

**OFFERING DOCUMENT**  
**Habib Income Fund (FHIF)**

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# Offering Document of First Habib Income Fund

Managed by  
Habib Asset Management Limited

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

**Date of Publication of Offering Document: May 21, 2007.**

**Initial Offering Period: May 30th to June 1st, 2007.**

## INTRODUCTION

The First Habib Income Fund (the Fund/ the Scheme/ the Trust/ FHIF) has been established through a Trust Deed under the Trust Act 1882 entered into between Habib Asset Management Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and is authorized under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).

FHIF is an open end Mutual Fund and shall offer its Units to investors on a continuing basis. The initial public offer is being made for public subscription from May 30th to June 1st, 2007 at the offer price of Rs.100/- per unit with a minimum limit of Rs.5000/- however, no upper limit has been fixed for purchase of Units by a single investor. The subsequent offer and redemption price for each business day will be based on NAV per Unit. If you have any doubt about the contents of this offering document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser.

Investors must recognize that all investments involve varying levels of risk. The value of Units in FHIF may appreciate as well as depreciate. Neither the value of the Units in the fund nor the dividends declared by the fund is or can be assured.

Approval of the Securities and Exchange Commission of Pakistan

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

It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of the Fund nor for the accuracy of any statement made or any opinion expressed in this Offering Document. The provisions of the Trust Deed govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in the Fund.

Investors are requested to read the Risk Disclosure statement contained in Clause 2.6 and Disclaimer in Clause 2.7 of this Offering Document.

### 1. CONSTITUTION OF THE SCHEME

#### 1.1 Constitution

The Fund is an open end fund and has been constituted by a Trust Deed entered into at Karachi on September 6, 2006 between Habib Asset Management Limited (HAML), a Non-Banking Finance company incorporated under the Companies Ordinance 1984, and licensed by SECP with its registered office at 1st. Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi, as the Management Company of the Fund; and Central Depository Company of Pakistan Limited (CDC), a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 having its registered office at CDC House, 99 B, Block 'B' SMCHS, Shahrah-e-Faisal, Karachi, as the Trustee.

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

The registered address of FIRST HABIB INCOME FUND is 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi. The Trust was created on September 6, 2006. The official website address of Habib Asset Management Limited is [www.habibfunds.com](http://www.habibfunds.com)

#### 1.3 Trust Deed

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

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

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

Where the Deed has been altered or supplemented, the Management Company shall notify to the Unit Holders at their respective registered addresses and the dispatch of such notices to the Unit Holders will be announced in one daily newspaper having its primary circulation in Pakistan.

However, if the Commission (SECP) modifies the Rules to allow any relaxations or exemptions, these will deemed to have been included in the Constitutive Documents without requiring any modification as such.

### 1.3.1 Modification of Trust Deed

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental Deed(s) to modify, alter or add to the provisions of the Deed in such manner and to such extent as they may consider expedient for any purpose. Provided that the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Ordinance or the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of the Deed to be more conveniently or economically managed or to enable the Units to be dealt in or quoted on the Stock Exchange or otherwise for the benefit of the Holders and that it does not prejudice the interest of the Holders, or any other matter that does not alter the fundamental objects of Unit Trust or any of them or operate to release the Trustee or the Management Company from any of their responsibilities where the Deed has been altered or supplemented, the Management Company shall notify to the Unit Holders at their respective registered address within 15 days of the change. However, if SECP modifies the Rules to allow any relaxation or exemptions, these will be deemed to have been included in the Constitutive Documents (the Deed, this Offering Document and other related material documents) without requiring any modification as such.

### 1.4 Duration

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

### 1.5 Open End Fund

FHIF is an open-end fund. It shall offer and redeem Units on a continuing basis subject to terms herein and to the Rules. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company shall impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient handling. Units are also transferable. Units will be issued in registered, un-certificated form and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates representing the Units will be issued subject to terms herein at a nominal charge of Rs. 50/- only per certificate on the request of the Unit Holder.

### 1.6 Units

1.6.1 The Fund is divided into Units having a First Offer price of Rs. 100/- each with a minimum investment size of Rs. 5000/- This price is applicable to such Units that are issued before any of the assets of the Fund are invested other than bank deposits, whether or not earning mark-up/ profit. Thereafter the Units shall be issued on the basis of their Net Asset Value (NAV) which shall form the base for determining the Offer and Redemption price. All Units and fractions thereof shall represent an undivided share in the Fund ranking pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions.

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

- a) Class "A" (Restricted) Units to be issued to the Core investors with no Sales Load.
- b) Class "A" Units to be offered to Pre IPO investors and issued during the Initial Offering Period with no Sales Load.
- c) Class "B" Units which shall be offered and issued after the Initial Offering Period with/ without Sales Load and/ or Back-End Load.
- d) 1 [Class "C" Units shall be offered and issued after the expiry of the Initial Public Offering (IPO). Class 'C' Units will be entitled to cash dividend only if the distribution to other classes is in the form of Bonus Units. The Units will be issued with / without Sales Load and / or back end load. An investor shall, at the time of opening an account, select the Class of Units in which he wishes to invest i.e. Class 'B' and or Class 'C'. The Investors may convert the Units from one class of Units to another class without any fee. However, if Class 'A' Units (restricted / core Units) issued to the core investors are converted to Class 'C' Units, such Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Offer. However, such Units are transferable. All the existing Unit holders shall have the option to switch to this class of Units by applying the management company.]

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

### 1.7 First Offer and Initial Offering Period

The First Offer is for class "A" Units with no Sales Load, which shall be issued at the First Offer price of Rs.100/- per Unit. The Offer and Issue of Units at First Offer price shall commence from the start of the banking hours on May 30th, 2007 and shall end at the close of the banking hours on June 1st, 2007. This price is applicable to such Units that are issued before any of the assets of the Fund are invested other than deposits, whether or not earning mark-up/ profit. During the Initial Offering Period Units will not be redeemed.

### 1.8 Transaction in Units after Initial Offering Period

Subsequent to the First Offer, Units can be purchased at the Offer (Selling) Price and redeemed at the Redemption (Repurchase) Price. The Management Company will fix the Offer and Redemption Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the stock exchange/ financial markets business day. In the event there are closed days, for any reason, following that business day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days. The NAV based price per Unit shall be fixed after adjusting for the Sales Load (Front-end Load) or the Redemption Load (Backend Load) as the case may be and any Transactions Costs that may be applicable. Save under circumstances elaborated in Section 4.9 mentioned herein, such prices shall be applicable to issue and redemption requests, complete in all respects, received during the business hours on the following business day. The Management Company may issue Units without Sales Load or with a reduced Sales Load to Unit Holders opting to receive Units in lieu of dividends.

## 15 [1.9 Administrative Plan

1.9.1. The Management Company, with the consent of the Trustee and the prior approval of the Commission, may offer different Administrative Plans.

1.9.2. Details of any Administrative Plan, as and when introduced by the Management Company, shall be set out in a Supplemental Offering Document.

1.9.3. For the avoidance of doubt, it is clarified that Units issued in the Fund under any Administrative Plan shall rank pari-passu as to the Net Assets, earnings and receipt of dividends or distribution with other Units issued in the Fund.

1.9.4. Certificates representing Units purchased under an Administrative Plan shall not be issued.

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1. Added vide 1st supplement dated March 18, 2008  
15. Added vide 11th supplement dated October 10, 2017

1.9.5. In the event that changes are made to any Administrative Plan after any Unit Holders have purchased Units in the Fund(s) through the Administrative Plan, the Unit Holders shall be given prior notice of at least thirty (30) days to comply with the changes. Any subsequent Investments by the Unit Holders in the Fund through the Administrative Plan shall be in accordance with such changes.

1.9.6. In the event of winding up of the Fund, each Administrative Plan shall be discontinued in so far as it may apply to the Fund and the Units standing to the credit of the Unit Holders pursuant to the Administrative Plan shall be dealt with in the same manner as the rest of the Units in the Fund.

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

1.9.8. The Administrative Plan may be discontinued by the Management Company at any time after seeking approval of the Commission by giving a prior notice of 30 days to the Unit Holders. All units in issue shall be treated as Units of the Fund from there on.

1.9.9. The Management Company may introduce more Administrative Plans over the Fund in the future with a prior notice of minimum 7 days to Unit Holders after seeking prior approval of the Commission.

1.9.10. Risks Associated with Administrative Plans: Investment in the Administrative Plans are subject to those Risk associated with those Funds based on which this plan is launched. The risk are disclosed in Clause 2.6 of this document.]

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

### **2.1 Investment Objectives**

The objective of the Fund is to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the Unit Holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

### **2.2 Investment Policy**

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

2.2.1 The Fund will invest in following instruments with broad allocation restrictions:

Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;

Secured, listed or likely to be listed debt securities issued by local govts. Or other govt. agencies, private or public sector entities and or financial institutions having a minimum credit grade rating;

Convertible TFCs issued by corporates/ financial institutions. In case FHIF is required to convert the TFCs into shares, it would offload the shares within a period of three months of the shares being issued. Total investment by FHIF in Convertible TFCs will not exceed 15% of its Net Asset Value;

Convertible and Non-Convertible preferred shares. In case FHIF is required to convert the preference shares into ordinary shares it would offload the ordinary shares within a period of three months of the ordinary shares being issued. Total investment by FHIF in Convertible Preferred Shares will not exceed 15% of its Net Asset Value;

Certificates of Investment issued by financial institutions having a minimum of "A-" (A minus) rating by a credit rating agency approved by the Commission or State Bank of Pakistan;

Bank deposits;

Reverse Repo Transactions;

Units/ Certificates of any other Money Market Fund or any other Money Market Instrument. The purchase and acquisition of Units of one Income/ Money Market Fund shall not exceed 10.% of the Net Assets of First Habib Income Fund at the time of purchase, except as may otherwise be permitted under the rules;

Margin Trading System (MTS); Investment in MTS shall be restricted up to a maximum of 40% of Net Asset value of the Fund, or any other system replacing MTS subject to the SECP approval;

Spread Transactions, FHIF will enter into transactions aimed at earning a spread in the price of shares resulting from the timing difference between ready and future settlements. FHIF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying shares;

Commercial Paper; The Fund shall not invest more than 35% of its Net Assets in Commercial Papers issued by entities as per "Guidelines for the Issue of Commercial Papers dated August 09, 2006" issued by the Commission and investment by FHIF in such commercial papers issued by one entity shall not exceed 10% of the Net Asset of the Fund.

Derivative instruments as approved by the Commission;

Options;

Investment outside Pakistan-Total Investment by FHIF in overseas products/ instruments will be to the extent of 30% of Net Assets of the Fund subject to a cap of US\$ 15 million. Overseas investments would be made according to the prescribed guidelines of SECP/ SBP and if guidelines are not available, specific approval from SECP/ SBP will be obtained.

16. Substituted vide 12th supplement dated October 31, 2017. Before change point read as "Continuous Funding System (CFS); Investment in CFS shall be restricted up to a maximum of 50% of Net Asset value of the Fund, with not more than 20% of CFS amount in any one scrip at the time of investment; or any other system replacing CFS subject to the SECP approval;

The Fund Property will be invested in the International Market including the following with the permission of SECP/ SBP:

- International fixed profit bearing debt securities
- International money market securities
- Foreign currency bank deposits and certificates of investment
- Foreign currency bank accounts in Pakistan
- Money Market/ Fixed Income Market Fund

While investing in international fixed profit bearing debt securities and international money market securities, the Management Company will only invest through the following agencies unless it has built in-house capacity to manage international investments and provide evidence of the same to the Trustee:

- (a) Mutual Funds;
- (b) Individually managed accounts with a reputable international fund manager; or
- (c) After acquiring the services of a reputable international fund manager through a joint venture or a service agreement.

The Management Company may built-up its capacity to manage investment in a limited number of countries/ markets and may start to manage investments directly in those countries/ markets after providing evidence of the capacity to the Trustee while using the above means to manage investments in other countries/ markets.

The fees directly charged by the international fund manager(s) on investments outside Pakistan will be the responsibility of the Management Company and any fees paid out of Fund Property will be netted-off from the fees paid to the Management Company. The Management Company will reduce its own fee by up to fifty percent on the Fund Property invested in international mutual funds managed by third party.

While investing internationally, Fund Property will not be placed in any investment that has the effect of leveraging the Fund and if any such instrument/ securities is used, it must be supported by investment in spot or money market such that the effect of leverage is cancelled out.

Associated Companies and Companies in parent-subsidiary relationship shall be treated as group Companies, even if registered/listed in different countries and any prescribed limit on group exposure shall apply to such Companies.

Direct investments of the Fund in debt securities will only take place in 'investment grade' securities and 'sovereign risk' securities. Only up to 50% of the allowed limit of international investments shall be placed in sovereign risk securities of countries outside Pakistan and only up to 20% of the allowed limit of international investments in sovereign risk securities of any one country with the sovereign risk portion, if fully invested, divided among five different countries. The above limit will be applicable only to direct investments by the Fund.

Not more than 50% of the allowable limit of international investment will be placed in any one country.

The Management Company may use derivatives only to hedge existing exposure of the fund in foreign currencies. The derivatives used may also hedge the US Dollar, however, the Management Company will attempt to hedge, in all cases where hedging is desirable, to the Base Currency if cost-effective and practical. No other use of derivatives is permissible and only currency derivative will be used and only up to the limit of the Fund's exposure to foreign currency.

#### **2.2.2 Changes in Investment Policy**

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

#### **2.2.3 Internal Investment Committee**

Investment allocation of each asset class is subject to the change from time to time at the direction of the Internal Investment Committee of the Fund subject to the maximum limits fixed by SECP/ Rules. The members of the Internal Investment Committee shall include Chief Executive, Chief Financial Officer, Fund Manager/ Chief Investment Officer. Decisions regarding the change in asset allocation of the Fund will be made by the Investment Committee as and when required. Such decisions will be documented and will be based on key overall indicators, which may include factors such as:

- a- Interest rate scenario
- b- Inflation
- c- Liquidity
- d- Availability of attractive return alternatives in debt and money market
- e- Stock Market outlook and performance
- f- Country Politics and overall economic indicators
- g- Any other factors that in the opinion of the Investment Committee can have an influence on overall asset class returns.

#### **2.2.4 Benchmark**

13 [The Benchmark for "First Habib Income Fund" shall be Six (6) months KIBOR rates.]

#### **2.3 Investment Restrictions and Exposure Limits**

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

10. Added vide 6th supplement dated April 01, 2014 "The Benchmark for "First Habib Income Fund" shall be 50% average of 6 months KIBOR and 50% 6 month bank deposit rate of (3) A minus and above rated banks"

13. Substituted vide 9th supplement dated September \_\_, 2016. Before change point read as "2.2.4 Benchmark  
10 [The Benchmark for "First Habib Income Fund" shall be 50% average of 6 months KIBOR and 50% 6 month bank deposit rate of (3) A minus and above rated banks.]

The present exposure limits and restrictions are given hereunder:

11 [i. In accordance with diversification policy, the Scheme will not invest more than twenty-five percent (25%) of its Net Assets in securities of any one sector as per classification of the Karachi Stock Exchange or such limit as may be prescribed under Rules. However, the Fund may invest up to 100 percent of its net assets value in Government Securities.]

ii. The investment in any one issue shall not at any time exceed an amount equal to ten percent (10%) of the total net asset value of the scheme at the time of investment or ten percent (10%) of any issue of an investee Company whichever is lower.

The Fund shall not at any time purchase or sell:

- i. Bearer Securities.
- ii. Securities which result in assumption of unlimited liability (actual or contingency);
- iii. Commodities or Commodity contracts;
- iv. Real estate or interest in real estate save and expect that the Management Company may invest in securities secured by real estate or interest therein subject to regulatory approval;
- v. Make short sales of any security or maintain a short position.
- vi. Ordinary shares without having a sale agreement in place. However if in the interest of the Unit Holders, the Scheme is required to convert TFCs or preference thus into ordinary shares are offloaded within a period of three months of the issuance.
- vii. However, subject to the Rules and any other applicable law, the Management Company may, on behalf of the Fund, write call options on any of the securities held in the portfolio provided there is a satisfactory market based exit mechanism from options so written. The Management Company may also, on behalf of the Fund, if and when the law so allow, buy put options equivalent to any securities held in the portfolio. Under no circumstances shall the Management Company buy or sell such options on behalf of the Fund that result in an exposure beyond the number of underlying securities held in the portfolio of the Fund. The Management Company may, however, buy call options or put options, if the law so permits, on one or more items (financial or otherwise) that in its opinion would act as a hedge/ defensive proxy for the overall market risk.

However, the cost of maintaining a defensive hedge shall not exceed one percent per annum (preceding twelve months including the cost of such transaction) of the Fund at the time such transaction are entered into. Save as mentioned herein above and subject to SECP approval the Fund will comply with diversification policy prescribed under the rules.

### **2.3.2 Exception to Investment Restriction**

In the event the weightage of prescribed limits laid down in this offering document or the AMC Rules changes as a result of the relative movement in the market prices of the investments or through any disinvestment, the Management Company shall bring the exposure within the prescribed limits within three months of the event. However, this restriction of further investment shall not apply to any offer of right shares and bonus shares.

## **2.4 Borrowing Policy**

### **2.4.1 Limit**

Subject to the Rules the Trustee may, at the written request of the Management Company make varying arrangements with banks or other financial institutions for borrowing by Trustee (for the account of the Trust). However, neither the Management Company nor the Trustee shall be personally liable for repayment of any loan or for providing any securities over their assets. Borrowing shall not be restored to except for meeting redemption requests and such borrowings shall not exceed 15% (Fifteen percent) of total Net Asset Value of the Scheme at any time (or such limits as prescribed by the Rules) and shall be repayable within a period of ninety days. The charges payable to any Bank or Financial Institution against borrowings on account of the Fund shall not be higher than the normal prevailing bank charges or normal market rates.

### **2.4.2 Exception**

The Trustee/ Management Company shall not be obliged to reduce the borrowing if, as a result of depreciation in the market value of investments, or disinvestments or redemption of Units, the Net Asset Value is reduced subsequent to borrowing and consequently the limit set in paragraph 2.4.1 above is exceeded.

### **2.4.3 Pledge and Charge**

The Trustee may, with the approval of the Management Company mortgage, charge or pledge in any manner part of the Fund Property, provided that the aggregate amount secured by such mortgage, charge or pledge will not exceed the limit provided under the Rules or any law for the time being enforced, as is required to secure the borrowings as described above on the best terms available.

### **2.4.4 Liability of Trustee and Management Company**

The Trustee or the Management Company shall not incur any liability by reasons of loss to the trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.

### **2.4.5 Guarantee**

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

## **2.5 Transactions with Connected Persons**

2.5.1 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than 5 per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.

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11. Substituted vide 7th supplement dated January \_\_, 2015. Before change point read as " i. In accordance with diversification policy, the Scheme will not invest more than twenty-five percent (25%) of its Net Assets in securities of any one sector as per classification of the Karachi Stock Exchange or such limit as may be prescribed under Rules. However, the Fund may invest up to 50 percent of its net asset value in Government Securities.

## 2.5 Transactions with Connected Persons

2.5.1 The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than 5 per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.

2.5.2 The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, save in the case of such party acting as an intermediary.

2.5.3 For the purpose of sub-clauses (2.5.1) and (2.5.2) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

## 2.6 Risk Disclosure

Investors are advised that all investments in mutual funds and securities are subject to market risks. Our target return/ dividend range cannot be guaranteed. It should be clearly understood that the portfolio of First Habib Income Fund is subject to market fluctuations and risk inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

a) **Credit Risk:** Comprises of default risk, credit spread risk and downgrade risk. Each can have negative impact on the value of fixed-income securities including money market instruments.

b) **Default Risk:** The risk that the issuer will not be able to pay the obligation, either on time or at all.

c) **Credit Spread Risk:** The risk that there will be an increase in the difference between the return/ mark up rate of an issuer's bond and the return/ mark up rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between this return/ mark up rates is called a credit spread. Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of fixed income securities including money market instruments.

d) **Downgrade Risk:** The risk that a credit rating agency, such as PACRA or JCRVIS or any other reputed credit rating agency, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those fixed income securities including money market instruments.

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

i) The hedging strategy may not be effective. There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract. A large percentage of the assets of a Fund may be placed on deposit with one or more counter parties, which exposes the Fund to the credit risk of those counter-parties. There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.

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

f) **Return/ Mark-up Rate Risk:** Fixed income securities including money market instruments, which include treasury bills and commercial paper, pay fixed rate of return/ mark-up. The value of the fund, due to its holdings in fixed income securities including money market instruments, will rise and fall as return/ mark-up rate change. For example, when return/ mark-up rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing return/ mark- up rates.

g) **Government Regulation Risk:** Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulation or policies, which directly or indirectly affect the earnings and/ or the cash flows and/ or any governmental or court orders restraining payment of capital, principal or income.

h) **Voluminous Issue/ Redemption Risk:** Any significant transaction made by such an investor could significantly impact Fund's cash flow. If the third party buys large number of Units of Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large number of Units of Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of your investment.

i) **Repurchase, Reverse Repurchase Transactions and Securities Lending Risk:** The risks with these types of transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/ mark-up, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the Fund could incur a loss if the value of the security sold or loaned has increased more than the value of cash or collateral held.

j) **Other Risks:** Other risks involve mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made. Break down of law and order, war, natural disasters etc.

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

## 2.7 Disclaimer

2.7.1 Prices of Units and income may go up or down

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

**Disclaimer-**The Units of Trust are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, the Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institution.

6. Added vide 3rd supplement dated November 25, 2011.



### 3 MANAGEMENT COMPANY

#### 3.1 Organization:

Habib Asset Management Limited was incorporated on September 30, 2005 as an Asset Management Company with a paid up capital of Rs.30 million. The present paid up capital of the Company is Rs.45 million, held by the following:-

Name	Share Holding %	Number of Shares	Amount (Rupees)
Bank AL Habib Ltd.	30	1,350,000	13,500,000
Dawood Habib Family & Trust	59	2,655,000	26,550,000
Friends & Associates	11	495,000	4,950,000
Total	100	4,500,000	45,000,000

#### 3.1.1 The Board of Directors

Name	Position	Other Directorships	Occupation	Address
Mr. Ali Raza D. Habib	Director/ Chairman	- Habib Insurance Co. Ltd. - Bank AL Habib Limited - Habib Sugar Mills Ltd. - Habib & Sons (Pvt.) Ltd.	Business	B-79, KDA Scheme No.1 Karachi
Mr. Imran Azim	Director/ Chief Executive	- Baba Farid Sugar Mills Ltd. - Haroon Oils Limited - Fecto Sugar Mills Limited	Private Service	11/1/2, Khayaban-e- Shujaat, Phase V, DHA, Karachi.
Mr. Mohammad Ali Jameel	Director	- Trakker (Pvt) Ltd. - Trakker Management Services (Pvt.) Ltd. - TRG Pakistan Ltd - Dadex Eternit Ltd.	Business	122/1, Khayaban-e-Sehar, Phase VI, DHA, Karachi.
Mr. Mahmood S. Allarakhia	Director	N i l	Private Service	61/II, 24th Street, Khayaban-e-Badban, Phase V, DHA, Karachi.

#### 3.1.2 Particulars of the Directors

##### Mr. Ali Raza D. Habib- Chairman:

Mr. Ali Raza D. Habib is currently the Chairman of Bank AL Habib Limited and Managing Director and Chief Executive of Habib Insurance Company Limited. He is also a Board member of Habib Sugar Mills Ltd.

After completing his early training period within the family group business, including a short stay with Habib Bank Limited, Mr. Ali Raza D. Habib started his career with Habib Insurance Company Limited as a young officer and rose to become Deputy General Manager of the Company. During this period of 13 years Mr. Habib also served on the Fire & Marine Committee and in 1968 on the Central Committee of the Insurance Association of Pakistan.

During the period 1969 to 1984 Mr. Habib remained associated with Textile Business of the Group. In 1984, Mr. Habib took up an assignment in London with Habib & Sons Limited, the Parent Group Trading Company and during his stay in United Kingdom he also took active interest in Habib sons Bank Limited, a U.K. Registered Bank under License from Bank of England, where he served on the Board.

He returned to Pakistan in 1993 and soon after took charge of Habib Insurance Company Limited. During the last ten years the Company has progressed well and has managed respectable growth within the Industry.

##### Mr. Imran Azim- Chief Executive

Mr. Imran Azim is MBA in finance and has more than two decades of experience in Mutual Fund Industry. He served NIT from 1977 to 1998 where he worked in almost all the departments including Investment, Marketing, Business Development and Accounts. His biggest achievement at NIT was launching of two new products i.e. Nai Life and Roshan Kal for small investors. After leaving NIT he joined Khalid Majid Hussain Rehman, a Chartered Accountants firm and later he joined Universal Insurance Company Limited.

Prior to joining Habib Asset Management Limited he was Chief Executive of Haroon Oils Limited.

##### Mr. Mohammad Ali Jameel- Director

Mr. Mohammad Ali Jameel is a Chartered Accountant from England & Wales. He holds BSc. degree from London School of Economics in Economics, Accounting and Finance. He has over 15 year of experience in the Financial Sector and has served as Chief Executive of Jahangir Siddiqui Investment Bank Limited from 1999-2001.

He is presently Chief Executive Officer of Trakker (Pvt) Ltd., Pakistan's largest vehicle tracking and fleet management company. He is also the CEO of Trakker Direct Insurance, Pakistan's first direct insurance company.

##### Mr. Mahmood S. Allarakhia- Director

Mr. Mahmood S. Allarakhia is fellow member of the institute of Chartered Accountants of Pakistan. He is also an associate member of the Institute of Corporate Secretaries of Pakistan. He has over 29 years' experience in the banking sector. He is presently serving as General Manager - Finance and Corporate Secretary, Bank AL Habib Limited.

3.1.3 Last five year performance of listed companies where directors have other directorship

Rs. in million except per share figures

	2002	2003	2004	2005	2006
<b>Bank AL Habib Limited</b>					
Total Deposit	34,240	46,178	62,170	75,796	91,420
Shareholders Equity	1,822	2,726	3,274	4,746	6,186
Earning Per Share	3.35	9.36	4	6.68	6.69
Dividend Cash % -		10	-	15	15
Bonus%	25	25	35	40	40
<b>Habib Insurance Co. Ltd.</b>					
Total Assets	432	704	731	863	1,524
Shareholders Equity	166	210	270	359	960
Earning Per Share	2.75	3.45	3.84	4.38	13.68
Dividend Cash %	20	25	30	35	65
Bonus %	33.33	30	30	30	35
<b>Habib Sugar Mills Ltd.</b>					
Total Assets	1,358	1,570	1,809	2,019	2,396
Shareholders Equity	664	739	948	1,206	1,563
Earning/ (Loss) per share	(0.07)	1.43	4.44	5.01	4.99
Dividend Cash% -		20	40	20	20
Bonus%	-	-	-	33.33	33.33
<b>Baba Farid Sugar Mills Ltd.</b>					
Total Assets	440	386	656	833	806
Shareholders Equity	25	24	(20)	(9)	(31)
Earning/ (Loss) per share	5.52	(0.13)	(4.63)	1.16	(2.33)
Dividend Cash %	12.5	-	-	-	-
<b>Haroon Oils Limited</b>					
Total Assets	115	83	83	82	114
Shareholders Equity	26	29	29	28	24
Earning/ (Loss) per share	(9.40)	.31	1.72	(1.42)	(4.50)
Dividend Cash % -		13	14	-	-
<b>PECTO Sugar Mills Limited</b>					
Total Assets	959	1,501	1,673	1,564	1,907
Shareholders Equity	(242)	(390)	(442)	(384)	(461)
Earning/ (Loss) per share	0.08	(29.54)	(14.36)	7.70	(17.42)
Dividend Cash % -		-	-	15	-
<b>TRG Pakistan Limited</b>					
Total Assets	-	674	985	2,866	3,661
Shareholders Equity	-	673	625	2,315	2,177
Earning/ (Loss) per share	-	(1.75)	(0.55)	(0.01)	(0.56)
Dividend Cash % -		-	-	-	-
<b>Dadex Eternit Limited</b>					
Total Assets	651	711	1,183	1,232	1,492
Shareholders Equity	424	431	469	489	469
Earning per share 0.79		2.64	3.49	4.94	1.35
Dividend Cash % 12.5		20	30	35	17.5

**3.2 Particulars of Management**

**Mr. Aquil Raza Khoja – Chief Financial Officer**

Mr. Aquil Raza Khoja is a fellow member of the Institute of Chartered Accountants of Pakistan. He completed his article ship with M/s A.F.Ferguson & Co, Chartered Accountants and started career in 1989 from M/s Ferguson Associates, Management Consultants, where he served in the capacity of Assistant Manager for two and a half years. In 1992 he joined Hasni Hosiery Mills (Pvt.) Limited, a reputed knit garment export company of Dawood Habib Group, as Systems and Finance Manager and promoted to the level of General Manager Finance in 1996. He joined Habib Asset Management Limited in June' 2006 as Chief Financial Officer.

**Mr. Junaid Kasbati – Head of Treasury**

Mr. Junaid Kasbati possesses over six years of rich and valuable experience and in-depth understanding of money market/ fixed income investments. He is also an associate member of Financial Market Association of Pakistan (FMAP). He started his career from Jahangir Siddiqui & Company Limited as a Dealer in Fixed Income Sales. Subsequently, he joined Global Securities Pakistan Limited as a senior dealer money market and gained expertise in dealing with Financial Institutions. Before joining Habib Asset Management he was Head of Treasury in Crescent Leasing Corporation Limited where he was supervising the money market and equity operations.

**Mr. Adnan Ali Khan – Head of Marketing**

Mr. Adnan Ali Khan is MBA with major in Marketing and has worked for about 9 years with JWT Asiatic, Pakistan's leading advertising company. He has also worked as Manager Retail Marketing for Atlas Asset Management Ltd. Before joining Habib Asset Management Limited he was working as Head of Resource Mobilization Department in a Leasing Company.

### **3.3 Duties and Responsibilities of the Management Company**

The duties and responsibilities of the Management Company are to promote the sale of Units of the Fund, invest and manage the assets of the Fund according to the provisions of the Deed and the Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any Connected Persons or its officers.

The Management Company shall maintain proper accounts and records of the Fund to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of Units and paid out on redemptions of Units and by way of distribution of profits, as required under the Rules.

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

In the unlikely event of its occurrence, the Management Company shall account to Trustee for any loss in value of the assets of the Fund caused by its negligence, reckless or willful act or omission.

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

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

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

### **3.4 Trustee**

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

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

The Trustee will take into custody and/ or under its control all the assets of the Fund and hold it in Trust for the Unit Holders in accordance with the law and the provision of the Constitutive Documents and the cash and registerable assets in the name of, or to the order of the Trustee.

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

The Trustee shall ensure that the issuance and cancellation of Units of the Fund and the method adopted by the Management Company in valuing Units for the purposes of determining the Offer and Redemption Prices are carried out in accordance with the provisions of the Deed and the Rules.

The Trustee shall issue a report to the Unit Holders to be included in the annual report, as to whether in its opinion, the Management Company has in all material respect managed the Fund Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

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

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

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

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

#### **3.4.2 Shareholders**

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

#### **3.4.3 Management**

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

#### **3.4.4 Trustee Division**

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

#### **3.4.5 CDC's Mission Statement**

CDC is committed to provide secured and dependable services to the Capital and Financial Markets in an efficient and cost effective manner comparable to best international practices.

### 3.5 Custodian

CDC will also be performing the functions as custodian of the Trust Property.

The salient features of the Custodial Functions are:

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

#### 3.5.1 Sub-Custodian

The Trustee may, if it considers necessary, appoint additional custodians under intimation to the Management Company and at such terms and conditions as approved by the Management Company, for the safe keeping of any portion of the Fund Property.

### 3.6 Core Investors

Core investors of the Fund are:

S.No.	Name of Investor	No. of Units	Amount (Rs.)
1	Bank AL Habib Limited	750,000.00	75,000,000.00
2	Arif Habib Securities Limited	200,000.00	20,000,000.00
3	NIB Bank Limited	200,000.00	20,000,000.00
4	Mr. Usman Husein Punjwani	200,000.00	20,000,000.00
5	Gadoon Textile Mills Limited	150,000.00	15,000,000.00
6	Habib Sugar Mills Limited - Staff Provident Fund	125,000.00	12,500,000.00
7	Habib Sugar Mills Limited - Employees Gratuity Fund	125,000.00	12,500,000.00
8	Mrs.Shama Sajjad Habib	100,063.40	10,006,340.00
9	National Bank of Pakistan	100,000.00	10,000,000.00
10	Soneri Bank Limited	100,000.00	10,000,000.00
11	First Dawood Investment Bank Limited	100,000.00	10,000,000.00
12	Mr. Aamer Abdullah	75,812.50	7,581,250.00
13	Mr. Zain Abdullah	75,800.00	7,580,000.00
14	Hyderi Hostel Trust	55,000.00	5,500,000.00
15	Trakker Direct Insurance Limited	50,000.00	5,000,000.00
16	Mr. Munawar Ali	50,000.00	5,000,000.00
17	Lucky Energy (Pvt.) Limited	50,000.00	5,000,000.00
18	Habib Asset Management Limited	48,324.10	4,832,410.00
19	Habib Insurance Company Ltd. - Pakistan Employees' Provident Fund	40,000.00	4,000,000.00
20	Mr. Bilal B. Habib	10,000.00	1,000,000.00
21	Mr. Bashir A. Habib	10,000.00	1,000,000.00
22	Mr. Mohammad Habib-ur-Rahman	5,000.00	500,000.00
<b>Total</b>		<b>2,620,000.00</b>	<b>262,000,000.00</b>

The above core investors have subscribed an aggregate sum of Rs.262,000,000 towards the purchase of 2,620,000 Core Units of Rs.100 each. These Core Units are not redeemed for a period of first two years, from the date of the Closure of Initial Offer Period. However, these Units are transferable with the condition that the Units may not be redeemed before the expiry of the period of first two years. The Registrar has marked the Units as such. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee and the Management Company will appropriately notify the SECP of such transfer.

#### 3.6.1 Pre IPO Investors

The following investors have invested Rs.552,500,000 in Pre IPO of First Habib Income Fund.

Name of Investor	Name of Investor
Ali Husain Rajab Ali Limited	Engro Chemical Pakistan Ltd. MPT Employees Gratuity Fund
Allied Bank Limited	Habib Bank Limited
Arif Habib Rupali Bank Limited	Habib Metropolitan Bank Limited
Asian Stocks Fund Limited	International Industries Limited
Askari Commercial Bank Limited	National Bank of Pakistan
Bank Al Falah Limited	National Investment Trust
Central Depository Company of Pakistan Limited	Pakistan Kuwait Investment Company (Pvt.) Limited
Century Insurance Company Limited	Pakistan Industrial Credit & Investment Corporation Limited (PICIC)
PICIC Commercial Bank Limited	The Bank of Khyber
Safeway Mutual Fund Limited	The Bank of Punjab
Sukaina Education & Welfare Trust	UTP Income Fund

### 3.7 Registrar

#### 3.7.1 JWAFS Registrar Services (Pvt.) Limited

By a separate agreement the Management Company has appointed JWAFS Registrar Services (Pvt.) Limited 505, Fifth Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi, as its agent to perform duties as the Registrar of the Fund. The Registrar will be responsible for maintaining the Unit Holder's Register, preparing and issuing accounts statements, Unit Certificates and dividend warrants/ advice, and providing related services to the Unit Holders.

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

### **3.8 Distributors and Investment Facilitators**

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

3.8.2 The Distributors will be responsible for receiving applications for issuance of Units and redemption/ transfer applications. They will be interfacing with and providing services to Unit Holders, including receiving applications for change of address and other particulars or exemption, etc. for immediate transmission to the Management Company or Registrar as appropriate for further action. The Distributor shall be accountable to the Trustee for (i) moneys received from the applicants for the issuance of Units, (ii) payment made to the Unit Holders on redemption of Units and (iii) expenses incurred in relation to the Distribution Functions.

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

3.8.4 The Management Company may, at its sole responsibility, from time to time, appoint Investment Facilitators (Facilitators). The Facilitator's function is to identify, solicit and assist investors in investing in the Fund. However, such Facilitators are not deemed qualified, simply by virtue of their appointment as Facilitators, to provide investment advice nor are they authorized to handle funds on behalf of the Trustee, The Management Company, The Fund's bankers or the Registrar. Distributors shall be deemed to be Facilitators. However, a Distributor may decline to act as a Facilitator. The Management Company shall remunerate the Facilitators out of the Front-end Load included in the Offering (Selling) Price.

3.8.5 The Management Company may allocate some of the Distribution Functions to the Registrar either on an exclusive basis or in addition to the service being provided by the Distributors.

### **3.9 Auditors**

The Auditors of the fund are: KPMG Taseer Hadi & Co. Chartered Accountants  
First Floor, Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi . 75530, Pakistan.

3.9.1 The Auditors will hold the office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust to 30th June 2007 and will be eligible for re-appointment by the Management Company with the concurrence of the Trustee. However, an Auditor may be reappointed for up to three consecutive terms. Thereafter, that Auditor may only be appointed after a break in appointment.

3.9.2 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

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

3.9.4 The Auditors shall prepare a written report to the Unit holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.

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

### **3.10 Legal Advisor**

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

### **3.11 Bankers**

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

#### **3.11.1 Bank Accounts**

The Trustee, in consultation with the Management Company shall open a Bank Account titled. "CDC – Trustee First Habib Income Fund" for the Unit Trust at designated Bank(s) at Karachi for collection and investment of the Trust's funds.

The Trustee shall also open additional Bank Account(s) titled "CDC – Trustee First Habib Income Fund" with various branches of the Bank(s). These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.

The Trustee shall open additional Bank Accounts titled "CDC – Trustee First Habib Income Fund." at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the Management Company from time to time. Such accounts shall be used as collection accounts. There shall be standing instructions for all such collection accounts to promptly transfer the funds collected therein to the main Bank Account "CDC – Trustee First Habib Income Fund."

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7. Substituted vide 4th supplement dated June 11, 2012. Before change point read as "3.7.1 Gangees Registrar Services (Pvt.) Limited  
By a separate agreement the Management Company has appointed Gangees Registrar Services (Pvt.) Limited 516, Clifton Centre, Khayaban-e-Roomi, Kehkashan, Block 5, Clifton, Karachi, as its agent to perform duties as the Registrar of the Fund. The Registrar will be responsible for maintaining the Unit Holder's Register, preparing and issuing accounts statements, Unit Certificates and dividend warrants/ advice, and providing related services to the Unit Holders.

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

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

All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund

All interest, income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to main Bank Account of the Trust.

### **3.12 Bankers to the Issue**

The Bankers to the issue are listed below.

Bank AL Habib Limited (Authorized branches only) The Bank of Punjab (Authorized branches only)

## **4. CHARACTERISTICS OF UNITS**

### **4.1 Minimum Amount of Investments**

9 [The Management Company may from time to time amend the minimum amount of initial investment that is required to open an account. At the initial stage, the minimum amount of investment to open an account is Rs.1,000/- and the minimum amount for adding to an existing account is Rs.100/- per transaction at applicable NAV or purchase price other than reinvestment of Dividend and Bonus Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, encashment in current minimum monetary investments shall not take effect retrospectively.]

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

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

Class 'A'. (Restricted) Units to be issued to the Core investors with no Sales Load.

Class 'A' Units to be offered to Pre IPO investors and issued during the Initial Offering Period with no Sales Load.

Class 'B' Units shall be offered and issued after the Initial Offering Period with/ without Sales Load and/ or Back-End Load.

2 [Class "C" Units shall be offered and issued after the expiry of the Initial Public Offering (IPO). Class 'C' Units will be entitled to cash dividend only if the distribution to other classes is in the form of Bonus Units. The Units will be issued with / without Sales Load and / or back end load. An investor shall, at the time of opening an account, select the Class of Units in which he wishes to invest i.e. Class 'B' and or Class 'C'. The Investors may convert the Units from one class of Units to another class without any fee. However, if Class 'A' Units (restricted / core Units) issued to the core investors are converted to Class 'C' Units, such Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Offer. However, such Units are transferable. All the existing Unit holders shall have the option to switch to this class of Units by applying the management company.]

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

All Units of the Fund shall rank pari passu with each other. Units shall be accounted for in fractions up to four decimal places. Statements shall be sent to the Unit Holders at their designated addresses after the close of every year or as per the instructions given in the Investors Account Opening Form and each time any activity takes place in the account indicating Units held at the statement date and the movement since the previous statement.

Unit holders may obtain physical certificates representing the Units they hold by paying a nominal fee of Rs. 50/- per certificate subject to the revision from time to time by the Management Company representing the costs involved. However in such cases, requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificates. In the event of loss or defacing of certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Management Company/ Trustee/ Registrar and the associated cost if any will be borne by the Unit Holder.

### **4.3 Procedure for Purchase of Units**

#### **4.3.1 Who can apply?**

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the issue of Units in the Fund. The onus for being qualified lies with the investor. Neither the Management Company, the Trustee, the Registrar, the Distributors nor the Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 4.3.2 below including but not limited to:

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

Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/ or by-laws.

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

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

Insurance companies under the Insurance Ordinance, 2000.

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

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## **2. Added vide 1st supplement dated March 18, 2008**

9. Substituted vide 5th supplement dated January 01, 2014. Before change point read as "The Management Company may from time to time amend the minimum amount of initial investment that is required to open an account. At the initial stage, the minimum amount of investment to open an account is Rs.5, 000/- and the minimum amount for adding to an existing account is Rs.1, 000/- per transaction. The Management Company reserves the right to alter the minimum amounts stated hereinabove. In the event, the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date."

### **4.3.2 Application Procedure**

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

Fully completed Account Opening Form and Purchase of Units Form, accompanied by the payment for the investment, and copies of the documents mentioned in subparagraphs should be delivered at any of the Authorized Branches of the Distribution Companies.

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

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

- (a) Copy of the memorandum and articles of association/ Charter/ By-laws or rules and regulations;
- (b) Copy of Certificate of Incorporation;
- (c) Copy of the relevant resolution of the board of directors approving the investment;
- (d) Copy of power of attorney and/ or relevant resolution of the board of directors delegating authority to any of its officers to invest the funds and/ or to realize the investment and;
- (e) Copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated;

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

The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Acknowledgement for applications and payment instruments can only be validly issued by Distributors. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Rule 65 of the Rules.

The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the mean while the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.

Investors will be allotted Units based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, of the day on which a correctly filled Purchase of Unit Form is submitted to the Distributor and/ or Management Company within the business hours on the business day as may be prescribed by the Management Company from time to time. However, the Investor will be provided the account statement within seven (7) business days after the said purchase amount of the Units purchased have been credited to the Fund Account. In the event a cheque is returned unpaid, the Management Company will presume the application for subscription to be regarded as void and the Units allotted will be cancelled and the investor will be informed accordingly. The investor will be asked to submit fresh payment for the said Units which will then be allotted based on the offered (Purchase) Price announced by the Management Company on the day the said new Purchase of Units Form together with the payment is received by the Distributor and/ or Management Company on the business day within the business hours as may be prescribed by the Management Company from time to time.

### **4.3.3 Payment**

Payment for purchase of Units can be made by banker's draft, pay-order or by cheque, payable to "CDC – Trustee First Habib Income Fund." and crossed "Account Payee only" and must be drawn on a Bank in the same town as the Authorized Branch of the relevant Distribution Company to which the application form has been submitted is located.

### **4.3.4 Joint Application**

Joint application can be made by up to four related groups of applicants (including the Principal holder). Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their Computerized National Identity Card or other identification document.

The Principal Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligation.

In the event of death of the Principal Holder, the person first in the order of survivor(s) or as per instructions given in the application form shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations.

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

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

If an application duly delivered at or posted to the authorized branch of any of the Distribution Company is accompanied by the payment as prescribed hereinabove, Units applied for will be allotted (issued) on the offer price applicable on the date of receipt if it is a Business Day and if received after the Business hour or a day other than a Business Day, then Units will be allotted on the offer price of the following Business Day provided the cheque or bank draft accompanying the application is realized. If the cheque or bank draft has been unpaid, the application will be rejected.

## **4.4 Procedure for Redemption of Units**

### **4.4.1 Application Procedure**

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

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

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

#### **4.4.2 Payment of Redemption Proceeds**

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

#### **4.4.3 Joint Unit Holders**

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

#### **4.4.4 Partial Redemption**

Partial redemption of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Unit Certificate before applying for redemption. There will be no problem in partial redemption where physical Unit Certificates are not issued provided the minimum required balance is maintained.

#### **4.4.5 Verification of Redemption Application Form**

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

- (1) The holding stated on the Redemption of Units Form; and
- (2) Unit holder's signature

#### **4.4.6 Redemption Requests in Excess of 10.00% of Units in Issue.**

The normal redemption process shall not apply in case on any one day the redemption requests exceed 10% of the Units in issue. Under such circumstances the conditions contained in Section 4.8.3 will be applicable.

### **4.5 Transfer of Units**

#### **4.5.1 Application Procedure**

4.5.1.1 A Unit Holder can transfer Units held by him by submitting a duly completed and signed prescribed Transfer Form by the transferor and transferee; and paying any applicable duties and charges. The Transfer Form along with relevant Certificates, if issued, can be submitted at any authorized Branch of a Distribution Company.

4.5.1.2 Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Holder or the survivors of Joint Holder shall be registered as the Holder or Joint Holder as the case may be, upon: Paying any applicable duties and charges; and submitting to any of the Authorized Branches of the relevant Distribution Company the duly completed prescribed Transfer Form and relevant Certificate, if issued, with such evidence, which may prove his entitlement to the Units.

4.5.1.3 Application for transfer can be submitted on any Business Day during business hours.

#### **4.5.2 Partial Transfer**

Partial transfer of Units covered by a single Certificate are permitted provided that the Unit Holder first apply for splitting of the physical Certificate representing the partial Units and then the new Certificate shall be applied for the transfer.

#### **4.5.3 Verification of Transfer Application Form**

At the request of the Unit Holder, the Registrar will verify: (1) The holding stated on the Transfer Form and (2) Signature of the Holder.

#### **4.5.4 Closure of Register**

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

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

All the Unit Holders are eligible to change their Unit Holder details if they so desire. The request for such change can be made by submitting Special Instruction Forms. These Forms may be obtained from Distributors or Investment Facilitator or from the Management Company or through its web site.

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

a) The information submitted at the time of purchase of Units can be changed through the Special Instruction Form.

b) Some of the key information which the Unit Holder can change is as follows:

- i- Change in address
- ii- Joint Holder details
- iii- Nominee details

c) The Unit Holder can also issue the following instructions:

- i- Change in Bank Account details
- ii- Account Operating instructions
- iii- Others as mentioned in the Form



- d) Fully completed Form has to be submitted by both individuals and/ or by Institutional Investor(s) with any of the Authorized Branches of the Distribution Companies or with the Management Company.
- e) The applicant must obtain a copy of the Form duly signed by an Authorized Officer of the Distributor or Management Company. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under the Rules.
- f) The Distribution Company and/ or Management Company will be entitled to verify the particulars given in the Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- g) The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request through the Special Instruction Form at the time of submitting such request.

#### **4.6.2 Joint Holders**

Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instruction Form.

#### **4.7 Procedure for Pledge/ Lien/ Charge on Units**

##### **4.7.1 Who Can Apply?**

All the Unit Holders are eligible to apply for pledge/ lien/ charge of Units if they so desire. Such requests can be made via Request for Registration of Units under Lien Form. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company.

Any Unit Holder and/ or Joint Unit Holder(s) may request the Transfer Agent to record a pledge/ lien on 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 Transfer Agent shall register a lien on any Units in favor of any third party with the consent of the Management Company. The Onus for due process having been followed in registering a lien shall lie with the party claiming the lien.

The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Transfer Agent, shall be liable for ensuring the validity of any such pledge/ charge/ lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/ charge/ lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.

Payments of dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under pledge/ charge/ lien shall be paid to the order of the pledge/ charge/ lien holder's bank account or posted to the registered address mentioned in the pledge/ lien application form submitted.

The Distribution Company and/ or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

Fully completed Form has to be submitted by both individuals and/ or by Institutional Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company.

All risks and rewards, including the right to redeem such Units and operate such account, shall vest with the pledge/ lien/ charge holder. This will remain the case until such time as the pledge/ lien/ charge holder in writing to the Management Company instructs otherwise.

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

Under the circumstances mentioned in the Offering Documents, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units

##### **4.8.1 Suspension of Issue or Redemption of Units**

Habib Asset Management Limited may upon information to CDC suspend the issue or redemption of Units subject to the Rules at any time during:

- a- Any period when the Stock Exchange on which any of the investment for the time being is listed or dealt in is closed or when dealings in such investment are restricted or suspended;
- b- The existence of any state of affairs which in the opinion of HAML constitute an emergency as a result of which disposal of any of the Investment would not be reasonably practicable or might seriously prejudice the interest of the Trust or the Holders;
- c- Any breakdown in the means of communication normally employed in determining the price of any investment or the current price thereof on any Stock Exchange or when for any reason the price of any such investment cannot be promptly and accurately ascertained;
- d- Any period when remittance of money which will or may be involved in the realization of such investment or in the payment for such investment cannot in the opinion of HAML be carried out in reasonable time; or
- e- If HAML is of the view that it would be detrimental to the remaining Holders to redeem or continue to redeem Units at a price ascertained on the basis of the NAV.

Such suspension shall take effect forthwith upon the declaration thereof by HAML and shall terminate on the day following the first Business Day on which condition given rise to the Suspension shall in the opinion of HAML have ceased to exist and no other condition under which suspension is authorized under the Trust Deed exist. In case of suspension and termination of suspension HAML shall immediately notify it to SECP and publish the same as soon as practicable in one widely circulated newspaper in Pakistan.

##### **4.8.3 Queue System**

In the event redemption requests on any day exceed ten percent (10.00%) of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10.00%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of all Unit holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten percent (10.00%) shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried

over requests and the fresh requests received on the next business day still exceed ten percent (10.00%) of the Units in issue, these shall once again be treated on first-come first-served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.

#### 4.8.4 Winding up in view of major redemptions

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

#### 4.9 Frequency of Valuation and Dealing and Mode of the Price Announcement

4.9.1 For the First Offer (Selling) Prices please see Sections 1.6 and Section 1.7 of this Document.

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

3 [4.9.3 The Offer Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day) the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days, Transaction Costs or Duties and Charges as defined in clause 14.18, any Front- end Load (Load) not exceeding three percent (3.00%) of the Net Asset Value (Please refer to Annexure B for the current level of load). The Offer Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor on the Business Day during the business hours.]

4 [The Offer Price shall be rounded off to the nearest four decimal place or such decimal places as decided by the management company from time to time with the consent of the Trustee and properly disclosed to the Unit Holders.]

4.9.4 The Redemption Price shall be equal to the NAV as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day) the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days, less Transaction Costs or Duties and Charges as defined in clause 14.18, a Back-end Load not exceeding three percent (3.00%) of the Redemption Price (Please refer to Annexure B for the current level of load) The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor on a business day during the business hours.

5 [The Redemption Price shall be rounded off to the nearest four decimal place or such decimal places as decided by the management company from time to time with the consent of the Trustee and properly disclosed to the Unit Holders.]

4.9.5 If on any business day the variation of the NAV exceeds five percent (5.00%) of the NAV calculated pursuant to the above sub-paragraphs, for the current Offer and Redemption Prices, the Management Company shall suspend any issuance and redemption of Units and calculate forthwith a new Offer Price and a new Redemption Price. The revised prices will be published on the following day in the manner described in sub-paragraph 4.9.7 below.

4.9.6 The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Rules, determine and announce the Net Asset Value based prices. Such prices shall be subject to a continuous post audit by the Fund's Auditors. The Auditors shall provide copies of their reports direct to the Trustee at such frequency as is agreed amongst the Trustee, the Management Company and the Auditors.

4.9.7 The Management Company shall publish the Offer and Redemption Prices in at least one or more leading English and/ or Urdu daily newspapers widely circulated in Pakistan. The Offer and Redemption Prices of Units of the Fund will also be available at the Authorized Branches of the Distributors.

4.9.8 The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

#### 4.10 Purchase (offer) and Redemption (Repurchase) of Units outside Pakistan

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

b- In the event that the Redemption Price for Units shall be paid outside Pakistan, the price at which such Units may be redeemed may at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility.

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

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3. Substituted vide 1st supplement dated March 18, 2008. Before change point read as "4.9.3 The Offer Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day) the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days, Transaction Costs or Duties and Charges as defined in clause 14.18, any Front- end Load (Load) not exceeding three percent (3.00%) of the Offer Price (Please refer to Annexure B for the current level of load). The Offer Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor on the Business Day during the business hours.

4. Added vide 3rd supplement dated November 25, 2011.

## **5. DISTRIBUTION POLICY**

### **5.1 Distribution Policy**

The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund including the net impact of the revenue collected/ paid out in the NAV calculation through sale and redemption, less all expenses, incurred or accrued attributable to the Fund and the adjustment of any realized capital gains or losses. The Fund may distribute 90.00% of the amount available for distribution as bonus Units or cash dividends in order to avail tax exemption or any other benefits in the interest of the Unit Holders.

### **5.2 Declaration of Dividend**

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

### **5.3 Determination of Distributable Income**

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

The expenses, as stated in Section 6.2 of this Offering Document and such other adjustments as the Management Company may determine in consultation with Auditors subject to Rules and Any taxes on the Fund.

The proceeds of sale of rights and all other receipts deemed by the Management to be in the nature of capital accruing from investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account.

### **5.4 Reinvestment of Dividend**

5.4.1 Dividends shall be automatically reinvested in additional Units, however a Unit Holder may instruct the Management Company in writing by completing the prescribed form not to reinvest the future dividends to which he will be entitled. In such an event future dividends shall be paid by way of transfer to his designated bank account.

5.4.2 The Offer Price for the Units to be issued under Clause 5.4.1 above will be the NAV on the close of the period for which the dividend is being distributed, as certified by the Auditors, after appropriation of the income of that year.

### **5.5 Encashment of Bonus Units**

In the event a dividend is declared in the form of bonus Units, such Units shall be added to the holding of the Unit Holders. A Unit Holder may choose to receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing prior to the dividend declaration for any relevant period.

### **5.6 Payment of Dividend**

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

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

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

## **6. FEE AND CHARGES**

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

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

The Unit Sale Price includes sales and processing charges of a maximum of three percent (3.00%) of the Offering Price. (The current level of Load is indicated at Annexure B). The issue price applicable to Bonus Units to be issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any sales or processing charge. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding (0.50%) of the Net Asset Value at the date the request is lodged, plus any other amount applicable under the law which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

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

The Unit Redemption Price is calculated after deducting a processing charge not exceeding three percent (3.00%) from the Net Asset Value of the Unit. (The current level of Load is indicated in Annexure B).

### **6.2 Fees and Charges Payable by First Habib Income Fund**

The following expenses will be borne by the Fund:

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5. Added vide 3rd supplement dated November 25, 2011.

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

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

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

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

6.2.5 Bank charges and borrowing/ financial costs;

6.2.6 Fund Auditors' Fees and expenses;

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

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

6.2.9 Annual Fee payable to the SECP under Rule 79 of the Rules;

6.2.10 Taxes, if any, applicable to the Trust and its income and/ or its properties; and all expenses incurred by the Trustee affecting the registration of all registerable property in Trustee's name.

6.2.11 Marketing expense specifically related to the Scheme

6.2.12 Any other expense in relation to the management of the Fund's Property subject to Rules and after prior approval of SECP

6.3 Expenses of the Management Company and the Trustee

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

## **7. TAXATION**

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

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

Under the Income Tax Law applicable in Pakistan, the Fund is regarded as a public company liable to tax rate applicable to a public company.

The income of the Fund will accordingly be taxed at the following rates:

Dividend Income at: 5.00%

Capital gains arising on sale of securities listed on any Stock Exchange of Pakistan is exempt from tax up to June 30, 2007.

Return from all other sources/ instruments is taxable at the rate applicable to a Public Company.

Notwithstanding the tax rates and withholding tax given above, the income from the Fund will be exempted from tax if not less than 90.00% of the income for the year is distributed among the Unit Holders, 90.00% of the income will be calculated after excluding realized and unrealized capital gains.

Even if the Fund fails to distribute not less than 90.00% of its income, Profit from the sale of listed securities is exempt from tax up to June 30, 2007 or such other period as may be notified by tax authorities from time to time.

For achieving the tax efficiency, the Fund will strive to distribute 90.00% of income for the year as reduced by capital gains whether realized or unrealized.

#### **7.1.2 Withholding Tax**

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

#### **7.1.3 Zakat**

Zakat is applicable as per Zakat and Ushr Ordinance, 1980.

### **7.2 Taxation on Unit Holders**

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

7.2.1 Unit Holders will be subject to Income Tax on dividend income (excluding the amount of dividend paid out of capital gains) as under

Public Companies, insurance companies or any other resident Company 5.00%

Others 10.00%

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

Every banking company or non- banking finance company shall be chargeable to tax under head "Income from Business" on the portion on debt, if any, included in dividend distributed by the Fund, out of its income.

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

### **7.2.2 Exemption from Capital Gains**

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

### **7.2.3 Tax Credit**

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

### **7.2.4 Zakat**

Units held by resident Pakistani Unit Holders (individual only) shall be subject to Zakat at 2.50% of the Par value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds, if Units are redeemed during the Zakat year before payment of dividend.

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

### **7.3 Disclaimer**

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

## **8. REPORTS AND ACCOUNTS**

### **8.1 Financial year of First Habib Income Fund**

The Accounting Period will commence from the date of commencement of the Fund for the first year to June 30, 2007 and from July 1 to June 30 for all following years.

### **8.2 Financial Reporting**

The following reports will be sent to the Unit Holders physically (or through electronic means or on the web after prior approval of SECP).

Audited financial statements, together with the auditor's report, the report by the Management Company and the report by the Trustee within four months of the close of each Accounting Period.

Un-audited half yearly financial statements (subject to limited scope review by Auditors) together with the report by the Management Company within two months of close of second quarter of Accounting Period as per rules.

Un-audited financial statements, together with the report by the Management Company within a month of the close of the first and third quarter of each Accounting Period or such period as prescribed by SECP or the Rules.

The Trustee shall issue a report to the Unit Holders to be included in the annual report, or at such times as directed by the SECP, in accordance with the law, whether in its opinion, the Management Company has in all material respects managed the Fund Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

The regularity of reporting will change if so required by the SECP or under the Rules and the Ordinance.

## **9. SERVICE TO UNIT HOLDERS**

### **9.1 Availability of Forms**

All the forms mentioned and/ or included in this Offering Document will be available at all the Authorized Branches of all Distribution Companies as well as from the office of Management Company and from its web site [www.habibfunds.com](http://www.habibfunds.com). Investment Facilitators will also have limited stocks of the Forms.

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

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

Every Unit Holder will have a separate account identification number i.e. Folio No. The Management Company shall use such account for recording Units held by the Unit Holder. Such account will reflect all the transactions in that account held by such Unit Holder.

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

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

The Register will normally contain the following information:

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

- a) Name of Unit Holder/ Joint Unit Holders;
- b) Address of Unit Holder/ first named Joint Holder;

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

### **9.3.2 About Units**

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

### **9.3.3 Instructions**

- a- Instructions about reinvestment or payment of dividend or the encashment of bonus Units;
- b- Instructions regarding authorized signatories for redemption of Units in case of Joint Unit Holders
- c- Information and instructions about pledge/ lien of Units;
- d- Information and instructions about nominees in case of death of the Unit Holder;
- e- Particulars of bank account for payment of dividend/ Redemption amount.

### **9.4 Account Statement**

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

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

An account statement will be posted within 7 Business Days after each relevant transaction.

### **9.5 Certificates**

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

9.5.2 Unit Holders can apply for the issue of Certificate(s) by submitting an application form to the relevant Distribution Company together with a fee at the rate of Rs.50/- per Certificate or any other amount determined by the Management Company from time to time.

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

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

9.5.5 In the case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such Joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all Joint Unit Holders.

### **9.6 Replacement of Certificates**

9.6.1 The Unit Holder shall be entitled to consolidate the entire holding in the Fund into one certificate upon surrender of existing Certificates.

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

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

### **9.7 Nomination**

Subject to any Personal Laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by completing the prescribed nomination form and submitting the same to the Authorized Branch of the relevant Distribution Company. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not restrict the Management Company or the Trustee or the Registrar from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any dispute among the legal heirs of the deceased.

10. FINANCIAL INFORMATION

10.1 Auditors Certificate on Net Asset Value of Units in the Fund



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

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

The Board of Directors  
Habib Asset Management Limited  
1st Floor, Imperial Court  
Dr. Ziauddin Ahmed Road  
Karachi – 75530

Our ref KA-ZS-1526

28 April 2007

Dear Sirs,

**Net Asset Value of First Habib Income Fund**

In accordance with your request, we state that on the basis of unaudited books and records of the First Habib Income Fund (the 'Fund') as on 27 April 2007, the Net Assets of the Fund amounted to Rs. 756.686 Million. The Net Asset Value of each unit amounted to Rs. 100.29, which was arrived at by dividing the Net Assets by the number of units (7,545,000) as at that date.

We draw attention to the fact that the Management Company has to date incurred the formation cost amounting to Rs. 1,003,000 on behalf of the Fund. The Net Assets as on 27 April 2007 have been determined before writing off formation cost incurred to date which is to be amortised over a period of five years.

Yours faithfully,

*KPMG Taseer Hadi & Co*



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

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Internet www.kpmg.com.pk

The Board of Directors  
Habib Asset Management Limited  
1st Floor, Imperial Court  
Dr. Ziauddin Ahmed Road  
Karachi – 75530

Our ref: KA-AQ-1524

28 April 2007

Dear Sirs,

**Auditors Certificate for Receipt of Subscription towards Core Investment in First Habib Income Fund ("the Fund")**

As requested, we are pleased to confirm that we have verified from the books of accounts and records of First Habib Income Fund, managed by Habib Asset Management Limited, that an amount of Rs. 262,000,000 has been received up to 27 April 2007 by the Fund from the following towards the issuance of core units, details of which are as follows:

Investor Name	Investment (Rupees)
■ Bank AL Habib Limited	75,000,000
■ Arif Habib Securities Limited	20,000,000
■ Mr. Usman Husein Punjwani	20,000,000
■ NIB Bank Limited	20,000,000
■ Gadoon Textile Mills Limited	15,000,000
■ Habib Sugar Mills Limited – Staff Provident Fund	12,500,000
■ Habib Sugar Mills Limited – Employees' Gratuity Fund	12,500,000
■ Mrs. Shama Sajjad Habib	10,006,340
■ National Bank of Pakistan	10,000,000
■ Soneri Bank Limited	10,000,000
■ First Dawood Investment Bank Limited	10,000,000
■ Mr. Aamer Abdullah	7,581,250
■ Mr. Zain Abdullah	7,580,000
■ Hyderi Hostel Trust	5,500,000
■ Trakker Direct Insurance Limited	5,000,000
■ Mr. Munawar Ali	5,000,000
■ Lucky Energy (Private) Limited	5,000,000
■ Habib Asset Management Limited	4,832,410
■ Habib Insurance Company Limited Pakistan Employees' Provident Fund	4,000,000
■ Mr. Bilal B. Habib	1,000,000
■ Mr. Bashir A Habib	1,000,000
■ Mr. Mohammad Habib-ur-Rahman	500,000
	<u>262,000,000</u>

Yours faithfully,

*KPMG Taseer Hadi & Co*



### **10.3 Formation Cost**

All preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund and inviting investment therein and all expenses incurred during the period leading up to the First Offer, shall be borne by the Fund and amortized over a period of not more than five years. Such cost will not exceed one percent (1.00%) of the Core Investors' investment into the Fund.

## **11. WARNING**

### **11.1 Offering Document**

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

11.2 Fluctuation in Prices and income from them may go up or down.

### **11.3 Disclaimer**

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

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

Investors are advised to read Risk Disclosure as mentioned in this document in Section 2.6 and 2.7 above for more information concerning risk.

## **12 GENERAL INFORMATION**

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

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

1- Trust Deed (Deed) of the Fund dated September 6, 2006 between Habib Asset Management Limited, the Management Company, as the establisher of the Fund and Central Depository Company of Pakistan Limited as the Trustee;

2- Registrar Agreement dated November 11, 2006 between the Management Company and Gangjees Registrar Services (Pvt.) Limited;

3- Letter No. KA-ZS-1526 and No. KA-AQ-1524 dated April 28, 2007 from Messrs. KPMG Taseer Hadi & Co. Chartered Accountants, Auditors of the Fund, consenting to the issue of statements and reports appearing in Part 10.1 & 10.2 of this Offering Document;

4- SECP's Certificate of Incorporation No. 011691 dated September 30, 2005 registering Habib Asset Management Limited as an Asset Management Company.

5- SECP's letter No SEC/NBFC-II/AD-Jam/521/2006 dated August 3, 2006, approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of the Fund;

6- SECP's letter No. NBFC-II/AD-Jam/FHIF/738/2006, dated October 12, 2006 authorizing FHIF;

7- SECP's letter No. SEC/NBFC-II/AD/FHBIF/329/2007 dated May 10, 2007 approving this Offering Document.

8- As per the NBFC Rules, a sum of Rs. 1,000,000/- (Rupees One Million Only) has been paid to the SECP by Instrument No. DDH 748998 dated October 4, 2006 as prescribed fee for authorization of the Scheme.

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

The Offering Document has been published on May 21, 2007.

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

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

## **13. TERMINATION OF THE FUND**

### **13.1 By the Management Company**

The Management Company may terminate the Fund, if the Net Assets at any time fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and shall disclose the grounds of its decision. The Management Company may announce winding up of the Fund without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund property to meet such redemption would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of the Unit Holders that the Fund be wound up.

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

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

### **13.3 Winding up**

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

#### 14. GLOSSARY

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

14.1 Accounting Date; means the thirtieth day of June in each year provided that the Management Company with the written consent of the Trustee may change such date to any other date and such change shall be intimated to the Commission

14.2 Accounting Period; means a period ending on and including an Accounting Date and commencing in case of the first such period on the date of commencement of the Initial Period and in any other case from the end of the preceding Accounting Period.

14.3 Audit Date; means the date on which the Auditor issues its report in respect of the Scheme's balance sheet and income and expenditure account for the corresponding Accounting Period.

14.4 Auditor; means the Auditor of the Trust appointed by the Management Company with the consent of the Trustee.

14.5 Authorised Investment; means short to long term, fixed, floating and hybrid rate instruments including the following:

Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;

Secured, listed or likely to be listed debt securities issued by local govts., or other govt. agencies, private or public sector entities and or financial institutions having a minimum credit grade rating.

Convertible TFCs issued by corporates/ financial institutions. In case FHIF is required to convert the TFCs into shares, it would offload the shares within a period of three months of the shares being issued. Total investment by FHIF in Convertible TFCs will not exceed 15.00% of its Net Asset Value;

Convertible and Non-Convertible preferred shares. In case FHIF is required to convert the preference shares into ordinary shares it would offload the ordinary shares within a period of three months of the ordinary shares being issued. Total investment by FHIF in Convertible Preferred Shares will not exceed 15% of its Net Asset Value;

Certificates of Investment issued by financial institutions having a minimum of "A-" (A minus) rating by a credit rating agency approved by the Commission or State Bank of Pakistan;

Bank deposits;

Reverse Repo Transactions;

Units/ Certificates of any other Money Market Fund or any other Money Market Instrument. The purchase and acquisition of Units of one Income/ Money Market Fund shall not exceed 10% of the Net Assets of First Habib Income Fund at the time of purchase, except as may otherwise be permitted under the rules;

Continuous Funding System (CFS); Investment in CFS shall be restricted up to a maximum of 50% of Net Asset value of the Fund, with not more than 20% of CFS amount in any one scrip at the time of investment; or any other system replace CFS subjected to the SECP approval.

Spread Transactions; FHIF will enter into transactions aimed at earning a spread in the price of shares resulting from the timing difference between ready and future settlements. FHIF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying shares;

Commercial Paper; The Fund shall not invest more than 35% of its Net Assets in Commercial Papers issued by entities as per "Guidelines for the Issue of Commercial Papers dated August 09, 2006" issued by the Commission and investment by FHIF in such commercial papers issued by one entity shall not exceed 10% of the Net Asset of the Fund.

Derivative instruments as approved by the Commission;

Options;

Investment outside Pakistan; Total Investment by FHIF in overseas products/ instruments will be to the extent of 30% of Net Assets of the Fund subject to a cap of US\$ 15 million. Overseas investments would be made according to the prescribed guidelines of SECP/ SBP and if guidelines are not available, specific approval from SECP/ SBP will be obtained;

The Fund Property will be invested in the International Market including the following with the permission of SECP/ SBP:

- International fixed profit bearing debt securities
- International money market securities
- Foreign currency bank deposits and certificates of investment
- Foreign currency bank accounts in Pakistan
- Money Market/ Fixed Income Market Fund

While investing in international fixed profit bearing debt securities and international money market securities, the Management Company will only invest through the following agencies unless it has built in-house capacity to manage international investments and provide evidence of the same to the Trustee:

- (a) Mutual Funds;
- (b) Individually managed accounts with a reputable international fund manager; or
- (c) After acquiring the services of a reputable international fund manager through a joint venture or a service agreement.

The Management Company may built-up its capacity to manage investment in a limited number of countries/ markets and may start to manage investments directly in those countries/ markets after providing evidence of the capacity to the Trustee while using the above means to manage investments in other countries/ markets.

The fees directly charged by the international fund manager(s) on investments outside Pakistan will be the responsibility of the Management Company and any fees paid out of Fund Property will be netted-off from the fees paid to the Management Company. The Management Company will reduce its own fee by up to fifty percent on the Fund Property invested in international mutual funds managed by third party.

While investing internationally, Fund Property will not be placed in any investment that has the effect of leveraging the Fund and if any such instrument/ securities is used,

it must be supported by investment in spot or money market such that the effect of leverage is cancelled out.

Associated Companies and Companies in parent-subsidary relationship shall be treated as group Companies, even if registered/ listed in different countries and any prescribed limit on group exposure shall apply to such Companies.

Direct investments of the Fund in debt securities will only take place in 'investment grade' securities and 'sovereign risk' securities. Only up to 50% of the allowed limit of international investments shall be placed in sovereign risk securities of countries outside Pakistan and only up to 20% of the allowed limit of international investments in sovereign risk securities of any one country with the sovereign risk portion, if fully invested, divided among five different countries. The above limit will be applicable only to direct investments by the Fund.

Not more than 50% of the allowable limit of international investment will be placed in any one country.

The Management Company may use derivatives only to hedge existing exposure of the fund in foreign currencies. The derivatives used may also hedge the US Dollar, however, the Management Company will attempt to hedge, in all cases where hedging is desirable, to the Base Currency if cost-effective and practical. No other use of derivatives is permissible and only currency derivatives will be used and only up to the limit of the Fund's exposure to foreign currency.

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

14.7 Bank; means any banking company licensed under the Banking Companies Ordinance, 1962.

14.8 Broker; means any person engaged in the business of affecting transactions in securities for the account of others or member of stock exchange(s).

14.9 Business Day; means a day on which Scheduled Banks and authorized offices of Distribution Company or Asset Management Company are open for business in Pakistan.

14.10 Certificate; means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Deed.

14.11 Connected Person; shall have the same meaning as in the Rules.

14.12 Constitutive Documents; means Trust Deed that is the principal document governing the formation, management or operation of the Trust, the Offering Document and all material agreements in relation to the Trust.

14.13 Commission; is defined as the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.

14.14 Core Investors; Core Investors of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of clause 67(2) (f) of the Rules. The Core Investors shall be issued with Core Units representing their subscription. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.

14.15 Core Units; shall mean such Units of the Trust that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.

14.16 Distribution Company; means a Company or Companies, Firm, Central Depository or Bank or any other financial institution appointed by the Management Company in consultation with the Trustee for performing the Distribution Function and shall also include the Management Company if it performs the Distribution Function.

14.17 Distribution Function; means the functions with regard to:

- a. Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- b. Issuing receipts in respect of (a) above;
- c. Interfacing with and providing services to the Unit Holders including receiving redemption applications, transfer application, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate; and
- d. Accounting to the Trustee for all

(1) Moneys received from the applicants for issuance of Units

(2) Payments made to the Unit Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.

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

14.19 Formation Cost; means preliminary expenses relating to authorization of the scheme, registration of Constitutive Documents, Printing, Circulation and Publication of Offering Documents (details given in clause 10.3).

14.20 Front end Load; means the sales processing charges, also described as Sales Load in clause 14.39, payable to the Management Company, which are included in the Offer Price of Units.

14.21 Government Securities; means securities and other instruments issued and to be issued by any Federal and/ or Provincial Government of the Islamic Republic of Pakistan and/ or the State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds, Treasury Bills and any securities/ instruments replacing or substituting the foregoing from time to time.

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

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

14.24 Investment; means any Authorized Investments forming part of the Fund Property.

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

14.26 Net Assets; shall have the same meaning as in the Rules.

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

14.28 No Sales Load; means No Sales Load payable on sale or redemption of Units.

14.29 Offer Price; means the sum to be paid to the Trustee for the benefit of the Trust for issuance of one Unit, such price to be determined pursuant to this Document.

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

14.31 Ordinance; means the Companies Ordinance, 1984, as amended from time to time.

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

14.33 Redemption Price; means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Unit.

14.34 Register; means the Register of the Unit Holders kept pursuant to the Rules and the Trust Deed by the Registrar.

14.35 Registrar Functions; means the functions with regard to:

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

14.36 Restricted Investments; means the following:

- (i) Ordinary shares without having a sale agreement in place. However, if in the interest of the Unit Holders, the Scheme is required to convert TFCs or preference shares into ordinary shares, it would do so subject to the condition that these ordinary shares are offloaded within a period of three months of the issuance;
- (ii) Bearer securities;
- (iii) Securities which result in assumption of unlimited liability (actual or contingent);
- (iv) Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein and are approved by the Management Company;
- (v) Short sale of any security or maintain a short sale position.

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

14.38 Rules; means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time and inclusive of any specific or general relaxations in respect of applicability of such Rules granted or to be granted by the Commission and/ or the Federal Government, as appropriate.

14.39 Sales Load; means the sales charge or commission as determined by the Management Company from time to time subject to a maximum of 3.00% of the Net Asset Value (excluding Duties and Charges). For current level of Sales Load, please see Annexure B

14.40 Scheme; is defined in the recitals.

14.41 Stock Exchange; means Stock Exchanges, registered under the Securities and Exchange Ordinance, 1969.

14.42 Subscription Day; means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days' notice in the newspapers declare any particular Business Day or days not to be a Subscription Day.

14.43 Transfer Agent or Registrar; means a partnership firm or company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may also act as a Transfer Agent.

14.44 Trust Property or Fund Property; shall consist of:

- (i) The aggregate proceeds of all Units issued from time to time after deducting the sum of (a) Duties and Charges; and (b) applicable Sales Load;
- (ii) All Authorized Investments made by the Trustee in terms of the Trust Deed and all income, profit (including accrued profits) and other benefits arising there from and all cash and other assets movable or immovable and property of every description (including present and future actionable claims) for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed; and
- (iii) Amounts standing to the credit of the accounts maintained by the Scheme, including profits accruing therein, until, from time to time, such amounts (or part thereof) are actually paid to Unit Holders upon receipt of a request by such Unit Holders to redeem their Units in accordance with the provisions of the Trust Deed.

14.45 Trust or Unit Trust; means the Unit Trust constituted under Trust Deed for continuous offer for sale of Units.

14.46 Trustee; is defined in the preamble.

14.47 The Management Company; is defined in the preamble.

14.48 Unit; means one undividable share in the Trust.

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

## **15 ARBITRATION**

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

**ANNEXURE A**

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

The Trustee's remuneration shall consist of reimbursement of its actual custodial and other charges, plus the following tariff:

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

## ANNEXURE B

### Current Level of Front-end and Back-end Loads and Management Fee Effective from Close of Initial Public Offer

14 [Current Level of Front-End (Sales) Load : 1%

(Management has the discretion to reduce or waive SL on any transaction)

Further, AMC shall ensure that no sales load is charged if the investor approaches directly for investment or where transactions are done online through a website

Back-end Load Nil]

#### Management Fee

12 [10% of all gross earnings (with minimum fee of 1% p.a. and maximum fee of 1.50% p.a.).

The Management Company shall charge a fee at the rate of 10% of the gross earnings of the scheme, calculated on a daily basis not exceeding the maximum rate of remuneration permitted under the Rules and Regulations.

The Fee is subject to a minimum of 1% and maximum of 1.50% of average daily net assets of the scheme subject to guidelines as may be issued by the Commission from time to time.

#### Note:

Gross earnings of the Scheme would be calculated by adding up the following:

Realized and unrealized gains on securities including impact of amortization of any discounts and/or premium on these securities:

Any other income earned by any Authorized Investments of the Scheme.

While calculating gross earnings of the scheme, no deduction would be made whatsoever on account of management fee, tax, formation cost or any other expense chargeable to the Scheme.]

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8. Substituted vide 4th supplement dated June 11, 2012. Before change point read as follows:

“Front-end Load upto 1.00%  
Back-end Load upto 0.50%

(Back end Load would be charged only to those investors whose requests for redemption are received within 15 calendar days from the date of purchase of Units)”

12. Substituted vide 8th supplement dated August 15, 2016. Before change point read as follows:

#### Management Fee

A remuneration of an amount not exceeding three percent (3.00%) per annum of average annual Net Assets for the first five years of the scheme and thereafter of an amount equal to two percent (2.00%) per annum of the average annual Net Assets.

Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under The Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Current level of Management Company’s remuneration: upto 1.50% per annum of average annual Net Assets.

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

14. Substituted vide 10th supplement dated November 15, 2016. Before change point read as follows:

8 [Front-end Load Nil

**ANNEXURE C**  
**DISTRIBUTION OFFICES**

**HABIB ASSET MANAGEMENT LIMITED**

1st Floor, Imperial Court Building, Dr.  
Ziauddin Khan Road, Karachi  
UAN: +92 (21) 111-342-242 (111-DHABIB)  
PABX +92 (21) 522 3701-5  
Fax +92 (21) 5223710  
Email info@habibfunds.com

**BANK AL HABIB LIMITED (AUTHORISED BRANCHES ONLY)**

**Karachi**

**Main Branch**

Mackinnons Building,  
I.I. Chundrigar Road,  
Tel: (92-21) 2412986  
UAN: (92-21) 111-786-110  
Fax: (92-21) 2425423 & 2412028  
Telex: 21286 ALHAB PK

**Tariq Road Branch**

Shop No. 1 & 2, Plot No. 277-278  
Ahmed Chamber, Main Tariq Road,  
P.E.C.H.S  
Tel: (92-21) 4397632-34  
Fax: (92-21) 4397631

**Shahrah-e-Faisal Branch**

19-1-A, Block 6, PECHS,  
Shahrah-e-Faisal.  
Tel: (92-21) 4544383-87  
Fax: (92-21) 4530143

**ZamZama Branch**

16-C, Commercial Lane 3, Phase V  
Zamzama Boulevard, D.H.A.  
Tel: (92-21) 5302230-37  
Fax: (92-21) 5863914

**Korangi Road Branch**

Speedy Towers Plot No. 131/1  
Phase-1, D.H.A.  
Tel: (92-21) 5386797-99  
Fax: (92-21) 5386796

**S.I.T.E Branch**

B/76, S.S. Chambers, S.I.T.E.,  
Tel: (92-21) 2571710-11, 2571521  
Fax: (92-21) 2571522

**Rizvia Society Branch**

D-9, Ishrat Arcade, Rizvia Co-Operative  
Housing Society, Nazimabad.  
Tel: (92-21) 6607992-95  
Fax : (92-21) 6607996

**Barkat-E-Hydari Branch**

Al-Burhan Arcade, Block-E,  
North Nazimabad  
Tel: (92-21) 6670115, 6631793-94  
Fax: (92-21) 6670116

**Gulshan Chowrangi Branch**

Plot No. FL-3, Block No. 3,  
KDA Scheme No. 24,  
Gulshan-e-Iqbal.  
Tel: (92-21) 4811971-3  
Fax: (92-21) 4985045

**Hyderabad**

Qasre Fatima  
90/1-2 Saddar Bazar,  
Cantonment Area.  
Tel: (92-22) 2785803  
Fax: (92-22) 2781955

**Lahore**

**Main Branch**

87, Shahrah-e-Quaid-e-Azam  
Tel: (92-42) 6305042-45  
UAN: (92-42) 111-786-110  
Fax: (92-42) 6368864 & 6305046  
Telex: 44 610 BAHLR PK

**Gulberg Branch**

3-E, Block E, Ground Floor,  
Main Market, Gulberg II.  
Tel: (92-42) 5750145-47  
Fax: (92-42) 5762501

**Defence Branch**

82-Y Commercial,  
Phase III, D.H.A  
Tel: (92-42) 5894113-5894116  
Fax: (92-42) 5893303

**Allama Iqbal Town Branch**

7-Chenab Block,  
Main Boulevard,  
Allama Iqbal Town  
Tel: (92-42) 5340918-20  
Fax: (92-42) 5340921

**Faisalabad**

Bank Square,  
Outside Kutchery Bazar.  
Tel: (92-41) 2637301-3  
UAN: (92-41) 111-786-110  
Fax: (92-41) 2614266  
Telex: 43528 ALHAB PK

**Sialkot**

Paris Road  
Tel: (92-52) 4597064  
UAN: (92-52) 111-786-110  
Fax: (92-52) 4592747  
Telex: 46426 ALHAB PK

**Islamabad**

**Main Branch**

90-91, Razia Sharif Plaza,  
Jinnah Avenue, Blue Area.  
Tel: (92-51) 2270883-4  
UAN: (92-51) 111-786-110  
Fax: (92-51) 2270885

**Rawalpindi**

**City Branch**

C/30, C/32, Iqbal Road,  
Trunk Bazar, Rawalpindi City.  
Tel: (92-51) 5553462-5553664  
Fax: (92-51) 5554493

**Peshawar**

105-106, F.C. Trust Building Branch,  
Snonehri Masjid Road.  
Tel: (92-91) 5279814  
UAN: (92-91) 111-786-110  
Fax: (92-91) 5279861

**Multan**

Hussain Agahi Branch  
Lohari Gate Shopping Centre,  
Hussain Agahi Road.  
Tel: (92-61) 4513893 & 4513577  
Fax: (92-61) 4513793

**www.bankalhabib.com**



**HABIB INSURANCE COMPANY LIMITED (AUTHORISED BRANCHES ONLY)**

**Karachi**

**Karachi Branch:**

1st Floor, State Life Building No. 6-A  
Habib Square, M. A. Jinnah Road,  
Karachi.  
UAN: 111-030-030  
Tel: (92-21) 2418120  
Fax: (92-21) 2419183  
Email: karachi@habibinsurance.net

**Hyderabad**

Office No.1 & 2, Jamia Trade Centre,  
Opp. Jamia Masjid Saddar Cantt,  
Hyderabad .  
Tel: (92-22) 9201231-32  
Fax: (92-22) 9201233  
Email: hyderabad@habibinsurance.net

**Lahore**

**Al-Falah Branch:**

Room No. 314,  
Al-Falah Building, 3rd Floor,  
Shahrah- e-Quaid-e-Azam,  
Lahore.  
Tel: (92-42) 6301766, 6314395  
Fax: (92-42) 6314174  
Email: Alfalah@habibinsurance.net

**Eden Branch:**

307, Eden Centre,  
Jail Road,  
Lahore.  
Tel: (92-42) 7576031, 7560436  
Fax: (92-42) 7566982  
Email: eden@habibinsurance.net

**Gulberg Branch:**

Room No. 11, 2nd Floor,  
Leeds Center, Main Boulevard,  
Gulberg III, Lahore.  
Tel: (92-42) 5784008-9  
Fax: (92-42) 5784010  
Email: gulberg@habibinsurance.net

**Bank Square Branch:**

Ground Floor,  
Al-Noor Building,  
43-Bank Square Branch,  
Lahore.  
Tel: (92-42) 7211522-23-25  
Fax: (92-42) 7211524  
Email: banksquare@habibinsurance.net

**Multan**

**Multan Branch:**

2nd Floor, Jalil Centre,  
Abdali Road,  
Multan.  
Tel: (92-61) 4583558, 4584467  
Fax: (92-61) 584467  
Email: multan@habibinsurance.net

**Trust Plaza Branch:**

Room No. 17, 3rd Floor,  
Trust Plaza LMQ Road,  
Multan.  
Tel: (92-61) 4784637-38  
Fax: (92-61) 4782876  
Email: multantrust@habibinsurance.net

**Islamabad**

Basement, State Life Building No 9,  
33-E Blue Area,  
Islamabad.  
Email: islamabad@habibinsurance.net

Tel: (92-51) 2870174-5

Fax: (92-51) 2870173

**Peshawar**

548-C Lamsi Arcade,  
Fakhre Alam Road,  
Peshawar Cantonment,  
Peshawar.  
Tel: (92-91) 5286412  
Fax: (92-91) 5286412  
Email: peshawar@habibinsurance.net

**Rawalpindi**

Bank Road, P.O. Box No. 237,  
Rawalpindi.  
Tel: (92-51) 5510739-5564302  
Fax: (92-51) 5564302  
Email: pindi@habibinsurance.net

**Faisalabad**

Room No. 1 & 2, 3rd Floor,  
City Heart Plaza, Kotwali Road,  
Faisalabad.  
Tel: (92-41) 2640822  
Fax: (92-41) 2648783  
Email: faisalabad@habibinsurance.net

**Sialkot**

Bank AL Habib Building,  
17 Paris Road,  
Sialkot.  
Tel: (92-52) 4595228  
Fax: (92-52) 4596411  
Email: sialkot@habibinsurance.net

[www.habibinsurance.net](http://www.habibinsurance.net)

**IGI Investment Bank Limited – Selected Branches for First Habib Income Fund Distribution.**

**Karachi**

Floor 7th, The Forum, Suite 701-713,  
G-20, Block 9,  
Khayaba-e-Jami, Clifton,  
Karachi-75600.  
UAN: 111-234-234  
UAN Fax: 111-567-567

**Lahore**

Ground Floor, 5 F.C.C,  
Syed Maratib Ali Road,  
Gulberg, Lahore.  
UAN: 111-234-234  
UAN Fax: 111-567-567

**Islamabad**

Mezzanine Floor, Razia Sharif Plaza,  
90 - Blue Area, G-7,  
Islamabad.  
UAN: 111-234-234  
UAN Fax: 111-567-567

**Faisalabad**

9th Floor, State Life Building,  
Faisalabad.  
UAN: 111-234-234  
UAN Fax: 111-567-567

[www.igiinvestmentbank.com.pk](http://www.igiinvestmentbank.com.pk)

(HAML-01)

	<b>Habib Asset Management Limited</b> <b>ACCOUNT OPENING FORM</b> (Individuals and Institutions)	For office Use Only: Folio No.
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**INFORMATION ABOUT THE PRINCIPAL ACCOUNT HOLDER (PLEASE USE BLOCK LETTERS)**

Name: Mr./ Ms./ Mrs./ M/s		Contact Nos. Res/ Off No. _____ Mob No. _____	Date
Father's/ Husband's Name		Zakat Deduction <input type="checkbox"/> Yes <input type="checkbox"/> No	Declaration Attached <input type="checkbox"/> Yes <input type="checkbox"/> No
Address			Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married
City	Country	Nationality	CNIC/ NTN* No. _____
Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Date of Birth	E-mail	Fax

**FULL DETAILS OF BANK ACCOUNT OF THE PRINCIPAL ACCOUNT HOLDER**

Bank Account No.	Bank Name Branch & address
------------------	-------------------------------

**JOINT HOLDERS (IF ANY)**

Name: Mr./ Ms./ Mrs.	Specimen Signature	CNIC NO.
1		
2		
3		

**OPERATING INSTRUCTIONS:**  Singly (Either or Survivor)  Principal Account Holder only  Jointly (any two Authorized Signatories)  
 Jointly (all Account Holders)  Instructions Attached

**INFORMATION ABOUT NOMINEE**

Name: Mr./ Ms./ Mrs.	1	2
Father's/ Husband's Name		
Relationship with Holder	Share %	Share %
Address		
CNIC No.		

**INVESTOR STATUS**

Individual -  Business  Service  Agriculturist  Student  House Wife  Professional  Retired

Institution -  Bank  Partnership  Pension/ Gratuity Fund  Provident Fund  Corporate  NGO/ Trust  Insurance Company

**OTHER INSTRUCTIONS**

Statement of Accounts  No  Quarterly  Half Yearly

Physical Units against payment  Jumbo  10  100  
 Fractional  50  500

Dividend Payment  Transfer to my Bank Account  Reinvest dividend amount into Units at Ex-dividend repurchase price  
 Post Dividend warrants at registered address  Encash Bonus Units at ex bonus price & send amount to  Bank Account  Registered address

I/ We hereby acknowledge having read and understood the relevent Trust Deed and Offering Document that govern this transaction and further acknowledge having understood the risk involved.

Signature of Applicant (with Rubber Stamp in case of Institutional Clients)

**FOR OFFICE USE ONLY**

Name	Facilitator Code.	Remarks / Instructions	Signature
------	-------------------	------------------------	-----------

**FOR DISTRIBUTOR**

Distributor	Distributor Code.	Form Received On	Transaction No.	Authorised Signature & Stamp
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Remarks:

**FOR REGISTRAR USE**

Form Received on	Data Input Date	Data & Attachments Verified <input type="checkbox"/> Yes <input type="checkbox"/> No	Authorised Signature & Stamp
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Institutional Clients shall attach: 1) Articles and Memorandum of Association 2) Certificate of Incorporation 3) List of Directors with CNIC copies 4) Board Resolution 5) NTN of the Institution with Tax Status 6) Other incorporation document(s)\* For Institution only

(HAML-02)

 Habib Asset Management	<b>Habib Asset Management Limited</b> <b>PURCHASE OF UNITS FORM</b>	For office Use Only: Sale No.
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**INFORMATION ABOUT THE PRINCIPAL ACCOUNT HOLDER (PLEASE USE BLOCK LETTERS)**

Name: Mr./ Ms./ Mrs./ M/s	Folio Number (if already allotted):	Date
	CNIC/ NTN* No.	

**DETAILS OF INVESTMENTS**  
Payments shall be made through, payees account cheque, pay order, demand draft, bank transfer in favour of "CDC Trustee [Name of the Fund]"

**Name of Fund :**

Rs. \_\_\_\_\_ Rupees \_\_\_\_\_

Mode of Payment       Cheque       Demand Draft       Pay Order       Bank Transfer

Instrument No. \_\_\_\_\_ Date \_\_\_\_\_

Drawn On (Name of Bank) \_\_\_\_\_

I/ We hereby acknowledge having read and understood the relevant Trust Deed and Offering Document that govern this transaction and further acknowledge having understood the risk involved.

NAME OF UNIT HOLDER(S) \_\_\_\_\_

SIGNATURE(S) \_\_\_\_\_

Note : In case of Institutional Investors please affix company stamp.

**FOR OFFICE USE ONLY**

FACILITATOR INFORMATION			
Name	Facilitator Code.	Remarks/ Instructions	Signature

FOR DISTRIBUTOR				
Distributor	Distributor Code.	Form Received On	Transaction No.	Authorised Signature & Stamp


**Remarks:**

**FOR REGISTRAR USE**

Form Received on	Data Input Date	Data & Attachments Verified <input type="checkbox"/> Yes <input type="checkbox"/> No	Sale Price	Authorised Signature & Stamp

\*For Institution Only

(HAML-03)

	<b>Habib Asset Management Limited</b> <b>REDEMPTION OF UNITS FORM</b>	<b>For office Use Only:</b> Redemption No. _____
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**INFORMATION ABOUT THE PRINCIPAL ACCOUNT HOLDER (PLEASE USE BLOCK LETTERS)**

Name: Mr./ Ms./ Mrs./ M/s	Folio Number :	Date
CNIC/ NTN* No.		

**DETAILS OF REDEMPTION**

**Name of Fund :** \_\_\_\_\_

**No. of Units :** \_\_\_\_\_

Details of Unit Certificates :	PHYSICAL UNITS NOT ISSUED	PHYSICAL UNITS ISSUED & ATTACHED AS PER DETAILS GIVEN BELOW :
<b>Certificate Nos.</b>		<b>Denomination</b>
_____		<input type="checkbox"/> 10 x _____ = _____ <input type="checkbox"/> Jumbo _____
_____		<input type="checkbox"/> 50 x _____ = _____
_____		<input type="checkbox"/> 100 x _____ = _____ <input type="checkbox"/> Fractional _____
_____		<input type="checkbox"/> 500 x _____ = _____

**PAYMENT INSTRUCTIONS**

Please send cheque at my registered address     
  Please transfer directly to my already provided bank account

**AUTHORIZATION BY UNIT HOLDERS**

I/ We undersigned would like to encash my/ our investment as per the above details, I/ We hereby acknowledge having read and understood the relevant Trust Deed and Offering Document that governs this transaction and further acknowledge having understood the risks involved. I/ We agree to abide by the terms and conditions therein.

NAME OF UNIT HOLDER(S) \_\_\_\_\_

SIGNATURE(S) \_\_\_\_\_

**NOTE:**

- In Case of Institutional Investor please affix Company stamp.
- Redemption of Units will only be possible where the authorization is in line with the instructions specified at the time of submission of Investor Account Opening Form.

**DISTRIBUTOR / FACILITATOR INFORMATION**

Distributor/ Facilitator Name	Distributor/ Facilitator Code	Redemption No.
Total Certificate/ Units Received		Name of Authorised Person at Distribution Center
Certificates	Unit(s)	
		Authorised Signature

**FOR REGISTRAR**

Form Received On	Signature Verified By	Certificate Verified & Defaced By	Redemption Rate	Value	Zakat Deduction (if applicable)	Net Amount	Data Input By
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\*For Institution Only

(HAML-4)

 <b>Habib Asset Management Limited</b> <b>TRANSFER FORM</b>	<b>For office Use Only:</b> Transfer No. _____
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<b>INFORMATION ABOUT THE TRANSFEROR (PLEASE USE BLOCK LETTERS)</b>				
Name Mr./ Mrs./ Ms./ M/s		Folio No.	Date	
<b>Name of Fund :</b>				
<b>DETAILS OF CERTIFICATE(S)</b>				
Certificate(s) Issued <input type="checkbox"/> Yes <input type="checkbox"/> No      No. of Units _____      Certificate No. If issued _____      No. of Certificates _____				
<b>Please note that transfer cannot be processed unless original certificates if issued are not attached</b>				
<b>DETAILS OF TRANSFEROR (Joint Holders)</b>				
Name: Mr./ Ms./ Mrs.		Specimen Signature	CNIC NO.	
1				
2				
3				
<b>DETAILS OF TRANSFEREE</b>				
Name: Mr./ Ms./ Mrs.		Specimen Signature	CNIC NO.	
1				
2				
3				
4				
<b>Folio No. of the First Applicant if already a Unit Holder.</b>				
Note : Transferee who are new applicants should separately submit Account Opening Form along with necessary Documents as per requirement.				
<b>FOR OFFICE USE ONLY</b>				
<b>FACILITATOR INFORMATION</b>				
Name	Facilitator Code	Remarks / Instructions	Signature	
<b>FOR DISTRIBUTOR</b>				
Distributor	Distributor Code	Form Received On	Transaction No.	Authorised Signature & Stamp
<b>Remarks:</b>				
<b>FOR REGISTRAR USE</b>				
Form Received on	Data Input Date	Data & Attachments Verified <input type="checkbox"/> Yes <input type="checkbox"/> No	Authorised Signature & Stamp	

(HAML-05)

 <b>Habib Asset Management Limited</b> <b>REQUEST FOR REGISTRATION OF UNITS UNDER LIEN</b>	<b>For office Use Only:</b> Pledge/ Lien No. _____
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<b>Name of Fund :</b> _____		<b>Date</b> _____							
<b>PARTICULARS OF PLEDGER</b>									
<b>Physical Units Issued</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>No. of Unit(s)</b> _____ <b>Folio No.</b> _____							
<input type="checkbox"/> Accounts Balance Statement attached		<input type="checkbox"/> Physical Certificates attached-details given							
<b>Certificate Nos.</b>		<b>Denomination</b>							
_____	_____	<input type="checkbox"/> 10 x _____ = _____	<input type="checkbox"/> Jumbo _____						
_____	_____	<input type="checkbox"/> 50 x _____ = _____	<input type="checkbox"/> Fractional _____						
_____	_____	<input type="checkbox"/> 100 x _____ = _____							
_____	_____	<input type="checkbox"/> 500 x _____ = _____							
<p>While making such request I/ We recognize and understand that:</p> <ul style="list-style-type: none"><li>- The registration of this pledge/ lien places a responsibility on you to ensure that all benefits accruing on such units (herein after referred to as Pledged Units) shall be held or paid to the order of the pledgee.</li><li>- Save any legal bar or court order requiring otherwise, any dividends that are declared on the pledge unit(s) shall be paid to the order of the pledgee, any bonus Units that the pledge unit(s) are entitled to shall automatically be marked under the lien of the lien holder(s)</li><li>- You do not however, accept any responsibility for the validity of my/ our act of pledging of unit(s) nor for any obligation or commitments undertaken by me/ us in respect thereof.</li><li>- The pledge/ lien on the pledged Units shall continue till such time it is released by the pledgee/ lien holder(s) in writing.</li></ul>									
<b>Name: Mr./ Ms./ Mrs.</b>		<b>Signature</b>		<b>CNIC NO.</b>					
1									
2									
3									
4									
<b>PARTICULARS OF PLEDGEE/ LIEN</b>									
Name: Mr./ Ms./ Mrs./ M/s		Address							
CNIC No.		Phone/ E-Mail :		Signature:					
<b>PLEDGEE'S NAME(S) &amp; SIGNATURE(S)</b>									
<b>Name: Mr. / Ms. / Mrs.</b>		<b>Signature</b>		<b>CNIC NO.</b>					
1									
2									
3									
<b>FOR OFFICE USE ONLY</b>									
<b>FACILITATOR INFORMATION</b>									
Name		Facilitator Code.		Remarks/ Instructions		Signature			
<b>FOR DISTRIBUTOR</b>									
Distributor		Distributor Code.		Form Received On		Attachment Verified		Authorised Signature & Stamp	
<b>Remarks:</b>									
<b>FOR REGISTRAR USE</b>									
Form Received on		Data Input Date		Lien Marked By:		Data & Attachments Verified By:		Authorised Signature & Stamp	

(HAML-06)



**Habib Asset Management Limited**  
**SPECIAL INSTRUCTIONS FORM**

For Official Use Only

Special Instruction No. \_\_\_\_\_

<b>NAME OF FUND</b>		Date	
<b>INFORMATION ABOUT THE PRINCIPAL ACCOUNT HOLDER (PLEASE USE IN BLOCK LETTERS)</b>			
Title of Account			Folio No.
New Address			
New Tel Nos. & Fax	Off:	Res:	Fax:
Mobile/ Email			
Zakat Exemption	Yes <input type="checkbox"/> No <input type="checkbox"/>	Tax Exemption	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>CHANGE IN JOINT HOLDERS(S)</b>			
Deletion		Addition	
Name: Mr./ Ms./ Mrs.	Name: Mr./ Ms./ Mrs.	CNIC NO.	Signature
1		1	
2		2	
3		3	
<b>CHANGE IN NOMINEE(S)</b>			
Deletion		Addition	
Name: Mr./ Ms./ Mrs.	CNIC NO.	Name: Mr./ Ms./ Mrs.	CNIC NO.
1		1	
2		2	
<b>CHANGE IN ACCOUNT OPERATING INSTRUCTIONS</b>			
<input type="checkbox"/> Principal Account Holder	<input type="checkbox"/> Jointly (any two signatories)	<input type="checkbox"/> Jointly (All)	<input type="checkbox"/> Either or Survivor <input type="checkbox"/> Other instructions (Attached)
<b>CHANGE IN BANK ACCOUNT DETAILS</b>			
Account Title	Account Number		
Name of Bank & Branch			
<b>CHANGE IN FREQUENCY OF STATEMENT</b>			
Do not Send Account Statement(s) at all <input type="checkbox"/>	Send More Frequently: <input type="checkbox"/>	Monthly <input type="checkbox"/>	Quarterly <input type="checkbox"/> H-Yearly <input type="checkbox"/>
<b>DIVIDEND PAYMENT</b>			
(please tick the appropriate text box below)			
<input type="checkbox"/>	To be reinvested for purchase of additional units		
<input type="checkbox"/>	Transfer to my bank as per details given above		
<input type="checkbox"/>	Mail at the registered address as per details given above		
<input type="checkbox"/>	Encash Bonus Units (as and when issued) at Ex-Bonus Price and send amount to:		
Bank <input type="checkbox"/>	Registered Address <input type="checkbox"/>		
<b>DECLARATION</b>			
I/ We undersigned being the registered holder(s) under the aforementioned Folio No. request you to record the changes as provided above I/ We understand the relevant trust deed and offering document and further acknowledge having understood the risks involved.			
_____			
Signature of Applicant(S) (Stamp in case of Institutions)			
<b>FOR OFFICE USE ONLY</b>			
<b>FACILITATOR INFORMATION</b>			
Name	Facilitator Code.	Remarks / Instructions	Signature
<b>FOR DISTRIBUTOR</b>			
Distributor	Distributor Code.	Form Received On	Remarks if any
			Authorised Signature & Stamp
<b>Remarks:</b>			
<b>FOR REGISTRAR USE</b>			
Form Received on	Data Input Date	Data & Attachments Verified	Authorised Signature & Stamp
		<input type="checkbox"/> Yes <input type="checkbox"/> No	

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