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent (10%) or more of the equity of the Management Company or the Trustee, save in the case of such party acting as an intermediary.
- 2.6.9 The Scheme shall not at any time:
  - (a) effect a short sale in a security whether listed or unlisted;
  - (b) purchase any security in a forward contract;
  - (c) purchase any security on margin;
  - (d) apply any part of its assets to real estate, commodities or commodity contracts;
  - (e) acquire any security of which another asset management company managing a scheme is the issuer;
  - (f) issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
  - (g) apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
  - (h) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
  - (i) participate in a joint account with others in any transaction;
  - (j) borrow, except with the approval of the Trustee, for meeting redemption request and such borrowing shall not exceed fifteen per cent (15%) of the total Net Assets of the Scheme at the time of borrowing and shall be repayable within a period of ninety (90) days.
- 2.6.10 In case investments are made on behalf of the Scheme in any offshore countries, the same shall be subject to the limits as may be prescribed by the SBP and/or the Commission.

## **2.7 Exceptions to the Investment Restrictions**

In the event the weightages of securities exceed the limits laid down in the Offering Document or the Regulations as a result of the relative movement in the market prices of the Investments or through any disinvestments, the Management Company shall bring the exposure within the prescribed limits within three (3) months of the event. The Management Company shall not invest further in such securities while the deviation exists. However, this restriction on further Investment shall not apply to any offer of right shares and bonus shares.

## **2.8 Borrowing and Borrowing Restrictions**

- 2.8.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may make varying arrangements with Banks or other Financial Institutions for borrowing by the Trustee for the account(s) of the Scheme provided that borrowing shall not be resorted to, except for meeting redemption request.
- 2.8.2 The charges payable to any Bank or Financial Institution against borrowings on account of the Scheme as permissible under clause 2.8.1 above, shall not be higher than the normal prevailing Bank charges or normal market rates.
- 2.8.3 The maximum borrowing for the account of the Scheme shall not exceed fifteen per cent (15%) of the total Net Assets of the Scheme at the time of borrowing or such other limit as may be provided in the Regulations and shall be repayable within a period of ninety (90) days. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.
- 2.8.4 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.
- 2.8.5 For the purposes of securing any such borrowing the Trustee may upon the written request of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and / or any law for the time being in force.
- 2.8.6 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Scheme or any loss that a Unit Holder(s) may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

## **2.9 Restrictions on Transactions with Connected Persons**

- 2.9.1 The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent (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 per cent (10%) of those securities.
- 2.9.2 The Scheme shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer, connected person or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent (10%) or more of the equity of the Management Company or the Trustee, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.
- 2.9.3 For the purpose of sub-clauses (2.9.1) and (2.9.2) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

- 2.9.4 Cash forming part of the Trust Property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits at a rate that is not lower than the rate offered by the Trustee or the said institution to their other depositors on deposits of similar amount and maturity.
- 2.9.5 Money can be borrowed subject to Regulations from any institution provided that the charges are not higher than the normal Bank charges.
- 2.9.6 All transactions carried out by or on behalf of the Scheme shall be made as provided in the Constitutive Documents and shall be disclosed in the Scheme's annual accounts.
- 2.9.7 Subject to the Rules/Regulations, any transaction between the Scheme 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.
- 2.9.8 The Management Company shall not be allowed to enter on behalf of the Scheme into underwriting or sub-underwriting contracts without the prior consent of the Trustee unless the Scheme or the Management Company provides in writing that all commissions and fees payable to the Management Company under such contracts and all Investments acquired pursuant to such form part of the assets of the Scheme and shall be as per applicable rules, regulations and circulars.
- 2.9.9 Direct transactions (other than those carried on the trading system of the exchange) between the collective investment schemes of the same Asset Management Company, as the case may be, shall be notified to the Commission within two (2) days of such transactions and shall be disclosed in quarterly and annual accounts of the collective investment schemes

## **2.10 Risk Disclosure**

Investors in the IGI Stock Fund are advised that all investments in mutual funds and securities are subject to market risks. Risks include but are not limited to:

### Market Risk

Since this Scheme invests most of its assets in stocks, it is subject to stock market risk. Market risk involves the possibility that the value of the Scheme's investments in stocks will decline due to drops in the stock market. In general, the value of the Scheme will move in the same direction as the overall stock market, which will vary from day to day in response to the activities of individual companies and general market and economic conditions.

### Value Stocks Risk

Value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. While the Scheme's investments in value stocks may limit its downside risk over time, the Scheme may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk.

### Securities Selection Risk

Securities selected by a sub-advisor for the Scheme may not perform to expectations. This could result in the Scheme's underperformance compared to other funds with similar investment objectives.

### Investment Risk

An investment in the Scheme is not a deposit of a bank and is not insured or guaranteed by any insurance company or any other government agency. When the Unit Holder sells his Units, they could be worth less than what he paid for them. Therefore, the Unit Holder may lose money by investing in the Scheme.

#### Currency Risk

The Scheme may be affected favorably or unfavorably by changes in currencies and exchange control regulations. The income earned by the Scheme may also be affected by foreign exchange rates.

#### Government Regulation Risk

Government policies or regulations are more prevalent in some sectors than in others. Schemes 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.

#### Derivative Risk

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

- (a) The hedging strategy may not be effective
- (b) There is no guarantee that a market shall exist when the Scheme wants to buy or sell the derivative contract.
- (c) A large percentage of the assets of the Scheme may be placed on deposit with one (1) or more counter parties.
- (d) There is no guarantee that an acceptable counterpart shall be willing to enter into a derivative contract.
- (e) The counter party to the derivative contract may not be able to meet its obligations.
- (f) The Stock Exchange(s) on which the derivative contracts are traded may set daily trading limits, preventing the Scheme from closing out a particular contract.
- (g) If a Stock Exchange halts trading in any particular derivative contract, the Scheme may not be able to close out its position in that contract.
- (h) The price of the derivative may not accurately reflect the value of the underlying security or index.

#### Voluminous Purchase / Redemption of the Scheme Units Risk

Any significant transaction made by an investor could significantly impact the Scheme’s cash flow. If the investor(s) buys a large number of Units of the Scheme, the Scheme may temporarily have a high cash balance. Conversely, if the Unit Holder(s) redeems a large number of Units, the Scheme may be required to fund the redemption by selling securities at an inopportune price. This unexpected sale may have a negative impact on the performance of the Investment.

### 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) Breakdown of law and order, war, terrorist activity, natural disasters etc.
- (c) Senior rights of some creditors over other creditors in the event of winding up.

The Management Company shall incorporate adequate safeguards for controlling the risks in the portfolio construction process. The risk control process would include reducing risks through portfolio diversification and altering the various types of investments depending on market conditions. Moreover, in order to counter the judgment risk, the Management Company has employed qualified personnel with professional experience in the investments department.

Investment in the fund is suitable for investors who have the ability to take the risks associated with financial and capital market investments. Capital invested in the financial and capital markets could in extreme circumstances lose its entire value. However, diversification of the investment into a number of highly liquid equities, fixed income securities including money market instruments and repurchase transactions tends to reduce the risk. The historical performance of the Funds, the financials and capital market or that of any one security or transaction included in the Funds' portfolio does not indicate the future performance.

### **2.11 Disclaimer**

**The Units of the Scheme are not Bank deposits and are neither issued by, or insured by, obligations of, nor otherwise supported by the Commission, any Government agency, the Trustee (except to the extent specified herein or in 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

IGI Funds Limited (IGIFL) is a group company of the Packages Group. It is licensed by the Commission to act as an Asset Management Company and Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

IGI Funds Limited was incorporated in 2006 and the first fund i.e. IGI Income Fund was launched in April 2007 and since then it has grown to PKR 3.2 billion. Performance of IGI Income Fund has been outstanding being a newly launched fund and on the basis of all performance parameters like return, Sharpe ratio and standard deviation it stands in top quartile of the industry.

##### 3.1.1 Profile of the Management Team

###### *Ali Azam Shirazee – CEO*

Mr. Shirazee has over 20 years of experience in banking and capital markets. Prior to joining IGI Funds Limited, he was the CEO and Sponsor Director of Finex Securities Limited, where he established and managed the financial brokerage firm since 1991. Mr. Shirazee started his career at ANZ Grindlays Bank and subsequently worked for American Express Bank and Bank of America, in their Treasury Divisions.

Mr. Shirazee holds a Bachelors and Masters degree in Business Administration from the Institute of Business Administration (IBA), and professional certifications including the Canadian Securities Course from the Canadian Securities Institute, Toronto and a Banking Diploma from the Institute of Bankers in Pakistan, Karachi.

###### *Syed Zulfiqar Ali – CIO*

Mr. Ali has 12 years of experience in the domestic and international asset management industry. Prior to joining IGI Funds, Mr. Ali was Associate Director at BMA Capital. From 1994 to 2002 he was a portfolio manager at Prudential Financial, USA managing a portfolio of over USD 2.0 billion in emerging markets.

Mr. Ali holds an MBA from Oxford University's Said Business School and a BA in Economics, International Relations, and Political Science from Brown University, USA.

###### *Mirza Mahmood Ul Hassan - CFO & Company Secretary*

Mr. Mahmood has over 3 years of experience with the National Investment Trust (NIT), where he was heading trust accounts section which comprised of the treasury, operations and fund accounts. Mr. Mahmood has also served at KPMG's Karachi office for more than 6 years conducting audits of various financial institutions, mutual funds and multinational corporations including Standard Chartered, Emirates Bank, Habib Bank Limited, United Bank Limited, NIT, Unilever, Pakistan International Airlines (PIA) and Organon Pakistan. In addition, he was a director for various companies, including Pakistan Cement, Hashimi Can, Premium Textile, Paramount Spinning, Asian Leasing and English Leasing.

Mr. Mahmood is a qualified Chartered Accountant from Institute of Chartered Accountants of Pakistan (ICAP).

##### 3.1.2 Board of Directors of Management Company

Particulars and details of other directorships held are provided in **Annexure 'D'**.



***Bazl A. Khan - Chairman***

Mr. Khan has over 48 years of professional experience across multiple industries, including 15 years of service in the Pakistan Navy. Mr. Khan worked for ICI Pakistan for 24 years and served in various roles of the company's core areas of business, his most notable assignments at ICI Pakistan included holding the positions of Director and General Manager of Paint, Soda Ash and Polyester business. Mr. Khan's professional assignments also include serving as the Director and General Manager of Arbor Acres and Sunshine Dairies, Project Director for BRR Fertilizer and Business Advisor for Bahria Foundation. Mr. Khan was also the Chairman of the Polyester Manufacturers Group and was a member of the Executive Committee of the Pakistan Industrial Employers Federation. Mr. Khan was an Honorary Consul for the United Kingdom for 8 years and is currently the Honorary Consul for Australia in Karachi.

Mr. Khan has a post graduate diploma in Business Administration and has attended courses from ICI (UK) and PIM, including Senior Managers Strategic Course, Marketing, Quality and Behavioral Courses.

***Khalid Yacob – Director***

Mr. Yacob has over 30 years of experience in accounting and finance, and is the Finance Manager for Packages Limited since 1988. He successfully implemented and introduced accounting best practices and control mechanisms for Packages Limited, and was also responsible for the implementation of key inventory and accounting controls software. Mr. Yacob has also worked in Whinney Murray & Co. (Saudi Arabia) and with A.F. Ferguson & Co. Mr. Yacob is a director for several companies including, Tetra Pak Pakistan Limited, Tri-Pack Films Limited, Packages Lanka (Pvt) Limited and IGI Investment Bank Limited (formerly First International Investment Bank Limited).

Mr. Yacob is a Fellow Member of the Institute of Chartered Accountants of Pakistan, and qualified Chartered Accountant from England and Wales, and attended the Program for Management Development at the Harvard Business School.

***Ahmad Alman Aslam – Director***

Mr. Aslam has over 30 years of professional experience in investment banking, corporate finance and advisory services. He is currently a managing partner of Ahmad Alman Aslam and Associates, an enterprise engaged in investment banking. Mr. Aslam started his career with Citibank in 1975 and continued with Citibank for 28 years, serving in various capacities. He was the Managing Director, based out of New York, responsible for all debt issued by emerging market borrowers (Asia, Latin America, Middle East, Africa and Central and Eastern Europe) including fixed income, Islamic finance, bank syndications and floating rate issues by sovereign, private and public sector corporations and financial institutions and global structured trade finance business. Earlier in his career he headed the Investment Banking arm of Citibank Pakistan, and was Country Head for Citibank, Zambia.

Mr. Aslam has also served as an Advisor to EMP Washington. He serves of the boards of OGDC, Adamjee Insurance, and the Bank of Punjab. He was on the Board of the State Bank of Pakistan till 2006

***Abid Naqvi – Director***

Mr. Naqvi is presently the Chief Executive Officer of ACL Capital Private Limited, a privately owned business development company and has almost 25 years of professional experience in the financial services industry. Mr. Naqvi started his career with Citibank, Pakistan in 1982 and his subsequent assignments include, Head of Economics for the National Development Finance Corporation (NDFC) where he was in close liaison with government economic, planning and finance ministries as well as a permanent representative of the CDWP, 5 Year Plan Expert

Working Groups. He was also the Managing Director, Deputy Managing Director and Head of Research for Taurus Securities from 1997 to 2004. He was a member of various committees of the Karachi Stock Exchange and played an active role in promoting the cause of capital markets.

Abid holds a Bachelors degree in Economics from University College, London, United Kingdom.

***Syed Javed Hassan – Director***

Mr. Hassan has over 20 years of experience in asset management and capital markets, and is currently the Executive Director of IGI Investment Bank. Earlier he was associated with IGI Financial Services in the capacity of CEO of IGI Insurance Limited. Prior to joining IGI Insurance, Mr. Hassan's assignments included Chief Executive of UBL Asset Management Company, Senior Vice President and Head of Asian Insurance Research at Fox-Pitt Kelton (Asia), Assistant Director at PriceWaterhouseCoopers in London, Vice President Emerging Markets at ING Baring Securities Limited and also helped set up ING Barings Pakistan Office. Mr. Hassan was also the Head of Research at Credit Lyonnais Securities (Asia) Limited and was ranked among the top analysts covering South Asia by AsiaMoney Broker Survey. He worked in the Middle East and Africa on a number of civil engineering construction projects for Scott Wilson KirkPatrick & Partners

Mr. Hassan holds a Bachelors of Science in Civil Engineering and Masters in Transportation Engineering from the Imperial College of Science and Technology, and is a Masters in Business Administration from the London Business School.

***Adi J. Cawasji – Director***

Mr. Cawasji has over 30 years of professional experience in the field of accounting, auditing, finance, management consultancy and corporate affairs, and is the Company Secretary for Packages Limited. Prior to joining Packages Limited, Mr. Cawasji worked for Riaz Ahmad and Associates Private Limited and Whinney Murray & Company (Saudi Arabia).

Mr. Cawasji holds a Bachelors degree from Hailey College of Commerce, Punjab University and is a finalist from the Institute of Chartered Accountants of Pakistan (ICAP).

***Ali A. Shirazee – CEO***

See details as stated above.

3.1.3 Role of the Management Company

The Management Company shall manage, operate and administer the Scheme in accordance with the Regulations, the Trust Deed and this Offering Document. Following are the primary functions of the Management Company:

A. *Primary Functions of the Management Company*

(i) Fund Management

The Management Company has the responsibility to make all investment decisions within the framework of the Regulations, the Trust Deed, and the Offering Document.

(ii) Fund Manager and Investment Committee

The Management Company shall appoint a qualified fund manager and constitute an investment committee in accordance with the provisions of the Regulations to assist the Management

Company in investing and managing the assets of the Scheme. All Investment and dis-investment decisions shall be made through the investment committee within the framework of the Regulations and this Deed.

(iii) Investor Services

The Management Company has the responsibility to facilitate Unit Holder transactions in the Scheme and to make adequate arrangements for receiving and processing all applications in this regard.

(iv) Investor Records

(a) The Management Company has the responsibility to maintain investor records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. maintaining Unit Holder(s) records and providing related services. The Management Company or Registrar (as the case may be) shall carry out the responsibility of maintaining Unit Holder(s) records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities.

(b) The Management Company shall not remove the records or documents pertaining to the Trust from Pakistan to a place outside Pakistan without the prior written permission of the Commission and the Trustee.

(v) Distribution

The Management Company, shall from time to time appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) and /or Sub-Distributor(s) for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in distribution and /or sub-distribution agreement(s) to be entered into between the Distributor(s) and /or Sub-Distributor(s) and the Management Company:

Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions and in such case also subcontract the Distribution Functions to a Sub-Distributor(s). The Distributor(s) and/or Sub-Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee. Remuneration of the distribution shall be paid by the management company from the Front End Load or from its own sources.

(vi) Investment Facilitators

The Management Company may from time to time appoint Investment Facilitators at its own responsibility to assist it in promoting sales of Units on terms and conditions agreed between the Management Company and Investment Facilitators. Remuneration of the Investment Facilitators shall be paid by the management company from the Front End Load or from its own sources.

(vii) Record Keeping

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Trust.

*B. Other Functions and Responsibilities of the Management Company*

- (i) The Management Company shall manage the Scheme in the best interest of the Unit Holder(s), in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties including Connected Persons and group companies or its officers, and subject to the restrictions and limitations as provided in the Trust Deed and the Regulations and subject to any special exemptions granted by the Commission. Any purchase or sale of Investments made under any of the provisions of the Trust Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of the Trust Deed or the Regulations.
- (ii) The Management Company shall comply with the provisions of the Rules, Regulations and the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by authorized officer(s) of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of the Trust Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions, as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Trust Property where such loss has been caused by its negligence or reckless or willful act and / or omission or of its officers, officials or agents.
- (iii) The Management Company may from time to time appoint, remove or replace the Registrar to perform the Registrar Functions under intimation to the Trustee.
- (iv) The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may require in respect of any matter concerning the Scheme.
- (v) The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules/Regulations, the Trust Deed and Offering Document, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed and Offering Document, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- (vi) 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 issue of Units and paid out by the Scheme on redemption of the Units and by way of distributions. Such accounts and records shall be maintained for a period of ten years or as prescribed under the provisions of the Rules, the Regulations or any other law for time being in force in Pakistan.
- (vii) The Management Company shall prepare and circulate an annual report, together with a copy of the balance sheet, income and expenditure account, cash flow statement, statement of changes in equity and the Auditor's report of the Scheme to the Trustee, the Unit Holder(s) and stock exchanges, on which the units of the Scheme are listed 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 Regulations.
- (viii) The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the Commission within three (3) months of the close of the Accounting Period, ensuring compliance

with the requirements set out in schedule IV of the Regulations, together with a statement containing the following information, namely:

- (a) Total number of Unit Holder(s); and
  - (b) Particulars of the pertinent personnel (senior executives, research and other) of the Management Company.
- (ix) The Management Company shall within one (1) month of the closing of the first quarter (3 months) and third quarter (9 months) and within two (2) months of the closing of first half (6 months) of each Accounting Date, prepare and circulate to the Unit Holder(s) the Commission and stock exchanges, on which the units of the Scheme are listed 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. The Management Company may transmit the said quarterly accounts to the unit holders by placing them on the company's website subject to the approval of the Commission. However the Management Company shall make available the printed copy to the Unit Holder(s), free of cost, as and when requested.
  - (x) The Management Company shall maintain a Register of Unit Holder(s) of the Scheme (either in physical or electronic form) and inform the Trustee and the Commission of the address where the Register is kept.
  - (xi) The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, the Auditor, from the approved list of auditors circulated by the Commission from time to time, who shall be a chartered accountant and independent of the auditor of the Management Company, and such Auditor shall not be appointed for more than five (5) consecutive years and contents of the auditors report shall be in accordance with the provisions of schedule IV of the Regulations.
  - (xii) The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/ disinvestment transactions entered into by it on behalf of the Scheme. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions subjected to the terms of the Trust Deed, Offering Document and the Regulations. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction subjected to the terms of the Trust Deed, Offering Document and the Rules/Regulations.
  - (xiii) The Management Company obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the rating criteria of the rating agency, and such rating shall be updated at least once every financial year and also published in the annual and quarterly reports of the scheme.
  - (xiv) The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration with any single Broker and shall intimate the same to the Trustee.
  - (xv) The Management Company shall nominate one or more of its officers to act as attorney(s) for performing the functions of Management Company and for interacting with the Trustee.
  - (xvi) The Management Company may appoint investment advisors to assist in investing and managing the assets of the Scheme or to invest and manage part or whole of the assets of the Scheme abroad, at its own cost and discretion, provided that the Management Company will be responsible for all acts of such investment advisers. The advisor or custodian or trustee shall be of good standing and if so required licensed/registered in the relevant jurisdiction.

- (xvii) The Management Company may in consultation with the Trustee further appoint advisors and professionals other than mentioned in clause 3.1.3 (b) (xvi) above in offshore countries for making investments in offshore countries and/or for issuing Units to the investors in the offshore countries to determine the legal and regulatory requirements to be fulfilled by the Scheme, the Management Company and the Trustee and their respective obligations in relation thereto.

#### 3.1.4 Restrictions on the Management Company

The Management Company shall not;

- (a) merge with, acquire the management of another scheme, unless it has obtained the prior approval of the Commission in writing to do so;
- (b) pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations;
- (c) accept deposits from the Scheme;
- (d) make a loan or advance money to any person from the assets of the Scheme;
- (e) participate in a joint account with others in any transaction on behalf of the Scheme;
- (f) apply any part of assets of the Scheme to real estate ;
- (g) make any investment of the Scheme with the purpose of having the effect of vesting the management, or control over the affairs, of investee company by the Management Company or its group;
- (h) enter into transactions with any broker, which exceed ten per cent of the commission paid by the Scheme in any one accounting year; subject, however, that such broker shall not have a common director, officer or employee with the investment adviser or asset management company;
- (i) undertake brokerage services on stock exchanges or in the money market;
- (j) enter into underwriting or sub-underwriting contracts on behalf of the Scheme; and
- (k) maintain its own equity portfolio except for the investments made into the schemes or pension funds being managed by it or its subsidiaries licensed as Non-Banking Finance Companies under the Regulations.

### 3.2 **Trustee**

The Central Depository Company of Pakistan Limited (CDC), a company incorporated under the Companies Ordinance, 1984, with its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan has been appointed as the Trustee for the Scheme. The Trustee has considerable amount of experience of trusteeship of open end schemes which are successfully functioning in the Islamic Republic of Pakistan.

3.2.1 Role of the Trustee

- A. The Trustee shall take into its custody or under its control all the property of the Scheme and hold it in trust for the Unit Holders in accordance with the Regulations and the provisions of the Trust Deed and the Offering Document and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.
- B. The Trustee shall invest the Trust Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in the Trust Deed, the Offering Document and, the Regulations and the conditions (if any) which may be imposed by the Commission from time to time.
- C. The Trustee shall have all the obligations entrusted to it under the Regulations, the Trusts Act 1882, the Trust Deed and the Offering Document.
- D. The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company. Names of the authorized officers and any changes thereto shall be intimated to the Management Company.
- E. The Trustee shall in consultation with the Management Company appoint and may also remove and replace from time to time one or more Bank(s) and/or other depository company, to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s):

Provided however, the Trustee may also itself provide custodial services for the Scheme with the approval of the Management Company at competitive terms as part of its normal line of business.

- F. The Trustee shall comply with the provisions of the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with Management Company:

Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Scheme for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

- G. The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Scheme, if the Trustee had acted in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Trust Deed or the Regulations. Whenever pursuant to any provision of the Trust Deed, any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:

- (a) a document signed or purporting to be signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept;

- (b) any instruction received online through the software solution adopted by the Management Company for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee. The Management Company shall advise the Trustee of software solution adopted by the Management Company for the purposes hereof; and
  - (c) third party evidence where required such as broker contract, bills, etc in relation to (a) and (b) the above.
  - (d) the instructions shall be given electronically to the Trustee based on distinctive user IDs and passwords allocated to authorized person(s) of the Management Company through a computerized system for which both the parties i.e. the Management Company and the Trustee have agreed in writing. In case of any error or omission occurring in electronic system due to system malfunction or any instruction(s) based on such system contain any error or omission due to the above malfunction, the Trustee and the Management Company not knowing the fact will act in the best interests of the Scheme and the Unit Holders.
  
- H. The Trustee shall not be liable for any loss caused to the Scheme or to the value of the Trust Property due to any elements or circumstances beyond its reasonable control.
  
- I. The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Trust Property unless such instructions are in conflict with the provisions of the Trust Deed and the Offering Document and/or the Regulations and/or any other applicable law.
  
- J. The Trustee shall ensure that the sale, purchase, issue and transfer of Units effected by the Scheme and repurchase, redemption and cancellation of Units effected by the Scheme are carried out in accordance with the provisions of the Trust Deed, the Offering Document and the Regulations.
  
- K. The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations, the Trust Deed and the Offering Document and the conditions under which the Scheme has been registered are complied with.
  
- L. The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Scheme.
  
- M. The Trustee shall issue a report to the Unit Holders included in the annual report and second quarterly report of the Scheme whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the Regulations, the Trust Deed and the Offering Document and if the Management Company has not done so, the steps the Trustee has taken in respect thereof.
  
- N. The Trustee shall be entitled to require the Auditor to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
  
- O. The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Trust Property or safeguarding the interest of Unit Holder(s), institute or defend any suit, proceeding, arbitration or inquiry or any corporate or Unit Holder(s) action in respect of the



Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Scheme and the Trustee shall be indemnified against all such costs, charges and expenses:

Provided that no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of its duties in connection with the Scheme under the Trust Deed or the Regulations. For the avoidance of doubt it is clarified that notwithstanding anything contained in the Trust Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Scheme arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or Unit Holder action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Scheme.

- P. Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Scheme save in the capacity of an intermediary.
- Q. Subject to the Regulations, any transaction between the Scheme 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.
- R. The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Regulations and the Trust Deed nor shall the Trustee be liable for any act or omission of the Management Company or for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder.
- S. The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of brokers at the time of offering of the Scheme and shall also ensure that the Management Company has been diligent in appointing brokers to avoid undue concentration of business with any broker.
- T. The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money. For this purpose the Management Company shall provide the Trustee with the summary of investments in the Scheme on regular basis.
- U. The Trustee shall ensure that the methodology and procedures adopted by the Management Company in calculating the value of Units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the Trust Deed, the Offering Document and the Regulations.

### **3.3 Registrar**

The Management Company shall perform duties as the Registrar of the Scheme until any further notice and intimation to the Trustee. The Management Company shall be responsible for maintaining the Unit Holders' Register, preparing and issuing account statements, Unit Certificates and dividend warrants / advice and providing related services to the Unit Holders. The Management Company may outsource the Registrar Function at a later stage, provided the best interests of the Unit Holders are protected.

### **3.4 Distributors / Sub-Distributors / Investment Facilitators**

- 3.4.1 The parties detailed in **Annexure ‘B’** hereof have each been appointed as Distributors / Sub-Distributors / Investment Facilitators to perform the Distribution Functions and together constitute the network of Authorized Transaction Locations (ATLs). The Management Company may from time to time appoint additional ATLs or terminate the arrangement with an ATL and intimate the Trustee accordingly. In addition to the appointment of external service providers as ATLs, the Management Company may itself perform the Distribution Function.
- 3.4.2 The ATLs shall be responsible for receiving applications for purchase, redemption and transfer of Units. They shall be interfacing with and providing services to the Unit Holders, including receiving applications for change of address and other particulars or applications for issuance of duplicate certificates, requests for income tax exemption / Zakat exemption etc. for immediate transmission to the Management Company or Registrar as appropriate for further action.
- 3.4.3 The Management Company may from time to time appoint Investment Facilitators. The Investment Facilitators function is to identify, solicit and assist investors in investing in the Scheme.

### **3.5 Auditors**

The first Auditors of the Scheme are:

KPMG Taseer Hadi & Company

Chartered Accountants

1<sup>st</sup> Floor, Sheikh Sultan Trust Building No. 2

Beaumont Road, Karachi

Appointment of a partnership firm to be the Auditors is deemed to be the appointment of all persons who are partners in the firm for the time being. The Auditors shall hold office until transmission of the annual report and accounts but may be reappointed, however Auditors shall not be appointed for more than five (5) consecutive years.

The Auditors shall have access to the books, papers, accounts and vouchers of the Scheme, whether kept at the office of the Management Company, Trustee, Registrar, ATLs 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.

The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Scheme and the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto. The contents of the Auditors report shall be as required in the Rules.

### **3.6 Legal Advisors**

Aly Shah & Co.

Office 1-A, 1<sup>st</sup> Floor, 15-C

Main Zamzama Boulevard

Zamzama Commercial Lane – 1, Phase V

Defence Housing Authority, Karachi.

### 3.7 Core Investors

<u>Core Investors</u>	<u>Rupees</u>
IGI Investment Bank Limited	100,000,000

The above Core Investors have subscribed an aggregate sum of rupees one hundred million (Rs. 100,000,000/-) towards the purchase of one million (1,000,000) Core Units of rupees one hundred (Rs. 100/-) each. The Core Units worth at least rupees fifty million (Rs. 50,000,000/-) are not redeemable for a period of the first two (2) years from the date of closure of the Initial Period. These Units are however transferable with the condition that the Units are not redeemable before the expiry of the period of the first two (2) years mentioned herein above. The Registrar shall mark the Units as such in the Register. Any transfer of these Core Units during the first two (2) years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee. Core Units shall rank *pari passu* with all other Units

### 3.8 Pre-IPO Investors

The Management Company shall issue additional Units to the Core Investors and Pre-IPO Investors at the Initial Price for an amount equivalent to the income etc. earned on their investments up to the start of the Initial Period. The purpose of this is to ensure that all Unit Holders (Core Investors, Pre-IPO investors and the IPO investors) are treated at par as far as their investment into the Scheme is concerned.

### 3.9 Bankers

Bankers to the Scheme are Bank Alfalah Limited and NIB Bank Limited and any other Banks appointed by the Management Company. The Trustee shall operate the Bank Accounts of the Scheme on instructions from the Management Company.

### 3.10 Bank Accounts

3.10.1 The Trustee shall open Bank Account(s) for the Scheme, at such Bank branch(s) as may be required by the Management Company from time to time.

3.10.2 The Trustee, at the request of the Management Company, shall open Bank Account(s) for the Scheme titled “**CDC-Trustee IGI Stock Fund**” at various branches of different Bank(s) (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as required by the Management Company. These Bank Account(s) shall facilitate Investments on account of the Scheme and the receipt, tracking and reconciliation of income or other receipts relating to the Investments. Such accounts shall also be used as collection and redemption accounts, and for other Scheme related transactions 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 Holder for redemption purposes.

3.10.3 The Management Company may also require the Trustee to open a separate Bank Account for dividend distribution out of the Scheme. Notwithstanding anything in the Trust Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holder(s).

- 3.10.4 All bank charges for opening and maintaining Bank Account(s) for the Scheme shall be charged to the Scheme.
- 3.10.5 All interest, income, profit etc earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holder(s) and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Scheme.
- 3.10.6 The amounts received from the Core Investors (seed capital) will be deposited in a separate Bank Account titled “**CDC-Trustee IGI Stock Fund**” and transferred to the main Bank Account of the Scheme upon the close of the Initial Period. The Management Company shall issue additional Units to the Core Investors and Pre-IPO Investors at the Initial Price for an amount equivalent to the income etc earned on their investments up to the close of the Initial Period.
- 3.10.7 The Trustee shall, if requested by the Management Company open Bank Accounts titled CDC – Trustee IGI Stock Fund in offshore countries where the Investments are made on account of the Scheme, if such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and brokerage accounts with such Banks, custodians, sub-custodians, and brokers, as may be required to be appointed for offshore Investments of the Scheme. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and brokerage services accounts in offshore countries shall always be subject to the approval of the State Bank of Pakistan and the exchange control regulations, as well as any directives of the State Bank of Pakistan and/or the Commission.
- 3.10.8 The Management Company shall exercise due caution and diligence in appointing and arranging of such Bank, brokerage houses and custodian/ sub-custodian in offshore countries. The Management Company and the Trustee shall not incur any personal liability for any consequences that may arise in the opening and operation of such Bank Accounts, brokerage accounts and/or custodial/sub-custodial services accounts. The Management Company and the Trustee shall be indemnified out of the Trust Property for any losses, costs and expenses that may be suffered, sustained or incurred by the Management Company /Trustee and against all consequences arising from and out of (1) the execution by the Management Company /Trustee of the account opening forms/ documents with all particulars as may be required by such Bank(s), Financial Institution(s), custodian(s)/sub-custodian(s) and brokerage house(s), (2) the opening of such account(s) with the offshore Bank(s), Financial Institution(s), custodian(s)/sub-custodian(s) and brokerage house(s), (3) the Investments made in offshore countries on account of the Scheme, (4) the appointment of Bank(s), Financial Institution(s), broker(s) and/or custodian(s)/sub-custodian(s) for the Schemes’ Investments, securities and other assets internationally and (5) all other related or incidental activities of the Management Company/Trustee in relation to the above. Provided that such indemnity shall not be available to the Management Company and/or the Trustee, if such loss, cost or expense is sustained or incurred due to willful or negligence on their respective part. For the purpose of making arrangements in offshore countries, the Management Company may in consultation with Trustee retain the services of advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee, as provided in Clause 3.1.3 (b) (xvii) above.
- 3.10.9 The beneficial ownership of the balances in the Bank Account(s), except the Bank Account(s) mentioned in Clauses 3.10.3 and 3.10.6 above, shall vest in the Unit Holder(s).

#### 4. EXISTING SCHEMES MANAGED BY THE MANAGEMENT COMPANY

##### 4.1 Details of IGI Income Fund

###### Investment Objective

The investment objective of IGI Income Fund is to minimize risk, construct a liquid portfolio of fixed income instruments and provide competitive returns to the unit holders. The management team ensures the active implementation of prudent investment practices, the highest professional standards and compliance with applicable laws.

###### Investment Policy

The investment policy of the Fund is constructed to ensure the overall compliance with the above mentioned investment objective. As such, the investment policy shall focus on selecting instruments, executing transactions and constructing portfolio exposures to match the investment objective stated.

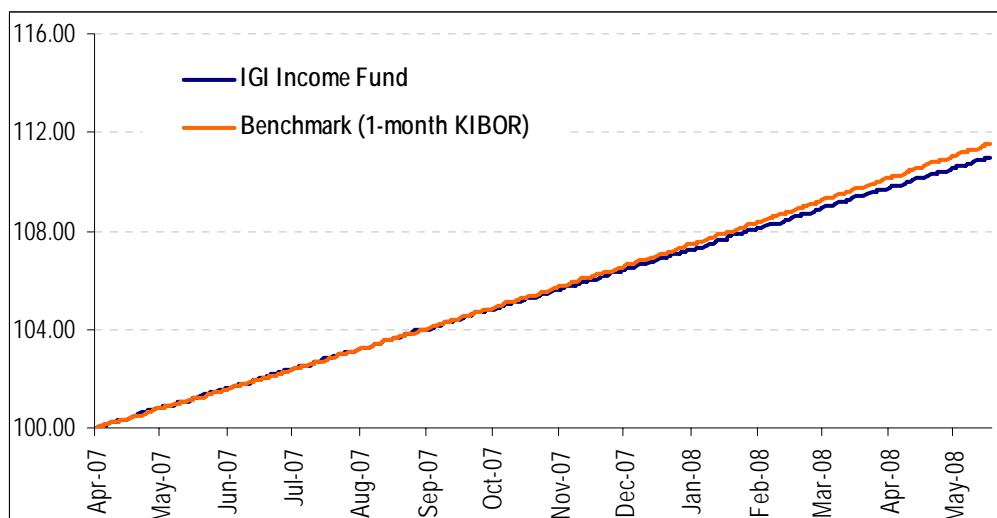
###### Term Sheet

Management Company:	IGI Funds Limited
Fund Type:	Open-end
Asset Class:	Fixed Income
Fund Lifespan:	Perpetual
Dealing Frequency:	Daily
Capital Gains Tax:	Varies from investor to investor
Pricing:	Forward Day (NAV Based)
Sales Load:	Currently 0%
Management Fee:	Currently 1.25%
Holding Period:	None
Minimum Investment:	Rs. 5,000/-
Minimum Subsequent Investment:	Rs. 1,000/-
Trustee:	CDC Pakistan Limited
Auditors:	KPMG Taseer Hadi & Co.

##### 4.2 Performance of IGI Income Fund

The investment objective of IGI Income Fund (IGIIF) is to minimize risk, construct a liquid portfolio of fixed income instruments and provide competitive returns to the unit holders. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance with applicable laws.

Inception Date	14 April 2008
Fund Size at inception (14 April 2007)	PKR 1,164 million
Current Fund Size (31 May 2008)	PKR 3,664 million
Opening NAV (14 April 2007)	PKR 100.0000 per Unit
Current NAV (31 May 2008)	PKR 101.9574 per Unit
Return since inception	9.97%
Fund Size growth since inception	215%



## 5. PERFORMANCE OF RELATED LISTED COMPANIES

### Adamjee Insurance

<i>PKR mn</i>	2003	2004	2005	2006	2007
Total Assets	7,664	8,005	9,182	11,139	18,766
Total Equity	1,059	1,387	2,426	3,788	7,652
Net Premium	3,066	3,678	3,997	5,280	5,532
NPAT	285	411	1,278	1,685	4,201
EPS PKR/share	3.76	3.96	11.38	15.42	41.09
DPS including bonus dividend	1.73	-	1.5	4.75	3.30

### IGI Investment Bank

<i>PKR mn</i>	2003	2004	2005	2006	2007
Total Assets	-	3,433	4,410	5,293	6,649
Total Equity	496	571	634	616	1,050
Income	-	261	352	511	586
NPAT	46	42	75	31	(39)
EPS PKR/share	1.26	1.00	1.78	0.53	(0.65)
DPS	-	-	14%	-	-
Bonus shares	15%	15%	-	10%	-

### Oil & Gas Development Company

<i>PKR mn</i>	2003	2004	2005	2006	2007
Total Assets	84,920	95,990	114,580	121,310	129,340
Total Equity	65,460	76,050	83,210	94,770	100,620
Net Sales	45,070	51,330	73,710	96,760	100,260
NPAT	20,670	22,410	32,970	45,970	45,630
EPS PKR/share	4.81	5.21	7.67	10.69	10.61
Dividend payout	62%	77%	98%	84%	85%

### Packages Limited

<i>PKR mn</i>	2003	2004	2005	2006	2007
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Total Assets	5,056	4,726	9,285	20,361	31,473
Total Equity	3,633	4,192	7,736	13,693	18,171
Net Sales	6,293	6,893	8,163	9,028	10,526
NPAT	814	963	1,015	6,101	4,326
EPS PKR/share	17.11	19.68	16.24	87.30	56.98
Cash dividend	85%	85%	60%	60%	-
Bonus shares	-	-	-	5%	-

#### **Treet Corporation**

<i>PKR mn</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total Assets	960	1,489	1,650	2,032	2,213
Total Equity	611	1,034	1,128	1,259	1,430
Net Sales	1,037	1,035	1,224	1,249	1,288
NPAT	364	213	219	92	89
EPS PKR/share	86.92	50.87	52.3	21.93	21.22
Dividend declared	150%	100%	70%	20%	20%

#### **TRG Pakistan**

<i>PKR mn</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total Assets			2,866	3,661	3,596
Total Equity			2,315	2,177	3,566
Net Sales			20	29	8
NPAT			(3)	(136)	(51.03)
EPS PKR/share			(0.01)	(0.56)	(0.53)

#### **Tri Pack Films**

<i>PKR mn</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total Assets	446	884	878	1,107	3,342
Total Equity	925	950	989	1,082	1,253
Net Sales	1,486	1,754	2,998	3,826	4,555
NPAT	200	115	84	168	440
EPS PKR/share	6.67	3.85	2.80	5.60	15
Cash dividend proposed	30%	15%	25%	50%	100%
Bonus	30%	-	25%	50%	-

#### **Bank of Punjab**

<i>PKR mn</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total Assets	43,621	66,320	111,154	164,855	234,974
Total Equity	3,052	4,420	6,777	10,659	15,110
Net Markup Income	1,180	1,836	3,456	4,070	3,600
NPAT	689	1,368	2,353	3,804	4,446
EPS – Undiluted PKR/share	6.86	9.08	10.01	13.14	10.51
DPS –PKR	7.15	4.00	5.20	3.25	3.50

## **6. CHARACTERISTICS OF UNITS**

### **6.1 Classes of Units**

- (a) Class 'A' Units (Core 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 the Initial Offer. However, such Units are transferable with this condition.
- (b) Class 'A' Units being offered and issued during the period of the Initial Offer [with no Sales Load].
- (c) Class 'B' Units, shall be offered after the period of the Initial Offer. These Units shall carry a Front-end Load.
- (d) Class 'C' Units, may be offered after the period of Initial Offer to institutional and retail clients. These Units may carry a Back-end Load.
- (e) Class 'D' Units, may be offered after the period of Initial Offer to institutional and retail clients. These Units may carry a contingent Back-end Load instead of a Back-end Load. . The applicability of the Contingent Back-end Load will be based on retention period of the underlying investment. Contingent Back -end Load shall not at any time be more than the Back -end Load charged on Class 'C' Units .

An investor at the time of opening an account shall select the class of Unit(s) in which the investor wishes to invest.

The Management Company may with the prior approval of the Commission suspend issuance of certain class(s) of Units. Unit Holders may convert their investment from class 'C' Units to class 'D' Units, subject to the approval of the Management Company and such conversion shall not attract any Transaction Cost.

### **6.2 Types of Units**

The Management Company shall offer following two types of Units to the investors:

- Growth Units which shall be entitled to bonus Units in case of any distribution by the Fund. Bonus Units issued to growth Unit Holders shall also be the growth Units.
- Income Units which shall be entitled to cash dividend in case of any distribution by the Fund.

Sales load shall be charged on these Unit types depending upon the class of Units in which they are issued. The investor shall specify the type of Units in which he wants to invest at the time of investment. He can also invest in both types of Units.

The Unit Holders shall be allowed to switch from one type of Units to the other type of Units in the same Unit class without any fee.

The Management Company may offer different types of Units, within the above detailed Unit classes, as per the provisions of the Trust Deed and with the consent of the Trustee and prior approval of the Commission.

### **6.3 Minimum / Maximum Investment**



- 6.3.1 The minimum amount of investment to open and maintain an account shall be rupees five thousand (Rs. 5,000/-), with no applicable maximum amount.
- 6.3.2 Subsequent investment into the Scheme shall be for a minimum of rupees one thousand (Rs. 1,000/-) per transaction, with no applicable maximum amount.
- 6.3.3 The Management Company may alter the minimum and/or maximum amount required for opening, maintaining or adding to the account. Provided that an upward revision for maintaining the account or adding funds shall require the Management Company to give seven (7) calendar days prior notice to Unit Holders.
- 6.3.4 In the event the investment in any Unit Holder's account falls below the minimum level as a result of the revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Registrar to inform the concerned Unit Holder(s) in writing and allowing twenty one (21) Business Days, from the date of written intimation, to meet the minimum account balance requirements. If however, the Unit Holder(s) fails to meet the required minimum account balance then the Management Company may instruct the Registrar to proceed with redeeming the Units in such accounts at the close of any Accounting Period at the price applicable to redemptions on such date.

#### **6.4 Legal Status**

All Units and fractions thereof issued from time to time represent an undivided share in the Scheme and shall rank *pari passu* inter se as to their rights in the Net Assets, all distributions and earnings. Each Unit Holder has a beneficial interest in the Scheme proportionate to the Units held by such Unit Holder. Notwithstanding that three (3) or more classes of Units or different types may be issued, it is clarified that IGI Stock Fund is one Scheme.

#### **6.5 Core Units**

- 6.5.1 The Core Units subscribed by the Core Investors shall be issued at Par Value, and the Core Units worth at least rupees fifty million (Rs. 50,000,000/-) shall not be redeemable for a period of two (2) years from the date of closure of Initial Period. Such Units are transferable with this condition and shall rank *pari passu* with all other Units save for this restriction. Any transfer of these Core Units, during the first two (2) years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee. Such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units.
- 6.5.2 In the event of winding up of the Scheme, the Core Units standing to the credit of the Core Investors shall be dealt with the same manner as the rest of the Units in the Scheme.

#### **6.6 Valuation of the trust property and pricing**

The method of determining the value of the assets and liabilities of the Trust Property and the Net Assets shall be in compliance with the Regulations and is stated herein below:

- (a) a security listed on a stock exchange, local or foreign as the case may be, shall be valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security shall be valued at an amount neither higher than the closing asked price nor lower than the closing bid price;

- (b) a debt security listed but not traded regularly on a stock exchange shall be valued at the average rate, notified by the Mutual Funds Association of Pakistan based on the average rates quoted by top three brokers, in terms of volume traded during last three months in that debt security, and record of such rates shall be maintained by the Management Company for a period of at least three (3) years;
- (c) an Investment purchased and awaiting payment against delivery shall be included for valuation purposes;
- (d) an Investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
- (e) the value of any dividends, bonus shares or rights which may have been declared on securities in the Trust Property but not received by the Scheme as of the close of business on the valuation date shall be included as assets of the Scheme if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;
- (f) mark-up accrued on any mark-up-bearing security in the Trust Property shall be included as an asset of the Scheme if such accrued mark-up is not otherwise included in the valuation of the security;
- (g) any other income accrued upto the date on which computation was made shall also be included in the assets;
- (h) all liabilities, expenses and other charges due or accrued up to the date of computation which are chargeable under the Trust Deed, the Offering Document and the Regulations and taxes shall be deducted from the value of the assets;
- (i) the remuneration accrued up to the date of computation payable to the Management Company, as the case may be, for providing management and other services shall be included as an expense;
- (j) a security not listed or quoted on a stock exchange, other than a government or debt security, shall be valued at investment price or its break up value as per last audited accounts, whichever is lower;
- (k) a government security not listed on a stock exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security; and
- (l) any such method of valuation of assets and liabilities as may be specified or modified by the Commission from time to time.
- (m) In respect of investments held in foreign currencies, the same will be translated in Pakistan Rupees using the closing buying spot rates declared by the State Bank of Pakistan at each balance sheet date.

Net Asset Value (NAV) is arrived at by dividing the Net Assets by the number of Units outstanding.

## **6.7 Determination of Offer Price**

6.7.1 During the Initial Offer, the Units shall be offered at the Initial Price. The offer and issuance of Units during the Public Offering shall be conducted during the period specified in the Offering Document. After the Initial Period, the Offer Price shall be calculated and announced by the Management Company on Subscription Days only and in accordance with the Regulations.

6.7.2 The Offer Price shall be equal to the sum of:

- (a) the Net Asset Value as of the close of Business Day;
- (b) any Front-end Load;
- (c) such amount as the Management Company may consider being an appropriate provision for Duties and Charges;
- (d) such amount as the Management Company may consider an appropriate provision for Transaction Costs.

such sum shall be adjusted upwards to the nearest Paisa.

6.7.3 The Offer Price shall be calculated on each Subscription Day.

6.7.4 The Offer Price so determined shall apply to purchase requests for which funds have been realized in the Bank Account from the investor, complete in all respects made and received by the authorized personnel of the Authorized Transaction Location (ATL) or Management Company during the business hours (as announced by the Management Company from time to time) on any Business Day. Provided that if a Business Day is not a Subscription Day the Offer Price calculated on the next Subscription Day shall apply to the purchase request.

6.7.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 6.7.2(c) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (including where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment).

6.7.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 6.7.2(c) exceeds the relevant amount of Duties and Charges, the Registrar shall issue additional Units or fractions thereof to the Unit Holder(s) based on the price applicable to the Units issued against the relevant application.

6.7.7 The Offer Price determined by the Management Company shall be made available to the public at the official website i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) and branches of the Management Company and at the discretion of the Management Company may also be published in any number of daily newspapers widely circulated in Pakistan.

## **6.8 Purchase of Units**

### **6.8.1 Investor Eligibility**

Any investor or related group of investors qualified or authorized to purchase Units may make applications for the purchase of Units in the Scheme. The onus for being qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the ATL accept any responsibility in this regard. Application may be made pursuant to the procedures described in sub-clause 6.8.2 below, including but not limited to:

- Citizens of Pakistan resident in Pakistan: in respect of minors below 18 years of age, applications may only be made by their guardians.
- Companies, corporate bodies, Financial Institutions, Banks, partnerships, and societies incorporated / formed in Pakistan; provided such investment is permitted under their respective memorandum and articles of association/bye-laws. In respect of trusts the trustees of such trust may make an application to buy the Units.
- 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 relevant taxation and exchange regulations /laws. Any person making an application for the purchase of Units in the Scheme shall warrant that he is duly authorized to purchase such Units.
- Provident Funds constituted by companies registered under the Companies Ordinance, 1984 subject to conditions and investment limits as laid down by applicable rules and regulations.
- Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act, 1882.
- Insurance companies under the Insurance Ordinance, 2000.
- Non-profit organization under Section 213 (i) of the Income Tax Rules, 2002

#### 6.8.2 Procedure for Purchase of Units

The procedure herein below is designed for paper based transactions. The Management Company may at a later date introduce electronic / internet based options for the transactions. The Management Company may also offer Automated Teller Machines (ATMs) based transactions through which a Unit Holder may also purchase Units of the Scheme to such extent as the Management Company may decide from time to time through ATMs supported by one or more Banks or service provider(s) authorized by governing regulatory authority(s) to provide such services. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available subject to the Unit Holder signing a special form and agreement prescribed by the Management Company.

Investors are required to submit the completed and relevant application form(s) for purchase of Units, accompanied with the full amount for the investment and copies of all required documents mentioned in the subparagraphs below should be delivered to any of the ATMs during subscription hours on any Subscription Day, as announced by the Management Company from time to time and mentioned in **Annexure ‘A’**. Currently only the ATMs as mentioned in **Annexure ‘B’** of this Offering Document are authorized to collect the relevant application forms and payment for the issue of Units as stated in this Offering Document. Following procedure shall be followed for purchase of Units:

- A. Relevant forms can be obtained from the Management Company or any ATM or downloaded from the website of the Management Company i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) or requested from the Management Company directly by mail.

- B. The Account Opening Form and the Investment Form can only be lodged with an ATL, or directly lodged with the Management Company. No other person is authorized to accept the forms or payment.
- C. In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the investor or any other form of identification acceptable to the Management Company needs to be furnished. Other documents as per the options marked in the Account Opening Form and Investment Form shall be required.
- D. In case of a body corporate or a registered society, institution, corporate, trust, attested copies of the following documents may be submitted:
- (a) Copy of the Memorandum and Articles / Charter / Bye-laws or rules and regulations;
  - (b) Copy of Power of Attorney and / or relevant resolution(s) of the board of directors delegating any of its officers to invest the funds and / or to realize the investment;
  - (c) Copy of the CNIC of the officer to whom the above stated authority has been delegated; and
  - (d) Any other relevant document(s) as may be required by the Registrar.
- E. In case of existing Unit Holders, if any of the documents have previously been submitted with the Management Company and / or the Registrar, fresh submission of these documents shall not be required, provided that the previously submitted documents were accepted by the Management Company and there have been no material changes in the status.
- F. Application for issuance of Units shall be made by an investor by completing the Investment Form and submitting it with the payment by cheque, pay order, or demand draft or through electronic means as may be introduced by the Management Company from time to time etc. in the name of **“CDC – Trustee IGI Stock Fund”** and crossed **“Account Payee Only”** at an ATL. The application for issuance of the Units and the specimen signature of each investor shall be supplied to the Registrar, if so required by the Management Company and a copy of the completed Investment Form may be retained by the relevant ATL.
- G. The authorized personnel of the ATL shall verify the particulars given in the application and the documents submitted therewith and ensure that the signature of any investor or joint investor on any document required to be signed by the investor or joint investor under or in connection with the application for issue of Units is verified by the responsible person or otherwise authenticated.
- H. The investor must obtain an acknowledgment of the application signed and stamped by the authorized personnel of the ATL acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Cash can only be deposited in a Bank Account titled **“CDC – Trustee IGI Stock Fund”** maintained with designated Banks and the investor must obtain a deposit pay-in slip for the amount being deposited. Acknowledgment for applications and payment instruments (other than cash) can only be validly issued by authorized personnel of the ATL.
- I. Units shall be issued on the Offer Price announced by the Management Company for the applications for which funds have been realized along with the completed application form(s) received at the ATL within the subscription hours (as announced by the Management Company via the company website from time to time) on a Subscription Day. If the day on which the Investment Form was submitted is not a Subscription Day, then the Offer Price applicable on the next Subscription Day shall be applied to such application(s).

- J. If the application submitted by the investor is incomplete in any aspect, the investor shall have a maximum of fifteen (15) calendar days to ensure submission of all required documents and overall completion of the application.
- K. An investor shall be provided a confirmation statement within seven (7) Business Days after the issuance of Units subject to the completion of application in all respects.
- L. Investors must indicate their account number in the Investment Form, except in instances of initial investments only.
- M. The Management Company shall make arrangements for receiving Account Opening Forms and / or Investment Forms from outside Pakistan and shall disclose these arrangements through its website i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) and its Distributors / Sub-Distributors / Investment Facilitators and agents outside Pakistan, if and when the Management Company decides to undertake such arrangements. This information shall be disclosed to the investors before receiving purchase requests. In general, the Offer Price applicable to purchase requests received from outside Pakistan shall be the Offer Price applicable on the date the Trustee receives the payments from overseas investors provided it is a Subscription Day otherwise the Offer Price of the next Subscription Day shall apply.
- N. The Management Company may frame additional rules and regulations regarding issue of Units in de-materialized form registered with a depository organization.

#### 6.8.3 Joint Application

- A. Joint application can be made by up to four (4) investors, including the principal Holder. Such persons shall be deemed to hold Units on first Holder basis; however, each person must sign the Account Opening Form and the Investment Form (for initial investment only) and submit a copy of their CNIC or any other form of identification document acceptable to the Management Company.
- B. The first named (principal) Holder shall receive all notices and correspondence with respect to the account.
- C. In the event of death of the first (principal) Holder, the person first in the order of survivor(s) as stated in the Account Opening Form shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts.

#### 6.9 **Allocation of Front End Load**

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 paid by the Management Company when the Trustee pays the Front-end Load to the Management Company for onward distribution to the Distributors and Investment Facilitators, and no charges shall be made against the Fund Property or the Distribution Account in this respect. The Trustee shall pay the remainder of any Front-end Load after such disbursement to the Management Company as additional remuneration for their management services for the Scheme. 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.

Such payments may be made to the Management Company by the Trustee on the instruction of the Management Company on any frequency as mutually agreed.

A Distributor or Investment Facilitator 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.

## **6.10 Determination of Redemption Price**

- 6.10.1 During the Initial Period, the Units shall not be redeemed.
- 6.10.2 After the Initial Period, the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day less:
- (a) any Back-end Load; and
  - (b) such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
  - (c) such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- such amount to be adjusted downwards to the nearest Paisa.
- 6.10.3 The Redemption Price shall be calculated on each Subscription Day.
- 6.10.4 The Redemption Price so determined shall apply to redemption requests, complete in all respects made and received by the authorized personnel of the ATL and / or the Management Company during the subscription hours (as announced by the Management Company from time to time) on that Business Day. Provided that if the Business Day is not a Subscription Day the Redemption Price calculated on the next Subscription Day shall apply.
- 6.10.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 6.10.2(b) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (including where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment).
- 6.10.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 6.10.2(b) above exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Holders with the next income distribution or if instructed by the Management Company, at any time earlier.
- 6.10.7 The Redemption Price determined by the Management Company shall be made available to the public at the official website and branches of the Management Company and at the discretion of the Management Company may also be published in any number of daily newspapers widely circulated in Pakistan.

## **6.11 Allocation of Back End Load**

Any Back-end Load received by the management company on redemption of units shall accrue to the fund as income.

## **6.12 Redemption of Units**

### **6.12.1 Redemption Eligibility**

All Unit Holders, other than the Holders of Core Units are eligible to redeem the Units. Core Units shall be eligible for redemption after the expiry of the period of two (2) years from the date of the closure of the Initial Period; however such Units are eligible for transfer subject to the condition that the transferee of such Unit(s) agrees to the same for the balance period, if any.

### 6.12.2 Redemption Application Procedure

The procedure herein below is designed for paper based transactions. The Management Company may at a later date introduce electronic / internet based options for the transactions. The Management Company may also offer Automated Teller Machines (ATMs) based transactions through which a Unit Holder may also redeem Units of the Scheme to such extent as the Management Company may decide from time to time through ATMs supported by one or more Banks or service provider(s) authorized by governing regulatory authority(s) to provide such services. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available subject to the Unit Holder signing a special form and agreement prescribed by the Management Company. Following procedure shall be followed for redemption of Units:

- A. Unit Holders may redeem any Units held by them at any time using the Redemption Form. Certificates, if issued, must be submitted with the redemption request with an endorsement at the back of the Certificate. Holders may apply for a splitting of the Certificate before applying for partial redemption. Unless the joint Holders have specified otherwise in the Account Opening Form, all the joint Holders shall sign the Redemption Form. The request for redemption would be honored after the authorized personnel at ATL have verified the signature and other particulars of the Unit Holder(s).
- B. Relevant forms can be obtained from the Management Company or any ATL or downloaded from the website of the Management Company i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) or requested from the Management Company directly by mail.
- C. The Redemption Form can only be lodged at an ATL or directly lodged with the Management Company. No other person is authorized to accept the form. The investor must obtain a receipt signed and stamped by the authorized personnel of an ATL / the Management Company acknowledging the receipt of the form and the Certificates, if any.
- D. The Redemption Price determined at the end of the Business Day for Units shall apply to all Redemption Forms, complete in all respects, received by the Management Company or ATLs during subscription hours on that Business Day. Any Redemption Forms received after subscription hours shall be transferred to the next Business Day. Provided that if a Business Day is not a Subscription Day the Redemption Price calculated on the next Subscription Day shall apply to the redemption request.
- E. If the Redemption Form submitted by the investor is incomplete in any aspect, or if the rupee amount or number of Unit(s) stated in the Redemption Form is in excess of the investor's account value then the redemption request shall be rejected and the Unit Holder(s) shall be notified of the same. The Unit Holder shall then have to submit a fresh application for redemption of Units.
- F. Unless otherwise instructed, payment of the redemption proceeds shall be made by a cross cheque, in favor of Unit Holder's registered name or first name (principal) joint Holder in the event of joint Holders, and shall be sent to registered address of the Unit Holder or first named (principal) joint Holder, within six (6) Business Days of the receipt of a completed Redemption Form, and such an interval shall be calculated from the date of the applicable Redemption Price for such a request. However, if so authorized by the Unit Holder, payment of redemption proceeds shall be made by transfer to the Bank account, subject to transfer arrangements with the said Bank, of the Unit Holder or first named (principal) 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.
- G. After an existing Unit Holder has redeemed all his Units and collected all his dues, he shall have no further claims against the Scheme.



- H. Redemption of Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this please refer to sub-clause 6.15.
- I. The Management Company shall make arrangements for receiving redemption requests from outside Pakistan and shall disclose these arrangements through its website i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) and its Distributors / Sub-Distributors / Investment Facilitators and agents outside Pakistan, if and when the Management Company decides to undertake such arrangements.
- J. In the event the Units are redeemed by any major Unit Holder in such period of time that the Management Company believes, may adversely affect the interest of other Unit Holder(s), it may charge Contingent Load on such redemption.
- K. In all cases the amount payable on redemption shall be considered paid by the Trustee if either:
  - (a) The amount of Redemption has been transferred to the designated Bank account provided by the Unit Holder at the time of submission of account opening form / change request form provided that the Scheme has a business relationship with that Bank; or
  - (b) The payment instrument has been delivered and duly acknowledged by the Unit Holder or his representative (as per Unit Holder authorization in the redemption form). If several persons are registered as joint Holders any one of them may give effectual receipt for such payment; or
  - (c) For payments received via any other mode of redemption, as maybe introduced by the Management Company in consultation with the Trustee, shall be deemed discharged as per the guidelines published and made available to the Unit Holder(s) by the Management Company from time to time.
- L. The Management Company may frame additional rules and regulations regarding redemption of de-materialized Units registered with a depository organization.

#### 6.12.3 Joint Unit Holder(s)

Unless the joint Unit Holder(s) of Units have specified otherwise in the Account Opening Form, all the joint Unit Holder(s) shall sign the Redemption Form for such Units.

### **6.13 Transfer, Transmission and Conversion of Units**

#### 6.13.1 Transfer, Transmission and Conversion Procedure

The procedure herein below is designed for paper based transactions. The Management Company may at a later date introduce electronic / internet based options for the transactions. The Management Company may also offer Automated Teller Machines (ATMs) based transactions through which a Unit Holder may also conduct the transfer, transmission and conversion of Units of the Scheme to such extent as the Management Company may decide from time to time through ATMs supported by one or more Banks or service provider(s) authorized by governing regulatory authority(s) to provide such services. Such arrangements shall be announced by the Management Company at such terms and conditions as it may deem fit. Such facility shall be available subject to the Unit Holder signing a special form and agreement prescribed by the Management Company. Following procedure shall be followed for Transfer, Transmission and Conversion of Units:

- A. Every Holder shall be entitled to transfer, pledge or otherwise encumber the Units held by him by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee.

- B. Relevant forms can be obtained from the Management Company or any ATL or downloaded from the website of the Management Company i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) or requested from the Management Company directly by mail.
- C. The transfer shall be carried out after the Registrar has satisfied himself that all requisite formalities including the payment of any taxes, Duties and Charges have been completed and prescribed fee for the service has been recovered.
- D. A Unit Holder may transfer his Unit(s) contained in a Certificate either partially, subject to procedure stated in sub-clause 11.7, or in entirety. However, a Unit shall be transferable only in its entirety.
- E. Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.
- F. Every instrument of transfer must be duly completed in all respects including payment of applicable Duties and Charges. Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document or the Trust Deed. All instruments of transfer shall be retained by the Registrar.
- G. Authorized personnel of ATLs / Registrar with the prior approval of the Management Company shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiry of twelve (12) years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of three (3) years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Scheme at any time after the expiration of six (6) years from termination of the Scheme.

The Trustee or the Management Company or the authorized personnel of ATLs / Registrar shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the authorized personnel of ATLs / Registrar that every Certificate / instrument of transfer so destroyed was a valid Certificate / instrument of transfer duly and properly cancelled; provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereof) to which the document may be relevant;
  - (b) nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the authorized personnel of ATLs / Registrar any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision (i) above are not fulfilled; and
  - (c) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.
- H. Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Registrar after satisfying himself as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission.

- I. Deletion of name, in case of a death of joint Holder, all other joint Holders need to specify so by signing in the deletion of name section of the form and identifying the name of the Holder along with his/her date of expiry. The Registrar shall carry out the deletion of name after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees and / or Duties and Charges, if any, has been received.
- J. A Unit Holder may convert the Units held by him into units of another scheme managed by the Management Company subject to the terms of the respective Offering Documents or the terms stated in the Supplementary Offering Document(s) of relevance to such a conversion. The Registrar shall carry out the conversion after satisfying himself that all the requisite formalities have been completed and payment of the applicable taxes and fees and / or Duties and Charges, if any, has been received.
- K. Transfer, transmittal and deletion of name can be carried out by filing the Change Request Form, conversion of Units can be carried out by filing the Conversion / Transfer Form and submitting it to the ATL together with any required certificate / document. Certificates, if issued, must accompany the form. The Unit Holder must obtain a receipt signed and stamped by the authorized personnel of the ATL / Management Company acknowledging the receipt of the form and the Certificates, if any.
- L. Any transfers and transmittal of de-materialized Units placed in a depository organization shall take place under the rules and regulations of such organization.
- M. The Management Company may close the Register by giving at least thirty (30) days notice to Holders and for period not exceeding forty five (45) days in a calendar year. During the period the Register is closed, transfer application shall not be received.

#### 6.13.2 Joint Unit Holder(s)

Unless the joint Holders of Units have specified otherwise in the Account Opening Form, all the joint Holders shall sign the Change Request Form for such Units.

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

All existing Unit Holders or those who have purchased Units as per sub-clause 6.8 above are eligible to apply for pledge / lien / charge of Units if they so desire. Such pledge / lien / charge can be made via the Pledge / Lien of Units Form. Following procedure shall be followed for pledge, lien and/or charge of Units

- A. Any Unit Holder or joint Unit Holder(s) may request the Registrar to record a pledge or 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 specific authority of the Management Company as security for any debt to any third party. The Registrar shall take a note of the pledge / lien / charge in his record, whether the Certificate has been issued or not, provided sufficient evidence of pledge to the satisfaction of the Management Company.
- B. Relevant forms can be obtained from the Management Company or any ATL or downloaded from the website of the Management Company i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) or requested from the Management Company directly by mail.
- C. The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of the 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 nor the Registrar take any responsibility in this matter.

- D. Save any legal bar, court order requiring otherwise or any written agreement between the Unit Holder and any counter party, any cash dividends that are declared on the pledged Units shall be made to the order of the Unit Holder. However, any Units issued on reinvestments or bonus Units that the pledged Units are entitled to automatically be marked under the lien or pledge. In the event the pledged Units are redeemed for any reason, the redemption proceeds of the Units shall be made to the lien / charge / pledge holder for the account of the Holder.
- E. The lien on the pledged Units shall continue till such time it is released by the lien holder in writing.

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

Under the circumstances mentioned in sub-clause 6.15.1 below, 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 / defer the dealing of Units for such a period as it may decide.

### **6.15.1 Extraordinary Circumstances**

The following shall include, but shall not be limited to, as extraordinary circumstances:

- (a) closure of one or more Stock Exchanges on which any of the securities invested in by the Scheme are listed; or
- (b) the existence of a state of affairs like the event of war (declared or otherwise), natural disasters, and a major break down in law and order 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 Holder(s); or
- (c) a break down in the means of communication normally employed in determining the price of any Investment; or
- (d) 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 Holder(s) to redeem Units at a price so determined in accordance with the Net Asset Value (NAV).

### **6.15.2 Suspension of Fresh Issue of Units**

- A. The Management Company may at any time, subject to the Regulations and if the circumstances mentioned in sub-clause 6.15.1 exist, suspend fresh issuance of Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced.
- B. The Management Company shall immediately notify the Commission if fresh issuance of Units is suspended and shall also have the same published, immediately following such decision, in the newspaper in which the Scheme's prices are normally published.
- C. In case the Management Company announces a suspension of further issue of Units of the IGI Stock Fund, however such suspension shall not apply to the issuance of bonus Units and reinvestment of cash dividends by existing Unit Holders only.

### 6.15.3 Refusal to Accept Fresh Issue / Account Opening Request

The Management Company or an ATL may at any time refuse to accept a request for account opening / fresh issue of Units in any of the following cases:

- (a) In case the application for account opening/fresh issue request is contrary to the Know-Your- Customer rules or any other money laundering rules that the Scheme may be subject to or that the Management Company may frame for self regulation.
- (b) In case the request for account opening/fresh issue of Units is contrary to the rules of the foreign jurisdiction that the Scheme or the investor may be subject to or if accepting the request may subject the Scheme or the Management Company to additional regulation under the foreign jurisdiction.
- (c) If accepting the request for account opening/fresh issue of Units would in any case be contrary to the interests of the Scheme.

### 6.15.4 Deferral of Request for Fresh Issue of Units

The Management Company may at any time suspend or defer the fresh issuance of Units if in its opinion the total number or any one request for fresh issue of Units is so large that investing the funds would take some time and be contrary to the interests of the existing Unit Holders. In this case the Management Company may accept certain request for fresh issue of Units and may defer part or all of certain request for fresh issue of Units and issue only a limited number of fresh Units. The Units that are issued on a deferred basis, after the request for fresh issue of Units has been received, shall be issued at the Offer Price applicable on the date of such issue.

### 6.15.5 Suspension of Redemption of Units

- A. The redemption of Units may be suspended or deferred during extraordinary circumstances including the circumstances mentioned in sub-clause 6.15.1. 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 per cent (10%) of the Net Assets. In the event of a large number of redemption requests accumulate, the requests may be processed in a queue system and under extreme circumstances the Management Company may decide to wind up the Scheme. Details of the procedure are given in sub-clause 6.15.7 herein below.
- B. 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 Trust Deed or this Offering Document exists.
- C. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the Commission and publish the same in the newspaper in which the Scheme's prices are normally published.

### 6.15.6 Queue System

- A. In the event redemption requests on any day exceed ten per cent (10%) of the number of Units outstanding, 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 per cent (10%) of the Units in issue.
- B. The Management Company shall proceed to sell adequate assets of the Scheme and / or arrange

borrowing as it deems fit in the best interest of the Unit Holder(s) and shall determine the Redemption Price to be applied to the redemption requests based on such action.

- C. 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.
- D. The requests in excess of the ten per cent (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.
- E. If the carried over requests and the fresh requests received on the next Business Day still exceed ten per cent (10%) of the Units in issue or ten per cent (10%) of the Net Assets of the Scheme, 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 per cent (10%) of the Units then in issue.

#### 6.15.7 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 Trust Property being run down to an unmanageable level or is of the view that the sell-off of assets is likely to result in a significant loss in the value for the Holders who are not redeeming, it may announce winding up of the Scheme. In such an event, the queue system, if already invoked, shall cease to apply and all Holders shall be paid after selling the assets and determining the final Redemption Price. The interim distributions of the proceeds may be made if the Management Company finds it feasible.

#### **6.16 Listing on Stock Exchange(s)**

The Management Company shall list the Units of the Scheme on a Stock Exchange in Pakistan and subject to compliance with legal requirements, may also list in any foreign jurisdiction. The cost of achieving and maintaining such a listing shall be borne by the Scheme. For this purpose the Management Company, with the approval of the Commission and Trustee, may amend the Trust Deed or issue supplemental Trust Deeds or Offering Documents and the Unit Holders shall be bound accordingly.

## **7. DISTRIBUTION POLICY**

### **7.1 Distribution Policy**

Every year the Scheme shall distribute an amount that is required under the applicable tax laws and other regulations in force, to ensure maximum tax efficiency and benefit of the Unit Holders. In case of any distribution by the Management Company, the growth Unit Holders shall be paid the dividend in the form of bonus Units and the income Unit Holders shall be paid the dividend in the form of cash. The Scheme shall comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

The Management Company shall distribute by way of dividend to the Unit Holders of the Scheme not less than ninety per cent (90%) of its income received or derived from sources other than capital gains as reduced by such expenses as are chargeable to the Scheme under the Regulations.

### **7.2 Declaration of Dividend**

The Management Company shall decide from time to time the Distribution Period and whether to distribute profits (if any) among the Holders. The Management Company shall decide as soon as possible but not later than forty five (45) days (or any time limitations specified in the applicable laws) after the Accounting Date whether to distribute among Holders, profits (if any) available for the distribution at the end of the Accounting Date and shall advise the Trustee accordingly.

The Management Company may also distribute an amount for an interim period that is not a full Accounting Period.

### **7.3 Determination of Distributable Income**

7.3.1 The profit (if any) available for distribution in respect of any Distribution Period shall be determined by the Management Company but shall not exceed the portion of Net Assets on the Distribution Date that is attributable to the sum total of:

- (a) the total income earned on the Trust Property during such Distribution Period including all amounts received in respect of dividend, mark up, profit, interest, fee and any other income;
- (b) net realized appreciation as set out in sub-clause 7.3.2 below;

From which shall be deducted expenses as set out in sub-clause 7.3.3 below and such other deductions and adjustments as the Management Company may determine in consultation with the Auditor subject to the Rules / Regulations and the provisions of the Income Tax Ordinance and the Rules / Regulations hereunder.

7.3.2 The proceeds of sale of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for determining

distributable income in terms of this Clause but shall be retained as part of the Trust 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 Trust Property.

7.3.3 The amount qualifying for purposes of determining distributable income in respect of the Distribution Period shall be ascertained by deducting expenses as are admissible under the Regulations and the Trust Deed including:

- (a) remuneration of the Management Company for the relevant period;
- (b) remuneration of the Trustee for the relevant period;
- (c) brokerage and Transaction Costs related to investing and disinvesting of the Trust Property;
- (d) legal and related costs incurred in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holders;
- (e) Bank charges and borrowing / financial costs;
- (f) Auditor's Fees and charges;
- (g) Formation Costs amortized over a period not less than five (5) years;
- (h) taxes applicable to the Scheme on its income or properties;
- (i) annual fee payable to the Commission;
- (j) all expenses incurred by the Trustee in effecting the registration of all registerable Trust Property in the name of the Scheme;
- (k) any other expenses incurred in relation to management of the Trust Property subject to the Regulations;
- (l) any other costs as mentioned in clause 8.3.4 below; and
- (m) adjustment if considered necessary by the Management Company to reflect the diminution in Trust Property including deterioration in exchange rate applicable to international investments in consultation with the trustee.

7.3.4 The amount qualifying for purposes of determining distributable income in respect of the Distribution 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, interest, profit or mark-up;
- (b) adjustment considered necessary by the Management Company to reflect the diminution in value of Trust Property.

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



- 7.3.6 The Management Company may, in the interest of the Holders, announce cash dividend and bonus Units on different types of Units. The bonus Units would rank *pari passu* as to their rights in the Net Assets, earnings, and receipt of dividend and distribution with the existing Units from the date of issue of these bonus Units.

#### **7.4 Distribution of Profits**

- 7.4.1 On each Distribution 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 the Trust Deed be treated as part of the Trust Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 7.4.2 After fixation of the rate of distribution per Unit for income Units, distribution payments shall be made by cheque or warrant by the Trustee and sent through the registered post or reliable courier service to the registered address of Holder, or in the case of joint Holders to the registered address of the joint Holder, first named (principal) on the Register. Every such cheque or warrant shall be made payable to the order of person to whom it is delivered or sent and payment of the cheque or warrant (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the moneys payable. When an authority in that behalf shall have been received in such form as the Management Company shall consider sufficient, it shall transfer to the Holders' designated bank account or in case of joint Holder, to designated bank account of the joint Holder, first named (principal) in the Register. The receipt of funds by such designated bankers shall be a good discharge therefore.
- 7.4.3 After fixing the rate of bonus distribution per Unit for growth Units, the Management Company shall inform the Trustee who shall cause to have additional Units issued in the name of the Unit Holders as per the bonus ratio, at the ex-dividend Net Asset Value specified by the Management Company for the relevant Distribution Period.
- 7.4.4 Where the Units are placed under pledge, the payment of dividends or the issue of bonus Units for Units under pledge shall be as per sub-clause 6.14(D).
- 7.4.5 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, charges or assessments whatsoever and issue to the Holder the certificate in respect of which deduction in the prescribed form or in a form approved or acquired by the concerned authorities.

#### **7.5 Reinvestment of Cash Dividend**

In case of income Units, a Unit Holder may in writing at the time of purchase of Units or at a later date instruct the Management Company to reinvest the future cash dividends to which he shall be entitled into Units of the Scheme. The Offer Price for the Units to be issued shall be the ex-dividend Net Asset Value specified by the Management Company for the relevant Distribution Period.

#### **7.6 Bonus Units**

In case of growth Units, bonus Units issued would rank *pari passu* as to their rights in the Net Assets, earnings, and receipt of dividend and distribution with the existing Units from the date of issue of these bonus Units. The account statement or Unit Certificate (if required by the Unit

Holder, and such issue of Certificates shall be as per sub-clause 11.7) shall be dispatched to the Unit Holder within fifteen (15) days of the issue of Bonus Units. The Unit Holder(s) have the option to en-cash the Bonus Units at the ex-dividend Net Asset Value specified by the Management Company for the relevant Distribution Period.

**7.7 Encashment of Bonus Units**

A Unit Holder of growth Units may elect to receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Transfer Agent in writing prior to the distribution declaration for any relevant period. The bonus Units shall be redeemed at the ex-dividend Net Asset Value specified by the Management Company for the relevant Distribution Period, without any charge of sales load.

**7.8 Payment of Cash Dividend**

All payments for cash 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 the Regulations. Dividend warrants/advice and or Account Statement as the case may be shall be dispatched to the Unit Holder's or the charge-holder's registered address as per the Regulations.

**7.9 Closure of Register**

The Management Company may close the Register by giving at least thirty (30) calendar days notice to Unit Holders and for period not exceeding forty five (45) days in a calendar year. During the period, the Register is closed, the sale and redemption of Units, including transfer applications, shall be suspended.

## **8. FEES AND CHARGES**

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

- 8.1.1 Transfer of Units from one owner to another shall be subject to a per Unit processing charge of an amount not exceeding one per cent (1%) of the Net Asset Value at the date the request is lodged within subscription hours on the Subscription Day to the ATL, or Registrar, which shall be recovered from the transferee. These taxes, charges or duties may be recovered by redemption of equivalent Units at the time of the transfer or may be charged separately.
- 8.1.2 The Unit Offer Price is calculated by adding a Front-end Load not exceeding five per cent (5%) and Transaction Cost to the Net Asset Value (The current level of Front-end Load and Transaction Cost is indicated in **Annexure 'A'**).
- 8.1.3 The Unit Redemption Price is calculated after deducting a Back-end Load not exceeding five per cent (5%) and Transaction Cost from the Net Asset Value of the Unit (The current level of Back-end Load and Transaction Cost is indicated in **Annexure 'A'**).

### **8.2 Duties and Other Charges**

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

### **8.3 Fees and Charges Payable by the IGI Stock Fund**

The following expenses shall be borne by the Scheme:

#### **8.3.1 Remuneration of the Management Company**

- A. The Management Company shall be entitled to receive remuneration as permitted under the Regulations; it being further understood and agreed that the Management Company shall fix the rate of remuneration for the duration of each quarter of an Accounting Period and shall intimate any change in the rate to the Trustee. The Management Company shall publish the rate of remuneration on its website to inform Unit holders of the same at least fifteen (15) days in advance.
- B. The remuneration shall begin to accrue from the close of the Initial Period. 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.
- C. The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the Trustee.
- D. 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 Scheme. The Management Company shall not make any charge against the Unit Holder(s) or against the Trust 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 Regulations and the Trust Deed to be payable out of Trust Property.

- E. 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 Trust Deed.

#### 8.3.2 Remuneration of the Trustee

- F. The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with **Annexure 'C'**. The remuneration shall begin to accrue following the expiry of the Initial Period. For any period other than a full calendar month such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.
- G. Such remuneration shall be paid to the Trustee in arrears within Seven (07) Business Days after the end of each calendar month.
- H. In consideration of the foregoing and save as aforesaid and 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 Scheme. The Trustee shall not make any charge against the Holders or against the Trust Property
- I. The Trustee shall bear all expenditures in respect of their secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Trust Deed.
- J. Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission..
- K. The Trustee shall however not make any further material charge against the Unit Holder (s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules and the Trust Deed to be payable out of Trust Property.

#### 8.3.3 Formation Cost

- L. All expenses incurred in connection with the establishment and authorization of the Scheme including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Scheme and all expenses incurred during the Initial Period shall be borne by the Management Company and shall be reimbursable by the Scheme subject to the audit of expenses.
- M. Formation Costs shall be charged to the Scheme which are estimated at and shall not exceed one per cent (1%) of the Pre-IPO investment or rupees five million (Rs. 5,000,000/-) which ever is lower.
- N. Formation Cost shall be amortized over a period not less than five (5) years or any other period that may be specified by the Commission.

#### 8.3.4 Other Fees and Charges Payable by IGI Stock Fund

In addition to the remuneration of the Management Company and the Trustee and the Formation Costs as detailed herein above following costs and expenses are payable by the Scheme:

- A. remuneration of any international trustee or custodian;

- B. listing fee payable to the Stock Exchange including renewals;
- C. charges and levies of Stock Exchanges, national clearing and settlement company, depository charges,
- D. rating fee of the Scheme payable to approved rating agency;
- E. auditors' fees and related expenses;
- F. any fee payable to the Commission;
- G. brokerage and Transaction Costs related to investing and disinvesting of the Trust Property;
- H. expenses incurred by the Trustee in effecting registration of all registerable assets in the name of the Trustee;
- I. legal and related costs incurred in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holder(s).
- J. Bank charges and borrowing / financial costs;
- K. hedging costs including forward cover, forward purchase or option purchase costs;
- L. 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;
- M. any other expenses as may be permitted by the Commission.

Such expenses shall be reimbursed to the Management Company at actual within thirty (30) calendar days of the payment of such expense.

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

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

#### **8.5 Remuneration of Distribution Company / Sub-Distributor/ Investment Facilitator**

The Distribution Company or Sub-Distribution Company or any Investment Facilitator employed by the Management Company shall be entitled to remuneration to be agreed between the Management Company and the Distribution Company / Facilitator / Sub-Distribution Company.

### **9. TAXATION**

#### **9.1 Taxation and Zakat on the Income of the IGI Stock Fund**

The following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of IGI Stock Fund. The information set forth below is included for general information purposes only. In view of individual nature of tax consequences, each investor is advised to consult with his tax advisor with respect to the specific tax consequences to him of investing in the Scheme. This part does not cover tax liability of non-Pakistan resident investor with respect to taxes in their own jurisdiction.

#### 9.1.1 Liability for Income Tax of the Scheme

Under the income tax laws of Pakistan, IGI Stock Fund is regarded as a public company for tax purposes. The income of the Scheme is taxable at the tax rate applicable to a public company, which is presently as under:

- (a) dividend income: withholding tax of five per cent (5%) as final settlement of liability;
- (b) capital gains arising on sale of securities listed on any Stock Exchange in Pakistan are exempt from tax up to June 30, 2010;
- (c) return from all other sources / instruments is taxable at the rate of thirty five per cent (35%) applicable to a public company.

#### 9.1.2 Liability for Income Tax if Ninety Per Cent (90%) of Income is Distributed

Notwithstanding the tax rates stated under Section 9.1.1 above, the income of IGI Stock Fund shall be exempted from tax if not less than ninety per cent (90%) of the income of the year is distributed amongst the Unit Holders. The ninety per cent (90%) of the income shall be calculated after excluding realized and unrealized capital gains. For achieving tax efficiency, IGI Stock Fund shall strive to comply with the requirements of tax exemption and distribute at least ninety per cent (90%) of the income, calculated as per clause 7.

#### 9.1.3 Withholding Tax

All income, namely, dividend, return from bonds or term finance certificates, return on deposits with Banks / Financial Institutions, return from contracts, securities or instruments of companies, organizations, and establishments or any other income of the Scheme shall not be subjected to any withholding tax.

#### 9.1.4 Capital Value Tax

Under Finance Act, 1989 (V of 1989) as amended by Finance Act, 2004 (II of 2004), read with Circular No. 06 of 2004, dated July 01, 2004 a Capital Value Tax (CVT) at the rate of one basis point (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 was levied. Subsequently the rate of CVT was increased from one basis point (0.01%) to two basis points (0.02%) through Finance Bill, 2006. This tax shall be collected by the Stock Exchange concerned.

#### 9.1.5 Zakat

IGI Stock Fund is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings Bank Account, or similar account with a Bank standing on the first day of Ramadan-ul-Mubarak shall be subjected to deduction to two and half per cent (2.5%) Zakat.

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

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

#### 9.2.1 Withholding Tax on Cash Dividends

Unless the Unit Holder has specific exemption from such taxation by applicable law or international agreement, the cash dividend paid to Unit Holders of the Scheme shall be subject to income tax as under according to the present rates, which may be changed in future:

- Pakistan based Public Companies and Insurance Companies – 10%
- Others – 10%

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

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

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

The portion of dividends paid out of capital gains on sale of listed securities shall not be subject to income or withholding tax.

#### 9.2.2 Capital Gains

Capital gains on redemption of Units of IGI Stock Fund shall be subject to capital gains tax at the applicable rate. Currently the capital gains, if any, on redemption of Units shall be exempt from capital gains tax up to the tax year ending on June 30, 2008. However some investors like commercial Banks are not exempt from capital gains tax therefore it is in interest of the Unit Holders to consult their respective tax advisor.

#### 9.2.3 Tax Credit

Unit Holders shall be entitled to a tax credit in Pakistan under the applicable tax laws, provided that the Units purchased are not disposed within twelve (12) months from the date of purchase.

If the Units so acquired are disposed within twelve (12) months from the date of purchase, then the amount of tax payable for the tax year shall be increased by the amount of the credit allowed.

This tax credit is only available to individuals. Corporate entities cannot claim tax credit on investment in IGI Stock Fund.

#### 9.2.4 Zakat

Units held by resident Pakistani Unit Holders shall be subject to Zakat under the Zakat and Ushr Ordinance, 1980 at a rate of two and half per cent (2.5%) of the value of the Units, except those exempted under the said Ordinance. Zakat shall be deducted at source from the dividend amount or from the redemption payment, if Units are redeemed during the Zakat year before payment of dividend.

### 9.3 **Disclaimer**

The tax and Zakat information given in clause 9 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 Scheme. 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.

The entire information in clause 9 is based on the current taxation status. The exemption and rates of taxation are subject to change from time to time.

## **10. REPORTS AND ACCOUNTS**

### **10.1 Financial Year of the IGI Stock Fund**



Accounting Period means a period ending on and including an Accounting Date. The Accounting Period of IGI Stock Fund shall commence from the date of first issue of Units of IGI Stock Fund for the first year to June 30, 2008, and from July 1<sup>st</sup> to June 30<sup>th</sup> for all the following years.

Accounting Date shall be the thirtieth (30<sup>th</sup>) day of June in each year and any interim dates at which the financial statements of the Scheme are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax and complying with other applicable laws, change such date to any other date.

## **10.2 Audit**

The first Auditor of the Scheme shall be KPMG Taseer Hadi & Company, Chartered Accountants. Thereafter the Management Company shall with the consent of the Trustee, appoint Auditors from the list of approved auditors issued by the Commission from time to time that shall be independent of the auditors of the Management Company and the Trustee and such auditors shall not be appointed for more than five (5) consecutive years.

The Auditors shall hold office until transmission of the annual report and accounts but may be reappointed.

The following persons shall not qualify to be the Auditors of the Scheme:

- (a) a person who is or at any time during the preceding three (3) years was a director, officer or employee of the Management Company or the Trustee;
- (b) a person who is a partner of, or in employment of a director, officer, employee, or Connected Person of the Management Company or Trustee;
- (c) the spouse of a director of the Management Company or Trustee;
- (d) a person who is indebted to the Management Company or Trustee; and
- (e) a body corporate.

Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm for the time being.

The Auditors shall have access to the books, papers, accounts and vouchers of the Scheme, whether kept at the office of the Management Company, Trustee, Transfer Agent, ATLS 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.

The Auditors shall prepare a written report to the Holders to be included in the annual report on the account and books of accounts of the Scheme and the balance sheet and income and expenditure account and on every other documents forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.

The contents of the Auditors' report shall be as required in the Regulations.

## **10.3 Financial Reporting**

The following reports shall 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 four 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 (2) months of the close of the second quarter of the Accounting Period, as per the Regulations;
- (c) Un-audited financial statements, together with the report by the Management Company within one (1) month of the close of the first and third quarter of each Accounting Period or such period as prescribed by the Commission or the Regulations; and
- (d) The Trustee shall issue a report to the Unit Holders to be included in the annual report, and second quarter report, or at such times as directed by the Commission, in accordance with the law, whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the Regulations and the Trust Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof. The regularity of reporting shall change if so required by the Commission or under the Rules, Regulations and the Ordinance.

## **11. SERVICE TO UNIT HOLDERS**

### **11.1 Availability of Forms**

All forms can be obtained from the Management Company or any ATL or downloaded from the website of the Management Company i.e. [www.igifunds.com.pk](http://www.igifunds.com.pk) or requested from the Management Company directly by mail.

### **11.2 Transfer of Unit Holder Information**

Once the Unit Holder has purchased Units from ATL a copy of his forms and records shall be maintained at that ATL. However his record may be transferred to any other ATL upon request by the Unit Holder for the convenience of the Unit Holder. In case any Distributor / Sub-Distributor / Investment Facilitator does not continue as an ATL, the Management Company and the Trustee shall make arrangements for the Unit Holder's account to be transferred to the nearest continuing ATL.

Notwithstanding the provisions in the above paragraph, any Unit Holder may submit the application for purchase, redemption or transfer of Units or any other request related to his account at any ATL and the request shall be processed.

### **11.3 Register of Unit Holders**

11.3.1 Since the Management Company shall itself perform the Registrar Functions therefore it shall maintain the Register of the Unit Holders at its principal office in Karachi. The Registrar shall comply with all relevant provisions of the Trust Deed, this Offering Document and the Regulations and inform the Commission of the address where the register is kept.

11.3.2 The Registrar, at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto, except when the Register is closed in accordance with the provisions of the Trust Deed.

11.3.3 Each Unit Holder shall be assigned a distinct account number for his account at the time of initial investment by the Unit Holder. This account shall reflect all the transactions in Units carried out by the Unit Holder. All subsequent investments shall be recorded in the same account.

11.3.4 The Registrar shall not register more than four (4) joint Holders for a Unit. In case of the death of any one (1) of the joint Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Holders.

11.3.5 A body corporate may be registered as a Holder or as one (1) of the joint Holders.

11.3.6 The Register may be closed in consultation with the Trustee and the Management Company for such period as it may from time to time determine and after giving at least thirty (30) calendar days prior notice to Holders, provided that it is not closed for more than forty five (45) days in any calendar year.

11.3.7 The Holder shall be the only person to be recognized by the Trustee and the Management Company as having any right, title or interest in or to such Units and the Trustee and the Management Company may recognize the Holder as the absolute owner thereof and shall not be

bound by any notice to the contrary and shall not be bound to take notice of or to see the execution of any trust except where required by any court of competent jurisdiction.

- 11.3.8 The executors or administrators or succession certificate holders, in case no nominee has been specified, of deceased Holder (not being one (1) of several joint Holders) shall be the only persons recognized by the Trustee and the Management Company as having right, title or interest in or to the Units represented thereby.
- 11.3.9 Any person becoming entitled to a Unit in consequence of the death or bankruptcy / insolvency of any sole Holder or of the survivor of joint Holders may subject to as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Unit upon giving the Registrar such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of the Trust Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy / insolvency had not occurred and such notice or transfer was a transfer executed by the Holder.
- 11.3.10 The Trustee shall retain any moneys payable in respect of any Unit of which any person is under the provisions as to the transmission of Units herein before contained entitled to be registered as the Holder or which any person under those provisions is entitled to transfer until such person shall be registered as the Holder of such Unit or shall duly transfer the same.
- 11.3.11 The Registrar shall, subject to any law in force, ensure at all times and shall endeavor to implement prudent practices to ensure that the Register or the information contained therein of all or any particular Unit Holders is not provided to any third party without express permission from the Management Company or the Unit Holder himself, unless any disclosure is required in compliance with any applicable laws, rules and regulations or where such disclosure is required by an appropriate court or competent authority.

#### **11.4 Information to be Contained in the Register**

The Register shall contain the following information in respect of each class and type of Units:

- (a) full names, father's / husband's name of each Holder and joint Unit Holder(s);
- (b) complete address of the Holder or the Joint Holder whose name appears first in the investment application.
- (c) national identity card (NIC) number, registration number or any other identification number in case of foreign holders;
- (d) nationality;
- (e) number of Certificate(s) held;
- (f) the date on which the name of every Unit Holder was entered in respect of the Units standing in his name;
- (g) the date on which any transfer or redemption is registered with Certificate number, if any;
- (h) information about lien, pledge or charge of Units;
- (i) information about verification of redemption / transfer forms;
- (j) tax and Zakat status of the Unit Holder;

- (k) information about nominees;
- (l) record of signature of Holder / joint Holder;
- (m) Certificate number;
- (n) number of Units held; and
- (o) such other information as the Management Company may require.

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

### **11.5 Change of Information in Register**

Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Registrar who on being satisfied therewith and on compliance with such formalities (including, in the case of a change of name, the surrender of any Certificate previously issued to such Holder and the payment of the Certificate issuance fee and any other charges) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue where necessary a new Certificate to such Holder. Unit Holder shall have to submit the Change Request Form that shall be available at all ATLs and on the website of the Management Company.

### **11.6 Account Statement**

The Registrar may send directly to each Unit Holder an account statement within 7 working days , each time there is a transaction in the account. The account statement reflects the status of the account of the Unit Holder as on the date of the issuance of the account statement. Such statement or report shall be sent by electronic means or registered mail to the Unit Holder's address recorded in the Register.

### **11.7 Issuance of Certificates**

- 11.7.1 Upon being satisfied, through the relevant Bank statement, that the Offer Price for each Unit or fraction thereof has been received in full from the applicant the Management Company shall intimate the Registrar who shall issue an account statement within 7 working days that shall constitute evidence of the number of Units registered in the name of the Unit Holder.
- 11.7.2 Subject to sub-clause 11.7.1, Certificates shall be issued by the Registrar, 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 twenty five (Rs. 25/-) per Certificate, subject to revision of fee from time to time by the Management Company. The proceeds of such fee shall accrue to the Management Company.
- 11.7.3 Separate Certificates shall be issued for each class and type of Units.
- 11.7.4 Certificates, where requested, shall be issued as herein provided not later than twenty one (21) Business Days after the date of such request. The Certificate may be sent to the Holder at his own risk by registered post, by courier service or may be collected by the Holder from the ATL.
- 11.7.5 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 joint Holder named first therein shall constitute sufficient delivery to all joint Holders.

- 11.7.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive serial number and the folio number of the Holder or joint Holders and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- 11.7.7 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Registrar, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificate so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Registrar or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, the Management Company, Registrar or any authorized signatory.
- 11.7.8 Where a Unit Holder wishes to redeem or transfer part of his Units contained in a Certificate, the aggregate Certificate shall be retained by the ATL, along with the completed redemption / transfer form. The Unit Holder shall be issued a receipt for the aggregate Certificate retained by the ATL, and a new Certificate shall be issued, subject to fees detailed in sub-clause 11.7.2 (upon request of the Unit Holder, depicting the number of Units outstanding after partial redemption / transfer) and sent to the Unit Holder along with the confirmation statement for the redemption / transfer transaction.

## **11.8 Replacement of Certificates**

- 11.8.1 Subject to the provisions of the Trust Deed and in particular to the limitations of the denominations of Certificates, as may be fixed by the Management Company, and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates as he may require representing the same aggregate number of Units.
- 11.8.2 In case any Certificate shall be lost, mutilated, defaced or destroyed, the Registrar with the approval of the Management Company may issue to the person entitled a duplicate certificate in lieu thereof. No such duplicate Certificate shall be issued unless the applicant shall previously have:
- (a) returned the mutilated or defaced Certificate or furnished to the ATL / Registrar evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate;
  - (b) paid as expenses incurred in connection with the investigation of the facts;
  - (c) in the case of joint Holders obtained the written consent of the joint Holders for issuance of such new Certificates; and
  - (d) furnished such indemnity as the Management Company and the Trustee may require.

Neither the Management Company nor the Trustee nor the authorized personnel of ATLs and nor the Registrar shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.

- 11.8.3 Before issuing any Certificate under the provisions of this clause, the authorized personnel of ATLs / Registrar may require from the applicant for the Certificate the payment to it of a fee of rupees twenty five (Rs. 25/-) for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

**12. FINANCIAL INFORMATION**

**12.1 Auditors Certificate on Core Investor's Investment in Units of the Scheme**



**12.2 Auditors Certificate on Net Asset Value of the Scheme**

### **12.3 Formation Cost**

All preliminary and floatation expenses of the Scheme including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of this Offering Document, announcements describing the open-end scheme and all expenses incurred during initial period, shall be borne by the Management Company and shall be reimbursable by the fund subject to audit of expenses over a period of not less than five (5) years or within maturity date of the Fund, or any other time as specified by the commission. Such cost shall not exceed one per cent (1%) of the Pre-IPO investment into the Scheme or rupees five million (Rs. 5,000,000/-) whichever is lower.

## **13. WARNING**

### **13.1 Offering Document**

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

### **13.2 Fluctuation in Price and Income**

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

### **13.3 Disclaimer**

The investor must recognize that all investments involve varying level of risk. Neither the value of Units in the Scheme nor the dividend declared by the Scheme can be assured.

The historical performance of this Scheme, the financial market or that anyone security or transaction included in the Scheme's portfolio does not necessarily indicate future performance.

Investors are advised to read risk disclosure as mentioned in this document in sub-clause 2.10 and sub-clause 2.11 above for more information concerning risk.

**14. GENERAL INFORMATION**

**14.1 Inspection of Constitutive Documents**

The copies of constitutive documents, such as Trust Deed and Offering Document, can be inspected free of charge at the addresses given below:

**IGI Funds Limited**  
7<sup>th</sup> Floor, Shaheen Commercial Complex,  
Dr. Ziauddin Ahmed Road  
Karachi – 74200, Pakistan

**Central Depository Company of Pakistan Limited**  
CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahrah-e-Faisal,  
Karachi, Pakistan

**14.2 Date of Publication of this Offering Document**

The Offering Document has been published on \_\_\_\_\_, 2008. The Management Company accepts responsibility for the information contained in this Offering Document as being accurate at the date of publication.

## **15. TERMINATION OF THE IGI STOCK FUND**

### **15.1 Termination of the Scheme**

- 15.1.1 The Management Company may terminate the Scheme, if the Net Assets at any time fall below rupees fifty million (Rs. 50,000,000-). The Management Company shall give at least three (3) months notice to Unit Holder(s) and the Commission and shall disclose the grounds of its decision.
- 15.1.2 Subject to the Regulations, the Management Company may announce winding up of the Scheme in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Scheme be wound up.
- 15.1.3 The Scheme may also be terminated by the Commission on the grounds given in the Regulations.
- 15.1.4 The Scheme may be terminated in accordance with the conditions specified in the Regulations if there is a material breach of the provisions of the Trust Deed.

### **15.2 Distribution of Liquidation Proceeds**

- 15.2.1 Upon the Scheme being terminated the Management Company shall suspend the issue and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Trust Property and shall repay any borrowing effected by the Scheme together with any mark-up remaining unpaid.
- 15.2.2 The Trustee on the recommendation of the Management Company shall distribute to the Unit Holder(s) pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Trust Property after making payment as mentioned in clause 15.2.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

## 16. DEFINITIONS

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

- 16.1 **“Accounting Date”** means the thirtieth (30<sup>th</sup>) day of June in each year, provided that the Management Company, with the written consent of the Trustee may change such date to any other date and such change shall be intimated to the Commission.
- 16.2 **“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 Trust Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 16.3 **“Asset Management Company”** shall have the same meaning as in Regulations.
- 16.4 **“Auditor”** means the Auditor of the Scheme appointed by the Management Company as per the Regulations.
- 16.5 **“Authorized Investments”** means all transacted, issued, traded, listed and unlisted investments, inside or outside Pakistan and may include any of the following:
- (a) listed equity securities;
  - (b) unlisted equity securities for the listing of which an application has been accepted by the Stock Exchange;
  - (c) Listed debt securities issued by federal or provincial government or any other government body
  - (d) Unlisted debt securities issued by federal or provincial government or any other government body
  - (e) Listed debt securities (bonds, term finance certificates, Sukuks) issued by corporate entities
  - (f) Unlisted debt securities (bonds, term finance certificates, Sukuks) issued by corporate entities
  - (g) Listed debt securities (bonds, term finance certificates, Sukuks) issued by financial institutions
  - (h) Unlisted debt securities (bonds, term finance certificates, Sukuks) issued by financial institutions
  - (i) securities traded over the counter market;
  - (j) long, medium and short term deposits with commercial Banks in rupee or in any other foreign currency;
  - (k) convertible debt securities issued by corporate entities and / or Financial Institutions;
  - (l) convertible and non-convertible preferred shares;
  - (m) certificates of investment / deposits / musharika / modaraba;

- (n) reverse repurchase transactions against those securities which are protected by the clearing company/stock exchange;
- (o) commercial papers;
- (p) Continuous Funding System (CFS); or its replacement thereof with necessary approval of the Commission. Investment in CFS shall be restricted upto a maximum of 25% of Net Assets of the Scheme, with not more than 5 % of net assets in any one scrip at the time of investment;
- (q) spread transactions in accordance with the Regulations;
- (r) warrants, options, derivatives subject to the prior approval of the Commission. Investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the Commission from time to time;
- (s) any other security and / or instruments that may be allowed by the Commission, the Regulations or any other regulatory authority from time to time; and
- (t) Authorized Investments in overseas markets to the extent of thirty per cent (30%) of the Net Assets, subject to a cap of fifteen million dollars (US\$ 15,000,000/-) or such cap as may be defined in the Regulations from time to time. Overseas investments would be subject to prior written approvals / guidelines of the Commission and the State Bank of Pakistan.

The investment in asset classes mentioned above shall be subject to such exposure limits and minimum ratings as specified in the Offering Document of the Scheme.

- 16.6 **“Authorized Transaction Location or “ATL”** means branch(es) of the Management Company and Distributor / Sub-distributor authorized to accept and process investmeny / redemption / transfer / conversion etc requests. A list of ATLS shall be maintained and updated by the Management Company.
- 16.7 **“Back-end Load”** means the charge or commission (excluding Duties and Charge) not exceeding five per cent (5%) (or such other percentage as may be specified in the Offering Document in writing) of the Net Asset Value, deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of units, as may be mutually agreed between the Trustee and the Management Company.
- 16.8 **“Bank”** means institution(s) providing banking services under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 16.9 **“Bank Accounts”** means those account(s) opened and maintained for the Scheme by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 16.10 **“Broker”** means any person engaged in the business of effecting transactions in securities for the account of others or a member of the Stock Exchange
- 16.11 **“Business Day”** means a day on which the State Bank of Pakistan or the Stock Exchange(s) is open for business in Pakistan.
- 16.12 **“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of the Trust Deed.

- 16.13 **“Connected Person”** shall have the same meaning as in the Regulations.
- 16.14 **“Constitutive Documents”** means the Trust Deed that is the principal document governing the formation, management or operation of the Scheme, the Offering Document and all material agreements in relation to the Scheme.
- 16.15 **“Contingent Load”** means Sales Load payable not exceeding five per cent (5%) of the Net Asset Value, if Units are redeemed by any major Unit Holder in such period of time that the Management Company believes may adversely affect the interest of other Unit Holder(s) and disclosed in the Offering Document. Any Contingent Load received shall form part of the Trust Property.
- 16.16 **“Commission”** is defined in the preamble.
- 16.17 **“Core Units”** means such Units of the Scheme that are issued to Core Investors with the condition that the Units worth at least rupees fifty million (Rs. 50,000,000/-) are not redeemable for a period of two (2) years from the Initial Period. However, such Units are transferable with this condition and shall rank *pari passu* with all other Units save for this restriction. Any transfer of these Core Units, during the first two (2) years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 16.18 **“Core Investors”** of the Scheme shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of the Regulations. 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 Scheme.
- 16.19 **“Custodian”** means Bank(s) which may be appointed by the Trustee, in consultation with the Management Company, to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and / or the Trustee itself, with the approval of the Management Company, to hold and protect the Trust Property or any part thereof as custodian.
- 16.20 **“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 as per the Trust Deed in which the amount required for distribution of income to the Unit Holder(s) 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 Scheme from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).
- 16.21 **“Distributor / Distribution Company”** means a company(s) or firm(s) or a Bank(s) or Central Depository Company or any other Financial Institution appointed by the Management Company in consultation with the Trustee for performing any or all of the Distribution Functions, and shall also include the Management Company itself, if it performs the Distribution Function.
- 16.22 **“Distribution Date”** means the date on which the Management Company decides to distribute the profits (if any).
- 16.23 **“Distribution Period”** means the period in respect of which distribution of profits, are proposed to be made by the Management Company.
- 16.24 **“Distribution Function”** means the functions with regard to:
- (a) receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
  - (b) issuing receipts in respect of (a) above;



- (c) interfacing with and providing services to the Holders including receiving redemption / transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
  - (d) accounting to the Trustee for all: (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
  - (e) the above functions may be performed electronically, if appropriate systems are in place; and
  - (f) where applicable, any other function as specified in the distribution agreement between the Distribution Company and / or Sub-Distribution Company, and the Management Company.
- 16.25 **“Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, levies, taxes, Zakat, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 16.26 **“Federal Government”** means the Federal Government of Islamic Republic of Pakistan.
- 16.27 **“Financial Institution”** means a scheduled Bank or development finance institution, a company registered under the Regulations, a member of a Stock Exchange registered with the Commission or an institution registered to provide financial services including banking or brokerage in or outside Pakistan.
- 16.28 **“Formation Cost”** means preliminary expenses relating to regulatory and registration fees of the Scheme, including flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period. This shall not exceed one per cent (1%) of the Pre-IPO investors’ investment or rupees five million (Rs. 5,000,000/-) whichever is lower.
- 16.29 **“Front-end Load”** means the sales and processing charge or commission (excluding Duties and Charges) not exceeding five per cent (5%) or such other percentage (as may mutually be agreed upon between the Trustee and the Management Company in writing) of the Net Asset Value which may be included in the Offer Price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as may be mutually agreed between the Trustee and the Management Company.
- 16.30 **“Government Securities”** means securities and other instruments issued and to be issued by any Federal and / or Provincial Government of the Islamic Republic of Pakistan and / or the State Bank of Pakistan.

- 16.31 **“Holder or Unit Holder”** means an investor for the time being entered in the Register as owner of Units of the Scheme including investors jointly so registered pursuant to the provisions of the Trust Deed.
- 16.32 **“Initial Offer”** means Pre-IPO and Public Offering.
- 16.33 **“Initial Period”** means a period determined by the Management Company not exceeding ninety (90) days during which Units shall be offered at the Initial Price in terms of the Offering Document.
- 16.34 **“Initial Price”** means the price of rupees one hundred (Rs. 100/-) per Unit during the Initial Period determined by the Management Company.
- 16.35 **“Investment”** means any Authorized Investment forming part of the Trust Property.
- 16.36 **“Investment Facilitators”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme.
- 16.37 **“Management Company”** is defined in the preamble hereto;
- 16.38 **“Net Assets”** shall have the same meaning as in the Regulations.
- 16.39 **“Net Assets Value” or “NAV”** means per Unit value of the Scheme arrived at by dividing the Net Assets of the Scheme by the number of Units outstanding on any particular day.
- 16.40 **“Offer Price”** means the sum to be paid to the Trustee for the benefit of the Scheme for issuance of one Unit, such price to be determined pursuant to clause 6.7.2 of this Offering Document.
- 16.41 **“Offering Document”** means the prospectus, advertisement or other document (approved by the Commission) which contains the Investments and distribution policy, Unit structure(s) and all other information in respect of the Scheme, as required by the Regulations and is circulated to invite offers by the public to invest in the Scheme.
- 16.42 **“On-line”** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 16.43 **“Ordinance”** means the Companies Ordinance, 1984.
- 16.44 **“Par Value”** shall be rupees one hundred (Rs. 100/-) per Unit of the Scheme.
- 16.45 **“Pre-IPO”** means the private placement of Units to investors prior to the Public Offering
- 16.46 **“Public Offering”** means offering of Units to the general public through and in accordance with the Offering Document;
- 16.47 **“Redemption Price”** means the amount to be paid to the relevant Unit Holder(s) upon redemption of Units, such amount to be determined pursuant to clause 6.10.2 of this Offering Document.
- 16.48 **“Register”** means the Register of the Unit Holder(s) kept pursuant to the Regulations and the Trust Deed.
- 16.49 **“Registrar”** means a company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Functions.
- 16.50 **“Registrar Functions”** means the functions with regard to:

- (a) maintaining the Register, including keeping a record of change of addresses / other particulars of the Unit Holder(s);
- (b) issuing account statements to the Unit Holder(s);
- (c) issuing Certificate, including Certificates in lieu of undistributed income to Unit Holder(s);
- (d) canceling old Certificates on redemption or replacement thereof;
- (e) processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holder(s);
- (f) issuing and dispatching of Certificates;
- (g) dispatching income distribution warrants, and Bank transfer intimation and distributing bonus Units or partly both and allocating Units to Unit Holders on re-investment of dividends
- (h) receiving applications for redemption and transfer / transmission of Units directly from Unit Holder or legal representatives or through Distributor.
- (i) maintaining record of lien / pledge / charge;
- (j) keeping record of change of addresses / other particulars of the Unit Holders; and
- (k) any other information that the Management Company deems necessary.

16.51 **“Regulations”** is defined in the preamble hereto and includes any specific or general relaxations in respect of applicability of such Regulations granted or to be granted by the Commission and / or the Federal Government, as appropriate.

16.52 **“Rules”** is defined in the preamble hereto and includes any specific or general relaxations in respect of applicability of such Rules granted or to be granted by the Commission and / or the Federal Government, as appropriate.

16.53 **“Sales Load”** means the Front-end Load, Back-end Load and the Contingent Load.

16.54 **“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange or Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969 and shall also include a stock exchange abroad.

16.55 **“Subscription Day”** means Business Days designated by the Management Company and on which the State Bank of Pakistan is open for business in Pakistan.

16.56 **“Sub-Distributor / Sub-Distribution Company”** means a company(s) or firm(s) or a Bank(s) or Central Depositor Company or any other Financial Institution appointed by the Management Company to perform the Distribution Functions, in circumstances where the Management Company is a Distributor.

16.57 **“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 Scheme’s portfolio, *inter alia*, necessitated by creation or cancellation of Units, which costs may be added to the Net Asset Value for determining the Offer Price of Units or to be deducted form the Net Asset Value in

- determining the Redemption Price. The Transaction Costs shall not normally be applied in determining Offer and Redemption Prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may, in consultation and with the agreement of the Trustee, apply such charge either to the Offer or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Offer or Redemption Prices, without consulting the Trustee provided the difference between the Offer Price and the Redemption Prices does not exceed five per cent (5%) of Net Asset Value. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Trust Property
- 16.58 **“Scheme”** means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.
- 16.59 **“Trust Deed”** means the Trust Deed executed between the Management Company and the Trustee along with all the exhibits appended hereto.
- 16.60 **“Trust Property”** means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Purchase (Offer) or Redemption Price after deducting there from or providing there against the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the purchase or redemption of Units and any expenses chargeable to the Scheme; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to 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.
- 16.61 **“Trustee”** is defined in the preamble hereto.
- 16.62 **“Unit”** means one undivided share in the Scheme, and where the context so indicates, a fraction thereof.
- 16.63 **“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”**

**CURRENT LEVEL OF FEES & SUBSCRIPTION DAYS**

**(Effective from close of Initial Period)**

	<b>Current</b>	<b>Maximum</b>
Front End Load	2.5% of NAV	5% of NAV
Back End Load	2% of NAV	5 % of NAV
Contingent Load	Sales retention below 3 months - 2% Sales retention between 3 to 6 months – 1% Sales retention Between 6 months to 1 year – 0.5% Sales retention above 1 year – 0%	Maximum of 5% of NAV
Management Fee	2% per annum of the average daily Net Assets of the scheme	3.00% per annum of the average daily Net Assets of the scheme for the first five years of the fund and thereafter 2.00% per annum of the average daily Net Assets
Subscription Days	Monday through Friday	N/A

**Annexure 'B'**

**CURRENT LIST OF AUTHORIZED TRANSACTION LOCATIONS**

<b>Sr. No.</b>	<b>Name</b>	<b>Address</b>	<b>Telephone Number</b>
1	IGI Funds Limited, Head Office	7 <sup>th</sup> Floor, Shaheen Complex Dr. Ziauddin Ahmed Road Karachi	021-111-367-444
	IGI Funds Limited, Islamabad Office	Mezzanine Floor, Razia Sharif Plaza 90-Blue Area, G-7 Islamabad	051-111-234-234
	IGI Funds Limited, Lahore Office	5 F. C. C. Ground Floor Syed Maritib Ali Road Gulberg, Lahore	042-111-234-234
	IGI Funds Limited Peshawer Office	2 <sup>nd</sup> Floor, Mall Tower 35 the Mall Peshawer	091-525.3981-88
2	IGI Investment Bank Limited (Fund Select)	7th Floor Suite No. 701 -713 The Forum, G -20, Block-9, Clifton Karachi	021-111-234-234
3	Bulls and Bulls (Pvt.) Limited	7th Floor, Nacon House MDM Wafai Road Karachi - 74200	021-5224051-60
4	Foundation Securities (Private) Limited	Ground Floor, Bahria Complex 2 M. T. Khan Road Karachi	021-111-000-375
5	Pyramid Financial Consultants (Pvt.) Limited	518, Progressive Plaza Beaumont Road Karachi	021-563-8266-67
6	BMA Capital Management Ltd.	8th Floor, Unitower I. I. Chundrigar Road Karachi	021-111-262-111
7	Pak Oman Investment Company	First Floor, Tower A Finance & Trade Center Shahra-e-Faisal Karachi	021-5630971-5 021-563-0971-75
8	Atlas Capital Markets (Private) Limited	B-209, 2nd Floor, Park Towers Abdullah Shah Ghazi Road, Clifton Karachi - 75600	021-5875760 021-5875706
9	KASB Securities	6th Floor, Trade Centre I. I. Chundrigar Road Karachi	021-111-222-000

10	Al Habib Capital Markets (Pvt.) Ltd.	GF - 01, Techno City Hasrat Mohani Road Karachi	021-2270808-13
11	Mybank Limited	5th Floor, Business & Finance Centre I. I. Chundrigar Raod Karachi	021-111-443-111
12	Allied Bank Limited	Mezzanine Floor, Main Clifton Road Bath Island Karachi	021-111-110-110
13	Siza Commodities (Pvt.) Limited	Lakson Square, Building No. 2 Sarwar Shaheed Road Karachi	021-5698000 021-5698392

**Annexure 'C'**

**TARIFF STRUCTURE FOR OPEN END MUTUAL FUNDS**

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

<b>NET ASSETS (Rupees in million)</b>		<b>TARIFF</b>
<b>From</b>	<b>To</b>	
1	1000	Rs. 0.7 million or 0.20% p.a. of NAV which ever is higher
1,000	& Above	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million



## ANNEXURE 'D'

Name	Address	Other Directorships
Mr. Bazl Ahmed Khan (Chairman)	House #2-A/1, 20 <sup>th</sup> Street Off: Khayabane Tauheed Karachi	None
Mr. Khalid Yacob	House # 304 Upper Mall Lahore	<ul style="list-style-type: none"> <li>▪ Packages Limited</li> <li>▪ Tetra Pak Pakistan Limited</li> <li>▪ Tri-Pak Films Limited</li> <li>▪ Packages Lanka (Pvt.) Limited</li> <li>▪ IGI Investment Bank Limited</li> </ul>
Mr. Ahmad Alman Aslam	A-1, Zamzama Link Road Navy Housing Scheme Clifton, Karachi	<p><u>Managing Partner</u></p> <ul style="list-style-type: none"> <li>▪ Ahmed Alman Aslam and Associates</li> </ul> <p><u>Director</u></p> <ul style="list-style-type: none"> <li>▪ Oil &amp; Gas Development Company of Pakistan</li> <li>▪ Adamjee Insurance Company of Pakistan</li> <li>▪ Private Power &amp; Infrastructure Board</li> </ul>
Mr. Abid Naqvi	7-A, M.A. Bogra Road Bath Island Karachi	<p><u>Chief Executive Officer</u></p> <ul style="list-style-type: none"> <li>▪ ACL Capital (Pvt.) Limited</li> </ul> <p><u>Director</u></p> <ul style="list-style-type: none"> <li>▪ Atlas Capital Markets (Pvt.) Limited</li> <li>▪ Associated Constructors Limited</li> </ul>
Syed Javed Hassan	4-A, 3 <sup>rd</sup> North Street DHA Phase I Karachi	<ul style="list-style-type: none"> <li>▪ IGI Investment Bank Limited</li> <li>▪ Loads Limited</li> <li>▪ Treet Corporation Limited</li> <li>▪ J &amp; P Coats</li> </ul>
Mr. Adi J. Cawasji	66-B, South Circular Avenue DHA Phase II Karachi	<ul style="list-style-type: none"> <li>▪ IGI Investment Bank Limited</li> <li>▪ Packages Construction (Pvt.) Limited</li> </ul>
Mr. Ali Azam Shirazee (CEO)	137/2, 8 <sup>th</sup> Street Khayaban-e-Bukhari DHA Phase VI Karachi	None