



OFFERING DOCUMENT
ASKARI ISLAMIC ASSET ALLOCATION FUND

MANAGED BY

Askari Investment Management Limited

Open for Public Subscription: 7 Working days starting 18th September 2009

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OFFERING DOCUMENT OF
ASKARI ISLAMIC ASSET ALLOCATION FUND
(ISLAMIC ASSET ALLOCATION FUND)

MANAGED BY

Askari Investment Management Limited

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

Date of Publication of this Offering Document 10th September 2009

Initial Offering Period: 7 Working days starting 18th September 2009

INTRODUCTION

The Askari Islamic Asset Allocation Fund (the Fund/the Scheme/the Trust/AIAAF) has been established through a Trust Deed under the Trusts Act 1882, entered into between Askari Investment Management Limited (AIM), the Management Company and Muslim Commercial Financial Services (Pvt) Ltd. (MCFSL), the Trustee and is registered under the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations").

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

Investors must recognize that all investments involve varying levels of risk. The portfolio of the Fund consists of market-based investments, listed as well as unlisted, that are subject to market fluctuations and risks inherent in all such investments. Investors are requested to read the Risk Disclosure and Warning statements contained in Clause 2.9 and Clause 11 respectively, in this Offering Document.

All Investments made by AIAAF will be made in adherence with the principles of Shariah as advised by the Shariah Board. It is possible that the effect of the Shariah compliance on Investments of the Fund may result in AIAAF performing differently from other funds with similar objectives, but that are not subject to Shariah compliance.

REGULATORY APPROVAL AND CONSENT

The Securities and Exchange Commission of Pakistan (SECP) has registered AIAAF under Regulation 44 of the Regulations vide letter No. NBFC-II/DD/AIML/657, dated June 25 2009. The SECP has also approved this Offering Document, under Regulation 54 of the Regulations Vide letter no: **NBFC/MF/DD-ZRK/AIAAF/779/2009** dated 12th August 2009

It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of the Fund, nor for the accuracy of any statement made or any opinion expressed in this Offering Document.

FILING OF THIS OFFERING DOCUMENT

The Management Company has filed a copy of this Offering Document signed by the Chief Executive along with the Trust Deed with the SECP. Certified copies of these documents along with documents 1 to 9 below can be inspected at the registered office of the Management Company or the place of business of the Trustee:

1. The SECP's letter No. NBFC-II/45/IA & AMC//02/2008 dated _11 September,2008 confirming AIM license to undertake Asset Management Service;
2. Trust Deed (Deed) of Askari Islamic Asset Allocation Fund dated 26th August 2008 between AIM as the establisher and the Management Company and MCFSL, as the Trustee;
3. First Supplemental Trust Deed of Askari Islamic Income Fund dated 16/06/09 dated AIM as the establisher and the management company and MCFSL, as the Trustee
4. SECP's letter No. NBFC-II/DD/AIMI/657_dated 25th June,2009 regarding the registration of Askari Islamic Asset Allocation Fund;
5. SECP's letter No.NBFC/MF-RS/AD-ZRK/AIIF/432/2008 dated June 3rd 2008 approving the appointment of MCFSL as the Trustee of Askari Islamic Asset Allocation Fund;
6. Letter dated 12th September,2008 from Auditors of Askari Islamic Asset Allocation Fund, conveying their willingness to act as statutory auditors;
7. Letter dated July 1st, 2009 of consent by the legal advisors, to act as the legal advisor of the Askari Islamic Asset Allocation Fund;
8. The SECP's letter No NBFC/MF/DD-ZRK/AIAAF779/2009 dated 12th August 2009 approving this Offering Document;
9. The Shariah Advisor of the Fund has confirmed that the provisions of the Trust Deed are in compliance with Shariah vide a letter dated June 30th, 2008.

1. CONSTITUTION OF THE SCHEME

1.1 Constitution

The Fund is an open-ended Islamic asset allocation fund as defined in the categorization of the open-end collective investment schemes by the Commission vide Circular No.7 of 2009, letter no. NBFC/MF/Circular/2009/292 dated March 6, 2009 (as may be amended from time to time) and has been constituted by a Trust Deed entered into at Karachi on August 11, 2008 between:

Askari Investment Management Limited (AIM), a public limited company, incorporated under the Companies Ordinance, 1984, registered as a Non Banking Finance Company with a license to perform Asset Management and Investment Advisory Services under the Non Banking Finance Companies (Establishment and Regulation) Rules , 2003 (hereinafter referred to as the "Rules"), having its Registered Office at 501-502, 5th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan, as the establisher of the Fund and the Management Company;

and

Muslim Commercial Financial Services (Pvt) Ltd. (MCFSL), a company incorporated under the Companies Ordinance, 1984. A wholly owned subsidiary of MCB Bank Limited with its registered office at 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, as the Trustee.

Registered Address, Place and Date of Creation

The registered address of the Askari Investment Management Limited is 501-502, 5th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan. The Trust was created on 26th August, 2008. The official web site address of Askari Investment Management Limited is www.askariinvestments.com.

1.2 Trust Deed

The Deed is subject to and be governed by the Laws of Pakistan, including the Ordinance, the Regulations, the Rules, Trusts Act and all other applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed of an open-end scheme by the Regulations & the Rules are incorporated in the Deed as part and parcel thereof and in the event of any conflict between the Deed and the provisions required to be contained in a trust deed by the Regulations & the Rules, the latter shall supersede and prevail over the provisions contained in the Deed. Furthermore, all investments of the Fund Property shall be in accordance with the Islamic Shariah as per the guidelines provided by the Shariah Advisor. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan.

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

1.3 Modification of Trust Deed

The Trustee and the Management Company, acting together and with the approval of SECP, shall be entitled by supplemental deed(s) to modify, alter or add to the provisions of the Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the SECP. Provided that, the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required on any of the following grounds:

- (a) pursuant to any amendment in the Regulations ;
- (b) to ensure compliance with any fiscal or statutory requirement;;
- (c) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- (d) To enable the Units to be dealt in or quoted on the Stock Exchange;
- (e) To otherwise benefit the Unit Holders; or

Provided that such alteration or addition shall not prejudice the interests of the Unit Holders; and in any event, it shall not release the Trustee or the Management Company of their responsibilities to the Unit Holders.

Where the Deed has been altered or supplemented, the Management Company shall notify to the Unit Holders at their respective registered addresses within 15 days of the change. However,

if SECP modifies or substitutes the Regulations or the Rules or through any other circular or notification or modification of the Regulations and the Rules allows any relaxations 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 Offering Document

This Offering Document is governed by the provisions of the Trust Deed and the Rules and the Islamic Shariah as advised by the Shariah Advisor. It sets forth the information about the AIAAF that a prospective investor should know before investing in any Unit. Askari Investment Management Limited accepts responsibility for the accuracy of the information herein contained as of the date of publication

1.5 Duration

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

1.6 Open-Ended Fund

Askari Islamic Asset Allocation Fund is an open-ended fund. It shall offer and redeem Units on a continuing basis subject to terms contained herein and the Deed and to the Regulations. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of the Scheme

1.7 Units

The Fund is divided into Units having an Par Value of Rs. 100/- each. The Initial Offer Price is applicable to such Units that are issued during the Initial Public Offer and the Initial Price to the core investors. The Units offered to Private Placement Investors and after the expiry of Initial Public Offer shall be issued on the basis of their Net Asset Value (NAV) pursuant to clause 11.2 of the Deed and the Regulations. All Units and fractions thereof represent an undivided share in the Scheme and shall rank pari passu according to the number of Units held by each Unit Holder, including as to the rights of the Unit Holders in the Net Assets, earnings and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Trust proportionate to the Units held by such Unit Holder.

a) The Management Company may issue the following Classes of Units:-

- (i) Class “A” (Restricted/Core Units) issued to the Core Investors with no Front-end Load and/or Back End Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Public Offer. However, such Units are transferable.
- (ii) Class “A” Units being offered and issued during the Private Placement and Initial Public Offer (IPO) with no Front-End Load and/or Back End Load.

- (iii) Class “B” Units, which shall be offered and issued after the Initial Public Offer and with or without Front-End Load.
- (iv) Class “C” Units, which shall be offered and issued after the Initial Public Offer and with or without Back-End Load.

b) Types of Units

- i. **Izafa Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders, shall have the option to receive distribution income in the form of cash or bonus units. The Unit Holders shall choose one of the following two options:
 - Izafa Units with the option of receiving a Cash Dividend at the time of distribution.
 - Izafa Units with the option of receiving bonus Units at the time of distribution.
- ii. **Amdan Units:** The Unit Holders exercise the option of redeeming certain number of Units for fulfilling their requirement of a certain cash amount at regular intervals (i.e. monthly, quarterly, semi-annually or annually, hereinafter referred to as “Regular Intervals”). Such units will be entitled to receive dividends in the form of cash or bonus units as and when declared Such instructions shall be given in writing at the beginning of each regular interval or at the time of purchase of Units. Depending upon the instructions given by the Amdan-Unit holders (“Amdan Unit Holders”), the Amdan Units are further classified into two types:
 - **Asaan Amdan Units** - The Asaan Amdan Unit Holders, at the time of purchase or beginning of an interval, authorize the Management Company to decide the quantum of part redemption of their unit holdings at the end of every regular interval based on the performance (NAV growth) of the Scheme during that regular interval.
 - o If the value of investment increases (due to growth in NAV) during an interval, the Management Company will calculate the number of units to be redeemed in such a manner that the total redemption value of such units is equal to the increase in the value of investment during that interval.
 - o If the value of investment falls (due to fall in NAV) during an interval, the Management Company will not redeem any units at the end of that interval.
 - **Yaksaan Amdan Units** - The Yaksaan Amdan Unit Holders, at the time of purchase or beginning of an interval, specify a fixed cash amount required by them at regular intervals and authorize the Management Company to redeem (at the prevailing NAV) such number of units from their holding that in rupee terms is equivalent to the specified fixed amount required at the end of every regular interval.

As a result of operation of this Clause, the capital invested may deplete in case sufficient returns are not earned to cover the amount required by the Unit Holder.

The Management Company shall, calculate the redemption value to be paid to the unit holder(s) based on the Redemption Price of last working day of the month or the interval as specified by the investor.

1.8 Initial Public Offer (Initial Offering Period)

Units with a value of Rs. One Hundred million have been subscribed by the Core Investor, namely Askari Bank Ltd. In addition, certain investors have subscribed to Units of the Fund on a Pre-IPO basis. Class A Units being offered and issued during the Private Placement Period to Private Placement Investors with no Front-end Load and have been issued on the basis of the NAV as provided in clause 4.9.3 below.

The Initial Period of Offer or Initial Public Offer(IPO) is for Class A Units with no Front End or Back End Load ,which shall be issued at the Initial Offer Price of Rs. 100/per Unit during the Initial Period of Offer. The Offer and Issue of Units at Initial Offer Price shall commence from the start of the banking hours seven working days starting 18th September 2009. During the Initial Period of Offer, Units will be offered at par without any Front-end Load, and the Units will not be redeemed.

1.9 Transaction in Units after Initial Offering Period

After the Initial Public Offer, the Purchase (Offer) Price and Redemption Price for the Unit Holders shall be determined from time to time pursuant to Clause 4.9 of this Offer Document and Regulation 57 of the Regulations

2. INVESTMENT OBJECTIVES, POLICY, RESTRICTIONS, VALUATION, RISKDISCLOSURE AND DISCLAIMER

2.1 Investment Objectives

The Fund seeks to maximize long term total return (share plus income) while incurring less stock market risk than fund made up entirely of stocks. The Fund may invest up to 100 % in any one type of Shariah compliant asset class (money market and/or stock market) and may easily change allocation to take advantage of directional macro and micro economic trends and undervalued stocks. The benchmark of the fund is 50% three month average deposit rate of 3 Islamic banks + 50% Islamic equity index (KMI 30 index). The duration of the fund will be six months.

2.2 Investment Policy

2.2.1 The Scheme is a purely Shariah based Unit Trust which shall make Investments only in designated Authorized Investments approved by Shariah Advisor and shall thus offer Shariah Compliant returns to the investors in the Units of the Scheme. Hence, no investment of the Fund Property or any portion thereof shall be made in any Investment, which, in the opinion of the Shariah Advisor, is opposed to Shariah. All Investments shall be made within the limits prescribed in the Regulations or otherwise as may be specified by the Commission with a minimum investment grade rating (issue or entity) and for investments in offshore countries, Investments shall be made within the limits prescribed by the State Bank of Pakistan.

2.2.2 Askari Islamic Asset Allocation Fund is an Asset Allocation Fund and its “Authorized Investments” would comprise of diversified Portfolio of Shariah-Compliant

investments including Shariah-Compliant investments available outside Pakistan. The allocation between various investments will depend on prevailing market conditions and opportunities and will comprise the following investments: The limits given below are based on the current limits defined in the Regulations and circulars issued by the Commission and may be modified based on any change in the Regulations and any exemptions/clarifications given by the Commission

Authorized Investment	Minimum Entity Rating	Minimum Instrument Rating	Maximum Exposure Limit	Minimum Exposure Limit
Shariah compliant Equity Securities listed on the Stock Exchange or for the listing of which an application has been approved by a stock exchange	N/A	N/A	100%	0%
Depository receipts such as Global Depository Receipts (GDR) and / or American Depository Receipts (ADR).	N/A	N/A	30%	0%
Contracts, securities, instruments issued by companies, organizations, and establishments and placements with financial institutions on the principles of Bai'Mu'ajjal, Bai' Salam, Istisna'a, Modarabah, Murabahah, and Musharikah;	Investment grade	N/A	30%	0%
Spread Transactions as approved by Shariah Advisor	N/A	N/A	50%	0%
Secured and listed Shariah Compliant Government securities	N/A	N/A	50%	0%
Secured and unlisted Shariah Compliant Government securities	N/A	N/A	40%	0%
Secured and listed Shariah Compliant securities issued by Public/ Private sector entities and/or financial institution	Investment grade	Investment grade	50%	0%
Secured and unlisted Shariah Compliant securities issued by Public/Private sector entities and/or financial institution	Investment grade	Investment grade	40%	0%
Un -Secured and listed Shariah Compliant Government securities	N/A	N/A	30%	0%
Un-Secured and unlisted Shariah Compliant Government securities	N/A	N/A	20%	0%
Un-Secured and listed Shariah Compliant securities issued by Public/ Private sector or entities and/or financial institution	Investment grade	Investment grade	30%	0%
Un-Secured and un- listed Shariah Compliant	Investment	Investment	20%	0

securities issued by Public/ Private sector or entities and/or financial institution	grade	nt grade		
Shariah Compliant Term Finance Certificates/ Term Finance Certificates, Sukuk and other Shariah based Bond Structure and debentures	Investment Grade	Investment grade	70%	0%
Placements of riba free deposits with Islamic banks or with Islamic branches/windows of other banks	Investment Grade	N/A	100%	0%
Placements of Riba free deposits in foreign currencies with Islamic Banks or with Islamic branches/windows of other banks	Investment Grade	N/A	30% (max exposure per entity will not exceed 15%)	0%
Shariah Complaint Authorized Investments available outside Pakistan subjected to SECP and Shariah Advisors Approval including: <ul style="list-style-type: none"> • International Shariah Approved securities • International profit bearing securities; • International Shariah Compliant income instruments • Foreign currency Shariah Compliant bank deposits and certificate of investments • International Shariah Complaint mutual funds 			30% (subject to a cap of US \$ 15mn)	
Any other Shariah Compliant Asset Backed Security	Investment grade	Investment grade	50%	0%
Any other security or instrument that maybe permitted or approved by the SECP and Shariah Advisor from time to time	Investment grade	Investment grade	n/a	n/a

2.2.3 During the commencement of the Initial Period, the Trustee shall hold the Fund Property on deposit in a separate Shariah-Compliant account with banks having at least an investment grade rating (assigned by any credit rating agency licensed by the SECP) and approved by the Management Company. After the Initial Period all Fund Property, except in so far as such amount may, in the opinion of the Management Company, be required for transfer to the

Distribution Account, shall be invested by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of Trust Deed, the Offering Document, the Rules, and the Islamic Shariah as advised by the Shariah Advisor) be directed by the Management Company.

- 2.2.4 Any Investment may at any time be realized at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorized Investment or to provide cash required for the purpose of any provision of the Trust Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorized Investment or Shariah Compliant Investment (subject to SECP Directive or Shariah Advisor's decision) shall be realized within 3 months and the net proceeds of realization shall be applied in accordance with this Clause. It is clarified that the proceeds of any Investments realized as aforesaid shall be kept by the Trustee in the account of the Scheme.
- 2.2.5 The purchase or sale of any Investment in listed securities for the account of the Trust shall be made on a Stock Exchange through a Broker, who must be a member of such Stock Exchange, unless the Management Company is satisfied that it is possible, subject to applicable law, to make such purchase or sale more advantageously in some other manner. The Broker shall be appointed from time to time by the Management Company. The Management Company shall not employ, as a Broker, directly or indirectly any of its directors or officers or employees of the Management Company or the Trustee or a person who beneficially owns, whether individually or in association with close relative(s), 10% (ten percent) or more of the equity or other securities with voting rights, if any, issued by the Management Company, without the prior approval of the SECP.

2.3 Investments Outside Pakistan

- 2.3.1 The Investments outside Pakistan will enable the Fund to diversify the risk as well as avail opportunities for higher returns in markets that are undervalued. Such Shariah Compliant Authorized Investments (subject to approval of the SECP/SBP/Shariah Advisor) may be made up to 30% of net assets of the Fund and are subject to a cap of US\$ 15 million.

At some time in the future, the Management Company may expand this limit after seeking permission from the SECP and the State Bank of Pakistan and under intimation to the Trustee.

The limit to international investment will apply at the time of investment and it will not be necessary for the Trustee to sell any investment merely because, owing to appreciation or depreciation of any investment, change in foreign exchange parities, disposal of any investment or change in limit due to increase or decrease in Units, such limit shall be exceeded.

In case, due to the relative movement of the value of foreign Investment and/or change in the limit, the value of foreign investment exceeds the above limit, the Management Company will have three months to bring the Fund into compliance.

- 2.3.2 The Fund Property can be invested in Shariah Compliant international Authorized Investments with the prior approval of the Shariah Advisor.

2.4 Investment Restrictions

- 2.4.1 The Fund Property shall be subject to such exposure limits as are provided in the Rules, the Regulations, the Deed and this Offering Document (subject to any exemptions that may be specifically given to the Fund by the SECP): Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any

Investment or disposal of any Investments such limit shall be exceeded. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.

2.4.2 The Fund shall not invest more than 30% of its Net Asset Value in securities of any one business sector as per classification of the Stock Exchange. Domestic sector limit of 30% will not apply to foreign investment sector limit.

2.4.3 The exposure of a Fund to any single entity shall be lower of an amount equal to 15% of total net assets of the Scheme or issued securities of a company , 15 % in case of equity securities or 15 % in case of debt securities (single issue) of a company. Provided that where the exposure of the Scheme exceeds the limits so specified because of corporate actions including taking up rights or bonus issue and due to market price increase or decrease in net assets the excess exposure shall be regularized within three months of the breach of limits unless the said period of three months is extended up to another three months by the Commission on an application by the asset management company.

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

(i) thirty five percent of net assets of the Scheme in any single group (the term ‘group’ means persons having at least 30% common directors or 30% or more shareholding in any other company as per publicly disclosed information); and

(ii) ten per cent of net assets of the Scheme at the time of taking exposure in listed group companies of Management Company and such exposure shall only be made through secondary market.

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

2.4.5 If and as long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Rules, the Trustee shall not purchase any further Investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other share offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.

2.4.6 The Scheme shall not invest in unlisted equity securities unless an application for listing of such securities has been accepted by the stock exchange: provided that the Scheme may make total investments in a pre-initial public offering (Pre-IPO) upto fifteen percent of its net asset value, subject to investment limits prescribed under these Regulations.

2.4.7 The Trust will not at any time:

- a. Invest in any thing that is not Shariah Compliant or is Haram.
- b. Purchase or sell Bearer securities;
- c. Any other activity declared unlawful by Shairah Advisor at any point in time

2.4.8 The Management Company shall not acquire twenty five percent (25%) or more of the voting

rights or control of a company on behalf of the Scheme.

2.4.9 The Management Company in relation to the Scheme shall not;

- (i) effect short sales of any security whether listed or unlisted;
- (ii) purchase any security in a forward contract;
- (iii) purchase any security on margin;
- (iv) apply any part of its assets to real estate , commodities or commodity contracts;
- (v) invest in securities of the Management Company
- (vi) issue at any time without prior approval of the Commission in writing , a senior security which is either stock or represents indebtedness;
- (vii) apply for delisting from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme for de-listing;
- (viii) lend, assume , guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- (ix) invest in any security of a company if (i) any director of the Management Company owns more than five percent (5%) of the total amount of securities issued by that company or (ii) the directors and officers collectively own more than ten percent (10%) of those securities;
- (x) sell units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme;
- (xi) without obtaining prior approval of the Commission merge the Schemes or acquire or take over any other Scheme;
- (xii) invest the subscription money until the closure of public offer of shares or certificates;
- (xiii) take Exposure in any other Scheme, except for or overseas investment;

2.4.10 The investment in Authorized Investments shall be subject to the limitation of investment grade rating requirement (investment or entity) in respect of all investments.

The limits given above are based on the current limits defined in the Regulations and circulars issued by the Commission and may be modified based on any change in the Regulations and any exemptions/clarifications given by the Commission.

2.4.11 The Management Company shall not without prior approval of the Commission in writing, purchase from or sell to any Connected Person or employee of the Management Company. This requirement shall not apply to the issue, sale or redemption of units or certificates of the Scheme. All the transactions with the connected persons carried out by the Management Company on behalf of the Scheme shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the annual report of the Scheme.”

- 2.4.12 The Management Company and the Trustee, on behalf of the Fund, shall not at any time rollover the Authorized Investments, if the Fund would not be able to issue payment instrument for the Redemption Price to the Unit Holder within time period as stipulated in the Regulations/Offering Documents.
- 2.4.13 No netting off transactions (adjustment of Net Assets of the Scheme against the investment of Unit Holders) are allowed within the Scheme.
- 2.4.14 The Management Company shall not specifically use flipping mechanism (i.e. redemption and re-issuance of units to the same Unit Holders based on different Net Asset Values without cash settlement).

2.5 Exceptions to Investment Restrictions

- 2.5.1 The Fund may deposit securities, for facilitation or guaranteeing settlement of its own trades and transactions in favor of a Stock Exchange or clearing house or national clearing and settlement system, on acquiring associate membership of the concerned settlement system. The securities, however, shall not be pledged for any other reason with any other person or entity.
- 2.5.2 The Fund may sell its securities under forward/future contracts in a Shariah compliant manner as approved by the SA if the trustee of the Fund confirms that securities of such value are available in the portfolio of the Fund or will be available pursuant to a duly executed contract.
- 2.5.3 In the event, the weightage of shares exceed the limits laid down in the Offering Document or the Rules as a result of the relative movement in the market prices of the investments or through any disinvestments, the Management Company shall make its best endeavors to bring the exposure within the prescribed limits within three months of the event. But, in any case, the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.
- 2.5.4 All the exceptions to investment restriction require prior approval of SA and the SECP.

2.6 Borrowing and Borrowing Restrictions

- 2.6.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying Shariah Compliant arrangements with Banks or financial institutions for borrowing by the Trustee for the account of the Trust for the purpose of meeting redemption request(s) provided that:
- a. the borrowing shall not be resorted to, except for the purpose of redeeming any Units;
 - b. the charge payable to such Islamic Bank or financial institution are not higher than the normal bank charges;
 - c. the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Rules (fifteen percent of the total Net Asset Value) and/or the Regulations but if subsequent to such borrowing, the Net Assets have decreased as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing on account of the Trust;

- d. the amount so borrowed shall be repayable within a period of ninety days or such time prescribed by the Rules and / or Regulations;
 - e. such borrowing shall not be in contravention of the Shariah.
- 2.6.2 **Charge or Pledge:** For the purposes of securing any such borrowing, the Trustee may with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules and/or any law for the time being in force.
- 2.6.3 **Guarantee:** Neither the Trustee nor the Management Company shall be required to issue any guarantee or provide any security over their own assets for securing such borrowing from banks and financial institutions on account of the Trust. Neither they shall in any manner be liable in their personal capacities for repayment of such borrowings.
- 2.6.4 **Liability of Management Company and the Trustee:** The Trustee or the Management Company shall not incur any liability by reason of any loss to the Unit Trust or any loss that Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

2.7 Restriction on Transactions with Connected Persons

- 2.7.1 Cash forming part of the property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits.
- 2.7.2 Money can be borrowed from any institution provided that the charges are not higher than the normal bank charges.
- 2.7.3 The Management Company shall not without prior approval of the Commission in writing, purchase from or sell to any Connected Person or employee of the Management Company. This clause shall not apply to the issue, sale or redemption of units or shares or certificates issued by the Scheme
- 2.7.4 In case cash forming part of the Scheme's assets is deposited with the Trustee or the custodian, which is a banking company or an NBFC, return shall be paid on the deposit by the Trustee or custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar account and maturity.
- 2.7.5 All transactions carried out by or on behalf of the Scheme shall be made as provided in the Constitutive Documents and shall be disclosed in the Scheme's annual report.

2.8 Valuation of Fund Property

The valuation and pricing of the Fund property will be in accordance with the prescribed rules and regulations. The assets valuations, on foreign and Pakistani investments, are as per rules and regulations issued by the SECP and as per below.

- 2.8.1 A security listed on a Stock Exchange shall be valued at its last sale price on such exchange on the date as of which it is valued or, if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and, if no sale is

- reported for such date, the security shall be valued at an account not higher than the closing asked price nor lower than the closing bid price. Where prices of securities are quoted/available on a dealer system/electronic board such as NASDAQ or Reuters the quoted price shall be used.
- 2.8.2 An unlisted debt security and a debt security listed but not traded regularly on a Stock Exchange shall be valued in the manner specified by the Commission
- 2.8.3 An Investment purchased, and awaiting payment against delivery shall be included for valuation purposes as security held and the account of the fund shall be adjusted to reflect the purchase price, including brokers' commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date.
- 2.8.4 An investment sold, but not delivered pending receipt of proceeds, shall be valued at the net sale price. The value of any dividends, bonus shares or rights, which may have been declared on securities in the portfolio but not received by the Fund as of the close of the business on the valuation date, shall be included as assets of the Fund if the security, upon which such dividends, bonuses or rights were declared, is included in the assets and is valued ex-dividend, ex-bonus or ex-rights, as the case may be.
- 2.8.5 Profit accrued on any profit bearing security in the portfolio shall be included as an asset of the fund if such accrued profit is not otherwise included in the valuation of the security.
- 2.8.6 A derivative shall be valued at current market price or, if it is an over-the-counter derivative, at the value quoted for it by a financial institution or the inferred value of the derivative based on the value of the commodity for which it has been written. The valuation of the derivative must be congruous to the valuation of the commodity for which it has been written.
- 2.8.7 The valuation shall be conducted as at the close of the Business Day in Pakistan. For international Investment, valuation will be carried-out one hour before the close of the Business Day in Pakistan according to the price of securities at or around that time or, if the price is not available, at the closing price of securities at the end of the last business day in the country in which the securities are quoted.
- 2.8.8 All amounts in foreign currencies will be converted into Pakistani Rupees based on the quotations by the State Bank of Pakistan. The conversion will take place at the average of the buy-sell rates.
- 2.8.9 Any other income accrued up to the date on which computation was made, shall also be included in the assets.
- 2.8.10 All liabilities, expenses, taxes and other charges, due or accrued up to the date of computation, which are chargeable under the Trust Deed, shall be deducted from the value of assets.
- 2.8.11 A security not listed or quoted on a Stock Exchange, other than Government of Pakistan (GOP) or debt security shall be valued at investment price or its break up value as per last audited accounts, whichever is lower.
- 2.8.12 GOP securities not listed on the Stock Exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security.
- 2.8.13 The valuation methods prescribed in the Rules and Regulations will be used unless the Rules and / or Regulations are amended or a different valuation method is prescribed by the SECP. For any asset class, where no specific methods or valuation is prescribed in the Rules and / or

Regulations, the guidance from the SECP shall be obtained and valuation shall be done accordingly.

2.9 Risk Disclosure & Disclaimer

It should be clearly understood that portfolio of the Scheme is subject to market fluctuations and risks inherent in all such Investments. The value of Units in the Scheme may appreciate as well as depreciate, and the Fund may or may not declare a dividend. Past performance does not necessarily indicate future performance.

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

AIM investment team aims to identify securities following proper credit evaluation of the securities proposed to be invested in. It will be guided by the ratings of Rating Agencies such as Pakistan Credit Rating Agency or JCR-VIS Credit Rating Company Limited or any other rating agencies that may be registered with SECP from time to time or any other reputed international credit rating agencies.

The Fund will invest in Authorized Investments which are subject to various degrees of risk. The risk emanates from various factors that include, but not limited to:

- i. Credit Risk - Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of a income security including money market instruments.
 - a) Default risk is the risk that the issuer will not be able to pay the obligation, either on time or at all.
 - b) Credit spread risk is the risk that there will be an increase in the difference between the return/ mark-up rate of an issuer's bond and the return/mark-up rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between 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 Shariah Compliant debt instruments.
 - c) Downgrade risk is the risk that a credit rating agency, such as PACRA or JCR-VIS, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those Shariah Compliant debt instruments including money market instruments.
- ii. Derivative Risk - Shariah compliant derivatives may be used to limit or hedge potential losses associated with stock markets and return/mark-up rates. This process is called "hedging". Derivatives may also be used for non-hedging purposes - to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

- a) The hedging strategy may not be effective.
 - b) There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract.
 - c) A large percentage of the assets of a Fund may be placed on deposit with one or more counter parties, which exposes the Fund to the credit risk of those counterparties.
 - d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
 - e) The counter-party to the derivative contract may not be able to meet its obligations.
 - f) The Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a Fund from closing out a particular contract.
 - g) If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract.
 - h) The price of a derivative may not accurately reflect the value of the underlying security or index.
- iii. Concentration Risk - The Fund may concentrate its investments in a relatively small number of securities, certain sectors or specific regions. This may result in higher volatility as the value of the portfolio will vary more in response to changes in the market of these securities, sectors or regions.
- iv. Return/Mark-up Rate Risk - Shariah Compliant Debt Instrument including money market instruments, which pay certain rate of return/mark-up. The value of the fund, due to its holdings in Shariah Compliant Debt Instrument including money market instruments, will rise and fall as return/mark-up rates change. For example, when return/mark-up rates fall, the value of an existing Shariah Compliant Debt Instrument will rise because the coupon rate on that Shariah Compliant Debt Instrument is greater than prevailing return/mark-up rates and vice versa.
- v. Government Regulation Risk - Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows and/or any governmental or court orders restraining payment of capital, principal or income.
- vi. Voluminous Purchase/Redemption of Fund Units Risk - Any significant transaction made by any investor could significantly impact a Fund's cash flow. If the third party buys large amounts of shares or Units of a Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of shares or Units of a Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of your investment.

- vii. Liquidity Risk - Some companies have limited market float of their issued shares and hence are not actively traded in the stock market or they may generally have very few total shares issued and outstanding. Securities issued by such companies may be difficult to buy or sell, which may cause the value of the Funds that buy these securities to rise and fall substantially because any buying or selling of such company shares may have a great impact on that company's share price.
 - viii. Market Risk – This risk involves volatility in stock prices resulting from their dependence on market sentiment, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the NAV based price of the Unit of the Fund.
 - ix. Other Risks Involved:
 - a) Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made.
 - b) Break down of law and order, war, terrorist activity, natural disasters etc.
 - c) Senior rights of creditors over the shareholders in the event of winding up.
- 2.9.1 Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial and capital market investments. Capital invested in the financial and capital markets could in extreme circumstances lose its entire value. However, diversification of the investment into a number of highly liquid equities and Shariah Compliant Debt Instrument including money market instruments tends to reduce the risk substantially. The historical performance of this Fund, the financial and capital markets or that of any one security or transaction included in the Fund's portfolio does not indicate future performance.
- 2.9.2 Prices of Units of the Fund and income from them may go up or down.
- 2.9.3 Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up in such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

2.10 Disclaimer

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

If you are in any doubt about the contents of this offering document, you should consult your stock-broker, bank manager, legal adviser or other financial adviser

3. OPERATORS AND PRINCIPALS

3.1 Management Company:

Askari Investment Management Limited

3.1.1 Organization

(a) Management Company & Organization:

Askari Investment Management Ltd (AIM) was incorporated on 30 May 2005 and obtained license for carrying out asset management and investment advisory services on 21st September 2005 from the Securities and Exchange Commission of Pakistan (SECP). AIM is a wholly owned subsidiary of Askari Bank Limited (AKBL). Following is the pattern of shareholding of AIM.

(b) Capital Structure

Names	Designation	Number of Shares	Amount (Rupees)	Status
Askari Bank Ltd	Holding company	13,499,993	134,999,993	Sponsor
Lt. General (R.) Imtiaz Hussain	Director	1	10	Nominee AWT
Mr. M.R.Mehkari	Director	1	10	Nominee AKBL
Mr. Shahid Hafeez Azmi	Director	1	10	Independent
Mr. Muhammad Naseem	Director	1	10	Independent
Maj Gen (r) Saeed Ahmed Khan	Director	1	10	Executive Director Finance AWT
Tahir Aziz Khan	Director	1	10	Country Head Corporate and Investment Banking Askari Bank Limited
Total		13,500,000*	135,000,000	

*One Vacant Director positions with 1 unit shareholding

(c) Performance of Listed Companies with Common directorship

Askari Bank Limited as of 31st December						
	2008	2007	2006	2005	2004	2003
EPS (Rs.)	0.95	6.61	11.23	10.09	15.31	8.78
Shareholders Equity (Rs 000s)	12,034,895	12,099,645	9,619,066	7,595,145	5,573,149	3,901,279
Total Assets (Rs 000s)	206,191,138	182,171,885	166,033,588	145,099,907	107,167,541	85,386,902
Cash Dividend Rs	0	1.5	1	1.5		
Stock Dividend %	25%	35%	50%	33%		
Paid up capital (Rs 000s)	4,058,774	3,006,499	2,004,333	1,507,018	1,255,848	1,141,680

Askari Leasing Limited as of 30th June						
	2008	2007	2006	2005	2004	2003
EPS (Rs.)	3.41	3.3	3.63	2.4	2.55	2.73
Shareholders Equity (Rs 000s)	1,201,888	1,102,667	894,511	793,053	822,721	852,483
Total Assets (Rs 000s)	12,383,865	12,050,476	10,780,952	8,912,327	7,950,769	8,258,946
Cash Dividend %	0%	10%	0%	0%	0%	0%
Stock Dividend %	15%	5%	15%	15%	15%	15%
Paid up capital (Rs 000s)	449,915	428,490	372,600	324,000	324,000	324,000

Askari General Insurance Limited as of 31st December						
	2008	2007	2006	2005	2004	2003
EPS (Rs.)	0.33	2.54				
Shareholders Equity (Rs Million)	296	282.297	232.91	175.82	148.68	101.34
Total Assets (Rs Million)	1217.25	1117.59	882.8	732.49	641.24	423.77
Cash Dividend %	0%	0%	0%	0%	18%	15%
Stock Dividend %	0%	30%	30%	18%	0%	0%
Paid up Capital Rs Million	203.77	156.75	120.58	102.18	102.18	81.75

3.2 Funds under management of Askari Investment Management Limited

Askari Income Fund (AIF)

The Askari Income Fund (AIF) is the first mutual funds launched in 2006 by AIM. It is an open ended mutual fund that is a safe and low risk investment option. The fund invests in fixed income instruments like T-Bills, Term finance certificates and other short to medium term fixed income securities. The investment objective of the scheme is to provide its holders attractive daily returns from a portfolio of low risk assets while maintaining competitive returns. Askari Income Fund has a Three Star rating from PACRA.

Date of Launching	March 15, 2006
Par Value of Unit	Rs. 100
Net Assets (June 30, 2009)	Rs. 3.03 Billion
NAV (June 30, 2009)	Rs. 102.14
Listing	Lahore Stock Exchange

Performance: (Rupees)	Return (p.a.)	Payout
Year Ending June 30, 2006	9.91%	4.4911 per unit
Year Ending June 30, 2007	11.20%	11.0586 per unit
Year Ending June 30, 2008	9.3 %	9.0266 per unit
Year Ending June 30, 2009	3.49%	2.37 per unit

Askari Asset Allocation Fund (AAAF)

Askari Asset Allocation Fund (AAAF) is an open-end fund listed on Islamabad Stock Exchange, the objective of which is to invest in various investments such as stocks/shares, Term Finance Certificates (TFCs), Government Bonds (PIBs), Treasury Bills, Certificates of Investment (COIs), Continuous Funding System (CFS), Spread Transactions (Redi-Future), etc. The fund seeks to maximize long-term total return (stocks plus income) while incurring less stock market risk than a fund made entirely of stocks. The fund may invest up to 100% in any one type of asset class and may easily change allocation to take advantage of directional macro and micro economic trends and undervalued stocks.

Date of Launching	13 th Sept, 2007
Par Value of Unit	Rs.100.00
Net Assets (June 30, 2009)	Rs. 289.142 Million
NAV (June 30, 2009)	Rs. 54.6213
Listing	Islamabad Stock Exchange

Performance: (Rupees)	Return (p.a.)	Payout
Year Ending June 30, 2007 (Since Inception) unit	2% %	1.9859 per
Year Ending June 30, 2008	-12.28 %	0.00 per unit
Year Ending June 30, 2009	-37.85%	0.00 per unit

3.3 Core Investor: Askari Bank Limited

Name	Number of Units	Rupees
Askari Bank Limited	1,000,000	100,000,000
Total	1,000,000	100,000,000

The above core investor have subscribed an aggregate sum of Rs. 100,000,000 towards the purchase of 1,000,000 Core Units of Rs. 100 each.

These Core Units are not redeemable for a period of first two years from the date of the closure Initial Offer Period. However, these Units are transferable during this two year period. The Transfer Agent will mark these 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 Transfer Agent of a written acceptance of this condition by the transferee.

The above Core Investor as well as other Pre-IPO Investors will be eligible to any profit earned on their investment during the initial period, till the day before opening of public offer (i.e. 18th September , 2009). The purpose of this is to ensure that all Unit Holders (Core Investors, Pre-IPO Investors) are treated at par at the beginning of the Public Offer.

Askari Bank Limited

AKBL was incorporated in Pakistan on October 9, 1991 as a public limited company and is listed on the Karachi, Lahore & Islamabad Stock Exchanges. The Bank commenced its operations from April 1, 1992 and has since expanded into a nation-wide presence of above 90 branches, supported by a network of online ATMs and an off shore Banking Unit in the Kingdom of Bahrain. Army Welfare Trust is the major shareholder of the Bank and holding 50.17% % shares as of December 31, 2008

AKBL is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. AKBL offers a full range of commercial banking services to the corporate, middle market and retail segments. AKBL now intends to open more retail outlets in the high potential markets in a planned but aggressive manner and to improve technology to further strengthen their position in this area of operations. Existing branches are also being renovated and upgraded and human resource is being provided improved training. The present nation-wide network is fully equipped to provide complete range of services and Bank's infrastructure, policies and plans are all geared towards promoting speedy service to customers. Army Welfare Trust is the major shareholder of the Bank.

3.4 Board of Directors and Management

3.4.1 Board of Directors of AIM

Name	Position	Directorship in other Companies	Occupation	Address
Lt. General (R.) Imtiaz Hussain	Director & Chairman	As per above	MD AWT	Rawalpindi
Mr. Muhammad Naseem	Director	Tecsol Associates (Pvt.) Ltd System Innovation (Pvt.) Ltd Swede Bus Pakistan (Pvt.) Ltd	Ex- Partner A.F. Ferguson and Co, Chartered Accountants	C-197/1, Street G, K.D.A Scheme No.1, Karachi
Mr. M.R. Mehkari	Director		Banker	House No. 32/1, St No. 22, Khayaban-e- Tanzeem, Phase V, DHA, Karachi
Mr. Saeed Aziz Khan	Chief Executive	None	Investment Management	Islamabad
Mr. Shahid Hafeez Azmi	Director	Excellent I.T. Services (Pvt.) Ltd. Techno Trends (Pvt.) Ltd	Banker	123 George Street London, UK
Maj Gen (r) Saeed Ahmed Khan	Director	None	Executive Director Finance AWT	H # 37 Askari Villas Chaklala Scheme 3 Rawalpindi
Tahir Aziz Khan	Director	1 None	Country Head Corporate and Investment Banking Askari Bank Limited	87/1 Khayaban-e- Rahat DHA, Phase VI, Karachi

3.4.2 Particulars of Directors

Lt. General (R.) Imtiaz Hussain

Lt. General (R.) Imtiaz Hussain is the Chairman of the Board of the Management Company. He is also the Managing Director of the Army Welfare Trust (AWT) and Chairman Executive Committee of Askari Bank Ltd, Chairman Board Askari Leasing Ltd. Chairman Board and Askari General Insurance Co. Ltd

He joined an Infantry Battalion after obtaining his commission in 1971. He held various prestigious Command and Staff appointments during his 36 years of commissioned service. He served as the Directing Staff at the Command and Staff College. He also commanded an Infantry Corp, Division and Brigade.

General Imtiaz Hussain served as Director General Doctrine and Evaluation Directorate and subsequently as Director General Weapons and Equipment in General Headquarters. He commanded a Corps from May 2005 to April 2007. He served as Adjutant General of Pakistan Army before he retired.

Mr. Muhammad Naseem – Director

Mr. Naseem is a Chartered Accountant by profession and is a fellow member of both, the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Pakistan. He completed his professional education from England.

Mr. Naseem has more than 27 years of professional experience in Audit and Business Advisory Services, Corporate Finance Services, Financial Investigations and Accounting & Transaction Services.

He joined PriceWaterhouse (Now called PriceWaterHouseCoopers) in 1969, where he was primarily involved in servicing various clients in the Middle East and North Africa. In 1982 he was transferred to A. F. Ferguson & Co. (A member firm of PriceWaterHouse in Pakistan), one of the most prestigious firm of Chartered Accountants in Pakistan.

During his 22 years with the firm, Mr. Naseem served multinational and large national clients engaged in fields of Oil & Gas, Telecommunications, Ocean Transportation, Investment Banking, Heavy Engineering, Steel Fabrication, Brokerage Houses, etc. Moreover, he was also involved in the internal audit assignments of a number of clients of A. F. Ferguson & Co.

Mr. Naseem has also served on the Education Committee and Quality Control Committee of the Institute of Chartered Accountants of Pakistan.

Mr. M.R. Mehkari – Director

Mr. Mehkari has over 37 year's of experience of Treasury Management, Foreign Exchange and Branch Management Operations at Askari Bank Ltd. and other banks. He possesses management skills of planning and development, mobility, motivation and innovations that are required in the current modern banking in Pakistan.

He has worked as Director, Foreign Exchange & Policy Department at State Bank of Pakistan (SBP) where he was instrumental for the foreign exchange policy liberalization in the country. He has also served as a member of Corporate Management Team and Monetary & Exchange Rate Policy Committee (MERPC) at SBP.

Mr. Saeed Aziz Khan - Chief Executive

Mr. Khan has extensive global exposure to money and capital markets, trading in multiple currencies, bonds, equities and their derivatives. He has worked in treasuries of some of the top banks in Hong Kong, Sydney, London, New York, Abu Dhabi and Pakistan. He also conducted seminars in Tokyo and Dubai on options and technical analysis.

Mr. Shahid Hafeez Azmi – Director

Mr. Azmi is a seasoned investment banker. He has been associated with Merrill Lynch, Dubai, E.F. Hutton, London and Lehman Brothers London, looking after various functions like asset management, mutual funds, interest rate swaps and dealing in futures and options. Mr. Azmi did his MBA from Institute of Business Administration (IBA), Karachi in 1975.

He was also one of the founding directors of Askari Bank and served at the same position till Early 2005 for the Bank.

Maj Gen (r) Saeed Ahmed Khan- Director

Maj. Gen (r) Saeed Ahmad Khan is currently working as Executive Director Army Welfare Trust. He has completed the Army Command and Staff course, the inter services war course from Republique Francaise and the Armed Forces War Course from National Defence University Islamabad. He has a Bsc Honors Degree from the Balochistan University and a MSc Honors Degree from Quaid-e-Azam University.

Mr. Tahir Aziz Khan- Director

Mr. Aziz is a seasoned investment banker and has been part of this field since 1991. Presently he is working as SEVP and Group head, corporate and investment banking Askari Bank Limited. He holds an MBA degree from the Lahore University of Management Sciences (LUMS).

3.4.3 Particulars of Management

Mr. Rizwan Hasan Khan, Chief Financial Officer

Prior to joining AIM, Mr. Khan has served at Citigroup N.Y. He has over 12 years core asset management industry experience. Mr. Khan has also been an integral part of other major international organizations such as Barclays and Mackenzie Financial in USA and Canada. Mr. Khan has extensive experience of various Asset Management products like Hedged, Exchange Traded, Private Equity and Mutual Funds. Rizwan completed his Bachelors and Masters degrees from City University of N.Y. (Baruch College) and University of Bridgeport C.T., USA.

Mr. Adnan Muzaffar, Fund Manager Fixed Income

Adnan Muzaffar has more than twelve years of fund management, risk management and financial analysis experience. He has worked in both Fortune 500 companies in the U.S. and large financial institutions in Pakistan. Currently, he is the Fund Manager for Fixed-Income products at Askari Investment Management (AIM) and manages a portfolio of more than Rs. 7 billion. He joined AIM as Head of Risk Management in 2006. Prior to joining AIM, he was the Vice President-Risk Management at Washington Mutual Bank, U.S., where he was responsible for management of all aspects of risk management for the bank. Before that, he was Manager-Credit Risk Management, Freddie Mac, U.S., which is one of the largest mortgage companies in the world. Prior to joining Freddie Mac, he worked as Senior Consultant at Ernst & Young, U.S. Adnan did his MBA from University of Texas at Austin, U.S. and B.S. in Electrical Engineering from University of Engineering & Technology, Lahore.

Mr. Usman Ashraf, Fund Manager Equities

Mr. Usman Ashraf has recently joined AIM as Fund Manager-Equities. He has over fifteen years post qualification experience of which his major exposure was with the capital markets of Pakistan. He has been associated with the premier brokerage houses at different senior positions where he gained hands on experience of dealings in equities, sales & marketing strategies, equity market analysis, financial advisory, customer relationship, trading in spot & future markets, price forecasting and settlements. His last assignment was with Invest & Finance Securities Limited as Director Sales. He did his MBA from Adamson University, Manila Philippines. He also has done Canadian Securities Course and Derivative Fundamental Course from CSI Canada.

Mr. S. Shaukat Malik, Risk Manager

Mr. S. Shaukat Malik joined Askari Investment Management Limited as Equity Strategist and took over as Risk Manager. Currently, he is responsible for entire financial risk assessment and management in Income and Equity Fund of the company. He has worked on and developed company's Credit Analysis Model. Shaukat has over 20 years diversified experience of financial and resource management having worked in United Nations, Lehman Brothers Holdings Inc. in US and Nestle Pakistan Limited in Pakistan in senior management positions. He completed his Bachelors and Masters degree from University of Louisiana at New Orleans, US.

Syed Shoaib Jaffery – Financial Controller and Company Secretary

Syed Shoaib Jaffery is working with Askari Investment Management (AIM) since April 2007. Prior to joining AIM, he worked with Tourism Promotion Services (Pakistan) limited, owners and managers of Serena Hotels as Manager Accounts. He had also been associated with KPMG Islamabad, where he was involved in assurance services and earned a diversified audit exposure in Banking & financial institutions, NBFC's, Telecommunication, and Manufacturing sectors.

3.5 Role of the Management Company

3.5.1 Compliance with Regulations and this Deed

The Management Company shall comply with the provisions of the Regulations, the Rules and this Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of this Deed to be the act of the Management Company.

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

3.5.2 Management of Fund Property

The Management Company shall manage the Fund Property in the interest of the Unit Holders

in good faith, to the best of its ability and without gaining any undue advantage for itself or any of its related parties including Connected Persons and group companies or its officers, and subject to the restrictions and limitations as provided in this Deed, the Rules and the Regulations.

Any purchase or sale of investments made under any of the provisions of this Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of this Deed or the Regulations. The Management Company shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control. The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker.

3.5.3 Appointment of Distributors

The Management Company under intimation to the Trustee shall from time to time at its own expense and responsibility appoint, remove or replace one or more Distributor(s) for carrying out the Distribution Functions at one or more locations, on terms and conditions to be incorporated in the distribution agreement to be entered into between the Distributor(s) and the Management Company. The appointment of Distributor will be done through written distribution agreement(s) defining among other terms and condition, terms and condition for avoidance of frauds and sales based on misleading information. The Management Company shall ensure that where it delegated the function of distribution the Distributors have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the Commission and are abiding by the code of conduct prescribed by the association(s). Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions. The Distributors shall receive applications for issue and redemption of investment in the various Unit Trusts and Administrative Plans offered by the Management Company.

3.5.4 Appointment of Investment Facilitators

The Management Company may, at its own expense and responsibility, from time to time appoint Investment Facilitators to assist it in promoting sales of Units.

3.5.5 Appointment of Registrar/Transfer Agent

The Management Company may at its own expense and responsibility from time to time appoint, remove or replace the Registrar/Transfer Agent who is responsible for performing Registrar Functions. The Transfer Agent shall perform the Registrar Functions, including maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities and any other role assigned to the Transfer Agent as per the transfer agent agreement.

3.5.6 Record Keeping

3.5.6.1

The Management Company shall maintain at its principal office, proper accounts and

records to enable a complete and accurate view to be formed of the (i) assets and liabilities of the Scheme; (ii) the income and expenditure of the Scheme; (iii) all transactions for the account of the Scheme; (iv) amounts received by the Scheme in respect of issues of units; (v) all amounts paid out by the Scheme on redemption of units and by way of distributions by the Scheme and (vi) pay out at the termination of the Scheme.

3.5.6.2 The Management Company shall maintain a Register of Unit Holders of the Scheme (either in physical or electronic form) and inform the Commission and the Trustee of the address where the Register is kept.

3.5.6.3 The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

3.5.7 Submission of Accounts to Unit Holders

The Management Company shall within one month of the close of the first and third quarters and within two months of second quarter of the Accounting Year of the Scheme prepare and circulate to the Unit Holders, the Trustee and the Commission and Stock Exchanges on which the units or certificates of the Scheme are listed, balance sheet as at the end of that quarter, an income statement, a cash flow statement, a statement of movement in unit holders' or certificate holders funds net assets or reserves; and statement showing the securities of the relevant period, securities purchased or sold during such period and the securities held at the of such period together with the value (at carrying and at market) and the percentage in relation to its own net assets and the issued capital of persons whose securities are owned for the quarter whether audited or otherwise Provided, where subject to permission being granted by the Commission the Management Company has transmitted the said quarterly accounts on the Management Company's website, printed copies thereof shall be provided to the Unit Holders, free of cost, as and when requested.

3.5.8 Appointment of Auditors

The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, an Auditor from the approved list of auditors circulated by the SECP from time to time, who shall be a chartered accountant and independent of the Auditors of the Management Company and the Trustee and such Auditors shall not be appointed for more than five consecutive years and the contents of Auditor's report shall be in accordance with the provisions of the Rules and the Regulations.

3.5.9 Submission of information to the Commission

The Management Company shall within four months of the closing of the Accounting Period transmit to the Unit Holder(s), the Trustee and the SECP and stock exchanges, on which the Units of the Scheme are listed the annual report as per the requirements of the Regulations, including (i) copy of balance sheet and income statement, (ii) cash flow statement, (iii) statement of movement in Unit Holders' fund or net assets or reserves and (iv) the Auditor's report.

3.5.10 Rating of the Scheme

The Management Company shall be obliged to obtain rating of the Scheme, once the Scheme

becomes eligible for rating as per the rating criteria of the rating agency and such rating shall be updated at least once every financial year and also published in the annual and quarterly report of the Scheme.

3.5.11 Submission of information to Trustee

The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may require in respect of any matter relating to the Trust.

3.5.12 Liabilities of the Management Company

The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the Rules, the Regulations, the Offering Document and this Deed nor shall the Management Company (save as herein otherwise provided) be liable for any willful act or omission of the Trustee or for anything except its own negligence, recklessness or willful breach of duty hereunder and shall account to the Trustee for any loss in value of the assets of the Scheme where such loss has been caused by its negligence, reckless or willful act or omission.. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder

3.5.13 Instructions to Trustee

The Management Company shall, from time to time, advise the Trustee of the instructions relating to any transaction entered into by it on behalf of the Trust. The Trustee shall carry out the instructions in accordance with the dictates of the specific transactions provided they are in consonance with the provisions of this deed, the Rules and the Regulations.

3.5.14 Investor Services

The Management Company has the responsibility to facilitate the investment and disinvestments by investors in the scheme and to make adequate arrangements for receiving and processing applications in this regard. Offer and redemption prices have to be announced for investor facilitation as per the procedures outlined in Section 11 of this Trust Deed.

3.5.15 Payment Instructions

The Management Company shall process payment instruments immediately on receipt of application.

3.5.16 Providing Redemption Requests to the Trustee:

The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 (twenty four) hours of receipt of any such request following the queue system.

3.6 Other Functions and Responsibilities of the Management Company

Performance of Duties as per Rules and the Regulations

The Management Company shall perform any other duties as may be required by the Commission in accordance with the Rules and the Regulations.

In addition, the Management Company shall not:

- (a) acquire the management of a collective investment scheme, unless it has obtained the prior approval of the Commission in writing to do so;
- (b) pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations;
- (c) accept deposits from a collective investment scheme;
- (d) make a loan or advance money to any person from the assets of the Scheme ;
- (e) participate in a joint account with others in any transaction on behalf of the Scheme except for collection account of the Scheme;
- (f) apply any part of assets of Scheme to real estate ;
- (g) make any investment of the Scheme with the purpose of having the effect of vesting the management, or control over the affairs of the investee company by the Management Company or its group ;
- (h) Enter, on behalf of the Scheme, into transactions with any Broker exceeding 30% of the commission paid by the Scheme in any Accounting Period;;
- (i) undertake brokerage services on stock exchanges or in the money market;
- (j) enter into underwriting or sub-underwriting contracts, on behalf of collective investment schemes being managed by it;
- (k) maintain its own equity portfolio except for the investments made by the Management Company into collective investment schemes or pension funds being managed by it or its subsidiaries licensed as NBFC under the Rules or as allowed in clause (h) of sub-rule (2) of Rule 7 or as allowed by the Commission from time to time.
- (l) buy more than twenty five percent of the outstanding shares or certificates of Closed End Fund managed by it; and
- (m) open or close or arrange to open or close any account with a bank, broker or depository for the Scheme without the approval of its board.

3.7 Trustee

3.7.1 Trustee - MUSLIM COMMERCIAL Financial Services (Pvt) Ltd.

SECP has approved appointment of MCFSL as Trustee of Askari Islamic Income Fund vide its letter no. [] dated []

3.7.1.1 Name and Registered Address: The Trustee to the Askari Islamic Income Fund is:

MUSLIM COMMERCIAL Financial Services (Pvt) Ltd.

Muslim Commercial Financial Services (Private) Limited (MCFSL) is a private limited company incorporated under the Companies Ordinance, 1984. It is a wholly owned subsidiary of MCB Bank Limited and has been in the trustee business since 1997. At the moment company has 12 mutual funds under its trusteeship.

Mission:

To constantly strive to meet our customer requirements and at the same time ensure that all regulatory requirements are fully met.

Vision:

To build and maintain a customer-oriented relationship

Registered Office:

16th floor ,MCB Tower,
I.I. Chundrigar Road,
Karachi – Pakistan.

Business Office:

Adamjee House, 3rd Floor,
I.I. Chundrigar Road,
Karachi – Pakistan.

3.7.1.2 Shareholders: Following are the sponsors and the shareholders of the MCFSL:

Wholly owned subsidiary of MCB Bank Limited

3.7.1.3 Management:

MCFSL is managed by a team of well qualified and experienced professionals. The chief executive has over 25 years of experience in the banking /financial sector. We confirm that the chief executive does not have any affiliation in any investor institution. Operations of the company are managed by a team of high caliber and qualified professionals. The head of operations also has over 15 years of experience in the banking /financial sector.

3.7.2 **Basic Role of the Trustee**

3.7.2.1 Investment of Fund Property at direction of Management Company

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

3.7.2.2 Custody of Assets

The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Unit Trust on behalf of the beneficial owners (the Unit Holders), within the framework of the Rules, the Regulations, the Trust Deed and Offering Document issued for the Unit Trust. The Trustee shall take into its control all the property of the Scheme and hold it in trust for the unit holders in accordance with the law and the provisions of the Trust Deed and the cash and registerable assets shall be registered in the name of, or to the order of , the Trustee.

The Trustee shall be liable for any loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets or investment forming part of the property of the Scheme.

3.7.2.3 Obligations under the Rules, the Regulations and Constitutive Document

The Trustee shall have all the obligations entrusted to it under the Regulations, the Rules the Offering Document (as amended from time to time) and this Deed (as amended from time to time).

3.7.2.4 Nomination of Attorney

The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company and the same would be intimated to the Management Company.

3.7.2.5 Appointment of Sub-Custodian

The Trustee, under intimation to the Management Company, shall appoint and may also remove and replace from time to time one or more Bank(s) and/or other depository company(ies) , to act as the Sub-Custodian(s) for holding and protecting the Fund Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Sub-Custodian(s).

3.7.2.6 Compliance with this Deed

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

Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by the willful act and/or omission of the Trustee or any of its attorney (ies), or agents.

3.7.2.7 Protection of Unit Holders' interest

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

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

- (b) any instruction received online through the software solution adopted by the Management Company for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee.
- (c) third party evidence where required like broker contract, expenses bills etc.

3.7.2.8 Actions to protect Unit Holders' interest

The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Fund property or safeguarding the interest of Unit Holders, 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, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustees authorized directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses.

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

3.7.2.9 Carrying out instructions of the Management Company

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

3.7.2.10 Availability of information to Management Company

The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Trust.

3.7.2.11 Entitlements

- (a) To require the Auditors to provide reports

The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules and the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

- (b) To receive the copies of Financial Statements

The Trustee shall be entitled to receive copies of financial statements on quarterly, half yearly and annual basis.

3.7.2.12 Liabilities of the Trustee

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Offering Document, the Regulations and this Deed, nor shall the Trustee be liable for any act or omission of the Management Company or for anything except its own willful acts or omissions or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder. The trustee shall not be liable for any loss caused to the Trust or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

3.7.2.13 Other Responsibilities

- (a) The Trustee shall forward to the Management Company within two Business Days any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with any transactions. The Trustee shall promptly act on any instruction by the Management Company in all such matters relating to recovery of the Fund Property.
- (b) The Trustee shall promptly provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attached to any investment.
- (c) The Trustee shall ensure that: (i) the sale, purchase, issue and transfer of units effected by the Scheme and repurchase, redemption and cancellation of Units are carried out in accordance with the provisions of the constitutive documents, the Rules, and the Regulations; and (ii) the methodology and procedures adopted by the Management Company in calculating the value of units are adequate and the valuation for sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the constitutive documents and regulatory requirements.
- (d) The Trustee shall issue a report to be included in the annual and second quarter report to be sent to Unit Holders whether, in the Trustee's opinion, the Management Company has in all material respects managed the scheme in accordance with the provisions of the constitutive documents, the Offering Documents, the Rules and the Regulations and if the Management Company has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof.
- (e) The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations the Offering Document, The Rules and this Deed and the conditions under which the Scheme has been authorized are complied with.

- (f) The Trustee shall ensure that the Management Company has specified the criteria in writing to provide for diverse panel of brokers at the time of offering of the Scheme or for any subsequent change and shall also ensure that the Management Company has been diligent in appointing brokers to avoid undue concentration of business with any broker.
- (g) The Trustee shall ensure that units of the Scheme have been issued after realization of subscription money.
- (h) The Trustee shall arrange for an annual system audited by its auditors and provide the report to this effect to the Commission and the Management Company, within three months of the close of the financial year.
- (i) The Trustee shall immediately inform the Commission if any action of the Management Company contravenes the Ordinance, the Rules, the Regulations, Constitutive Documents, guidelines, codes, circulars directives or any other applicable laws, and comply with the directions of the Commission given in the interest of the Unit Holders.
- (j) The Trustee shall ensure that the conditions under which the Scheme has been registered are complied with.
- (k) The Trustee shall not invest in units of the Scheme.

3.7.2.14 Administrative Arrangements

The Trustee shall have all the obligations entrusted to it under the Regulations, the Trusts Act 1882 [II of 1882], this Trust Deed including any supplemental deeds hereto and Offering Documents setting up the Unit Trusts and the Administrative Plans thereof. However, the Trustee shall, in addition to the aforesaid obligations, facilitate the Management Company's business in the following manner:

- (a) **Attorney/s and Person/s:** The Trustee shall nominate one or more of its officers to act as attorney/s for performing the Trustee's functions and for interacting with the Management Company.
- (b) **Distributors:** The Management Company may itself act as a Distributor or appoint others as Distributors from time to time on such terms and conditions as it may specify.
- (c) **Custodian/s:** The Trustee shall act as custodian for securities for which custody services are available with the Trustee at such terms as the Trustee and the Management Company may mutually agree. For other securities the Management Company may advise the Trustee to make appropriate arrangements with one or more Custodians for custody of securities in which investment may be made on behalf of the respective Unit Trusts. The Trustee shall provide custodial services to the extent others cannot be identified for this purpose.

3.8 Registrar

The Registrar's responsibilities include maintaining the register of Unit Holders ("Register"), issuing account statements to the Unit Holders, issuing Certificates, canceling old Certificates on redemption or replacement thereof, processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges and liens and recording of changes in the data

with regard to the Holders, issuing and dispatching of Certificates, issuing and dispatching cheques or warrants in respect of residual amount left after allocation and issue of Units. The Registrar also refers to the Management Company if it carries out the same functions as defined above.

As at the time of this offering, Askari Investment Management Limited will be performing the Registrar Functions at its Islamabad office. In case of any change, the Unit Holders will be notified by a notice published in one newspaper in English and one newspaper in Urdu having wide circulation in Pakistan.

3.9 Custodian

The Central Depository Company of Pakistan Limited (CDC). will be performing the function of the custodian of the Fund Property.

The salient features of the custodian function are:

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

The Trustee may, if it considers necessary, appoint additional custodians with the approval of the Management Company and at such terms and conditions approved by the Management Company, for the safekeeping of any portion of the Fund Property.

3.10 Distributors and Investment Facilitators

3.10.1 Parties detailed in Annexure 'B' of this Offering Document have each been appointed as Distributors to perform the Distribution Functions. The addresses are given in Annexure 'B' of this Offering Document; these may be increased or decreased by the Management Company from time to time and the said change shall be notified to the Unit Holders.. The Management Company may from time to time, appoint additional Distributors or terminate the arrangement with any Distributor and intimate the Trustee accordingly. The Management Company may itself perform the functions of a Distributor either directly or through sub-distributors.

3.10.2 The Distributors will be responsible for receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants; issuing receipts in respect thereof; interfacing with and providing services to the Unit Holders including receiving redemption/ transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate; accounting to the Trustee for all: (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function. Such functions may be performed electronically, if appropriate systems are in place.

3.10.3 The Management Company may, at its sole expense and responsibility, from time to time, appoint Investment Facilitators. The Facilitators' function is to identify, solicit and assist investors in investing in the Fund.

- 3.10.4 The remuneration of Distributors and Investment Facilitators for the sale of Units with front end load shall be paid exclusively from any front-end load received by the Trustee and / or may be paid by the Management Company when the Trustee pays the front-end load to the Management Company for onward distribution to the Distributors and Investment Facilitators and no charges shall be made against the Fund Property or the Distribution Account in this respect. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.

3.11 The External & Shariah Compliance Auditor

The Auditors of the Fund are:

Ford Rhodes Sidat Hyder & Co.

Chartered Accountants

2nd Floor, 75-West Eagle Plaza

Fazal-ul-Haq Road

Blue Area, Islamabad

- 3.11.1 The Auditor of the Fund will also act as a Shariah Compliance Auditor, and will complete a Shariah Compliance Audit of the Scheme for each Accounting Period within four months of the relevant Accounting Date and will issue Shariah Compliance audit report. Auditor will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to Accounting Period and will be eligible for reappointment by the Management Company with the concurrence of the Trustee.
- 3.11.2 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 or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.
- 3.11.3 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.
- 3.11.4 The Auditors shall prepare a written report to the Unit Holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto.
- 3.11.5 The contents of the Auditors report shall be as mentioned in the Regulations and other roles and responsibilities of the Auditor are provided in the Trust Deed.
- 3.11.6 The Shariah Advisor shall be entitled to require the Auditors to provide such reports as may be agreed between the Shariah Advisor and the Management Company as may be considered necessary to facilitate the Shariah Advisor in issuing the certification required under the trust deed.

3.12 Legal Advisors

The legal advisors of the Fund are:

Mohsin Tayebaly & Co.
2nd Floor, Dime Centre,
BC -4 , Block 9 , Kehkashan
Clifton, Karachi

3.13 Bankers

The bankers to the Fund are Emirates Global Islamic Bank Limited, Askari Bank Limited (Islamic Banking Services), and any other bank appointed by the Management Company. The Trustee will operate the Bank Accounts of the Fund.

3.13.1 Bank Accounts

- 3.13.1.1 The Trustee, at the request of the Management Company, shall open Bank Accounts titled **“MCFSL- Trustee Askari Islamic Asset Allocation Fund”** for the Unit Trust at designated Bank(s) for collection, investment, redemption or any other use of the Trust’s funds.
- 3.13.1.2 The Trustee shall open additional Bank Account(s) titled **“MCFSL -Trustee Askari Islamic Asset Allocation 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 for investment in the Unit Trusts and the Administrative Plans thereof. There shall be standing instructions for all such collection accounts to promptly transfer the funds collected therein to the main to the main account with the Trustee titled **“MCFSL Trustee Askari Islamic Asset Allocation Fund”**
- 3.13.1.3 The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments.
- 3.13.1.4 The Management Company may also require the Trustee to open separate Bank Accounts for each dividend distribution out of the Unit Trust. Notwithstanding any thing in the Deed the beneficial ownership of the balances in the Bank Accounts vests in the Unit Holders of the respective Unit Trusts.
- 3.13.1.5 The Trustee shall, if requested by the Management Company at its discretion also open a separate Bank Account titled MCFSL - Trustee Askari Islamic Asset Allocation Funds at bank(s) designated by the Management Company. These account(s) shall be temporary collection accounts, where collections received on account of subscription of Units by investors of various unit trusts and the Administrative Plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s) for investments in accordance with the decisions of the investors. Such account(s) may also be used for temporary parking of redemption proceeds which the Unit Holders may wish to re-invest at a later stage in the same fund or other funds which may be managed by the Management Company. Provided however, in relation to the other unit trusts managed by the Management Company, there are similar provisions in the trust deeds of such funds and have Trustee as common between them.
- 3.13.1.6 The Trustee shall, if requested by the Management Company open Bank Accounts titled **“MCFSL-Trustee Askari Islamic Asset Allocation Fund”** in offshore countries where the Investments are made on account of the Fund, if such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to

be authorized to sign and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and brokerage accounts with such Banks, custodians, sub-custodians, and brokers, as may be required to be appointed for offshore Investments of the Fund. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and brokerage services accounts in offshore countries shall always be subject to the approval of the SBP and the exchange control regulations, as well as any directives of the SBP and/or the Commission.

- 3.13.1.7 The Management Company shall exercise due caution and diligence in appointing and arranging such Bank, brokerage houses and custodian/ sub-custodian in offshore countries. For the purpose of making such arrangements in offshore countries, the Management Company may in consultation with the Trustee retain the services of advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee.
- 3.13.1.8 The amounts received from the Core Investors (seed capital) and Private Placement Investors (if any) shall be deposited in a separate Bank Account titled **MCFSL - Trustee Askari Islamic Asset Allocation Fund**. After the expiry of Initial Period, the amount received from the Core Investors and Private Placement Investors may also be invested from time to time in the Authorized Investments, by the Trustee as may (subject always to the provisions of Trust Deed, the Offering Document, the Regulations and the Rules and the Islamic Shariah as advised by the Shariah Advisor) be directed by the Management Company. From the date funds are placed in the said account and till the day before opening of Initial Period of Offer, income, profit etc. earned on such investments by the Core Investors and the Private Placement, shall after deducting all expenses that may be incurred by the Management Company, be paid to the Core Investor and Private Placement Investors in proportion to their respective investments and shall not form part of the Fund Property.

3.14 Shariah Advisor

The Management Company has appointed a Shariah Advisor at its own expense Dr. Mohammad Tahir Mansoori that shall advise the Management Company regarding Shariah.

The Shariah Advisor (SA) is expert on Shariah interpretation and has good understanding of Finance and Economics.

The Management Company shall designate the Shariah Advisor or Shariah Advisors and/or members thereof from time to time with the approval of the SECP and/or as the case may be under the relevant rules.

The Shariah Advisor will be appointed for a period of two years. He may be reappointed on completion of his term. The Management Company can at any time terminate the agreement(s) with the Shariah Advisor and/or members thereof giving a notice period as provided in such agreement(s), before the completion of their/his term(s) and fill the casual vacancy (ies) or appoint a new Shariah Advisor to the Board as per the Regulations.

The Shariah Advisor shall provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust into a Shariah Compliant Investment. The Shariah Advisor will advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines, consistent with the Shariah. Any verdict issued by the Shariah Advisor in respect of any Shariah related matter would be final and acceptable by the Trustee, the Management Company, the Unit Holders and other parties related with that matter.

3.14.1 Particulars of Shariah Advisor

The first Shariah Advisor of the Fund is:

Dr. Mohammad Tahir Mansoori

Dr. Mansoori is eminent scholar and recipient of the President's Medal for Pride of Performance (in Academics) for the year 2004. Dr. Mansoori's numerous qualifications include Molvi Aalam & Molvi Fazil, as well as a Doctorate in Islamic Studies. He is presently Chairman of Islamic Law Department at the Islamic Research Institute of the International Islamic University.

He has taught and written on Fiqh and Usool - e - Fiqh matters for over two decades. He has also responded to a large number of queries and issued religious rulings i.e. Fatwas on various matters pertaining to Islamic Law, especially in the field of commercial law.

The detailed curriculum vitae in respect of the Shariah Advisor has been given in Annexure 'C'

3.14.2 Duties and Responsibilities of Shariah Advisor

- i. To co-ordinate with the Management Company in drawing up of the Trust Deed, the Offering Document and other related material documents constituting Constitutive Documents for the formation of the Unit Trust and shall further provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust into a riba free avenue of investment.
- ii. To do the research as appropriate on the criteria followed by Islamic Unit Trusts all over the world for the purpose of screening of investments. The Shariah Advisor will then decide as to which criteria are relevant to be used in the context of Pakistan's capital markets and the instruments available therein, and which need to be modified/added/deleted.
- iii. To certify that all the provisions of the Scheme and proposed Investments to be made on account of the Unit Trust on the instructions of the Management Company are Shariah compliant with the criteria established as per Clauses (i) and (ii) above.
- iv. To evaluate and advise upon all new financial instruments as and when introduced for their Shariah permissibility.
- v. To issue at the end of each Accounting Period, a certificate, to be included in the Scheme's financial reports, in respect of Shariah compliance of the preceding year's operations of the Scheme and the Shariah Advisor may, at the expense of the Fund, conduct such audits or other investigations as may be necessary for the issuance of the certificate.
- vi. To determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and will recommend to the Management

Company the criteria for selecting the Charities to whom such sums shall be donated, subject to the Rules and the Regulations. Provided such charities are not related to the Shariah Advisor, Management Company, employees of Shariah Advisor, employees of Management Company or any connected persons.

4. CHARACTERISTICS OF UNITS

4.1 Minimum Amount of Investment

The minimum amount of investment to open an account is Rs. 5,000 for Izafa Units and Rs. 100,000 for Amdan units/-. 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, transfer or transmission, the Management Company may instruct the Registrar to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date.

4.2 Various types of Units to be Offered and their Features

4.2.1 Classes of Units

- (i) Class "A" (Restricted/Core Units) issued to the Core Investors with no Front End and/or Back End Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Public Offer. However, such Units are transferable.
- (ii) Class "A" Units being offered and issued during the Private Placement and Initial Public Offer (IPO) with no Front End and/or Back End Load.
- (iii) Class "B" Units, which shall be offered and issued after the Initial Public Offer and with or without Front End load.
- (iv) Class "C" Units, which shall be offered and issued after the Initial Public Offer and with or without Back End load.

4.2.2 Types of Units

4.2.2.1 An investor shall, at the time of opening an account, select the type(s) of Unit(s) in which the investor wishes to invest, i.e. Izafa Unit and/ or Income Unit.

4.2.2.2 The minimum amount of investment to open and maintain an account is Rs. 5,000 for Izafa Units and Rs. 100,000 for Amdan Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove. If the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Transfer Agent, under intimation to that investor, to close the account by redeeming the Units at the close of any accounting period at the price applicable to redemptions on such date. For Amdan Units, in case the amount falls below Rs. 50,000, funds may be transferred to Izafa Units.

After the initial investment, Unit Holders of Askari Islamic Asset Allocation Fund may add a minimum of Rs. 1,000 per transaction at their convenience. Units of AIAAF (including fractions thereof) shall be issued against the amount received from the Unit Holder(s) in accordance with the procedure laid down in this Offering Document. The Management Company may alter the minimum amount required for opening, maintaining

or adding to the account. Provided that in case of an upward change in the minimum amount required for maintaining the account or adding funds, the Management Company shall give seven days notice to Unit Holders.

- (i) **Izafa Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders shall have the option to receive distribution income in the form of cash or bonus units. The Unit Holders shall choose one of the following two options:
 - a) Izafa Units with the option of receiving a Cash Dividend at the time of distribution.
 - b) Izafa Units with the option of receiving bonus Units at the time of distribution.
- (ii) **Amdan Units:** The Unit Holders, based on their own consent & instructions and with prior intimation to the Management Company, exercise the option of redeeming a certain number of Units for fulfilling their requirement of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi-annually or annually). Such units will be entitled to receive dividends in the form of cash or bonus units as and when declared. Such instructions shall be given in writing at the beginning of any regular interval or at the time of purchase of Units.

4.2.2.3 The Management Company shall, on the of last working day of the month or the interval as specified by the investor. of every Regular Interval, calculate the redemption value to be paid to the Amdan Unit Holder(s) based on the Redemption Price of that day.

4.2.2.4 Depending upon the instructions given by the Amdan-Unit Holders, the Amdan Units are further classified into two types:

- (a) **Asaan Amdan Units:** The Asaan Amdan Unit Holders shall, at the time of purchase or beginning of a regular interval, authorize the Management Company to decide the quantum of part redemption of their unit holdings at the end of every regular interval based on the performance (NAV Growth) of the Fund during that regular interval.

- If the value of investment increases (due to growth in NAV) during an interval, the Management Company will calculate the number of units to be redeemed in such a manner that the total redemption value of such units is equal to the increase in the value of investment during that interval.
- If the value of investment falls (due to fall in NAV) during an interval, the Management Company will not redeem any units at the end of that interval.

The amount so redeemed shall be transferred to the designated bank account within six (6) working days of the redemption without recovering any Back End Load.

- (b) **Yaksaan Amdan Units:** The Yaksaan Amdan Unit Holders shall, at the time of purchase or beginning of a regular interval, specify a fixed cash amount

required by them at regular intervals and authorize the Management Company to redeem (at the prevailing NAV) such number of units from their holding that in rupee terms is equivalent to the specified fixed amount required at the end of every regular interval.

The amount so redeemed shall be transferred to the designated bank account within six (6) working days of the redemption. As a result of operation of this Clause, the capital invested may deplete in case sufficient returns are not earned to cover the amount required by the Unit Holder.

- 4.2.2.5 The Transfer Agent shall send an account statement to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the register.
- 4.2.2.6 In case the Management Company announces a suspension of further issue of Units of AIAAF, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared on Units held under this option.
- 4.2.2.7 The Unit Holder may withdraw funds from the option at any stage by filling out and submitting the prescribed form to the Authorized Distributor. If the value of the account goes below the prescribed amount as a result of loss in valuation or as a result of application of Clauses 4.2.2.4(a) & 4.2.2.4(b) above, the minimum value requirement shall not apply to that extent. In such an event, the Unit Holder is free to discontinue the option or convert the remaining Units into Izafa Units.
- 4.2.2.8 Certificates representing Amdan Units shall not be issued. However, the Transfer Agent shall send directly to each Unit Holder an account statement each time there is a transaction in the account.
- 4.2.2.9 All Units and fractions thereof (up to four or more decimal places) represent an undivided share in the Scheme and rank pari passu as to their rights in net assets, earnings and receipt of dividends and distributions. Each Unit Holder has a beneficial interest in AIAAF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's pari passu rights, the Management Company may, for the convenience of investors, issue Units with different features from time to time.
- 4.2.2.10 Unit Holders may obtain certificates representing the Izafa Units they hold by paying a nominal fee of Rs. 25/- per certificate. This fee may be revised from time to time by the Management Company. Requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificate(s) if issued earlier. In the event of loss or defacing of certificates, the verification process shall be carried out to the satisfaction of the Management Company / Trustee / Transfer Agent and the associated costs, if any, will be borne by the Unit Holder.
- 4.2.2.11 The Transfer Agent may register a pledge / lien on any Units in favor of any third party with the specific authority of the Management Company. However, the pledge/lien shall be valid only if evidenced by a statement or letter issued by the Transfer Agent

indicating the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien. (Please see Clause 4.6 for details).

4.3 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 Purchase of Units in the Fund. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 4.3.2 below including but not limited to:

- b. Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- c. Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and/or bye-laws.
- d. Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the Purchase of Units in the Fund shall warrant that he is duly authorized to purchase such Units.
- e. Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- f. Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- g. Insurance companies under the Insurance Ordinance, 2000.
- h. Non Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

4.3.2 Purchase Application Procedure

- 4.3.2.1 Fully completed application form for purchase of Units, accompanied by the full amount of purchaser's payment and copies of the documents mentioned in sub-para (4.3.2.2), (4.3.2.3) and (4.3.2.4) given below, should be delivered at any of the Authorized Branches of the Distributors (as mentioned in Annexure "B" of this Offering Document). Only Authorized Branches of the Distributors are authorized to collect application and payment for issue of Units.
- 4.3.2.2 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. Other document requirements as per the options marked in the purchase application form will also be required.

- 4.3.2.3 In case of a corporate body or a registered society or a trust,
- a. Copy of the memorandum and articles of association/charter/bye-laws or rules and regulations certified as true copy by the company secretary;
 - b. Copy of the relevant Resolution of the board of directors approving the investment certified as true copy by the company secretary;
 - c. Copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officer to invest the funds and/or to realize the investment, certified as true copy by a notary public and
 - d. Copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated certified as true copy by a notary public.
- 4.3.2.4 In case of existing Unit Holders, if any of the documents have previously been submitted, fresh submission of documents will not be required provided that the submitted documents are acceptable to the Management Company and there have been no material changes in the status.
- 4.3.2.5 The Distributor will be entitled to verify the particulars given in the application form. In case of any incorrect information, the application may be rejected.
- 4.3.2.6 The applicant will receive a note confirming the receipt of the application from the Authorized Branch of the relevant Distributor, where application for purchase of Units was submitted.
- 4.3.2.7 Application for Purchase of Units of AIAAF shall be made by completing the prescribed purchase of Units application form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by Cheque, bank draft, pay order as the case may be in favor of the MCFSL – Trustee Askari Islamic Asset Allocation Fund” and crossed “Account Payee only”. However, in case an applicant desires to split his investment in units of different unit trusts managed by the Management Company, the Cheque, bank draft or pay order, as the case may be, shall be made in favor the respective Unit Trust and MCFSL – Trustee Askari Islamic Asset Allocation Fund” and crossed “Account Payee only”. The pertinent forms have to be submitted between 9 a.m. to 4.30 p.m. Monday-Friday and 9 a.m. to 1.00 p.m. on Saturday (as announced by the Management Company from time to time) on the Business Days. Payment through credit cards, debit cards, auto debit instructions, IVR (Interactive Voice Response), ATM facility or in such form (other than through cash or any bearer instruments) is subject to finalization of arrangement by the Management Company (subject to mutually agreeing with the Trustee and approval of SECP) which will be announced either in the Offering Document or the supplementary Offering Document or by announcements in at least one newspaper having wide circulation in Pakistan. For certain Administrative Plans or Investment allocations across funds, provisions for insurance coverage may also be provided.
- 4.3.2.8 The Offer Price for all forms received before the cut off time by the authorized distributors, will be the price determined at the end of that Business Day on which cleared funds are credited to the fund bank account/s.
- 4.3.2.9 In general, the payments from outside Pakistan will be deemed to be completed on the date the Trustee receives the payments from international investors in its account. However, the Management Company may announce a different policy for payments for different classes of investors from outside Pakistan.

- 4.3.2.10 In general, the payments from outside Pakistan will be deemed to be completed on the date the Trustee receives the payments from international investors in its account. However, the Management Company may announce a different policy for payments for different classes of investors from outside Pakistan.
- 4.3.2.11 Any minor deficiencies in the Units application form need to be removed within seven (7) Business Days.
- 4.3.2.12 Each Unit Holder shall only be liable to pay the Offer Price of the Units subscribed by him and no further liability shall be imposed on him in respect of any Units held by him. The Units shall only be issued against receipt of full payment based on the Offer price of the day when realized funds are credited to the funds' bank account.
- 4.3.2.13 Payment for Units in cash will not be accepted, except, by those Bank(s) who are also Distributors of the Fund. In such case the money can be deposited through a specifically designed paying-in form into an account in the name of the "MCFSL Trustee - Askari Islamic Asset Allocation Fund".
- 4.3.2.14 The Management Company may announce special conditions regarding issue of Units in dematerialized form registered with a recognized depository company.

4.3.3 **Joint Application**

- a. Joint application can be made by upto four applicants. Such persons shall be deemed to hold Units on first holder basis. However, each person must sign the application form and submit a copy of their Computerized National Identity Card (CNIC) or other identification document.
- b. The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption requests, or dividend or fractional payments. His receipt shall be considered as a valid discharge by the Trustee of its obligations.
- c. In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or fractional payments. His receipts shall be considered as the valid discharge by the Trustee of its obligations.
- d. Where Units are registered in the name of joint holders and subsequently additional Units are purchased by the same joint holders but the application is made in different order, such additional Units will be registered under a different account.
- e. A body corporate may be registered as a Unit Holder or as one of joint Unit Holders provided that any undertaking provided by such body confirming its eligibility to make such investment shall be considered as sufficient proof of its eligibility to make such investment.
- f. The Management Company may also notify from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it.

4.4 Redemption of Units

4.4.1 Who Can Apply?

All Unit Holders, other than the holders of Restricted Units are eligible to redeem the said Units. Holders of Restricted Units will be eligible for redemption after the expiry of the period of two years from the date of the closure of the Initial Public Offer; however such Units are eligible for transfer subject to the condition that the new transferee of such Unit(s) agrees to the same for the balance period, if any. There will be no redemption allowed during the Initial Offer Period.

4.4.2 Redemption Application Procedure

The Holder can request for redemption on any given Subscription Day by submitting the complete prescribed application form and surrender the endorsed certificate (if issued) to any Authorized Branch of the relevant Distributor before the cutoff time.

In case of applications for redemption by Joint Holders, such application should be signed by all Joint Holders (See Clause 4.4.4 below) and all Joint Holders should endorse the Certificates. No money shall be paid to any intermediary except the Holder/Joint Holder

4.4.3 Payment of Redemption Proceeds

Payment of the redemption proceeds will be made by either direct credit into the account of the Unit Holder (at a bank agreeable to the Management Company), a crossed cheque, in favor of the Holder's registered name, or in favor of the first-named Joint Unit Holder in the event of joint Holders, and will be credited/sent at the Holder's or first-named joint Holder's address, as provided within six (6) days after the receipt of a properly documented request for redemption of the Units, provided that the redemption is not suspended.

To receive payment within six (6) Business Days, duly completed redemption form must be received by the Authorized Distributors office before the cut off time.

In the event the Units that are pledged are redeemed for any reason whatsoever, the proceeds shall be paid to the order of the lien holder's designated bank account or posted to the registered address mentioned in the pledge/lien application form submitted.

4.4.4 Joint Holders

Unless the joint Holders of Units have specified otherwise, all the joint Holders shall sign requests for redemption of such Units.

4.4.5 Partial Redemption

Partial redemption of Units covered by a single certificate is not permitted.

4.4.6 Joint Holders Verification of Redemption Application Form

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

- a. The holding stated on the application for redemption form and
- b. Signature of the holder.

4.4.7 **Suspension of Issue or Redemption of Units**

The Management Company may during extraordinary circumstances mentioned in Clause 4.7, suspend the issue or redemption of Units.

In case of such suspension and termination of suspension, the Management Company shall immediately notify the SECP and publish the same as soon as practicable in one widely circulated newspaper in Pakistan.

4.4.8 **Payment against Redemption not to be made to any intermediary**

Payment shall be made only to the respective Unit Holder or his authorized representative and no payment shall be made to any intermediary. In case of joint Holders, payment will be made to the Holder, named first in the Register.

4.5 **Procedure for Transfer of Units**

4.5.1 **Transfer Application Procedures**

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 under intimation to the Trustee and the SECP.

A Holder can transfer Units held by him by:

- a. Transferring, pledging or otherwise encumbering the Units held by him by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee. The Transfer Application Form to be signed by the transferor and transferee can then be submitted to any of the Authorized Branches of the relevant Distributor along with the relevant Certificate, if issued.
- b. 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 subject to providing such evidence as to his title as the Trustee shall think sufficient either be registered as Holder of such Unit upon giving the Trustee/Distributor such notice in writing of his desire or transfer such Unit to some other person.
- c. Application for transfer can be submitted on any Business Day during banking hours. The transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register.
- d. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee, may dispense with the production of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in the Trust Deed.
- e. A Unit Holder intending to transfer Units to another person / institution etc. will be subject to the same Front-End / Back-End Load applicable on each Unit and any other charges not exceeding one percent of the value of Units being transferred at the date of request. However, the Front-End / Back-End Load shall not be payable by the successors in case of

inheritance or distribution of the estate of a deceased Unit Holder. Any taxes or duties applicable on the transfer and transmission shall however be payable by the transferee.

4.5.2 Partial Transfer

Partial transfer of Units subject to conditions is permitted. However, partial transfer of Units covered by a single Certificate is not permitted. Unit Holders may apply for the splitting of the Certificate before applying for a transfer. The Management Company may impose the necessary charges at its discretion for such a service.

4.6 Procedure For Pledge / Lien / Charge of Units

4.6.1 Who Can Apply?

All Unit Holders or those who have purchased Fund Units as per Clause 4.3 and all Unit Holders in whose favour Units have been transferred pursuant to Clause 4.5 above are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge /Lien Form as attached in Annexure “C” of this Offering Document. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

4.6.2 Any Unit Holder and / or Joint Unit Holder(s) (as per mandate in Purchase Form) may request the Registrar to record a pledge / lien of all or any of his / their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Registrar with lien on such Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.

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

4.6.4 Payments of dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien /charge / pledge shall be made to the Unit Holder.

4.6.5 The Distributor 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.

4.6.6 Fully completed Pledge of Units Form has to be submitted by both Individuals and/or by Institutional Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator within business hours on the business day as announced by the Management Company from time to time.

4.6.7 Subject to Clause 4.6.4 above, 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.

4.7 Suspension of Dealing, Queue System and Winding Up

Under the circumstances mentioned in Clause 4.8 below, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

4.7.1 Suspension of Fresh Issue of Units

The Management Company may at any time subject to the Regulations, if the redemption of units suspended due to circumstances similar to those mentioned in the preceding paragraphs of this Section exist, suspend the issue of fresh Units. Such suspension may however not affect existing subscribers to any plans that may be offered by the Management Company under different administrative arrangements, the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission and the Trustee if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in any one of the newspapers in which the Funds prices are normally published. Such suspension shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and redemption of units is resumed.

However, in case of suspension of redemption of the units of the Scheme due to extra ordinary circumstances, the Management Company shall also suspend issuance of fresh units of the Scheme until and unless redemption of units is resumed.

4.7.2 Suspension of Redemption of Units

In the event of extraordinary circumstances as mentioned in Clause 4.8 of this Offering Document or in the event redemption requests accumulate in excess of ten (10) per cent of the Units in issue, the board of the Management Company may upon information to the Trustee and the Commission suspend or defer Redemption of Units.

In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund.

Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system or in case redemption in units ceases and end of suspension and queue system the Management Company shall immediately notify the Commission and the Trustee and publish the same in news paper in which prices of Scheme are normally published.

4.7.3 Queue System

In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the normal redemption process shall not apply. The Management Company may invoke a queue

system whereby requests for redemption shall proceed on first come first served basis for up to ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and / or arrange borrowing as it deems fit in the best interest of all Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. The requests in excess of 10% shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for each redemption request. However, if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in Issue.

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

4.7.5 Others

The maximum interval between the receipt of a properly documented request of Redemption of Units and the issue of payment instrument of aggregate Repurchase (Redemption) Price to such Unit Holders(s) shall be six Business Days unless redemption has been suspended.

4.7.6 Suspension of Issuance and Redemption of Units

In case of suspension of redemption of the units of the Scheme due to extra ordinary circumstances, the Management Company shall also suspend issuance of fresh units of the Scheme until and unless redemption of units is resumed.

4.8 Issue and Redemption of Units in Extraordinary Circumstances

The board of the Management Company may upon information to the Trustee and the Commission suspends redemption of Units, subject to the Regulations at any time during:

- (a) Extraordinary circumstances including closure of one or more Banks, in which the Funds Bank Accounts are maintained;
- (b) The existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any Investment would not be reasonably practicable or might seriously prejudice the interests of the Scheme or of the Unit Holders;
- (c) Break down in the means of communication normally employed in determining the price of any Investment;
- (d) When remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price so determined in accordance with the Net Asset Value (NAV); or

(e) Any other exceptional circumstance.

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

4.9.1 For the Classes of Units and the Initial Offer (Purchase) Prices, please refer to Clauses 1.7, 1.8 and 1.9 above.

4.9.2 Subsequent to the Initial Public Offer, the Management Company shall announce the Offer (Purchase) and Redemption (Repurchase) Prices daily, by 6:30 pm on each Business Day and shall publish this on MUFAP's website, determined from time to time pursuant to hereunder and Regulation 66 of the Regulations.

4.9.3 The Purchase (Offer) Price shall be equal to the sum of:

- (a) The Net Asset Value as of the close of the Business Day;
- (b) Any Front-end Load;
- (c) Such amount as the Management Company may consider an appropriate provision for Duties, Charges, levies etc;
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

(The resultant amount is to be adjusted upwards to the nearest five paisa).

4.9.4 The Offer Price so determined shall be applied on the day realized funds credited to the fund bank accounts on all Subscription requests, received by the Distribution Companies or Management Company during the business hours between 9 a.m. to 4.30 p.m. Monday-Friday and 9 a.m. to 1.00 p.m. on Saturday. (as announced by the Management Company from time to time) on the Business Day

The completed and correctly filled purchase of units form means such form which is duly filled with all the required documents mentioned in Clause 4.3.2.

Neither the Trustee, nor the Management Company shall be responsible for arranging remittances of funds from the offshore countries to Pakistan and from Pakistan to offshore countries or for payment of any bank charges and other levies, if any in relation to issue and redemption of Units outside Pakistan

The Management Company may announce different plans under different administrative arrangements with differing levels of Front-end Load, as provided in the Offering Document or the Supplementary Offering Document. Consequently, the Offer Price may differ for Units issued under differing administrative arrangements.

4.9.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 4.9.3 (c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (including such excess arises from any Duties and Charges levied with retrospective effect after the date of payment except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Deposited Property).

- 4.9.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 4.9.3 (c) exceeds the relevant amount of Duties and Charges the Transfer Agent may issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the units issued against the relevant application or the Trustee may refund such excess amount to the relevant Unit Holders.
- 4.9.7 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and may also be published in at least one daily newspaper largely circulated in [Karachi, Lahore and Islamabad.]
- 4.9.8 After the Initial Offering Period, the Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of the Business Day (as per clause 8.1) on the day of determination of the Redemption Price, less:
- (a) Any Back-end Load;
 - (b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges, etc; and
 - (c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

(The resultant amount is to be adjusted downwards to the nearest five paisa).

The Redemption Price so determined shall apply to Redemption requests, complete in all respect, received by the Distribution Companies or the Management Company during the business hours of the day between 9 a.m. to 4.30 p.m. Monday-Friday and 9 a.m. to 1.00 p.m. on Saturday. (as announced by the Management Company from time to time) on the Business Day

The Management Company may announce different plans under different administrative arrangements with differing levels of Back-end Load as provided in the Offering Document or the Supplementary Offering Document. Consequently, the Redemption Price may differ for Units issued under differing administrative arrangements.

- 4.9.9 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 4.9.9 (b) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Fund Property). In the event that the amount deducted as provision for payment of Duties and Charges pursuant to sub-clause 4.9.9 (c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of the provisions.
- 4.9.10 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 4.9.8(b) exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders.
- 4.9.11 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in at least one daily newspaper circulating in Karachi, Lahore and Islamabad.

4.9.12 The maximum interval between the receipt of a properly documented request of Redemption of Units and payment of aggregate Repurchase (Redemption) Price to such Unit Holders(s) shall be six Business Days unless redemption has been suspended.

4.10 Offer (Purchase) and Redemption (Repurchase) Of Units outside Pakistan

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

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

4.10.3 The currency of transaction of the Fund is the Pakistani Rupee and the Management Company, Trustee or any Distribution Companies are not obliged to transact the issuance or redemption of 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 remittance of the dividends or redemption proceeds in foreign exchange or for any obligations arising there from.

4.10.4 The Management Company shall appoint one or more scheduled bank(s) as the Authorized Dealer(s) to manage the Offer and Redemption of Units from outside Pakistan in foreign currency under the provisions of the Foreign Exchange law and the Regulations of the State Bank of Pakistan.

4.10.5 Payments made in foreign currency for purchase of Units shall be converted into Pakistani Rupees through the Authorized Dealer using the closing spot rates declared by the State Bank of Pakistan prevailing on the Business Day of the receipt of the Fund from abroad through normal banking channels or from foreign currency account maintained locally in accordance with the Foreign Exchange law and any conversion cost shall be deducted from the payment before the actual number of Units are calculated against such amount and issued to the applicant.

4.10.6 At the option of the Management Company, payments made in foreign currency for Units purchased may directly be made part of Fund Property without conversion into Pakistani Rupees after deduction of the relevant Duties and Charges, Transaction Costs and applicable Front-End Load and Back-End Load. The Units issued will be denominated in Pakistani Rupees using closing spot rates declared by the State Bank of Pakistan.

4.10.7 Payments to be made in foreign currency on redemption of Units shall be converted from Pakistani Rupees on the Business Day of Payment through the Authorized Dealer using the

closing spot rates declared by the State Bank of Pakistan and any conversion cost shall be deducted from the payment to be made. Payment will be made in the local foreign currency account of such Unit Holder, if any. In case such Unit Holder does not hold the foreign currency account in Pakistan, the Unit Holder shall be liable to arrange for remittances through his own local custodian or Authorized Dealer and neither the Management Company, nor the Trustee or the Registrar or the Distribution Company shall be responsible for arranging the remittances of encashment proceeds of any Units.

- 4.10.8 At the option of the Management Company, payments to be made in foreign currency for Unit redemptions may directly be paid from foreign currency dominated bank account that are part of Fund Property after deduction of the relevant duties, charges, transaction costs and applicable Back-End Load. As the Units redeemed will be denominated in Pakistani Rupees, the conversion rate will be the the closing spot rates declared by the State Bank of Pakistan.
- 4.10.9 The Management Company will make arrangements from time to time for receiving account opening forms, investment request forms and payments from outside Pakistan and will disclose these arrangements through its website, Distributors and Investment Facilitators outside Pakistan.

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 and paid out in the NAV calculation through Offer (Purchase) and Redemption (Repurchase) of Units, less all expenses incurred or accrued attributable to the Fund. The Fund shall distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail tax exemption or any other benefits in the interest of the Unit Holder.

5.2 Declaration of Dividend

The Management Company shall decide as soon as possible but not later than 45 days after the Accounting Date, whether to distribute among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

5.3 Determination of Distributable Income

5.3.1 The Management Company shall provide an option to its Unit Holders to opt for either bonus units only or cash dividend only at the time of purchase of units. In case the Investor does not exercise such option at the time of purchase, Management Company on its own discretion will decide whether to give bonus units or cash dividend to that particular Investor.

5.3.2 Subject to the Management Company's right to decide whether and to what extent the amount available for distribution be distributed as profits among the Unit Holders, as stated in Clause 5.3.1 above, the amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditor and Shariah Advisor and shall be the sum total of:

- (a) The total income earned on the Fund Property during such Accounting Period including all amounts received in respect of dividend, markup, profit and fee;
- (b) Net realized appreciation as set out in Clause 5.3.3 below from which shall be deducted expenses as set out in clause 5.3.4 below and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Rules and Regulations and the provisions of the Income Tax Ordinance and the rules there under.

5.3.3 The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditor to be in the nature of capital accruing from Investment 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 after consulting the Auditor to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account.

5.3.4 The Income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:

- (a) Remuneration of the Management Company;
- (b) Remuneration of trustee or custodian;
- (c) Listing fee payable to the stock exchange including renewals;
- (d) Charges and levies of stock exchange, national clearing and settlement company and Muslim Commercial Financial Services (Pvt) Ltd.;
- (e) Rating fee to be payable to approved rating agency;
- (f) Auditors fees and out of pocket expenses as billed by them;
- (g) Any fees payable to the Commission;
- (h) Formation cost as per clause 6.2.4.1
- (i) Brokerage and Transaction Costs related to investing and disinvesting of the Fund Property;
- (j) expenses incurred by trustee in effecting registration of all registerable assets in the name of the Trustee;
- (k) Legal and related costs incurred in protecting the interests of the unit holders ;
- (l) Bank charges and borrowing/financial costs; provided that the charges payable to any Bank or Financial Institution against borrowings on account of the Trust as permissible under Clause 2.6, shall not be higher than the normal prevailing bank charges or normal market rates;
- (m) Hedging costs including forward cover, forward purchase or option purchase costs; if permitted by shariah advisor/s.
- (n) Any printing costs and related expenses for issuing collective investment scheme's quarterly, half yearly and annual reports etc;
- (o) Taxes , fees, duties and other charges applicable to the collective investment scheme on its income or its properties, including taxes , fees , duties and other charges levied by foreign jurisdiction on investments outside Pakistan;
- (p) Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity in accordance with the decision of the Shariah Advisor.
- (q) Any other expense or charge as may be permitted by the Commission.

5.3.5 The income qualifying for distribution in respect of the relevant period shall be adjusted as under:

- (a) Deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend or profit.
- (b) addition of a sum representing amounts included in the price of Units for income accrued prior to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units upon a reduction of the Trust during the relevant period;
- (c) Adjustment considered necessary by the Management Company to reflect the diminution in value of Deposited Property in consultation with the Trustee.

5.4 Reinvestment of Dividend

5.4.1 Unit Holders may opt to receive the amount equivalent to their share of the annual cash distribution in the form of additional Units. In such an event, the Management Company shall at the end of the financial year (or the relevant period in the event of an interim distribution) cause

to issue such number of Units to the Unit Holder that approximately equates the value of the Cash Dividend for the period. The issue price shall be determined on the basis of the NAV at the Distribution Date after appropriation of the distribution but without any charge of the Front-Load normally deducted from the Offer Price. The issuance of the bonus Units shall be made, net of any taxes, charges and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder.

- 5.4.2 A Unit Holder may in writing at the time of opening of an account in the Unit Holder Register during the first purchase of Units or may by completing any other form as prescribed by the Management Company at a later date instruct the Management Company to reinvest the future dividends to which he will be entitled into Fund Units.
- 5.4.3 The Offer (Purchase) Price for the Units to be issued under Clause 5.4.1 above will be the NAV at the Distribution Date after the adjustment of the announced dividend.
- 5.4.4 Those Unit Holder who opt for cash dividend option shall not be entitled for bonus Units, but shall be paid cash dividend only.

5.5 Bonus Units

In case of distribution in the form of bonus Units on each distribution date the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same. Such Units shall be added to the holding of the Unit Holders within the book closure period. A Unit Holder may receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar by completing any other form as prescribed by the Management Company prior to the dividend declaration for any relevant period. The NAV applicable to the encashment of such Units will be the NAV announced by the Management Company on the next business day after the end of the book closure period.

5.6 Payment of Dividend

All payments for dividend shall be made by transfer of funds to the Unit Holder(s) designated bank account or through any other mode(s) of payment and such payment shall be subject to NBFC Rules. The dividend shall be transferred within 45 days after the declaration of the dividend.

5.7 Dispatch of Dividend Warrants/Advice

Dividend warrants or advice shall be dispatched to the Unit Holder's registered address within 45 days after the declaration of dividend. In case of joint Holders, the dividend warrants shall be dispatched to the first joint Holder as recorded in the Register.

5.8 Closure of Register

The Management Company may close the Register by giving at least seven (7) days notice to Unit Holders and for period not exceeding forty-five (45) days in a calendar year and six (6) Business Days at a time. During the period the Register is closed the sale and redemption of Units, including transfer applications, will be suspended.

6. FEES AND CHARGES

6.1 Fees and Charges Payable by an Investor

6.1.1 Sales and Processing Charges (Front-End Load)

The Unit Purchase Price includes front-end load of a maximum of five percent (5%) of the Offer (Purchase) Price. The current level of Front-End Load on Class 'B' Units is 2.5%. The issue price applicable to bonus Units issued by way of dividend distribution or issue of Units in lieu of cash distribution shall not include any Front-end Load. Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value at the date the request is lodged within business hours on the Business Day before the cut off time to the Authorized Distributor or Management Company, which shall be recovered from the transferee. These taxes, charges or duties may be recovered by redemption of Unit Holder equivalent Units at the time of the transfer or may be charged separately. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

6.1.2 Allocation of Front-End Load

6.1.2.1 The remuneration of Distributors and Investment Facilitators for the sale of Units with front-end load shall be paid exclusively from any front-end load received by the Trustee and / or may be paid by the Management Company when the Trustee pays the front-end load to the Management Company for onward distribution to the Distributors and Investment Facilitators and no charges shall be made against the Fund Property or the Distribution Account in this respect. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.

6.1.2.2 Such payments of Front-end Load may be made to the Management Company by the Trustee on the instructions of the Management Company normally on monthly basis in arrears within thirty days of the end calendar month or in some other frequency on mutually agreed basis.

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

6.2 Fees and Charges Payable by AIAAF

6.2.1 Remuneration of the Management Company:

- a. The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the trustee, a remuneration of an amount not exceeding three (3) percent per annum of the average annual Net Assets during the first five years of the scheme and two (2) percent per annum of the average daily Net Assets there after, or such other amount as may be specified by the Commission from time to time and provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Regulations.

- b. The remuneration shall begin to accrue from the date of close of Initial Period. The remuneration due to the Management Company shall be paid on or before the date that is thirty days after the close of each month,
- c. In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust including the remuneration and expenses of the Transfer Agent, the Distribution Companies and any selling and promotional expenses incurred in respect of sale of units. The Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules, the Regulations and the Deed to be payable out of Fund Property.
- d. The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.
- e. The Management Company shall however not make any further material charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules, the Regulations and the Deed to be payable out of Fund Property.
- f. All expenses incurred in connection with the establishment and authorization of the Scheme including execution and registration of constitutive documents, issue, legal costs, printing, circulation and publication of the Offering Documents, announcement of the abridged offering document and all expenses incurred during the initial period shall be borne by the Management Company and shall be reimbursable by the Scheme subject to audit of expenses over a period of not less than five years or any other time period as may be specified by the Commission. These expenses shall be reported to the Commission and the Trustee giving their break-up under separate heads as soon as the distribution of the securities is completed. Any cost associated with sales, marketing and advertisement shall not be charged to the Scheme.

6.2.2 **Remuneration of the Trustee**

- a. The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges given below, which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the close of the Initial Offer Period. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.

MCFSL

MUSLIM COMMERCIAL FINANCIAL SERVICES (PVT) LIMITED

Schedule of Charges related to Mutual Funds

Askari Investment Management Limited

Trustee Charges

<ul style="list-style-type: none"> • On Net Assets up to Rs. 500 million • On Net Assets exceeding Rs. 500 million to Rs. 1,000 million • On Net Assets exceeding Rs. 1,000 million to Rs. 2,000 million • On Net Assets over Rs. 2,000 million 	<ul style="list-style-type: none"> Rs. 0.7 million or 0.20% per annum of the Net Assets, which ever is higher Rs. 1.0 million plus 0.15% per annum of the amount exceeding Rs. 500 million Rs. 1.75 million plus 0.08% per annum of the amount exceeding Rs. 1,000 million Rs. 2.55 million plus 0.05% per annum of the amount exceeding Rs. 2,000 million
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- b. Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.
- d. In consideration of the foregoing and save as aforesaid and as provided above, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as Trustee of the Trust. The Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Regulations and the Deed.
- e. The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.
- f. Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the SECP. Any decrease in the remuneration may be mutually agreed between the Management Company and the Trustee.

6.2.3 Custodian Remuneration

AIAAF will pay the Custodian on the basis of inflow and outflow of securities as per the tariff structure which is agreed upon by the Management Company. For the time being, MCFSL will be performing the functions of the Custodian and the remuneration for this function is included in the tariff structure mentioned in 6.2.2.

6.2.4 Formation Costs

- a. Formation Cost shall be charged to the Fund which are estimated at and shall not exceed 1% of the pre-public offer investment in the Fund (Restricted Units and Pre-IPO Units) or

Rupees Five Million, whichever is lower.

- b. Formation Costs will be amortized over a period not less than five years.
- c. Formation Cost shall be reimbursable by the Scheme to the Management Company subject to audit of expenses.

6.2.5 Other Costs

The following fees and charges will be payable from the Scheme:

- (i) Remuneration of the Management Company;
- (ii) Remuneration of trustee or custodian;
- (iii) Listing fee payable to the stock exchange including renewals;
- (iv) Charges and levies of stock exchange, national clearing and settlement company and Muslim Commercial Financial Services (Pvt) Ltd.;
- (v) Rating fee for the Scheme payable to approved rating agency;
- (vi) Auditors fees and out of pocket expenses as billed by them;
- (vii) Any fees payable to the Commission;
- (viii) Formation cost not exceeding one per cent of the pre-initial public offering capital or Rupees Five Million, which ever is lower
- (ix) Brokerage and Transaction Costs related to investing and disinvesting of the Fund Property;
- (x) expenses incurred by trustee in effecting registration of all registerable assets in the name of the Trustee;
- (xi) Legal and related costs incurred in protecting the interests of the unit holders ;
- (xii) Bank charges and borrowing/financial costs; provided that the charges payable to any Bank or Financial Institution against borrowings on account of the Trust as permissible under Clause 2.6, shall not be higher than the normal prevailing bank charges or normal market rates;
- (xiii) Hedging costs including forward cover, forward purchase or option purchase costs;
- (xiv) Any printing costs and related expenses for issuing collective investment scheme's quarterly, half yearly and annual reports etc;
- (xv) Taxes , fees , duties and other charges applicable to the collective investment scheme on its income or its properties, including taxes , fees , duties and other charges levied by foreign jurisdiction on investments outside Pakistan;
- (xvi) Any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity in accordance with the decision of the Shariah Advisor.

(xvii) Any other expense or charge as may be permitted by the Commission.

Such expenses shall be paid to the Management Company at actual within thirty days of incurring of such expense.

7. TAXATION

7.1 **Taxation on Income of AIAAF**

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

7.1.1 Liability for Income Tax of the Fund

Under the Income Tax law in Pakistan, Fund is regarded as a public company for tax purposes. The income of the Fund is taxable at the tax rate applicable to a public company, which is presently as under:

Dividend income at 5%;

Capital gains arising on sale of securities listed on any stock exchange in Pakistan is exempt from tax up to June 30, 2010; and

Return from all other sources / instruments are taxable at the rate applicable to a public company which currently stands at 35%.

7.1.2 Liability for income tax, if 90% of income is paid as dividend

Notwithstanding the tax rate and withholding tax stated above, the income of Fund will be exempt from tax if not less than 90% of the income of the accounting year, is distributed as dividend among the Unit Holders. 90% of the income will be calculated after excluding realized and unrealized capital gains. For tax efficiency, Fund will endeavor to distribute at least 90% of the income as reduced by capital gain.

7.1.3 Withholding Tax

All income, namely, dividend, return from Shariah compliant term finance certificates, return on riba-free deposits with banks/financial institutions, return from contracts, securities or instruments of companies, organizations, and establishments issued on the principles of Bai'Muajjal, Bai'Salam, Istisn'a, Modaraba, Murahaba, Musharika or shares will not be subjected to any withholding tax.

7.1.4 Zakat

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

7.2 **Taxation of Unit Holders and Liability to Zakat**

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

7.2.1 Income Tax

Dividend paid to Unit Holders of the Fund shall be subject to income tax as under according to the present rates, which may be changed in future:

	Rate
Public and Insurance Companies in Pakistan	5%
Any other person, including a non-resident	10%

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

7.2.2 Tax Credit

Unit Holders of the Fund shall be entitled to a tax credit in Pakistan under section 62 (1) and 62 (2) of the Income Tax Ordinance 2001. The amount on which tax credit will be allowed shall be the lower of: (a) amount invested, (b) ten percent (10%) of the taxable income of the Unit Holder and (c) Rupees two hundred thousand and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within twelve months, the amount of the tax payable for the tax year shall be increased by the amount of the credit allowed.

7.2.3 Zakat

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

The Tax and Zakat information given above is based on the Management Company's tax advisor's interpretation of the law, which to the best of the Management Company's understanding is correct but investors are expected to seek independent advise so as to determine the taxability arising from their investments in the Units of the Fund. Furthermore, tax and zakat laws including rates of taxation and 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 Askari Asset Allocation Fund

Accounting Date shall be the 30th day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Accounting Period shall be a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.

8.2 Financial Reporting

8.2.1 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of (i) the assets and liabilities of the Scheme; (ii) the income and expenditure of the Scheme; (iii) all transactions for the account of the Scheme; (iv) amounts received by the Scheme in respect of issues of units; (v) all amounts paid out by the Scheme on redemption of units and by way of distributions by the Scheme ; and (vi) pay out at the termination of the Scheme.

8.2.2 The Management Company shall maintain a Register of Unit Holders of the Scheme (either in physical or electronic form) and inform the Commission and the Trustee of the address where the Register is kept.

8.2.3 The Management Company shall within four months of the closing of the Accounting Period transmit to the Unit Holder(s), the Trustee and the SECP and stock exchanges, on which the Units of the Scheme are listed the annual report as per the requirements of the Regulations, including (i) copy of balance sheet and income statement, (ii) cash flow statement, (iii) statement of movement in Unit Holders' fund or net assets or reserves and (iv) the Auditor's report.

8.2.4 The Management Company shall within one month of the close of the first and third quarters and within two months of second quarter of the Accounting Year of the Scheme prepare and circulate to the Unit Holders, the Trustee and the Commission and stock exchanges on which the units or certificates of the Scheme are listed, balance sheet as at the end of that quarter, an income statement, a cash flow statement, a statement of movement in unit holders' or certificate holders funds net assets or reserves; and statement showing the securities of the relevant period, securities purchased or sold during such period and the securities held at the of such period together with the value (at carrying and at market) and the percentage in relation to its own net assets and the issued capital of persons whose securities are owned for the quarter whether audited or otherwise. Provided, where subject to permission being granted by the Commission the Management Company has transmitted the said quarterly accounts on the Management Company's website, printed copies thereof shall be provided to the Unit Holders, free of cost, as and when requested.

8.2.5 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 Scheme in accordance with the provisions of this Offering Document, the Deed, the Rule and the Regulations 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 Management Company and from its web site. www.askariinvestments.com.

9.2 **Accounts with Transfer Agent Applicability**

Once a Unit Holder has purchased a Unit from an Authorized Branch of the Distributor, all his records/forms will be kept and maintained with the Transfer Agent.

9.3 **Register of Unit Holders**

A Register of the Unit Holders shall be maintained by the Management Company at its Head Office. If, in the future, the Management Company appoints any other independent Transfer Agent (with the approval of the Trustee and the Commission), the roles and responsibilities will be assigned under a Transfer Agency Agreement and the Register of Unit Holders will then be maintained by the Transfer Agent.

Every Holder will have a separate identification number for each type of Units. The Holder will be entitled to inspect his record in the Register and request copies thereof on any Business Day from 10.00 A.M. to 1.00 P.M., except during the days when the Register is closed in accordance with the provision of the Deed, with the prior arrangement with the Management Company or the Transfer Agent.

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

The Management Company shall ensure that the Transfer Agent (if an independent entity) shall at all reasonable times during business hours give MCFSL and its representatives reasonable access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither MCFSL nor its representatives shall be entitled to remove the register or to make any entries therein or alterations thereto. Except when the Register is closed in Accordance with the provisions of the Trust Deed, the Register shall during business hours (subject to such restrictions as are being imposed in the Offering Document and for a period or at least two hours in each business day) be open in legible form to the inspection of any Holder without charge.

9.4 **Information in the Register**

The Register will contain the following information:

About Unit Holders

For individuals :

Full name(s),

Father's/husband's name

Addresses of Unit Holder(s)

Computerized National Identity Card Number(s) and/or Passport Number (if applicable).

For Institutions:

Full name (s)
Address (s)
National Tax Number (if applicable)

About Units

- (a) The number and type of the Units held and the distinctive numbers of Certificate(s), if any;
- (b) The date on which the name of every Unit Holder was entered in respect of the Units standing in his/her name;
- (c) The date on which any Transfer or Redemption is registered;
- (d) Information about lien, Pledge or charge on Units;
- (e) Tax and Zakat status of the Unit Holder(s);
- (f) Record of the signature of the Unit Holder or joint Unit Holder(s);
- (g) Nominees of the Unit Holder(s) and
- (h) Such other information as the Management Company may require.

9.5 Closure of Register

The Register may be closed with intimation to the Trustee for such period as the Management Company may from time to time determine for the purpose of declaration of dividend for payment redemption proceeds to Unit Holders and after giving at least seven calendar days notice to Holders, provided that it is not closed for more than six Business Days at a time and forty-five days in any calendar year. During the period the register is closed, transfer application will not be received.

9.6 Account Statement

The Transfer Agent will send directly to each Unit Holder a non-transferable account statement each time there is a transaction in a registration number, i.e., Units are (1) subscribed, (2) redeemed, (3) transferred in favor of a third person, (4) pledged (5) transferred from a third person, (6) consolidated/split and (7) additional Units are issued in the form of income distribution. An account statement will be posted within 5 Business Days after each relevant transaction.

9.7 Certificates

Unit certificates will be issued only if requested by the Unit Holders.

- a. Certificates shall be issued only if so requested by the Unit Holder at the time of application or at any later stage (save in the case of units issued under certain administrative arrangements that exclude issuance of certificates) and upon payment of a fee not exceeding [twenty five (25) Rupees] per Certificate of any denomination, subject to

- revision of fee from time to time by the Management Company. The proceeds of such fee will accrue to the Management Company.
- b. Certificates shall only be issued for Units that have been fully paid, in such denomination as may be required by the Holder (except for fractional Units). Separate Certificates shall be issued for each class of Units.
 - c. Fraction Units shall not be issued.
 - d. Certificates where requested shall be issued as herein provided not later than twenty-one Business Days after the date of such request. The Certificate may be sent to the Unit Holder or his duly authorized nominee at his own risk by registered post, by courier service or may be collected by the Unit Holder from the Distributor.
 - e. In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Units held by such Joint Holders and delivery of such Certificate to the Holders named first therein shall constitute sufficient delivery to all Joint Holders.
 - f. Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive and serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
 - g. Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on its behalf by a duly authorized officer and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of an appointed Transfer Agent (if one exists) (or a Distribution Company, if so specifically authorized by the Management Company), which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificate so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, the Management Company, Transfer Agent, Distributor or any authorized signatory.

9.8 Replacement of Certificates

In case any certificate is lost, stolen, mutilated, defaced or destroyed, the Transfer Agent / Distributor with the approval of the Management Company may issue to the person entitled a 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 Transfer Agent / Distributor 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 (iii) in the case of joint Unit Holders obtained the written consent of the joint Unit Holders for issuance of such new certificates, and (iv) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distributor/Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.

Before issuing any Certificate(s) the Transfer Agent / Distributor may require from the applicant a fee of [twenty five Rupees] for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate(s).

Subject to the provisions of the Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any requirements set by the Trustee with the approval of the Management Company every Unit Holder shall be entitled to exchange upon surrender of the existing certificate any or all of his/her certificates for one or more certificates of such denominations as he may require representing the same aggregate number of Units.

10. FINANCIAL INFORMATION

10.1 Auditors Certificate on Core Investor and Pre-IPO Investor's Investment in the Units of the Fund

10.2 Auditors Certificate on the Net Asset Value of the Fund

10.3 Formation Cost

All preliminary and floatation expenses of the Fund including expenses in connection with registration of the Scheme, and its application fee payable to the Commission, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, publication of abridged offering document for the Initial Public Offer and all expenses incurred during the period leading up to the Initial Public Offer, (excluding any cost associated with sales, marketing and advertisement which shall not be charged to the Scheme) shall be borne by the Fund which are estimated at and will not exceed one percent (1%) of the pre-public offer investment in the Fund (Restricted Units and Class 'A' Units privately placed prior to the Initial Public Offer) Formation Cost shall be reimbursable by the Scheme to the Management Company subject to audit of expenses.

11. 11.WARNING

11.1 Offering Document

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

11.2 Fluctuation in Price and Income

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

11.3 Disclaimer

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

Investors are advised to read risk disclosure and disclaimer as mentioned in this document in Clause 2.9 above for more information concerning risk.

The Units of AIAAF are not bank deposits and are neither issued by, insured by, obligation 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.

12. GENERAL INFORMATION

12.1 Inspection of Constitutive Documents

The copies of constitutive documents, that are Trust Deed, Offering Document and Consents of the Auditor, Shariah Advisor, Legal Adviser and Trustee to their respective appointments can be inspected free of charge at the addresses given below:

Askari Investment Management Limited

501, 5th Floor Green Trust Tower

Jinnah Avenue, Blue area

Islamabad, Pakistan

MCFSL

16th Floor MCB Tower

Karachi

12.2 Statement of Responsibility

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

13. REVOCATION OF THE SCHEME

- 13.1 The Management Company may terminate the Scheme, 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 Trust without notice if redemptions of Units of unmanageable level would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Scheme is wound up.
- 13.2 The Trust may also be revoked by the SECP on the grounds given in the Regulations.
- 13.3 The Deed may be terminated in accordance with the conditions specified in the Regulations if there is any breach of the provisions of this Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust. However, it is recognized that the Trustee shall be acting as a combined Trustee of two or more Unit Trusts and Administrative Plans thereof. In the event of the termination of the Trustee for any one Unit Trust is likely to require the termination of Trustee for the other Unit Trusts, which forms an integral part of any administrative plan covering more than one Unit Trust, both parties shall act in a manner that causes the least degree of inconvenience to the investors and is the most cost efficient for the Unit Trusts.
- 13.4 Upon representation to the Commission, by three fourth in value of the total Unit Holders, or if the Commission considers that further continuation of the registration of the Scheme will be detrimental to the interest of the Unit Holders or the market generally, the Commission may give three months notice to the Trustee, the Management Company and the Unit Holders about the Commission's intention to cancel the registration of the Trust. Provided that the registration shall not be cancelled without providing an opportunity of being heard to the Management Company or the Trustee. In case of cancellation of registration of the Scheme, the Management Company shall be required to wind up the Trust and refund the net proceeds to the Unit Holders in such manner and within such time as may be specified by the Commission.

14. **DISTRIBUTION ON REVOCATION**

- 14.1 Subject to Clause 13.4 above, upon the Trust being terminated the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investment then remaining in the hands of the Trustee as part of the Deposited Property and shall repay any borrowing affected by the Trust together with any profit remaining unpaid.
- 14.2 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Deposited Property after making payment as mentioned in Clause 5.3 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

15. ARBITRATION

In the event of any disputes arising out of the Deed or 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 the Deed and/or the Offering Document relating to the Unit Trust, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst senior partners of renowned firms of chartered accountants, or senior partners of renowned Law Firms, or senior bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

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

16. DEFINITIONS

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

"Accounting Date" means the thirtieth day of June in each year and any interim date(s) at which financial statements of the Unit Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining the necessary approvals, change such date to any other date and such change shall be intimated to the SECP.

"Account Statement" means statement of transaction in Units in the folio of the Unit Holder.

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

"Administrative Plans" means administrative plans such as profit and savings plans offering fixed or variable income at specified intervals.

"Auditor" or Shariah Auditor" means the Auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as the auditor for the scheme, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the provisions of the Trust Deed, the Rules and the Regulations.

"Authorized Distributors" means those branches of the Distributors authorized by the Management Company

"Authorized Investment" means any Shariah Compliant investments as specified in clause 2.2.2 and such securities, stocks, , participation term certificates, Modaraba certificates, Musharika certificates, deposits, and other, equity based, asset backed securities, or any other Shariah Compliant investments as may be determined by Shariah Advisor and permissible under the Regulations.

"Back-End Load" charge or commission, not exceeding (5) percent of the Net Asset Value, deducted by the Management Company from the Net Asset Value in determining the Redemption Price. , Back-end Load shall form part of Fund Property.

"Bai Mu'ajjal" means a contract in which the seller earns a profit margin on his purchase price and allows the buyer to pay the price at a future date in lump sum or in installments.

"Bai' Salam" means a contract in which advance payment is made for certain defined goods (other than gold, silver and currencies) to be delivered later on a fixed date.

"Bank" means a scheduled bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a scheduled bank.

"Bank Accounts" mean those accounts of the Trust opened and maintained by the Trustee with one or more Banks, the beneficial ownership of which shall vest in the Unit Holders.

“**Broker**” means any person engaged in the business of and licensed by the SECP to effect transactions in the securities for the account of others.

“**Business Day**” means a day on which Banks, Stock Exchange and when the offices of the Management Company and are open for business in Pakistan.”

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

“**Charity**” means amount paid by Management Company out of the income of the Trust to a charitable /welfare organization (the organization shall not be the connected person of the scheme) in consultation with Shariah Advisor, representing income, which is Haram.

“**Commission**” or “**SECP**” means the Securities and Exchange Commission of Pakistan

“**Companies Ordinance**” means the Companies Ordinance, 1984, as amended from time to time.

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

“**Constitutive Documents**” means the Trust Deed that is the principal document governing the formation, management and operation of the Trust, the Offering Document and any related material agreement envisaged under the Rules and the Regulations.

“**Core Investors**” means the initial investors, who shall be required to subscribe to and to hold number of Units of par value of not less than the aggregate amount prescribed under the Regulations for a minimum two years from the date of close of Initial Public Offer. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.

“**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 Initial Public Offer (IPO). However, such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of IPO, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee.

“**Custodian**” means a bank licensed under the Banking Companies Ordinance, 1962 (LVII of 1962), or a trust company which is subsidiary of such bank or central depository company approved by the Commission or an NBFC carrying out investment finance services provided it has been approved by the Commission to act as custodian or such other company as may be approved by the Commission to act as custodian;

“**Cut-off Time**” means 9-1630 hours on each Business Day other than Saturday for which it would be 9-1300 Hours

“**Deposited Property**” or “**Fund Property**” means the aggregate proceeds of the sale of all Units at Purchase (Offer) Price and any Transaction Costs recovered in the Purchase (Offer) or Transaction Costs/ Back-End Load recovered in Repurchase (Redemption) price after deducting there from or providing there against the value of Redemption, Front-end Load, Duties and Charges (if included in

the Purchase (Offer) Price or Repurchase (Redemption) Price) applicable to the Purchase or Redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable and other assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed and shall include the income, profit etc earned on the amount credited to the Distribution Account, but shall not include the amount standing to the credit to the Distribution Account (except income or profit earned thereon).

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

"Distribution Company" means Company (ies), Firm(s), Sole Proprietorship Concerns, Individuals or Bank(s) appointed by the Management Company at its own expense for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions..

"Distribution Functions" means the functions with regard to:

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

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

"Exposure" shall have the same meaning as assigned to it in the Regulations.

"Formation Cost" means all preliminary and floatation expenses of the Scheme including expenses in connection with the registration of the Scheme and its application fee payable to the Commission, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, publication of abridged offering document for the Initial Public Offer and all expenses incurred during the period leading up to the Initial Public Offer shall be borne by the Management Company and shall be reimbursable by the Fund, subject to the audit of expenses, over the Minimum Period or any other time period as specified by the Commission. Any cost associated with sales, marketing and advertisement shall not be charged to the Scheme

"Front-end Load" means the sales and processing charges or commission (excluding duties and charges) not exceeding five percent (5%) of the NAV payable to the Management Company, which may be included in the Offer Price of certain classes of Units.

"Halal" means anything permitted by the Shariah.

"Haram" means anything prohibited by the Shariah.

"Initial Offer" means the issuance of Units during the Initial Period to core investors.

"Initial Period" means a period determined by the Management Company during which the "Core Units" and Pre-IPO units will be offered. The period will begin from Initial Offer date and terminate on Initial Public Offer date.

"Initial Period of Offer" means the same as **"Initial Offering Period"** and **"Initial Public Offer"** which means the period during which first offer of Units shall be made to Public, which shall be indicated in the Offering Document. This period shall not exceed a period of ten days (provided that this period may be extended with the prior approval of the Commission and the Trustee).

"Initial Offer Price" means the price of Rs.100 per Unit during the Initial Offering Period determined by the Management Company as published with no Front End Load.

"Investment" means any Authorized Investment forming part of the Fund Property.

"Investment Facilitator" (sales agent) means an individual, firm, corporate or other entity appointed by the Management Company, at its own costs on the terms and conditions to be mutually agreed, to identify, solicit and assist investors in investing in the Scheme.

"Islamic Bank" means a Bank having license as Scheduled Islamic Commercial Bank from State Bank of Pakistan or a Bank, which accepts deposits on profit and loss basis and will include all banks or financial institutions, approved by the Shariah Advisor for the purpose of banking by the Trust.

"Management Company" means Askari Investment Management Limited.

"Mudarabah" means a form of partnership where one partner provides funds, while the other provides skill, expertise and management.

"Mudharib/Mudarib" means a working partner, who provides entrepreneurship, skill and management under a Mudarabah agreement as distinct from the Rub-ul-Mal who provides the inance.

"Musharakah" means a relationship established under a contract by the mutual consent of the parties for sharing of profits and losses arising from a joint enterprise or venture. All providers of capital are

entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions.

“**NBFC**” means a non-banking finance company as defined in clause (a) of section 282(A) of the Ordinance;”

"**Net Assets**" shall have the same meaning as in the Regulations.

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

“**Offer Price (Purchase Price)**” means the sum to be paid by the investor for the purchase of one Unit as indicated in Clause 4.9

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

"**Par Value**" means the face value of a Unit that shall be One Hundred Rupees or such other amount as may be determined by the Management Company in consultation with the Trustee.

"**Personal Law**" means the law of inheritance and succession as applicable to the individual Unit Holder.

“**Private Placement Investors**” means those investors who make payment to the Management Company for purchase of Units prior to the Initial Period of Offer under private arrangements and to whom Class “A” Units shall be issued.

"**Redemption Price**" means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Clause 11.4 of the Trust Deed and clause 4.9 of this Offering Document.

"**Register**" means the Register of the Unit Holders kept pursuant to the Rules and the Deed.

"**Registrar**" or "**Transfer Agent**" means an organization that the Management Company may appoint for performing the Registrar or Transfer Agent Functions, as defined hereafter. The term shall also refer to the Management Company if it is performing these functions.

"**Registrar or Transfer Agent Functions**" means the function with regard to:

- (a) Maintaining the Register;
- (b) Receiving applications for redemption and transfer/ transmission of Units directly from Unit Holders or legal representatives or through Distributors;
- (c) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledge or for recording of changes in information/particulars/data with regard to the Unit Holders;
- (d) Issuing Account Statements to the Unit Holders;

- (e) Issuing Certificates including Certificates in lieu of undistributed income to Unit Holders;
- (f) Canceling old Certificates on redemption or replacement; g. Maintaining record of lien/pledge/charge;
- (g) Keeping record of change of addresses/other particulars of the Unit Holders; and
- (h) Dispatching income distribution advice and/or bank transfer intimations; and
- (i) Allocating Units to the Unit Holders for re-investments.

“Regulations” mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended or replaced from time to time.

"Reporting or base currency" means Pakistani Rupee in which financial statements are reported.

“Restricted Units” means such Units of the Trust that are issued to Core Investors at the Par Value with the condition that these are not redeemable for a period of two years from the date of close of the Initial Public Offer. Such Units are transferable with this condition, but otherwise shall rank *par passu* with all other Units, save for this restriction. Any transfer of the Restricted Units, during the first two years of IPO, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.

"Rules or NBFC Rules" means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time.

"Shariah" means divine guidance as given by the Holy Qur'an and the Sunnah of Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles.

“Shariah Advisor” means Islamic financial institution, a body of Islamic scholars or an individual appointed by the Management Company with the approval of the SECP, having knowledge of Islamic finance, to supervise and monitor the activities of the Scheme and to ensure that all its activities comply with Shariah.

"Stock Exchange" means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969 and stock exchanges registered and operating outside Pakistan.

"Subscription Day" means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in at least two widely circulated newspapers declare, any particular Business Day not to be a Subscription Day.

"Supplementary Offering Document" means a document issued by the Management Company, in consultation with the Trustee, after seeking approval of the SECP, describing the special features of an administrative plan offering investment in the Shariah Compliant Fund or a combination of the Shariah Compliant Fund and other schemes managed by the Management Company, or any amendments made to the Offering Document.

"Term Finance Certificates" means redeemable equity instruments issued on profit and loss sharing basis.

“Transaction Costs” means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee’s charges, Duties and Charges, taxes or levies on

transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. The Management Company may apply Transaction Costs while determining Offer or Redemption prices provided the difference between the Purchase (Offer) Price and the Repurchase (Redemption) Price does not exceed [five percent]. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the deposited Property.

"Trust", "AIAAF", "Unit Trust", "Fund" or "Scheme" means Askari Islamic Asset Allocation Fund constituted by the Trust Deed for continuous offers for sale of Units.

"Unit" means one undivided share in the Scheme.

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

"Zakat" has the same meaning as in Zakat and Ushr Ordinance (XVIII of 1980), 1980.

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

ANNEXURE A

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

Front-end Load:

2.5% on Class “B” units

Back-end Load:

5.0% maximum to be applied at the time of redemption of Class “C” units. The structure of this may be either on a flat basis or a step-down basis; however, this will be notified at the time of Offering of such units.

Management fee:

A remuneration of an amount not exceeding three percent of the average annual Net Assets as defined under the Regulations during the first five years of the Scheme and two percent of such assets thereafter.

Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Regulations

Any change in the load and fee structure, provided it is within the maximum limit disclosed in the definition of type of loads in Section 16 of this document, , shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, as and how the SECP may direct.

ANNEXURE B

DISTRIBUTOR DETAILS

The under-noted authorized distributors will be facilitating the issuance and redemption of Askari Islamic Income Fund units. The Management Company may also appoint additional distributors at its sole discretion from time to time and change any of the existing ones from time to time after notifying the unit holders.

- 1. Askari Bank Limited**
- 2. Al-Habib Capital Markets (Pvt) Limited.**
- 3. Foundation Securities (Pvt) Limited.**
- 4. Alfalah Securities (Pvt) Limited.**
- 5. Js Global Capital Limited.**
- 6. Pak Oman Investment Company Limited.**
- 7. Reliance Financial Products (Pvt) Limited.**
- 8. First National Equities Limited.**
- 9. Uni Trading Services (Pvt) Limited.**
- 10. Invest Capital & Securities (Pvt) Limited.**
- 11. BMA Capital Management Limited.**
- 12. IGI Investment Bank**
- 13. Flow (Pvt) Limited.**
- 14. Atlas Capital Markets (Pvt) Limited.**
- 15. Pyramid Financial Consultants (Pvt) Limited.**

ANNEXURE C

CURRICULUM VITAE OF SHARIAH ADVISOR

Curriculum Vitae

Name: Mohammad Tahir
Father's Name: Mohammad Sarwar
Date of Birth: 25.11.1955
Marital Status: Married
Postal Address: House 613, Street 116, Sector G-9/3, Islamabad
Email Address: drmansoor55@yahoo.com
Present Position: Professor, Islamic Law, and Head, Islamic Law Unit, Islamic Research Institute, International Islamic University, Islamabad
Ph. # : 925 7131
FAX # : 9300-548920

Academic Qualification

1. Ph.D. (Islamic Studies) from Punjab University, Lahore 1997.
2. LL.M. (Shariah) 1st Division, 1983, from International Islamic University, Islamabad.
3. M.A. (Arabic), 1st Division, 1984, Punjab University, Lahore
4. M.A. (Political Science), 1st Division with distinction, 1978, University of Karachi.
5. B.A. (Hons) Political Science, 1st Division, 1st Position, 1977.
6. F.A. 1st Division, 1st Position, 1973.
7. Matriculation, 1st Division, 1972.

Oriental Studies (Qur'an, Hadith, Fiqh, Usul al-Fiqh)

1. Moulvi Fadhil (Arabic, Islamic Studies) Subjects: Qur'an, Hadith, Fiqh, Usul al-Fiqh, Arabic Literature, from Jamiatul Uloom al-Islamiyyah, Mansoorah (near Hala, Sindh). (Old Shah Wali Ullah Oriental College, Mansoorah).
2. Moulvi 'Alim (Arabic and Islamic Studies).
3. Moulvi (Arabic and Islamic Studies).

Knowledge of Languages

Urdu, Arabic, English, Sindhi, Punjabi, Hindi.

Research Interests

Islamic Commercial Law and Banking, Muslim Family Law and Gender Relations, Principles of Islamic Jurisprudence.

Teaching and Research Experience

1. Professor (Shari'ah), Islamic Research Institute, International Islamic University, Islamabad since August 2006.

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2. Associate Professor (*Shari'ah*), Islamic Research Institute, International Islamic University, Islamabad since August 2001.
3. Assistant Professor (*Shari'ah*) March 1997 to July 2001, Faculty of *Shari'ah* & Law, International Islamic University, Islamabad.
4. Lecturer (*Shari'ah*), 1985-2001.
5. Senior Research Scholar (BPS-18), National Language Authority, Islamabad from January 1984-August 1985.

Publications

I. Books (published)

- (i) *Islamic Law of Contracts and Business Transactions*, *Shari'ah Academy*, International Islamic University, Islamabad, 2001.
- (ii) *Al-Madkhal li al-Fiqh al-Masafi* (Introduction to Islamic Banking), *Shari'ah Academy*, Islamabad 2002.
- (iii) *Islami Fiqh main Nizam-e-Mudarabah* (translation), (*Nizam al-Mudarabah fi al-Fiqh al-Islami*), International Institute of Islamic Economics IIU, 1998.
- (iv) "Imam Abu Hanifah: Hayat, Fikr Aur Khidamat" Islamic Research Institute December 2002.
- (v) *Arabi Istilahatsazi: (Kitabiyyat)*, National Language Authority, Islamabad.
- (vi) *Ahkam Bay'*, Islamic Research Institute, Feb, 2005
- (vii) *Family Law in Islam: Theory and Application*, *Shariah Academy*, IIU, 2006

II. In Progress

- (i) *Shariah Maxims on Financial Matgters*
- (ii) *Majmu-a-Qawanin-i-Islam, Islam ka Qanoon-i-Mu'ahidah*

III. Dissertations

- (i) Ph.D Dissertation "*Burhan al-wusul fi Bayan al-usul li sahibzada miyan Mohammad Chamkani: Dirasah wa Tahqiq*" submitted in the Faculty of Islamic Studies, University of Punjab, Lahore.
- (ii) LL.M. Thesis "*Tatbiq al-Shari'ah fi al-Majal al-Masrafi wa Khassatan fi Bahistan*" submitted in the Faculty of Shariah & Law, International Islamic University, Islamabad.

IV. Journal Articles (English)

- (i) "Indexation of Loans: A Shari'ah Perspective" *Islamic Studies* 47:1 (1988) IRI, Islamabad.
- (ii) "Insurance from Islamic Perspective", *al-Adwa'*, Research Journal of Punjab University, vol. III, December 1998.
- (iii) "Mudarabah: An Islamic Mode of Investment" *Research Journal*, Peshawar University, vol. 1, No.4, June 1992.
- (iv) "Supreme Court's judgment on Ribā: Shari'ah Appraisal" *Hamdard Islamicus*, Karachi, vol. XXIV 403, July-September 2001.
- (v) Review Article: Haqiqat-e-Riba: What is Ribā? By: Iqbal Ahmad Khan Suhail Ed. And trans., Zafar ul-Islam Khan. New Delhi, '*Islamic Studies*' vol: 40, Number: 1, Spring 2001.
- (vi) Review Article: "Status of Treaties in Islam: A comparison with contemporary practice by Jamshed A. Hamid *Islamic Studies* vol. 41, Number: 4 Winter 2002.
- (vii) Review Article: "And God Knows the Soldiers: The Authoritative and authoritarian in Islamic Discourses" by Khalid M. Abou El Fadl. *Islamic Studies*, vol.42, Number:2, Summer 2003.
- (viii) 'Objectives of Zakat in the Qur'an and Sunnah' *Hawliyyah*, Annual Journal of International Islamic University, Issue No. X, 1423 A.H/2002 A.D
- (ix) Review Article: Zakat Law by Khalid Nazir, Ammar Publications, Islamabad, 2002, *Islamic Studies*, Islamic Research Institute.
- (x) Islamic Law in a Changing World by A. An. Na'im, *Islamic Studies*, IRI, July-Sept. 2003.

V. Articles (Arabic)

- (i) Al-Muḍarabah fi al-Islami Bayn al-Nazariyyah wa al-Taṭbiq", *al-Adwa*, research journal of Punjab University, Lahore, vol. II, Spring 1993.
- (ii) "Athar al-Falsafah al-Yunāniyyah 'Ala al-Fikr al-Siyasi li al-Farabi", *al-Dirasat al-Islamiyyah*, Islamic Research Institute, Islamabad, vol. 28, Issue No.2, April-June 1993.
- (iii) "Tabi'ah al-'Ilaqat al-Kharijiyyah li al-Dowlah al-Islamiyyah", *Howliyyah*, Annual Research Journal of International Islamic University, Islamabad, vol.III, 1990.
- (iv) "Burhan al-Usul li Sahibzadah Miyan Muhammad Chamkani wa Makanatuhu Bayna al-Kutub al-Uṣuliyyah", *al-Dirasat al-Islamiyyah*, Islamic Research Institute, Islamabad, March 2000.
- (v) "Amaliyyat al-Tamwil wa al-Istithmar fi al-Maṣarif al-Islamiyyah", *al-Dirasat al-Islamiyyah*, Islamic Research Institute, Islamabad, vol. 27, Issue 2, April-June 1992.
- (vi) "Qadiyyah al-Riba fi Dar al-Harb: Taqwim al-Ru'yah al-Hanafiyyah", *al-Dirasat al-Islamiyyah*, Islamic Research Institute, vol. 37, January-June 2002.
- (vii) Al-Daktur Wahbah al-Zuhayli wa-Ishamuhu fi Tashri' al-Islam al-Dawli in ed. Wahbat al-Zuhayli: Bahoos wa-Maqalat Muhdaat iklayhi, Damascus: Dar al Fikr, April, 2003.

V Articles (Urdu)

- (i) "Qarzon ki Ishariyahbandi-Shar'i Nuqtah Nazar" (Islamic Position on Indexation of Loans), *Fikr-o-Nazar*, Islamic Research Institute, Islamabad, 33:2, October-December 1995.
- (ii) "Riba per Ba'z Mu'asir Nuqtaha'i Nazar ka 'Ilmi Ja'izah" (Objective Study of some contemporary views on Riba), *Fikr-o-Nazar*, 35:3, July-September, 1997.
- (iii) Review Article "Islam Main 'Aowrat ki Gawahi 'Adhi Nahin" (Testimony of Woman in Islam), *Fikr-o-Nazar*, 34:2, April-June 1996.
- (iv) "Biswin Sadi ki Aham Ta'birat-e-Riba ka Ja'izah", (A survey of recent writings on Ribā) *Fikr-o-Nazar*, 39:3, January-March 2002.

- (v) Islami Qanun Bayn al-Maualik ke Mutāli'ke Jadid Rujhanat" (Islamic International Law: New Trends and Approaches) *Fikr-o-Nazar*, January-March 2003.
- (vi) Review Article: "Mabadi Tadabbur Hadith" by Moulana Amin Ahsan Islahi, *Fikr-o-Nazar*, January-March 2003.
- (vii) (Islami Qanun-e-Bayn al Aqwa ki Tashkil-e-jadid mein Dr. Muhammad Hamidullah ka kirdar (Dr. Mohammad Hamidullah's Contribution to Reconstruction of Islamic International Law) *Fikro-Nazar*, April-September 2003.
- (viii) Review Article, " Al Mausoo'ah al Qadha'iyyah, Islami Adalato ke Faisalon par Mabni Encyclopedia", Research Committee Alfalah Foundation, *Fikro-Nazar*, October-December 2003.
- (ix) Review Article "Hudud Ordinance: Kitab-o-Sunnat ki Rushni mein *"Fikr-o-Nazar"* vol. 42, No. 2, October-December, 2004.
- (x) Review Article: "Jihad-o-Dahshatgardi" *Fikr-oi-Nazar* vol. 42, October-December, 2004.
- (xi) Article "Fiqhi ki Tashkil jaded mein Ijtimai Ijtihad ka Kirdar: Majma' al-Fiqh al-Islamic Jaddah ki Ijtihaddi kawishon ka Ja'izah" in *"Asr-i-Hazir mein Ijtihad awar Uski Qabil-i-Amal Suratain"* ed. Shaikh jZayd Islamic Centre, University of Punjab, Lahore.

Conferences and Seminars

- (i) Participated as resource person in the Leadership Training Programme of Da'wah Academy, International Islamic University, Islamabad in December 1994 held in Fiji.
- (ii) Coordinator, Judicial Training Programme for Pakistani Judges in Sudan and Jordan in February 1996.
- (iii) Participated as resource person in Judicial Training Programme for Judges from Philippines, held in Islam Abad, in 1997.
- (iv) Participated as resource person in the Islamic Judicial Training Programme held in Tawi Tawi, Philippines in December 1999.
- (v) Participated as resource person in the Islamic Judicial Training Programme held in Zambuang, Philippines in August 2000.

- (vi) Participated in the Seminar "Religious Authority in the Middle Eastern Islam" held by the Institute of Islamic Studies, Free University of Berlin, Germany 5-7 December 2002.
- (vii) Presented a Paper Objectives and Targets of Zakah in the Qur'an and Sunnah" in the International Seminar on Zakah Management (May 20-23 2002) organized by the Institute of Islamic Economics and Islamic Research and Training Institute of Islamic Development Bank, Jeddah.
- (viii) Presented a paper "Collective Ijtihad and its Role in the Reconstruction of Islamic Legal though", in the Seminar Concept of Ijtihad and its Application in Modern Age organized by Sheikh Zayed Islamic Centre, Punjab University, Lahore.

Research Supervision

Supervised a large number of Ph.D, M.Phil, LL.M, M.A. theses for International Islamic University, Allama Iqbal Open University and Fatimah Jinnah Women University, Islamabad.

Medals and Awards

Won Presidential Award for meritorious academicians "*Izaz-e-Fazeelat*" for the year 2004.

References

1. Professor Dr. Zafar Ishaq Ansari, Director General, Islamic Research Institute, International Islamic University, Islamabad; Fax: 051-9262262; Email: <ziansari@gmail.com>; Phone: 051-2281289.
2. Professor Dr. Hassan Mahmood Abdul Latif al-Shafi'i, President, International Islamic University, Islamabad; Email: Presidentiiu@email.com; President_iiui@maktoob.com; Fax 051-225082
3. Professor Dr. Anis Ahmad, Vice-Chancellor, Refah University, Islamabad, Vice Chairman, Institute of Policy Studies, Islamabad; Email: ips@sip.net.pk
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