
Risk Disclosure: The Investors are advised in their own interest to carefully read the contents of the Offering Document in particular the risk factors mentioned in Clause 3.6, disclaimer in Clause 3.7 and Warnings in Part XI before making any decision.

OFFERING DOCUMENT

**MEEZAN ISLAMIC INCOME FUND
(MIIF)**

Pakistan's first Islamic Income Fund

Under Management of



Al Meezan
Investment Management Ltd

Last updated till March 30, 2015 through SOD-IV

IPO Dates: From Jan 15, 2007 till Jan 17, 2007 (both days inclusive)



OFFERING DOCUMENT

OF

MEEZAN ISLAMIC INCOME FUND (“MIIF”)

MANAGED BY

AL MEEZAN INVESTMENT MANAGEMENT LIMITED

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

Date of Publication of Offering Document Jan 08, 2007

Initial Offering Period: Jan 15, 2007 to Jan 17, 2007 during banking hours

The Meezan Islamic Income Fund (the Fund/the Scheme/the Trust/MIIF) has been established through a Trust Deed entered into between Al Meezan Investment Management Limited (“Al Meezan Investments” or “Management Company”), the Asset Management Company and Central Depository Company of Pakistan Limited (“CDC”), the Trustee and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the “Rules”).

PART I: REGULATORY APPROVAL AND CONSENT

1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan (“SECP” or “Commission”) has, vide its letter No. NBFC-II/AD-III/AMIML/742 dated October 13, 2006, authorized the formation of an open-ended scheme, under the name, “Meezan Islamic Income Fund”, under Rule 67 of the Rules. The Commission has approved this Offering Document, under Rule 70 of the Rules vide letter No. SEC/NBFC-II/AMIML/963/2006 dated December 29, 2006.

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

1.2 OFFERING DOCUMENT

This Offering Document sets out the arrangements covering the basic structure of the Meezan Islamic Income Fund (the “Fund”, the “Scheme” or “MIIF”). It sets forth information about the Fund that a prospective investor should know before investing in any Unit of the Fund. The provisions of the Trust Deed, the Rules and the Shariah guidelines as specified hereafter govern this Offering Document.



If you have any doubt about the contents of this offering document, you should consult one or more from amongst your investment advisers, legal advisers, bank managers, stockbrokers, or financial advisers.

Investors must recognize that all Investments involve risk. It should be clearly understood that the Fund's portfolio will be subject to market fluctuations and risks inherent in all such Investments. The value of Units of the Fund may appreciate as well as depreciate and the level of dividends declared by the Fund cannot be assured. The investors are advised in their own interest to carefully read the contents of the offering document in particular the risks mentioned in Clause 3.7 and warnings in Part XI before making any investment decision.

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

1.3 DEFINITIONS

Unless the context requires otherwise all words, terms or expressions used in this Offering Document shall have the meaning assigned to them in Part XIII hereof or in the Trust Deed.

1.4 FILING OF THE OFFERING DOCUMENT

The Management Company has filed a copy of this Offering Document with the Securities and Exchange Commission of Pakistan (SECP), signed by the Chief Executive of the Management Company, along with copies of the Documents mentioned below:

- Trust Deed, dated September 13, 2006, executed between Al Meezan Investments and the CDC, appointing the CDC as Trustee to the Fund;
- SECP's Certificate of registration/License No. NBFC-II/18/AMIML/IA&AMC/07/2006 dated June 2006 registering Al Meezan Investments as a Non-Banking Finance Company;
- SECP letter No. NBFC-II/AD-III/AMIML/742 dated October 13, 2006 authorizing MIIF;
- SECP letter No. NBFC-II/JE/AMIML/554 dated August 18, 2006, approving the appointment of CDC as the Trustee of MIIF;
- SECP letter No. NBFC-II/JE/AMIML/555 dated August 18, 2006, approving the appointment of Meezan Bank Limited as the Shariah Advisor for MIIF;
- Letter from KPMG Taseer Hadi & Co. Chartered Accountants, Auditors of MIIF, consenting to the issue of statements and reports;
- The SECP's letter No. SEC/NBFC-II/AMIML/963/2006 dated December 29, 2006 approving this Offering Document.



PART II: CONSTITUTION OF THE SCHEME

Meezan Islamic Income Fund is constituted by a Trust Deed entered into at Karachi on September 13, 2006 between:

(1) **Al Meezan Investment Management Limited** (“Al Meezan Investments” or “Management Company”), a public limited company incorporated under the Companies Ordinance, 1984 having its Registered Office at Ground Floor, Block B, Finance and Trade Centre (FTC) Sharah-e-Faisal Karachi, of the One Part; and

(2) **Central Depository Company of Pakistan Limited** (“CDC” or “Trustee”), an unlisted public limited company, incorporated under the Companies Ordinance, 1984, and registered to act as central depository company under Rule 4(3) of the Central Depository Companies (Establishment & Regulations) Rules, 1996, having its Registered Office at CDC House, 99-B Block 'B' S.M.C.H.S. Main Shahrah-e-Faisal, Karachi, of the Other Part.

2.1 TRUST DEED

The Trust Deed is subject to and governed by the laws of Pakistan, including the Ordinance, the Rules and all other applicable laws and regulations and shall be deemed for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel hereof, and in the event of any conflict between the Deed and the provisions required to be contained in a trust deed by the Rules, the latter shall supersede and prevail over the provisions contained in this Deed. Furthermore, all Investments of the Fund Property shall be in accordance with the Islamic Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency.

The terms and conditions of the Trust Deed and any deed supplemental thereto shall be binding upon each Unit Holder.

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

- a) To the extent required to ensure compliance with any applicable laws and regulations;
- b) To enable the provisions of the Trust Deed to be more conveniently or economically managed;
- c) To enable the Units to be listed on the Stock Exchange;
- d) To otherwise benefit the Unit Holders; or
- e) To comply with the provisions of the Shariah

Provided that in the case of (b), (c), and (d) above, 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.

2.2 DURATION

The duration of the MIIF is perpetual. However it can be wound up by SECP or by the Management Company on the occurrence of certain events as stated in Part XI of this Offering Document under the heading "Termination of Trust".



2.3 OPEN-END FUND

Meezan Islamic Income Fund (MIIF) is an open-end Shariah-compliant (Islamic) Income scheme.¹ It shall offer Units on a continuous basis. There is no upper or lower limit set on the number 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 investors' accounts. Fractional Units will be issued to enhance economical and efficient handling. Units may be redeemed for cash pursuant to the Redemption Procedures. Units are also transferable. Units will be issued in registered form and will be confirmed to investors by means of an account statement issued by the Registrar. Certificates, being the definitive certificate acknowledging the number of Units registered in the name of the Holder, shall be issued at the request of the Unit Holder subject to terms herein at a nominal charge.

2.4 UNITS

MIIF is divided into Units having par value of Rs.50/- each. All Units and fractions thereof rank pari passu as to the assets, earnings and receipt of the dividend or distribution, as may be declared by the Management Company. Each Unit Holder has interest in MIIF proportionate to the Units held by such Unit Holder. Three types of the Units can be offered under the provisions of the Deed, which are differentiated only on the basis of the Sales Load.

- Type “A” (Restricted) Units offered to Core Investors for Seed Capital;
- Type “A” Units offered to Pre-IPO and IPO investors carrying no Sales Load
- Type “B” Units carrying Front-end Load; and
- Type “C” Units carrying contingent Load.

The Units shall be fully paid-up before they are issued. Notwithstanding that various types of Units will be issued, it is clarified that MIIF is one scheme.

2.5 Administrative Arrangements²

2.5.1 Any Administrative Arrangement offered over MIIF shall be governed by the Rules, Regulations, Deed and this Offering Document or any supplemental Deed or supplemental Offering Document as and when made available by the Management Company

2.5.2 Investors of MIIF may opt for an administrative arrangement over MIIF at any time to attain a regular periodic income to support their liquidity requirements.

2.5.3 At present there is no minimum amount of investment to be maintained by the Investor for the administrative arrangement described above. However, the Management Company may introduce a minimum amount of investment to be maintained by Investor for purposes of this administrative arrangement, at a later date by giving a prior notice of at least 30 days

2.5.4 The investor can opt for the following 4 options

2.5.4.1 Fixed Monthly Payment: The Unit Holder shall receive a fixed amount pre determined by the Unit Holder at the time of investment. This amount shall not be less than Rs.500.

2.5.4.2 100% Appreciation Payment: The Unit Holder shall receive an amount equal to the actual growth in investment value at the end of each period. If investment value declines during the period, no payment will be made.

¹ Amended through SOD-2

² Amended through SOD-4



- 2.5.4.3 90% Appreciation Payment with savings: The Unit Holder shall receive an amount equal to 90% of the actual growth in investment at the end of each period. If investment value declines during the period, no payment will be made.
- 2.5.4.4 90% Appreciation Payment with remaining at year end: The Unit Holder shall receive an amount equal to 90% of the actual growth in investment value and the remaining amount shall be paid to the Unit Holder at year end. If investment value declines during the period, no payment will be made.
- 2.5.5 The amount mentioned in clause 2.5.4 above shall not be less than Rs. 500, in which case the amount so determined shall remain invested in the Fund. The Management Company may alter this amount with the consent of the Trustee and announce on its website giving at least 30 days prior notice before its implementation.
- 2.5.6 All Units issued under the administrative arrangement shall rank pari passu with units of MIIF.
- 2.5.7 All units issued under this administrative arrangement shall be growth units.
- 2.5.8 The period for periodic payment as decided by the investor shall be monthly, quarterly, half yearly or annually.
- 2.5.9 The periodic payment options mentioned in clause 2.5.4 above, shall be made by redeeming the required number of Units, hence the number of units held by the Investor shall decrease. In such instances, where the NAV of the Fund subsequently decreases, the Investment value may as a result also decrease
- 2.5.10 The payment shall be processed by the Management Company between the 23th and 25th of each month. Provided that if 23rd to 25th of the last month of a certain Regular Interval is not a Business Day the redemption arrangements of Income Units would be transferred to the next Business Day.
- 2.5.11 The Management Company reserves the right to amend the date of periodic profit payment keeping in view the interest of the Unit Holders in consultation with the Trustee and under intimation to the Unit Holders.
- 2.5.12 This administrative arrangement may be discontinued by the Management Company, in consultation with trustee, at any time by giving a prior notice of at least 90 days to the Unit Holders. All units in issue shall be treated as Units of MIIF from there on.
- 2.5.13 The Management Company may introduce more administrative arrangements over MIIF in the future with the approval of the Commission, consent of the Trustee and prior notice of minimum 7 days to Unit Holders.

2.6 INITIAL PUBLIC OFFERING

The Initial Public Offering is for Type “A” Units. The initial public offering shall start from commencement of banking hours on _____ up to close of banking hours on _____. Units with a value of Rs. 115 million (Rupees One hundred and fifteen million only) have been subscribed by the Core Investors. In addition, certain investors have subscribed to Units of the Fund on a pre-IPO basis. Please see Clause 4.6 for details. During the Initial Period, Units shall be offered at the Initial Price of Rs. 50/- with no Front-end Load or Transaction Costs. No Units will be redeemable during the Initial Period of Offer.

2.7 TRANSACTIONS IN UNITS AFTER THE INITIAL PUBLIC OFFER

After the Initial Public Offer, the public sale of Units at the Initial Offer Price shall be discontinued; the Units can then be purchased at their Offer Price and redeemed at the



Redemption Price, which shall be calculated on the basis of the Net Asset Value (NAV). The Offer and Redemption Prices shall be calculated and the Units will be available for purchase and redemption on each Dealing Day.

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

The Issue and Redemption of Units may be suspended or deferred by the Management Company under certain circumstances as detailed in Clause 5.10 (Dealing, Suspension, and Deferral of Dealing)



PART III: INVESTMENT POLICY AND RESTRICTIONS

3.1 INVESTMENT OBJECTIVE

The Fund's primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide the investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term, high quality Islamic income Instruments.³

3.2 INVESTMENT POLICY

The purpose of launching an Islamic Income Fund is to provide investors with a safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalize on exceptional returns if available at any given point in time. The portfolio shall be geared towards maximizing annual income to the extent consistent with preservation of capital. The portfolio shall comprise of short-term, medium-term and long-term investments.

All investments of the Fund would be as per the guidelines of the Shariah Advisor of the Fund.

Investment avenues shall include fixed, floating, and hybrid investment instruments. The fund would invest in the following instruments with broad allocation restrictions:

- i. Certificates of Investment based on Shariah compliant structures
- ii. Bank Deposits in licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks
- iii. Placement of funds under Mudarabah, Murabaha and Musharikhah arrangements
- iv. Placement of funds under Istisna' and Ijarah arrangements
- v. Spread Transactions as approved by the Shariah Advisor
- vi. Secured and unsecured, listed or privately placed Shariah compliant debt securities including Sukuks issued by local governments, government agencies, statutory bodies, private and or public sector entities and / or Financial Institutions.
- vii. Any other Shariah compliant debt/money market ⁴instrument that may be allowed by the Commission from time to time and is as per the guidelines of the Fund's Shariah Advisor.

Subject to applicable laws and necessary regulatory approvals, the Management Company may include in the portfolio, Pakistan origin Islamic Investments issued, listed or traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and/or State Bank from time to time.

Subject to regulatory approvals, the Fund may seek to invest in foreign debt or fixed income Shariah Compliant securities issued, listed or otherwise traded outside Pakistan on such terms, guidelines and directions as may be issued by Commission and/or State Bank of Pakistan from time to time.

³ Amended through SOD-2

⁴ Amended through SOD-2



The amounts received from the Core Investors and Pre-IPO Investors would be deposited in a separate bank account titled CDC-Trustee-MIIF-Pre-IPO and shall be transferred to the main account of the Fund upon close of the Initial Period of Offer. These amounts may also be placed in Shariah Compliant money market/ income instruments/ Investments prior to the Initial Period of Offer. Income, profit etc. earned on these Investments and placement in the bank account, upto to the close of the Initial Period of Offer, shall after deducting all expenses that may be incurred by the Management Company, be paid to the Core Investors and Pre-IPO Investors in proportion of their respective investments and shall not form part of the Fund Property.

After the Initial Period, all Fund Property, except in so far as such cash may, in the opinion of the Management Company, be required for transfer to the Distribution Account or to be kept for meeting the redemption requirements, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject to the provisions of the Trust Deed, the Offering Document, the Rules, and the Islamic Shariah as advised by the Shariah Advisor) be directed by the Management Company.

Benchmark

The benchmark for this Scheme will be the average return on six month Islamic Banking deposits of Islamic Banks with a minimum rating of A- (A-minus).⁵

3.3 INVESTMENT RESTRICTIONS

The Management Company in managing the Scheme shall abide by all the provisions of the Rules.

The Fund Property shall be subject to such exposure limits as are provided in the Rules (subject to any exemptions that may be specifically given to the Fund by the Commission).

Provided that it shall not be necessary for the Trustee to sell any Investment merely because any limit was exceeded owing to appreciation or depreciation of any Investment or disposal of any Investment. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.

The purchase or acquisition of units in other Shariah Compliant, open-end income funds shall not exceed in the aggregate Fifteen (15) percent of the Net Asset Value immediately after such investment has been made.

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

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

⁵ Amended through SOD-2



The Trust will not at any time:

- a. Purchase or Sell:
 - i. Bearer securities
 - ii. Securities on margin
 - iii. Contracts involving real estate
 - iv. Securities which result in assumption of unlimited liability (actual or contingent)
 - v. Anything other than Authorized Investments as defined herein and/or as directed by the Commission;⁶
- b. Make short sales of any security or maintain a short position in securities;
- c. Make any Investments that are not compliant with the Islamic Shariah;
- d. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or take over;
- e. Pledge any of the securities held or beneficially owned by it, except for its own benefit;
- f. Make a loan or advance money to any person except in connection with the normal business of the Scheme, subject to the limits specified under the Rules;
- g. Apply any part of its assets to real estate (save and except that the Management Company may invest in securities secured by real estate or interest therein or equity securities issued by companies that invest in real estate or have interest therein);
- h. Make an investment in a company which has the effect of vesting the management or control over the affairs of such company, in the Scheme;
- i. Employ as a broker, directly or indirectly, any director, officer or employee of the Fund or its Management Company or any Connected Person or member of the family of such person and enter into transactions with any Connected Broker, which shall equal or exceed 10% of the transactions of the Fund in any one Accounting Year of that Fund.
- j. Investment of the Scheme in any security shall not, at any time, exceed an amount equal to 15% of the total Net Asset Value of the Scheme at the time of investment or 15% of the issued capital of the investee company, (as per the relaxation granted by SECP vide its letter No.NBFC-II/JE/AMIML/362 dated June 8, 2006) except where further relaxation is granted by the Commission
- k. The Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of the Trustee, the Fund would not be able to make payments for the redemption money to the Unit Holder within time period stipulated in the Regulations.⁷

3.4 BORROWING RESTRICTIONS

⁶ Amended through SOD-2

⁷ Amended through SOD-2



Subject to any statutory requirements for the time being in force and to the terms and conditions contained in the Trust Deed, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying arrangements with Banks or Financial Institutions for borrowing by the Trustee for the account of the Scheme; provided that the borrowing shall not be resorted to, except for meeting the redemption requests.

The charges payable to any Bank or Financial Institution against borrowings on account of the Trust as permissible above shall not be higher than the normal prevailing bank charges or normal market rates for similar service and/or facility.

The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Asset Value of the Scheme or such other limit as may be provided in the Rules and shall be repayable within a period of ninety days. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

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

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

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

3.5 TRANSACTION WITH CONNECTED PERSONS

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

MIIF shall not purchase from or sell to the Management Company or the Trustee or to any officer, director or employee of the Management Company or Trustee or to any person who beneficially owns ten percent or more of the equity or other securities with voting rights, if any, issued by the Management Company or the Trustee, save in the case of such party acting as an intermediary.

For the purpose of this clause the term director, officer and employee shall include their relatives including the spouse, parents, children, brothers and sisters and other family members.

3.6 RISKS



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

Al Meezan Investments' 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. In case a debt instrument is not rated, necessary clearance of the Investment Committee will be obtained for such an investment.

Performance Risk

Performance risk is the uncertainty relating to the performance of the fund with respect to its ability to earn consistent income stream as outlined in its investment objective. The NAV of the fund might go down.

Mitigant:

Al Meezan Investments presently has three mutual funds under its management. All three funds have performed reasonably well when compared to their relevant benchmarks (performance of these funds is outlined in Part IV of this Offering Document). The performance of these funds is an evidence of the fund management and risk management abilities of Al Meezan Investments' team.

Interest Rate Risk

Since MIIF is an income fund, changes in interest rate environment in the economy may affect its Net Asset value as prices of income securities including Shariah compliant income securities may increase as interest rates decline and vice versa.

Events Risk

There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.⁸

Credit Risk

Comprises Default Risk and Credit Spread Risk. Each can have negative impact on the value of the Shariah compliant income and money market instruments including sukuks etc:

- ***Default Risk*** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
- ***Credit Spread Risk*** - The risk that there may be an increase in the difference between the return/markup rate of any issuer's security and the return/markup rate of a risk free security. The difference between this return/mark up rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of Shariah Compliant income and including money market instruments;

⁸ Amended through SOD-2



Other Risks:

Government Regulation Risk - Government policies and the law regulate different sectors of the economy to varying extent. 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. Additionally, governmental or court orders may restrain payment of capital, principal or income.

3.7 DISCLAIMER

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

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

There may be times when a portion of investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned 'Category'. The non-compliance may be due to various reasons including adverse market conditions, liquidity constraints or investment specific issues. Investors are advised to study the latest Fund Manager Report specially portfolio composition and Financial Statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the assigned Category. The latest monthly Fund Manager Report as per the format prescribed by the Mutual Fund Association of Pakistan (MUFAP) is available on the website of the Asset Management Company (AMC) and can be obtained by calling I writing to the AMC.⁹

⁹ Amended through SOD-2



PART IV- ORGANIZATION AND MANAGEMENT

4.1 MANAGEMENT COMPANY

Al Meezan Investment Management Limited (“Al Meezan Investments”) is an Investment Advisory and Asset Management Company licensed under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003. Al Meezan Investments was formed in 1995 and has a track record of over a decade of managing mutual funds.

Al Meezan Investments is the only Investment Advisory and Asset Management Company of Pakistan with a mandate to providing Shariah Compliant investment solutions. Keeping up with expectations Al Meezan Investments has been able to successfully launch and manage three mutual funds i.e. Al Meezan Mutual Fund (AMMF), Meezan Islamic Fund (MIF) and Meezan Balanced Fund (MBF). All these funds are among the best performing funds in their respective categories

Al Meezan Investments has been assigned Management Quality Rating of AM2 by JCR (VIS) Credit Rating Agency which is currently the highest management quality rating assigned to any asset management company in Pakistan.

4.1.1 SHAREHOLDING STRUCTURE AND SPONSORS

The current shareholding structure of Al Meezan Investments is as follows:

Shareholding of Al Meezan Investments	% Shareholding	Paid up capital (Rs mn)
Meezan Bank Limited	65%	162.50
Pakistan Kuwait Investment Company	30%	75.00
Employees	5%	12.50
Total	100%	250.00

Al Meezan Investments enjoys a strong backing from its group companies i.e. Meezan Bank Limited, premier Islamic bank of Pakistan, and Pakistan Kuwait Investment Company, the largest and the highest capitalized DFI of Pakistan.

4.1.1.1 MEEZAN BANK LIMITED

Meezan Bank Limited (MBL) is a publicly listed company, incorporated on January 27, 1997. It started operations as an investment bank in August of the same year. In January, 2002 in an historic initiative, MBL was granted the nation's first full-fledged commercial banking license dedicated to Islamic Banking, by the State Bank of Pakistan.

MBL stands today at a noteworthy point along the evolution of Islamic Banking in Pakistan. The banking sector is showing a significant paradigm shift away from traditional means of business and is catering to an increasingly astute and demanding financial



consumer who is also becoming keenly aware of Islamic Banking. MBL bears the critical responsibility of leading the way forward in establishing a stable and dynamic Islamic Banking system replete with dynamic and cutting-edge products and services.

The Bank has made fundamental and significant progress forward, and in doing so has established a strong and credible management team comprised of experienced professionals. Bank has achieved a strong balance sheet with excellent operating profitability. Furthermore, the Bank has built a strong information technology and customer knowledge-based focus that continues to use state of the art technology and systems.

The Bank's Corporate and Investment Banking business unit is geared towards nurturing and developing a long-term relationship with clients by understanding their unique financing requirements and providing Shariah compliant financing solutions across the horizon of corporate banking and structured finance.

The Bank is also implementing robust and aggressive strategic and tactical initiatives on the consumer banking side. The Bank has a rapidly growing branch network across all major cities nation-wide. Providing the customers accessibility and convenience is a prime target, within an atmosphere and culture of dedicated service and recognition of their needs.

Financial Highlights

Meezan Bank Limited			
YE Dec. (Rs. mn)	FY05	FY04	FY03
Paid-up Capital	2,036	1,346	1,064
Reserves	934	515	573
Total Assets	30,676	19,697	11,102
Financings	19,741	12,340	7,397
Deposits	22,769	13,770	7,757
Total Income	2,081	900	679
Profit / (Loss) after Tax	419	224	214
Dividends	5%, 10%B	15%B, 30%R	16%B, 20%R

4.1.1.2 PAKISTAN KUWAIT INVESTMENT COMPANY (PVT.) LIMITED

Pakistan Kuwait Investment Company (Private) Limited (PKIC), a leading Financial Institution engaged in investment and development banking activities, is a joint venture between Governments of Pakistan and Kuwait. It is a progressive organization that provides attractive return on investment to its shareholders. The strength of the company lies in its strong business relationships within Pakistan and Gulf region.

PKIC sponsored Al Meezan Investment Bank Ltd. in 1997 to conduct investment banking on the basis of Shariah. In 2002 it received license to establish Meezan Bank Ltd; first scheduled Islamic Commercial Bank of Pakistan. PKIC also played the lead role in establishing Al Meezan Investment Management Limited, which has floated three funds; Al



Meezan Mutual Fund Limited, Meezan Islamic Fund and Meezan Balanced Fund. PKIC has launched the first ever Islamic General Insurance Company in Pakistan which has been set up in collaboration with leading takaful and financial institutions of Malaysia, Saudi Arabia, Kuwait, Sri Lanka and Pakistan in the name of Pak Kuwait Takaful Company Limited. The driving force behind Pak Kuwait’s success has been its organizational structure and professional excellence of management. The Government of Pakistan and the Government of Kuwait has provided its full support to the Company since its inception, which is a source of strength for the management to operate the company professionally on sound grounds.

Financial Highlights

Pakistan Kuwait Investment Company			
YE Dec. (Rs. Mn)	FY05	FY04	FY03
Paid-in-capital	2,000	1,500	1,500
Reserves	8,542	7,459	6,295
Total Assets	25,747	19,508	16,554
Operating Profit	2,112	1,670	3,019
Profit After Tax	1,897	1,585	2,830



4.1.2 BOARD OF DIRECTORS AND MANAGEMENT

4.1.2.1 BOARD OF DIRECTORS

NAME, ADDRESS AND OCCUPATION	PARTICULARS OF DIRECTORSHIP IN OTHER COMPANIES
Irfan Siddiqui – Chairman CEO Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi	The General Tyre & Rubber Co. of Pakistan Limited Al Meezan Mutual Fund Limited Pak Kuwait Takaful Limited Plexus (Pvt) Limited
Mohammad Shoaib, CFA - Chief Executive Al Meezan Investment Management Limited Ground Floor, Block "B" FTC Building, Shahrah-e-Faisal, Karachi	Al Meezan Mutual Fund Limited CFA Association of Pakistan
Ariful Islam - COO Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi	Meezan Bank Limited Al Meezan Mutual Fund Limited Plexus (Pvt) Limited Fayzan Manufacturing Modaraba Faysal Management Services (Pvt) Limited
Najmul Hassan General Manager – Corporate & Business Development Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi	
Tasnim-ul-Haq Farooqui - Senior Vice President Pak Kuwait Investment Company 4 th Floor, Block "C" FTC Building, Shahrah-e-Faisal, Karachi	Pak Kuwait Takaful Limited
Shabbir Hamza Khandwala – CFO & Company Secretary Meezan Bank Limited 3rd Floor, PNSC Building MT Khan Road, Karachi	
Mazhar Sharif - Senior Vice President Pak Kuwait Investment Company 4 th Floor, Block "C" FTC Building, Shahrah-e-Faisal, Karachi	

4.1.2.2 PARTICULARS OF DIRECTORS

IRFAN SIDDIQUI - CHAIRMAN

Mr. Irfan Siddiqui is a Chartered Accountant from Institute of Chartered Accountants in England and Wales. He is President & Chief Executive Officer of Meezan Bank Limited, the premier Islamic bank in Pakistan. Under his management the bank has shown



tremendous growth in a short span of time. Prior to joining MBL, he served as General Manager of Pak Kuwait Investment Company. He has held senior management positions at various Middle Eastern organizations, including Abu Dhabi Investment Company and Kuwait Investment Authority.

MOHAMMAD SHOAIB, CFA - CHIEF EXECUTIVE

The management team of Al Meezan Investments is headed by Chief Executive Officer, Mr. Mohammad Shoaib. He has been associated with the company since its inception. He brings to this position extensive experience in fund management business in Pakistan and has an overall experience of 18 years in capital markets of the country.

Mr. Shoaib also has the distinction of being a CFA charter holder from CFA Institute of USA. Chartered Financial Analyst (CFA) charter is internationally recognized for high standards of professionalism in investment management and business ethics. He is the founder and first President of CFA Association of Pakistan (formerly Pakistan Society of Investment Professionals), which is the representative body of CFA charter holders in Pakistan. CFA Association of Pakistan is one of the 132 members of CFA Institute. He has also served as a member of the Asia Pacific Advocacy Committee of CFA Institute, which comprises of members of CFA Institute member societies and chapters across Asia Pacific Region. The Committee was responsible to review and respond to major new regulatory, legislative, and other developments in the Asia Pacific Region. He was also a member of the Global Corporate Governance Task Force of CFA Institute which was responsible of developing international standards of corporate governance.

Prior to joining Al Meezan Investments, Mr. Shoaib was Senior Vice President and Head of Department for Capital Markets Division at PKIC. He joined PKIC in 1990 as Deputy Manager and was instrumental in expanding PKIC equity portfolio from PKR 60 million to over PKR 3,000 million when he was deputed to Al Meezan Investments in 1995.

He completed his MBA from Institute of Business Administration, Karachi. He later completed his Diploma in Banking from Institute of Bankers in Pakistan securing overall second position.

Mr. Shoaib has also served as a non-member nominee director of SECP on the Board of Karachi Stock Exchange for the year 2002. He has also attended various courses, seminars and workshops on investment management in Asia, Australia, Europe and North America.

ARIFUL ISLAM

Mr. Ariful Islam is the Chief Operating Officer at Meezan Bank Limited. He is a Chartered Accountant from the Institute of Chartered Accountants of England and Wales. He is also a fellow member of the Institute of Chartered Accountants of Pakistan. Mr. Islam has held very senior positions prior to joining MBL. Previously he has served as Executive Vice President and Head of Southern Region, Faysal Bank and Senior Executive Vice President - Head of Investment Banking Group, Muslim Commercial Bank. Before returning to Pakistan in 1985 he worked in the London office of KPMG where he had worked on special banking sector assignments. Mr. Islam was involved with the setting up of the first private sector open end fund in Pakistan and carries with him valuable asset management experience.

NAJMUL HASSAN

Mr. Najmul Hassan holds a bachelors degree in Aeronautical Engineering from the college of Aeronautical Engineering and a Masters degree in Business Administration from IBA Karachi. Currently he is associated with Meezan Bank as General Manager. Mr. Hassan has over 26 years of diverse and rich experience in setting up projects and marketing of automotive products. Prior to joining Meezan Bank he was the Chief Executive of Delphi Diesel Systems Pakistan for 5 years. He was also the Managing Director for 6 years in Agriauto Industries Limited, one of the leading automotive parts manufacturing companies



where he worked for 13 years. He also served the Pakistan Air Force as an Aeronautical Engineer.

TASNIM-UL-HAQ FAROOQUI

Mr. Tasnim-ul-Haq Farooqui is working in Pak Kuwait Investment Company as Senior Vice President heading Law and Credit Administration Department and he has been the incharge of the legal department since inception of the company. He was also an active member in establishment of Al Meezan Mutual Fund. He was a nominee director and founder Company Secretary of Al Meezan Mutual Fund and Al Meezan Investment Management. He was also founder Company Secretary of Meezan Bank Limited. He has also been on the board of Pak Kuwait Takaful Company, a Modaraba and a Venture Capital Fund. Mr. Tasnim holds L.L.M. degree from Karachi University. He is a fellow member of Institute of Corporate Secretaries of Pakistan. He also holds Diploma in Banking from Institute of Bankers Pakistan.

SHABBIR HAMZA KHANDWALA

Mr. Shabbir Hamza is a fellow of the Institute of Chartered Accountants of Pakistan. Presently he is working as Chief Financial Officer and Company Secretary of Meezan Bank Limited. Prior to joining Meezan Bank he worked as Group Head Finance, Corporate and Legal Affairs of KASB Group of Companies. He also held the office of Chief Executive, KASB Securities Limited. During his tenure KASB Direct Online Stock Trading System was introduced. He also held the positions of Chief Financial Officer and Company Secretary at KASB Bank Limited and Chief Executive of KASB Premier Fund Limited.

MAZHAR SHARIF

Mr. Mazhar Sharif is an Associate Member of the Institute of Chartered Accountants of Pakistan. Currently he is associated with Pak Kuwait Investment Company as Senior Vice President – Accounts. He has also worked with A.F. Ferguson & Company in the Audit section where he worked with major clients like Faysal Bank Limited, Soneri bank Limited, Pakistan Petroleum Limited, Pak Suzuki Motor Company and Bank of Khyber. He is also a Trustee of the Pak Kuwait's Gratuity and Provident Funds.

4.1.2.3 PARTICULARS OF MANAGEMENT

MOHAMMAD SHOAB, CFA – CHIEF EXECUTIVE

Please see background as explained above in particulars of Directors.

MUHAMMAD ASAD - HEAD OF INVESTMENTS

Mr. Asad is primarily responsible for active asset allocation and investment strategy for the funds managed by Al Meezan Investments. He has more than 10 years of work experience in the financial sector working with leading local and multinational companies like State Life Insurance Corporation of Pakistan, Metropolitan Bank Limited, ANZ Grindlays Bank, and A.F. Ferguson & Company. He plays a critical role in the execution of the company's investment strategy. Mr. Asad is required to use his expertise in management of mutual funds managed by Al Meezan Investments, which essentially requires continuous monitoring of investments.

Mr. Asad is an MBA in Finance & Banking from IBA. He is also a Fellow of Life Management, Life Insurance (FLMI). He is currently pursuing the Chartered Financial Analyst Program and is a candidate for CFA Level II. He has also been a visiting faculty member at IBA and Bahria University.

Mr. Asad is serving as a nominee director on the board of Al Meezan Mutual Fund Limited. He is also a trustee of Al Meezan Investments' Provident Fund and Gratuity Fund. He is also an active member of Investment Committee.



ZAHEERUDDIN KHALID, CFA – HEAD OF RESEARCH & PRODUCT DEVELOPMENT

Mr. Zaheer heads the Research & Product Development Department at Al Meezan Investments. He has 6 years of experience in equity research and business development with over 2 years as head of research. Over the years he has been associated with First Capital Equities, AKD Securities and Elixir Securities analyzing and marketing Pakistani equities to local and foreign institutional clients. His areas of expertise had been market strategy, banking and fertilizer sectors. Alongside his equity research initiative, Mr. Zaheer worked as the head of valuation teams of Elixir on the IPOs of PPL and NBP and buy side advisory of HBL.

During the last two years, Mr. Zaheer has been involved in the asset management business. He was associated with First Capital Investments as Director Business Development where he was part of the team that revived the operations of the company's closed end fund and also successfully launched investment advisory services targeting institutional clients. In his last assignment prior to joining Al Meezan Investments he was involved in preparation of a business plan and feasibility study of asset management business for a large business group of Pakistan.

Mr. Zaheer holds an MBA degree from Institute of Business Administration, Karachi. He is a CFA Charter holder and is currently serving as the Public Awareness Chair of CFA Association of Pakistan.

SOHAIL YAQOUB ABID – HEAD OF MARKETING

Mr. Sohail is a dynamic sales and marketing professional with over 20 years of experience. He is responsible for developing the sales and marketing strategies for the mutual funds under management of Al Meezan Investments. Prior to joining Al Meezan Investments he had been associated with companies like TCS, Gillette, DHL, Service Industries, Wyeth and others at senior sales and HR positions. Mr. Sohail is also a certified trainer and has attended the 'Train the Trainer' program at Bahrain, DHL regional office and worked very closely with Regional trainers in implementing DHL's standard training programs in Pakistan.

For sometime in his professional career, he has also excelled in the human assets base of organizations, especially in areas of recruitment, training, appraisals and reward. It is from here that he developed an affinity for constant development and counseling of the most important resource – The Human Resource Factor. He is also actively involved with British Council – Management Development Service. Mr. Sohail is also a visiting faculty member at Mohammad Ali Jinnah University where he has taught Consumer Behavior and Sales Management. He has also taught Principles of Marketing at Asian Management Institute.

SYED OWAIS WASTI – CFO & COMPANY SECRETARY

Mr. Owais is an associate member of Institute of Cost & Management Accountants of Pakistan (ICMA). Prior to joining Al Meezan Investments, Mr. Wasti was serving at JS Abamco Limited as Senior Manager Finance & Company Secretary. He also worked with Jahangir Siddiqui & Co. Limited in Equity Operations. At Al Meezan Investments he heads the Accounts & Operations Department.

Mr. Owais supervises the preparation of general accounts and other periodical reports of Al Meezan Investments and all the funds under its management. He ensures accurate and timely accounting to comply with the statutory regulations and for necessary management information. He also ensures efficient banking arrangements and good working relationship along with organization's compliance with the corporate and tax laws and other statutory regulations. He is also responsible for interaction with Trustee and other functionaries viz., Distribution Companies, Transfer Agent and Custodian of the funds under management of Al Meezan Investments.



As company secretary Mr. Owais is responsible for convening board meetings and interaction with transfer agent and share registrar. He is also a nominee director on the board of Al Meezan Mutual Fund Limited.

SYED KHURRAM ALI NAQVI – IT MANAGER

Mr. Khurram holds a Masters Degree in Statistics and has internationally recognized certifications like CISA and MCSE. He has eight years' experience of working in the financial sector at Systems Administration and Management levels. His last assignment was at PICIC as IT Auditor and he has also been associated with Meezan Bank and Pak Kuwait Investment Company in the past.

At Al Meezan Investments he is responsible for overall management of IT department; he is also responsible for alignment of IT strategy with business direction, providing security architecture to maintain integrity of Al Meezan Investments' data, and responsible for designing of systems of internal control that provide reasonable assurance that any undesired event will be prevented or detected and corrected in a timely manner.

4.1.3 FUNDS UNDER MANAGEMENT OF AL MEEZAN INVESTMENTS

Al Meezan Investments started with a single fund (Al Meezan Mutual Fund) of PKR 250 million in 1996 but now the assets under management of Al Meezan Investments stand at PKR 7,500 million (as at September 30, 2006) depicting an annualized growth rate of 44% since inception.

Currently Al Meezan Investments is managing three mutual funds i.e. Al Meezan Mutual Fund, Meezan Islamic Fund, and Meezan Balanced Fund. It is also acting as an Investment Advisor for some corporate clients.

PERFORMANCE OF EXISTING FUNDS

Performance of the three mutual funds currently under management of AMIM is given in the following:

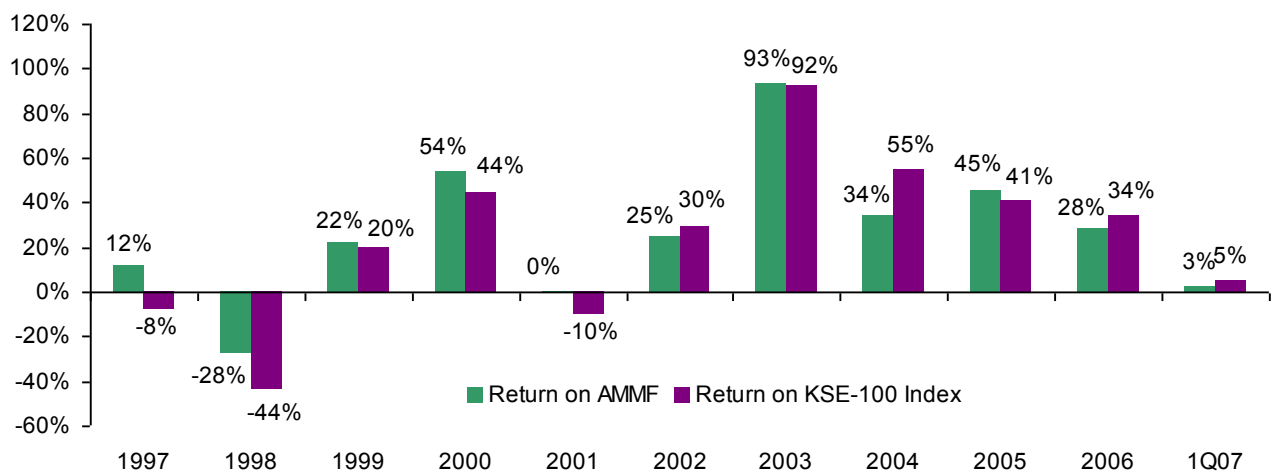


AL MEEZAN MUTUAL FUND (AMMF)

- AMMF is the first mutual fund that was launched from the platform of Al Meezan Investments. It is a closed end equity fund.
- It was launched in May 1996 with a paid up capital of PKR 250 million. Currently paid up capital of AMMF stands at PKR 1,196 million as on June 30, 2006.
- Net assets of AMMF were PKR 1,724 million as at September 30, 2006.
- AMMF is one of the best performing private sector closed-end funds. Launched in May 1996, **AMMF has provided 598% cumulative return to its investors till September 30, 2006 since inception which compares favorably with return of 518% on KSE-100 Index during the same period.**
- This translates into an annual return of 21% over the last 10 years. This is a major achievement given the extreme volatility and negative returns of the Pakistan stock market during the late 90s.
- AMMF has a history of regular payouts. **Since inception AMMF has paid PKR 821 million in cash dividends till September 30, 2006.**

Following table and chart summarize the performance of AMMF since FY02.

	FY06	FY05	FY04	FY03	FY02
Profit / (Loss) (PKR Million)	440.20	430.49	261.20	194.98	43.75
Earnings Per Share (PKR)	3.68	4.33	2.80	4.21	1.75
Net Assets (PKR Million)	2,029	1,671	1,205	466	267
Total Return on AMMF (%)	28.37	45.43	34.33	93.16	24.80
Cash Dividend (%)	30.00	17.50	10.00	20.00	16.00
Stock Dividend (%)	-	10.00	15.00	10.00	-
Right Issue (%) (At PKR 10 per share)	-	50	-	200	-





MEEZAN ISLAMIC FUND (MIF)

- MIF is an open end Shariah compliant equity fund.
- It was started with seed capital of PKR 520 million in August 2003 and its public offering was in October 2003.
- Net assets of MIF stood at PKR 3,526 million as at September 30, 2006 with over 2,200 investors.
- Investors of MIF include pension, provident and gratuity funds, private sector and public sector companies, banks from private and public sector and individuals.
- **Cumulative Return since inception till September 30, 2006 is 129%. This translates into an annualized return of 30%.**
- MIF is the Largest Shariah Compliant Fund in Pakistan. It was also the Best performing Shariah Compliant Fund in Pakistan for the years ended June 30, 2004 and June 30, 2005.

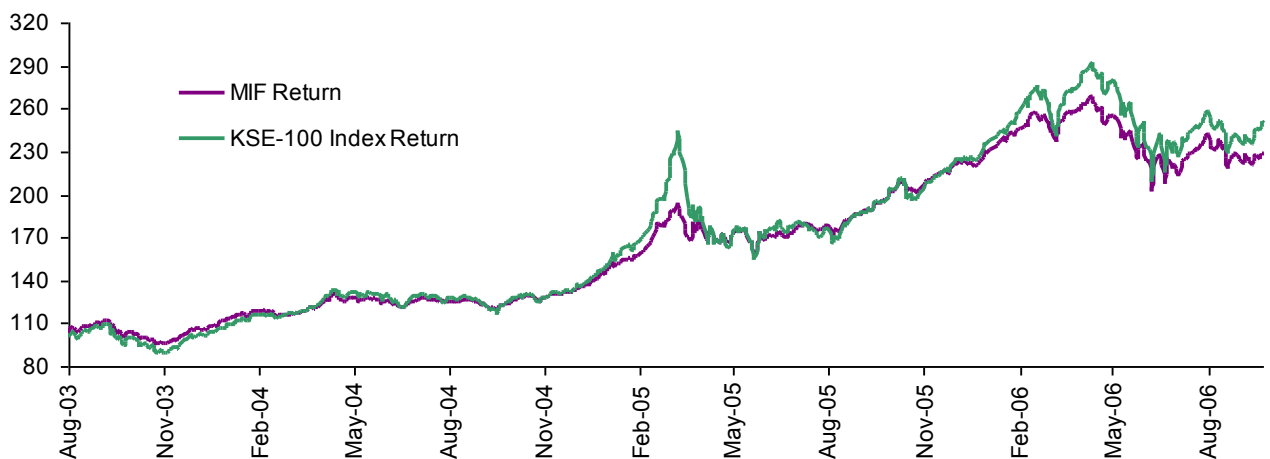
Following table depicts the performance of MIF with payouts since its inception in August 2003.

	FY06	FY05	FY04*
Profit / (Loss) (PKR Million)	868.481	598.42	252.77
Earnings per Unit (PKR)	20.66	22.74	11.94
Net Assets (PKR Million)	3,199.55	2,006	1,311
Total Return on MIF (%)	29.65	39.99	26.65**
Dividend – Bonus Units (%)	35.00	35.00	15.00

* MIF was launched in August 2003.

** Annualized Return

Following charts compares the performance of MIF with KSE-100 index since inception.





MEEZAN BALANCED FUND (MBF)

- MBF is the only Shariah compliant balanced fund in Pakistan. The Fund was launched in December 2004.
- MBF is a closed end fund and was launched with a paid-up capital of PKR 1,200 million and the issue was oversubscribed.
- MBF has a balanced investment strategy whereby 40-60% of net assets are invested in equities and remaining 60-40% are invested in Islamic income instruments (Musharaka, Modaraba, Murabaha, Ijara, Shariah compliant spread transactions etc.).
- Currently net assets of MBF are above PKR 1,318 million
- **Return on MBF since inception till September 30, 2006 was 38%**
- **This translates into an annualized return of 20.3%**
- **Since its inception MBF has distributed cash dividend amounting to PKR 360 million**

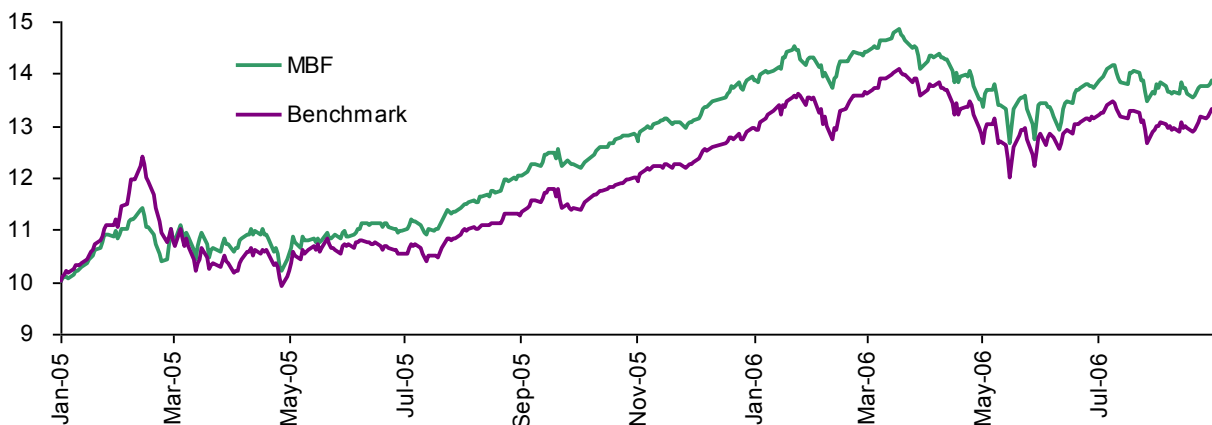
Following table depicts the performance of MBF since its inception in December 2004.

	FY06	FY05*
Investment Income (PKR Million)	392.19	192.03
Profit / (Loss) (PKR Million)	286.57	146.64
Earnings per Certificate (PKR)	2.39	1.22
Net Assets (PKR Million)	1,513	1,227
Total Return on MBF (%)	23.39	21.00**
Cash Dividend (%)	20.00	10.00

* MBF was launched in December 2004.

** Annualized Return

The following graph presents the comparison of MBF's performance versus its relevant benchmark which has been calculated by assigning 50% weight to KSE-100 Index return and 50% weight to the return on 6-month t-bill.





4.1.4 DUTIES AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY

The Management Company shall comply with the provisions of the Rules and the Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by 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.

The Management Company shall manage the Fund Property in the interest of the Unit Holders in good faith, to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in the Trust Deed and the Rules. Any purchase or sale of investments made under any of the provisions of the Trust Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of the Trust Deed or the Rules. 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 in consultation with the Trustee shall from time to time 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. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions.

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

The Management Company may 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.

The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, and all other transactions for the account of the Scheme.



The Management Company shall maintain a Register of Unit Holders of the Scheme and inform the Commission of the address where the Register is kept.

The Management Company shall within one month of the close of the first and third quarter, within two months of second quarter and within four months of end of Accounting Year prepare and transmit (physically or through electronic means or on the web) to the Unit Holders and the Commission, balance sheet as at the end of that Accounting Period, profit and loss account, cash flow statement and a statement of changes in equity for that Accounting Period, whether audited or otherwise.

The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, an Auditor 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.

The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the Commission within four months of the close of the Accounting period, together with a Statement containing the following information, namely:

- (i) Total number of Unit Holders; and
- (ii) Particulars of the personnel (Executive, research and other) of the Management Company.

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.

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

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 the Trust Deed and the Rules.

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

The Management Company in relation to the Fund shall not net-off any transaction (adjustment of assets of the Scheme against the investment of the Unit holders) within the Scheme or any other scheme under management of the Management Company.



The Management Company shall ensure that no entry and exit to the scheme (including redemption and reissuance of Units to the same Unit Holders on different NAYs) shall be allowed other than cash settled transactions based on the formal issuance and redemption request, unless permitted otherwise by the Commission under the Regulations.¹⁰

4.2 THE TRUSTEE

The Trustee for the Scheme is the Central Depository Company of Pakistan Limited (“CDC”), a company incorporated in 1993 under the Companies Ordinance, 1984 and registered with the Securities & Exchange Commission of Pakistan (SECP) as a Central Depository Company, with its registered office at CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan.

CDC was formed inter alia, for facilitating efficient, risk free and cost effective settlement of securities transactions in accordance with the international standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan. Given CDC’s significance, the legislature enacted a special law, known as Central Depositories Act, 1997 and the SECP has also approved the Regulations made pursuant to the said Act governing the operational and other aspects of the Central Depository System. The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) allow a central depository company to act as the Trustee of Close-ended and Open-ended schemes set up under the Rules.

4.2.1 DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

CDC is responsible for safeguarding the interests of the Unit Holders. In addition, the Trustee will have the following obligations:

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

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

The Trustee shall have all the obligations entrusted to it under the Rules, the Trust Deed and the Offering Document.

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.

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

¹⁰ Amended through SOD-2



Trustee and the Sub-Custodian(s). Provided however, the Trustee may also itself provide custodial services for the Trust, under intimation to the Management Company, at competitive terms as part of its normal line of business.

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

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

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 the Trust Deed or the Rules. Whenever pursuant to any provision of the Trust Deed, any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:

- (a) A document signed or purporting to be signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept.
- (b) Any instruction received online through the software solution adopted by the Management Company for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee.

The 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 Trustee's authorized directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the 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 gross negligence or breach of its duties in connection with the Trust under the Trust Deed or the Rules. For the avoidance of doubt, it is clarified that notwithstanding anything contained in the Trust Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the 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.

The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property unless such instructions are in



conflict with the provisions of the Trust Deed and/or the Offering Document or the Rules and/or any other applicable law.

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.

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. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust [save in the capacity of an intermediary].

Any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall require the prior consent of the Trustee and shall only be made as permissible under the Rules and the Trust Deed.

The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and the Trust Deed, nor shall the Trustee be liable for any act or omission of the Management Company or for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed the Trustee shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder. 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.

The Trustee shall not invest in the Fund.¹¹

4.3 SHARIAH ADVISOR

Al Meezan Investments has appointed Meezan Bank Limited (“MBL”) as the Shariah Advisor for MIIF. SECP has approved the appointment of MBL as the Shariah Advisor to the Fund through its letter no. NBFC-II/ JE/AMIML/ 555, dated 18th August 2006.

Meezan Bank Limited is the first Scheduled Islamic Bank of Pakistan and draws Shariah expertise from its world-renowned Shariah Board. MBL’s Shariah Board comprises of the following scholars:

1. Justice Muhammad Taqi Usmani
2. Dr. Abdul Sattar Abu Ghuddah
3. Sheikh Essam M. Ishaq
4. Dr. Muhammad Imran Ashraf Usmani

4.3.1 DUTIES AND RESPONSIBILITIES OF SHARIAH ADVISOR

¹¹ Amended through SOD-2



The Shariah Advisor shall advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with Shariah. Any verdict issued by the Shariah Advisor in respect of any Shariah related matter would be final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties related with the matter.

The Shariah Advisor shall provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Fund into a Shariah Compliant Investment.

The Shariah Advisor vide its dated June 23, 2006 has certified that clause 10.2 of the Trust Deed relating to Investment Policy of the Trust is compliant with the requirements of Shariah. However, in case there is a requirement for any amendment, based on future research for purposes of increasing the Shariah acceptability of the Investment Policy, permission for necessary amendments of the Deed may be sought from the Commission.

At the end of each Accounting Year, the Shariah Advisor shall issue a certificate to be included in the financial reports in respect of the Shariah compliance of the preceding year's operations of the Fund.

¹²

4.4 CORE INVESTORS

The following institutions have contributed towards the seed capital of the Fund.

Name of Investor	Amount in Rupees Million
Meezan Bank Limited	70.00
Pakistan Kuwait Investment Company (Private) Limited	30.00
AlBaraka Islamic Bank	10.00
Orix Investment Bank Pakistan Limited	5.00
Total	115.00

The seed capital of Rupees 115 million was received in total on December 15th 2006. These investors have been issued Type A (Restricted) Units against subscription of seed capital. As investors in seed capital these investors have agreed to retain their investment for a minimum period of two (2) years during which their Units will not be redeemable. However, these Units are transferable with a condition that the Units may not be redeemable before the expiry of the first two years as mentioned herein.

¹² Amended through SOD-2



4.5 PRE-IPO INVESTORS

Apart from the Core Investors mentioned in the preceding clause, a number of other institutional and individual investors have invested in the Pre-IPO of the Fund. These investors have been issued Type A Units which are redeemable subsequent to the Public Offering. The amount of Rupees 660 million was received in total on December 15th 2006. Following is the list of investors, along with their respective invested amount, who have invested in the Pre-IPO of the Fund.

Name of Investor	Amount in Rupees Million
Meezan Bank Limited	200.00
Bank Islami Pakistan Limited	75.00
Allied Bank Limited	50.00
Invest Capital & Securities (Private) Limited	50.00
Al Meezan Investment Management Limited	42.50
Central Depository Company of Pakistan Limited	25.00
The Bank of Punjab	25.00
Habib Metropolitan Bank Limited	25.00
Muhammad Shafi Tanneries (Private) Limited	25.00
Arif Habib Limited	20.00
Wazir Ali Industries Limited	20.00
Engro Chemical Pakistan Limited - Employee Provident Fund	20.00
Hamdard Laborities (Waqf) Pakistan	15.00
Orix Investment Bank Pakistan Limited	10.00
Attock Cement Non-Management Employees Gratuity Fund	10.00
First National Equities Limited	10.00
Security Leasing Corporation Limited	7.50
House Building Finance Corporation	5.00
Ample Securities (Private) Limited	5.00
KASB Securities Limited	5.00
Al-Zamin Leasing Modaraba	5.00
Mr. Mumtaz Afzal	3.00
Syed Khalid Masood/ Mrs. Shahla Masood	2.50
Security Leasing Corporation Limited - Employees Gratuity Fund	1.25
Security Leasing Corporation Limited - Employees Provident Fund	1.25
Mr. Muhammad Nasim Khan & Mrs. Salma Begum	1.00
Noble Computer Services (Private) Limited	0.50
Mr. Muhammad Asad	0.50
Total	660.00

4.6 TRANSFER AGENT

The Management Company has appointed Meezan Bank Limited (“MBL”), having its registered office at 3rd Floor, PNSC Building, MT Khan Road, Karachi, as the Transfer Agent of the Fund. MBL will be responsible for maintaining the Unit Holders' Register, preparing and issuing Account Statements, Unit Certificate(s) and dividend warrants, and providing related services to the Unit Holders. MBL is already providing these services for Al Meezan Investments' other open end fund, Meezan Islamic Fund.



4.7 AUDITORS

The auditors of the Fund are:

KPMG Taseer Hadi & Co.

Chartered Accountants

1st Floor, Sheikh Sultan Trust Building # 2

Beaumont Road, Karachi.

4.8 LEGAL ADVISORS

The Legal advisors of the Fund are:

Bawaney & Partners

404, 4th Floor, Beaumont Plaza,

6-c1-10, Beaumont Road,

Civil lines, Karachi, Pakistan.

4.9 BANK ACCOUNTS

The Trustee shall open separate Bank Accounts for the Fund at its main Bank or other suitable Bank branches at Karachi in consultation with the Management Company.

The Trustee, at the request of the Management Company, shall open Bank Accounts titled "CDC -Trustee Meezan Islamic Income Fund" or "CDC -Trustee Meezan Funds" at designated Bank(s) in Pakistan and outside Pakistan, with rating as per Rules, Regulations and directives issued by the Commission.

The rating of any bank or DFI with which funds are placed should not be lower than A- (A minus) or as specified by the Commission from time to time.¹³

The Management Company may require the Trustee to open separate collection accounts for the Fund to facilitate the receipt, tracking and reconciliation of income or other receipts relating to the investments.

The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds that the Unit Holders wish to reinvest at a later stage.

The Management Company may also require the Trustee to open separate Bank Accounts for each dividend distribution out of the Fund. Notwithstanding any thing in the Trust Deed the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the Fund.

The amounts received from the Core Investors (seed capital) and Pre-IPO Investors shall be deposited in a separate Bank Account titled **CDC – Trustee MIIF - PreIPO** and transferred to the main Bank Account of the Fund upon the close of the Initial Period of Offer. These amounts may also be placed in Shariah Compliant money market/ income instruments/ Investments prior to the Initial Period of Offer. Income, profit etc. earned on

¹³ Amended through SOD-2



these Investments and placement in the bank account, upto to the close of the Initial Period of Offer, shall after deducting all expenses that may be incurred by the Management Company, be paid to the Core Investors and Pre-IPO Investors in proportion of their respective investments and shall not form part of the Fund Property.



PART V: PRINCIPAL FEATURES

Please read the entire document for complete understanding of the features.

5.1 TYPE OF UNITS AND THEIR FEATURES

Type “A” (Restricted) Units have been offered to Core Investors. These Units carry no load and are non-redeemable for a period of two years commencing from the date of such subscription, however, they will be fully transferable after the Initial Public Offer.

Type “A” Units carrying no load and without any restriction on redemption subsequent to Initial Public Offer have been offered to Pre-IPO Investors.

Type “A” Units will be offered to all investors during the Initial Public Offer. These will not carry any load and would be open for redemption subsequent to the Initial Public Offer.

After the IPO, there will be no public sale of Type “A” Units.

After the Initial Public Offer, Type “B” and “C” Units will be offered to investors. Type “B” Units will carry Front-end Load and Type “C” Units will carry a contingent back end load. Details of the current level of load on these Units is outlined in Annexure “A” of this Offering Document.

Units shall be accounted for in fractions up to four decimal places, with the fifth decimal place being rounded up if it has a value of five or higher, or rounded down if it has a value below five.

5.2 MINIMUM AMOUNT OF INVESTMENT

All the Units will have a Face Value of Rs 50/- with a minimum investment size of Rs.5,000/= (Rupees Five thousand only) and the minimum amount for adding to an existing Account is Rs. 1,000/= (Rupees Thousand only) per transaction. The Management Company reserves the right to alter the minimum amounts stated hereinabove. In the event the investment in any investor's Account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Transfer Agent 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.

5.3 PURCHASE AND REDEMPTION OF UNITS

Units can be purchased and redeemed at the respective Offer and Redemption prices at any of the distribution outlets on any Subscription/business day during Business Hours.¹⁴ The maximum interval between receipt of a properly documented request for redemption of Units and the payment to the Unit Holder shall not exceed six (6) Business Days.

¹⁴ Amended through SOD-2



5.4 DETERMINATION OF PURCHASE(OFFER) PRICE

Subject to the Regulations, after the Initial Period, the Offer Price shall be calculated and announced by the Management Company, at its website (www.almeezangroup.com) on a daily basis within the stipulated time, latest by 6:30 pm or as directed by the Commission from time to time

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

- (a) The Net Asset Value as of the close of the Business Day on which the completely and correctly filled purchase of Units application form is received by the Management Company from time to time; (Forward pricing); and
- (b) Any Front-end Load; and
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges as defined in this Deed and other levies, taxes etc; and
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
- (e) The Offer Price is adjusted upward to the nearest paisa. At a later stage the Management Company may announce Offer Price up to 4 decimal places with the consent of the Trustee.¹⁵

5.5 PURCHASE PROCEDURE- ISSUE OF UNITS

5.5.1 WHO CAN APPLY?

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

- (a) Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- (b) Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such Investment is permitted under their respective memorandum and articles of association and/or bye-laws. In respect of trusts the trustees of such trust may make an application to buy the Units
- (c) Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Units shall be deemed to have warranted that he is duly authorized to purchase such Units.

¹⁵ Amended through SOD-2



- (d) Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- (e) Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- (f) Insurance companies under the Insurance Ordinance, 2000.
- (g) Non Profit Organization under Section 213 (i) of the Income Tax Rules, 2002.

5.5.2 HOW CAN UNITS BE PURCHASED?

- (a) The procedure herein below is designed for paper based transactions. A request for purchase of Units may also be made through the use of electronic means such as Internet or ATM facilities or Debit Card or Credit Card facilities, the arrangements for which would be decided amongst the Management Company and the Trustee from time to time followed by the approval of the Commission¹⁶ Before purchasing Units of the Fund an investor must open an account with the Management Company using the Investors Account Opening Form attached with this Offering Document.
- (b) 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 will be required. Other documents required as per the options marked in the Investment Application Form will also be required.
- (c) In case of a body corporate or a registered society or a trust the following documents would be required,
 - (i) Duly certified copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
 - (ii) Duly certified copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the Investment and
 - (iii) Duly certified copy of the Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
- (d) In case of existing Unit Holders, if any of the documents 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.
- (e) The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- (f) If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Registrar or the Distributor to be incomplete or incorrect in any material manner, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy, in the meanwhile the application will be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded

¹⁶ Amended through SOD-2



without any interest or mark-up. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days and if the investor, in the opinion of the Registrar, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.

- (g) After opening an account, an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form. An Account holder may also purchase units electronically.¹⁷
- (h) Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of **"CDC -Trustee MIIF"** or **"CDC Trustee Meezan Islamic Income Fund"** or **"CDC Trustee Meezan Funds"** and crossed "Account Payee only".¹⁸
- (i) Payment for Units in cash will not be accepted, except, by Banks who are also Distributors of the Fund to the maximum extent of Rs.50,000. In this case the money may be deposited through a specifically designed paying-in form into an account in the name of the Trustee **"CDC -Trustee MIIF"** or **"CDC Trustee Meezan Islamic Income Fund"** or **"CDC Trustee Meezan Funds"**¹⁹
- (j) Applicants must indicate their account number in the Investment Application Form except in cases where the Investor Account Opening Form is sent with the Investment Application Form.
- (k) The applicant must obtain a copy of the application signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Cash can only be deposited to the maximum extent of Rs.50,000 in a bank account titled **"CDC -Trustee MIIF"** or **"CDC Trustee Meezan Islamic Income Fund"** or **"CDC Trustee Meezan Funds"** maintained with designated banks. Acknowledgement for applications and payment instruments (other than cash) can only be validly issued by Distributors.
- (l) 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 and its Distributors and agents outside Pakistan.
- (m) The Investor Account Opening Form and the Investment Application Form can be lodged with any Distributor or directly lodged with the Management Company. No other person (including Facilitators) is authorized to accept the forms or payment.

5.5.3 ALLOCATION/ ISSUE OF UNITS

¹⁷ Amended through SOD-2

¹⁸ Amended through SOD-2

¹⁹ Amended through SOD-2



- (a) The Offer Price determined at the end of the Business Day for Units of the Fund shall apply to all Investment Request Forms, complete in all respects including payment (on cleared funds basis), received by the Management Company at its registered address during business hours on that Business Day. Any Investment Request Forms received after business hours will be transferred to the next Business Day. Provided that if a Business Day is not a Dealing Day the Offer Price calculated on the next Dealing Day shall apply to the purchase request.
- (b) If an application duly delivered or received at or posted to the Authorized Branch of any Distribution Company is accompanied by a cheque, pay order or bank draft, Units applied for will be allotted (issued) on the date cleared funds are received if it is a Dealing Day or if not a Dealing Day, then on the next following Dealing Day provided that the cheque, pay order or bank draft accompanying the application is realized. If the cheque, pay order or bank draft has been returned unpaid, the application will be rejected/.

5.5.4 JOINT APPLICATION

- (a) Joint application can be made by up to four related groups of 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, or dividend or fractional payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its 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 dividend or fractional payments. Such person's acknowledgement of receipt of proceeds 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) The Management Company may frame additional rules and regulations regarding issue of Units in de-materialized form registered with a depository organization.

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.

5.6 DETERMINATION OF REPURCHASE (REDEMPTION) PRICE

During the Initial Offer the Units shall not be redeemed.

After the Initial Offer the Repurchase (Redemption) Price shall be equal to the Net Asset Value as of the close of the Business Day on which a correctly and properly filled redemption of Units form is received, less:

- (a) Any Back-end Load;



- (b) Any taxes imposed by the Government; and
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc;
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- (e) The Redemption Price is adjusted downward to the nearest paisa. At a later stage the Management Company may announce Redemption Price up to 4 decimal places with consent of Trustee.²⁰

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

In the event that the amount paid as provision for payment of Duties and Charges 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 provision for payment of Duties and Charges exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders.

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 Pakistan.

5.7 REDEMPTION OF UNITS

The Trustee shall at any time during the life of the Trust on the instructions of the Management Company authorize redemption of Units out of the Trust funds through duly authorized Distributors and/or Investment Facilitators.

An application for Redemption of Units shall be made by completing the prescribed Redemption of Units Form and the same is received at the Authorized Branch or office of the Distributor on a Business Day during the business hours as may be announced by the Management Company from time to time. The Distributor may retain a copy of Redemption of Units Form and a copy may also be supplied to the Registrar, if so required by the Management Company. The Management Company may make arrangements to accept redemption requests through electronic, NR (interactive voice response) or other means upon satisfaction of the Trustee. The Management Company shall not redeem part of the Units comprised in a Certificate. Units in a Certificate can only be redeemed after surrendering the Certificate. In case of partial redemption, Units requested for redemption will be redeemed after surrendering of Certificate and a new Certificate for balance Units may be issued. In the case where Certificate is not issued any number of Units can be redeemed by the Unit Holder. If issued, the relevant

²⁰ Amended through SOD-2



Certificate shall accompany the application for Redemption of Units. At the discretion of the Management Company certificate charges may apply for the reissued Certificate.

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

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

The Management Company shall announce the Redemption Price on a daily basis. The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company under the terms of this Deed less any duties, charges, levies payable by the Unit Holder in the opinion of the Management Company for the redemption of such Units, (if any).

The amount payable on redemption shall be paid to the Unit Holders or first named joint Unit Holder by dispatching a cheque/ bank draft for the amount to the registered address of the Unit Holder or may be paid to the Unit Holders by transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form within six Business Days from the applicable NAV date, electronic or otherwise, at the Authorized Branch or office of the Distributor or Registrar. The Management Company may make arrangements through branches of banks to facilitate redemption of Units of the Unit Trust or may appoint Investment Facilitators for this purpose. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities or Credit Card facilities or IVR (interactive voice response) or other means upon satisfaction of the Trustee followed by the approval of the Commission.

The receipt of the Unit Holders for any moneys payable in respect of the Units shall be a good discharge to the Trustee.

Application for Redemption of Units will be received at the authorized offices or branches of the Distributor on all Business Days. Where redemption requests on any one Business Day exceed ten (10) percent of total number of Units outstanding, such redemption requests in excess often (10) percent may be deferred in accordance with the procedure elaborated in the Clause 5.12

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



A redemption request shall deem to have been made in accordance with the provisions of the Offering Document, if such document prescribes automatic redemption under certain circumstances.

The maximum interval between the receipt of a properly documented request of Redemption of Units and the issue of payment instrument for the redemption money to the Holder shall not exceed six working days unless redemption has been suspended.

The Management Company shall ensure all valid redemption request are paid based on ranking of the request in a queue.²¹

5.8 PROCEDURE FOR TRANSFER OF UNITS

5.8.1 APPLICATION PROCEDURE

The procedure herein below is designed for paper-based transactions. A request for transfer of Units may also be made through the use of electronic means such as Internet or ATM facilities or IVR (interactive voice response) or other means upon satisfaction of the Trustee followed by the approval of the Commission.²²(a) Unit Holder can transfer Units held by him by:

- 1) Completing a Transfer Application Form to be signed by the transferor and the transferee; and
- 2) Paying any application Duties and Charges; and
- 3) Submitting to any Authorized Branches of the relevant Distribution Company the Transfer Application Form and 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 Unit Holder or the survivors of Joint Unit Holder shall be registered as the Unit Holder or Joint Unit Holder as the case may be upon:

- 1) Paying any applicable Duties and Charges; and
- 2) Submitting to any Authorized Branches of the relevant Distribution Company the duly completed Transfer Application Form and relevant Certificate, if issued, with such evidence, which may prove his entitlement to the Units.

(c) Application for Transfer can be submitted on any Business Day during banking hours.

5.8.2 PARTIAL TRANSFER

Partial transfer of the Units covered by a single Certificate is not permitted. However Unit Holders may apply for the splitting of the Certificate before applying for transfer.

5.8.3 VERIFICATION OF THE TRANSFER APPLICATION FORM

²¹ Amended through SOD-2

²² Amended through SOD-2



The Distribution Company or the Registrar shall verify the particulars given in the application for Transfer of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the

application for Transfer of Units shall be verified by the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line transfer, the Unit Holder's user ID and password will authenticate his identity.²³ At the request of the Unit Holder, the Transfer Agent will verify (1) the holding stated on the Transfer Application Form and (2) signature of the Unit Holder.

5.9 CLOSURE OF THE REGISTER

The Management Company may close the Register by giving at least seven days notice to Unit Holders and for period not exceeding forty-five days in a Financial Year and not exceeding Six (6) working days at a time. During the period the Register is closed, transfer applications will not be received.²⁴

5.10 DEALING, SUSPENSION AND DEFERRAL OF DEALING

5.10.1 TEMPORARY CHANGE IN THE METHOD OF DEALING

Under the circumstances mentioned in the Clause 5.10.2, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld. The Management Company may, at any stage, suspend the dealing of Units and for such periods it may so decide.

5.10.2 EXTRAORDINARY CIRCUMSTANCES

- a) Extraordinary circumstances including closure of one or more Banks, in which the Fund's 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; or
- d) When remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price so determined in accordance with the Net Asset Value (NAV).

5.10.3 SUSPENSION OF REDEMPTION OF UNITS

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

- (a) Extraordinary circumstances including closure of one or more Banks, in which the Fund's Bank Accounts are maintained;

²³ Amended through SOD-2

²⁴ Amended through SOD-2



- (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; or
- (d) When remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price so determined in accordance with the Net Asset Value (NAV).

The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten (10) per cent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund.

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

5.11 SUSPENSION OF FRESH ISSUE OF UNITS

The Management Company may at any time subject to the Rules, if the 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, 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 Fund's prices are normally published.

If the Management Company is of the view that investment of inflow of substantial fund will be difficult, it may decline at its discretion, the application in full or in part for issue of Units from investors.

The Management Company shall ensure that in case of suspension of redemption of units of scheme due to extra ordinary circumstances in terms of provisions of the constitutive documents and Non Banking Finance Companies and Notified Entities, Regulations, 2008 (as amended or replaced) ("the "Regulations"), the issuance of fresh units shall also be kept suspended until and unless redemption of units is resumed.²⁵

5.12 QUEUE SYSTEM

In the event redemption requests on any Business Day exceed ten (10) percent of the Units in issue, the Management Company may invoke a queue system whereby requests for

²⁵ Amended through SOD-2



redemption shall be processed on a first come first served basis for up to ten (10) percent of the Units in issue.

The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action.

Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests.

The requests in excess of the ten (10) percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests.

If the carried over requests and the fresh requests received on the next Business Day still exceed ten (10) percent 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 (10) percent of the Units then in issue.

The Management Company shall ensure all valid redemption requests are paid based on ranking of the request in a queue.²⁶

5.13 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 Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

5.14 PLEDGE/ LIEN OF UNITS

Any Unit Holder or all joint Unit Holders 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 pledge/ lien on any Units in favor of any third party with the specific authority of the Management Company. Any charges, duties, levies etc applicable on such Pledge/Lien will be borne by the Pledgor.

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

²⁶ Amended through SOD-2



Payments of dividends or the issue of bonus Units for units under pledge/ lien shall be made to the pledge/ lien holder for the account of the Unit Holder.

5.15 FREQUENCY OF VALUATION AND DEALING, INCLUDING DAYS

- a) For Offer and Redemption Prices during the Initial Public Offering, please refer to the Clause 2.5
- b) No Units will be redeemed during the Initial Offering Period.
- c) After the Initial Public Offering the Management Company will announce the Offer and Redemption Prices on a daily basis from Monday to Saturday based on the NAV of the Fund.
- d) Offer Price will be determined on each Dealing Day as per Clause 5.4 of this Offering Document.
- e) Redemption Price will be determined on each Dealing Day as per Clause 5.6 of this Offering Document.

PART VI: DISTRIBUTION POLICY

6.1 DECLARATION OF DIVIDEND

The Management Company shall decide as soon as possible but not later than forty-five 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 or such other interim period as decided by the Management Company, and shall advise the Trustee of the amount of such distribution per Unit. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

6.2 DETERMINATION OF DISTRIBUTABLE INCOME

The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company 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, etc.;
- (b) Net realized appreciation as set out in the para below, from which shall be deducted expenses as set out in clause 6.2.1 and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Rules and the provisions of the Income Tax Ordinance and the rules there under.

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

6.2.1 EXPENSES

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

- (a) Remuneration of the Management Company for the relevant period;
- (b) Remuneration of the Trustee for the relevant period;
- (c) Remuneration of the Shariah Advisor
- (d) Brokerage and transaction costs related to investing and disinvesting of the Fund Property;
- (e) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders;
- (f) Bank charges and borrowing/financial costs;
- (g) Audit Fees and charges;
- (h) Rating Fee
- (i) Formation costs amortized over a period not exceeding five years;



- (j) Taxes applicable to the Fund on its income, turnover, assets or otherwise;
- (k) Annual fee payable to the Commission; and
- (l) All expenses incurred by the Trustee in effecting the registration of all registerable fund property in the name of the Scheme;
- (m) Any other expenses incurred in relation to management of the Fund property subject to the Rules.
- (n) Any other costs as mentioned in the Trust Deed.
- (o) 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.

6.3 REINVESTMENT OF DIVIDEND

- (a) Cash dividends shall be automatically reinvested in additional Type "A" Units, however, a Unit Holder may instruct the Distribution Company or the Management Company in writing by completing the prescribed form not to reinvest the future cash dividends to which he will be entitled on the total number of Units held by him. In such an event future dividends shall be paid by way of transfer to his designated bank account.
- (b) The Units purchased under one account folio cannot be split for receiving part cash dividend and part reinvestment of dividend. The applicants are advised to maintain two account folios under these circumstances. Such request will remain effective until it is countermanded in writing.
- (c) The Offer Price for the Units to be issued under sub-clause 6.3 (a) above will be the NAV for the close of the period for which the dividend is being distributed, as certified by the Auditors, after appropriation of income of that year.

6.4 ENCASHMENT OF BONUS UNITS

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

6.5 PAYMENT OF DIVIDEND

Payment for cash dividend shall be made by cheque by the Trustee in favor of the Unit Holder or to the first named Joint Unit Holder and sent through the registered post at his/her registered address. Every cheque shall be made payable to the order of the person to whom it is delivered.

6.6 PAYMENT OF DIVIDEND/ REDEMPTION PROCEEDS THROUGH BANK

Where an instruction has been received in such form as by the Management Company shall consider sufficient, payment of dividend of the total number of Units held by the Unit Holder can be arranged to the banker. The Units purchased under one Account folio cannot be split for part only payment of dividend through bank. The applicants are advised to maintain two Account folios under these circumstances. For payment of redemption



proceeds through bank account, instruction to this effect shall be given at the time of redemption application by indicating in the application for Redemption Form.

6.7 DISPATCH OF DIVIDEND WARRANT

Dividend Warrant shall be dispatched within thirty days after the declaration of dividend.



PART VII: FEES AND CHARGES

7.1 REMUNERATION OF THE MANAGEMENT COMPANY

Management Company shall be entitled to charge remuneration not exceeding the maximum rate of remuneration permitted under the Rules.

It is being further understood and agreed that Management Company shall fix the rate of remuneration for the duration of each semi-annual period of the Accounting Period and shall intimate such rate to the Trustee at least seven (7) Business Days prior to the beginning of each such semi-annual period. This rate shall be fixed on the basis of the performance of the Fund in the preceding semi-annual period.

For the first semi-annual period the remuneration of the Management Company is set at 10% of the Operating Revenue of the Fund with a cap of 1.5% p.a. of average net assets.

The remuneration due to the Management Company shall be paid within thirty (30) Business Days after the close of each month, provided that the Management Company may from time to time draw in advance out of the accrued remuneration a sum that the Trustee shall consider reasonable.

Management Company shall be responsible for the payment of all expenses incurred by it from time to time in connection with its responsibilities as the management company to the Trust, including the remuneration and expenses of the Transfer Agent, the Distributors and Investment Facilitators.

Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and the Trust Deed to be payable out of Fund Property.

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 provision of the Trust Deed.

The remuneration shall begin to accrue from the close of the Initial Period of Offer. In respect of any period other than a full calendar year, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the accounting year concerned.

7.2 REMUNERATION OF THE TRUSTEE

The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure “B”), which shall be applied to the average daily Net Assets during such calendar month. This may be amended from time to time.

The remuneration shall begin to accrue from close of the Initial Period of Offer. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.



Such remuneration shall be paid to the Trustee in arrears within thirty Business Days after the end of each calendar month.

In consideration of the foregoing and save as aforesaid and as provided in Annexure “B”, 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 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 this Deed.

Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission.

The Trustee 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 and the Deed to be payable out of Fund Property

7.3 AMORTIZATION OF FORMATION COSTS

Formation Costs shall be charged to the Fund which are estimated at and shall not exceed 1% of pre-public offer Investment (Core Units and Pre-IPO Units) with a maximum of Rs.2.5 million only.

Formation Cost will be amortized over a period not exceeding five years.

7.4 OTHER FEES AND CHARGES PAYABLE OUT OF THE PROPERTY OF THE SCHEME

- (a) ²⁷Brokerage and Transaction Costs related to investing and disinvesting of the Fund Property
- (b) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders
- (c) 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 the Trust Deed and the Rules, shall not be higher than the normal prevailing bank charges or normal market rates
- (d) Auditors' Fees and expenses
- (e) Any printing costs and related expenses for issuing Fund's quarterly, half yearly and annual reports etc
- (f) Fund rating fee
- (g) Listing Fee payable to the Stock Exchange(s) on which Units may be listed
- (h) Annual fee payable to the Commission under Rule 79 of the Rules
- (i) Taxes, if any, applicable to the Trust and its income and/or its properties
- (j) Charges and levies of stock exchanges, national clearing and settlement company, Commission charges, CDC charges, CVT, Laga, Fund dividend/redemption of

²⁷ Amended through SOD-2



Units transfer charges as payable to Bank at time of transfer of funds to Unit Holders and such other levies and charges

- (k) Marketing expenses specifically related to the Fund. Such expenses shall be paid to the Management Company at actual within thirty days of the incurring of such expense
- (l) 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
- (m) Any cost associated with sales, marketing and advertisement of collective investments schemes shall not be charged to the collective investment schemes²⁸.

7.5 ALLOCATION OF FRONT-END/BACK-END LOAD

The remuneration of Distributors and Investment Facilitators shall be paid from any Front-end Load and/or Back-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 or to Distributors or Investment Facilitators upon instructions of Management Company, 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.

Such payments may be made to the Distributors and Investment Facilitators and the Management Company by the Trustee or may be made by the Trustee on the instructions of the Management Company on monthly basis in arrears within thirty days of the end of the calendar month.

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

Management Company may also issue Units at a reduced or no Sales and Processing Charge. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any sales or processing charge.

Units issued to an existing Accountholder through conversion from another scheme run by the Management Company shall be issued at a price based on the Net Asset Value applicable on that date plus a processing charge not exceeding one-half of one percent.

Transfer of Units from one owner to another shall be subject to a processing charge of an amount not exceeding one percent of the Net Asset Value at the date the request is lodged, which shall be recovered from the transferee. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

²⁸ Amended through SOD-2

PART VIII: TAXATION

8.1 TAXATION ON INCOME OF MIIF

The following is a brief description of the Income Tax Ordinance, 2001, applicable in respect of MIIF. This section is for advice 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.

8.2 LIABILITY FOR INCOME TAX OF THE FUND

Under the Tax Law in Pakistan, the definition of a public company includes a trust formed under any law for the time being in force. MIIF will be regarded as a public company liable to a tax rate applicable to a public company.

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

1. Dividend income at 5%;
2. Capital gains arising on sale of securities listed on any stock exchange in Pakistan is exempt from tax upto June 30, 2007; and
3. Return from all other sources / instruments are taxable at the rate at the rate applicable to a public company which currently stands at 35%.

8.3 LIABILITY FOR INCOME TAX IF 90% OF INCOME IS DISTRIBUTED

Notwithstanding the tax rate given above, the income from MIIF will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as dividend.

For achieving the tax efficiency, MIIF will strive to distribute 90% of income for the year as reduced by capital gains whether realized or unrealized.

8.4 WITHHOLDING TAX

All income, namely, dividend from Shariah compliant term finance certificates, sukuks, 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 Istisna'a, Modaraba, Morabaha and Musharika will not be subject to any withholding tax.

8.5 CAPITAL VALUE TAX

Under Finance Act, 1989 (V of 1989) as amended by Finance Act, 2004 (II of 2004), read with Circular No. 06 of 2004 dated July 01, 2004 a Capital Value Tax (CVT) at the rate of 0.01% of the purchase value of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan was levied on purchase of the same. Subsequently the rate of CVT was increased from 0.01% to 0.02% through Finance Bill, 2006. This tax will be collected by the stock exchange concerned.



8.6 ZAKAT

MIIF is Sahab-e-Nisab under Zakat and Ushr Ordinance, 1980. The balance in the credit of Savings Bank Account or similar account with a Bank standing on 1st day of Ramazan-ul-Mubarak will be subject to deduction of 2.5% Zakat.

8.7 TAXATION OF UNITHOLDER AND LIABILITY OF 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 MIIF.

8.8 WITHHOLDING TAX ON DIVIDENDS

Unless exempt from such taxation by applicable law or international agreement, the withholding tax on profit distribution by MIIF will be as under:

- Public Companies & insurance companies 5%
- Others 10%

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

8.9 CAPITAL GAINS

Capital Gains on disposition of Units in the MIIF will be subject to capital gains tax at the applicable tax. Currently, the profit on disposal of Units shall be exempt from capital gains tax upto Tax Year June 30, 2007.

8.10 TAX CREDIT

Unit holders shall be entitled to a tax credit under section 62(1) and (2) of the Income Tax Ordinance 200 I. The amount on which tax credit will be allowed shall be lower of (a) amount invested; (b) fifteen percent of the total income of the Unit Holder or (c) Rupees five 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 thirty six months. the amount of tax payable for the tax year shall be increased by the amount of credit allowed.²⁹

²⁹ Amended through SOD-2



PART IX: SERVICE TO UNITHOLDERS

9.1 AVAILABILITY OF FORMS

All the Forms included and/or mentioned in this Offering Document will be available at all Authorized Branches of all Distribution Companies and the head office of the Management Company.

9.2 TRANSFER OF ACCOUNTS

- f) Once a Unit Holder has purchased a Unit from Authorized Branch of the Distribution Company, all his forms/ records will be kept and maintained at that Authorized Branch. However, for the convenience of the Unit Holder, the Account may be transferred to any Authorized Branch or another Distribution Company on application by Unit Holder for the transfer of account. In case the relevant Distribution Company does not continue as the Distribution Company, the Management Company and the Trustee will make arrangements for the Unit Holder's account to be transferred to another Distribution Company's Authorized Branch at the nearest location.
- g) Notwithstanding the provisions in the above para, any Unit Holder may submit the application for redemption or transfer or any other requests for any change in Register at any Authorized Branch of the relevant Distribution Company and the requests will be processed.

9.3 REGISTER OF UNIT HOLDERS

- a) A register of Unit Holders shall be maintained by Meezan Bank Limited in their capacity as the Transfer Agent, at their registered office, which is currently located at 3rd Floor, PNSC Building, MT Khan Road, Karachi.
- b) Every Unit Holder will have a separate account identification number. Such account shall be used for recording various types of Units held by the Unit Holder. Such account will reflect all the transactions in that account held by such Unit Holder. However the management company may allocate a separate account number to the same Unit Holder for different types of Units in certain circumstances.
- c) The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of the Deed, the Register shall, subject to such restrictions as may be notified by management company from time to time, be open for a period of at least two hours in each Business Day to the inspection of any Unit Holder without charge. Unit Holder will be entitled to ask for copies of his folio from the Register on any Business Day by applying to the Management Company/Transfer Agent in writing. The Management



Company/Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account i.e., Units are (1) issued/subscribed, (2) redeemed (3) transferred in favor of third person (4) transferred from third person in favor of Unit Holder (5) consolidated / split (6) additional Units are issued against reinvestment of dividend and (7) Conversion. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders within 07 Business Days of the receipt of the request.³⁰

- d) The Registrar shall, within seven Business Days of receiving a written request from any Unit Holder(s), post (or send by courier or through electronic means) to such Unit Holder(s) details of such Unit Holder's account in the Register. The Management Company may prescribe reasonable charges for servicing of any additional requests.³¹

9.4 INFORMATION IN THE REGISTER

The Register will contain the following information:

9.4.1 About Unit Holder

- (a) Name of the Unit Holder / Joint Unit Holders;
- (b) Address of Unit Holder / first named Joint Unit Holder;
- (c) Computerized National Identity Card Number(s) or Passport No.(s) of Unit Holder / Joint Unit Holders;
- (d) Father's / Husband's name of Unit Holder / Joint Unit Holders;
- (e) Taxability code;
- (f) Bank details;
- (g) Whether Zakat deductible or not;
- (h) Record of signature of Unit Holder / Joint Unit Holder;
- (i) Nominee in case of single individual Unit Holder.

9.4.2 About Units

- (a) Type;
- (b) Distinctive numbers;
- (c) Certificate number, if applicable;
- (d) Date of purchase / redemption / transfer and the reference number if any;
- (e) Number of Units held; and
- (f) Record of verification of transfer forms/Redemption

³⁰ Amended through SOD-3

³¹ Amended through SOD-2



9.4.3 Instructions

- (a) Instruction about payment or reinvestment of dividend in Type "A" Units or the encashment of bonus Units;
- (b) Instructions if redemption application is to be signed by first named Joint Unit Holder only;
- (c) Information and instruction about pledge of Units; and
- (d) Information and instruction about nominees in case of death of Unit Holder.

The Unit Holder may write to any Authorized Branch of relevant Distribution Company if any change is desired in his particulars or instructions.

9.5 ACCOUNT STATEMENT

³²The Management Company/ Transfer Agent will send directly to each Unit Holder a non transferable - electronic account statement or report each time there is transaction in the folio. i.e., Units are (1) issued/subscribed, (2) redeemed (3) transferred in favor of third person (4) transferred from third person in favor of Unit Holder (5) consolidated / split (6) additional Units are issued against reinvestment of dividend and (7) Conversion. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders within 07 Business Days of the transaction.³³

9.6 CERTIFICATES

- (a) Unit Certificates will be issued only if requested by the Unit Holder.
- (b) Unit Holder can apply for the issue of Certificate by completing the prescribed application form and submitting it to the relevant Distribution Company together with a fee at the rate of Rs. 25 per Certificate or any other amount as determined by the Management Company from time to time.
- (c) The Certificate will be posted at the applicant's risk within 21 Business Days after the request for the Certificate has been made to the address of the Unit Holder or to the address of the first named Joint Unit Holder, if the relevant Unit or Units are jointly held.
- (d) The Certificate will be available in such denomination as Management Company and the Trustee decide from time to time. Unless, the Unit Holder has instructed to the contrary, the minimum number of Certificates will be issued.
- (e) Each Unit or any fraction thereof shall not be represented by more than one Certificate at any one time.

9.7 REPLACEMENT OF THE CERTIFICATES

- (a) Certificates which are defaced, mutilated, lost or destroyed may be replaced by the Management Company on application to the relevant Distribution Company and on payment of all costs, and on such terms as to evidence, indemnity security and issuance of public notice, as may be required by the Trustee, Management

³² Amended through SOD-2

³³ Amended through SOD-3



Company or the relevant Distribution Company. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.

- (b) The Unit Holder on application on prescribed form is entitled to exchange upon surrender of existing Certificates, new Certificates of different denomination, subject to the availability of such denominations of Certificates.
- (c) Each new issue of Certificate will require payment of Rs. 50 per Certificate.

9.8 PLEDGE OF UNITS

As per the procedure outlined in clause 5.14 of the Offering Document.

9.9 NOMINATION

Subject to any personal laws that may be applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by completing the prescribed nomination form and submitting the same to the Authorized Branch of the relevant Distribution Company.

9.10 FINANCIAL REPORTING

The Management Company shall:

- (a) Within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account, together with the Auditor's report for the Accounting Period, to the Commission and Unit Holders in accordance with the Rules;
- (b) Within two months after the close of the first half of its year of accounts, prepare and transmit to the Unit Holders, and the Commission, a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules;
- (c) Within a month after the close of the first and the third quarter, prepare and transmit quarterly report to the Unit Holders, the Trustee and the Commission, along with a Balance Sheet and Income and Expenditure Account as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules;

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



PART X: FINANCIAL INFORMATION

10.1 AUDITORS' CERTIFICATE OF SUBSCRIPTION MONEY RECEIVED FROM CORE AND OTHER PRE-IPO INVESTORS



10.2 AUDITORS' CERTIFICATE OF NET ASSET VALUE OF UNITS OF MEEZAN ISLAMIC INCOME FUND



10.3 FORMATION COST

All preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, marketing of the Fund and inviting investment therein and all expenses incurred during the period leading up to the Initial Offer, shall be borne by the Management Company and charged to the Fund over a period of five years from the commencement of the Initial Offer Period. Such cost will not exceed one percent (1%) of the pre-public offer investment in the Fund (Restricted Units and Type 'A' Units privately placed prior to the Initial Offer) with a maximum of Rs.2.5 million only.



PART XI: WARNING AND DISCLAIMER

WARNING

If you are in any doubt about the contents of this offering Document, you should consult your bank manager, Legal advisor, or other financial advisor. The price of the units of this fund and the income of this fund (from which distributions to Unit holders is made) may increase or decrease. Price of Units and income from them may go up or down.

Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.

DISCLAIMER

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

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



PART XII: GENERAL INFORMATION

11.1 INSPECTION OF CONSTITUTIVE DOCUMENTS

The copies of constitutive documents, that is Trust deed and Offering Documents, can be inspected free of charges at the registered office of the fund or the registered office and place of business of the Trustee or at any of the Authorized Branches of the Distribution Companies.

11.2 DATE OF PUBLICATION OF OFFERING DOCUMENT

The Offering Document has been published on December 23, 2006.

11.3 RESPONSIBILITY OF MANAGEMENT COMPANY FOR INFORMATION GIVEN IN THIS DOCUMENT

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

11.4 TERMINATION OF TRUST

The Management Company may terminate the Scheme, if the Net Assets at any time fall below Rupees Fifty (50) million. The Management Company shall give at least three months notice to Unit Holders and the Commission and shall disclose the grounds of its decision. The Management Company may announce winding up of the Trust without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund Property to meet such redemptions 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 Trust be wound up.

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Scheme 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 Trust without notice.

The Trust may also be terminated by the Commission on the grounds given in the Rules.

The Trust Deed may be terminated in accordance with the conditions specified in the Rules if there is a material breach of the provisions of the Trust Deed or other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust.

Upon the Trust being terminated the Management Company shall suspend the Sale and Redemption of Units forthwith and proceed to sell all Investments then remaining in the



hands of the Trustee as part of the Fund Property and shall repay any borrowing affected by the Trust together with any markup or profit remaining unpaid.

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 Fund Property after making payments as mentioned in the Trust Deed and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

11.5 ARBITRATION

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

PART XIII: DEFINITIONS

- 13.1 “Accounting Date” means the date 30th June in each year and any interim dates at which the financial statements of the Trust are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.
- 13.2 “Accounting Period” means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 13.3 “Auditors” means a firm of chartered accountants that is appointed by the Management Company, with the consent of 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 Rules.
- 13.4 “Authorized Branch or Branches” means those branches of the Distributors authorized by the Management Company to perform distribution functions whose addresses shall be given in the Offering Document.
- 13.5 “Authorized Investments” means any investment instrument allowed under the Rules and complies with the guidelines of Shariah Advisor of the Fund. These include:
- a. Certificates of Investment based on Shariah compliant structures
 - b. Bank Deposits in licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks
 - c. Placement of funds under Mudarabah, Murabaha and Musharikah arrangements
 - d. Placement of funds under Istisna‘ and Ijarah arrangements
 - e. Spread Transactions as approved by the Shariah Advisor
 - f. Secured and unsecured, listed or privately placed Shariah compliant debt securities including Sukuks issued by local governments, government agencies, statutory bodies, private and or public sector entities and / or Financial Institutions.
 - g. Any other Shariah compliant instrument that may be allowed by the Commission from time to time and is as per the guidelines of the Fund’s Shariah Advisor.
- 13.6 “Back End Load” means load deducted from the Net Asset Value in determining the Redemption Price. Such load, not exceeding five percent (5%) of the Net Asset Value, shall be determined by the Management Company from time to time and disclosed as annexure A in the Offering Document. Any such charges shall be treated as part of the Deposited Property..³⁴
- 13.7 “Bank” means any Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.
- 13.8 “Bank Accounts” means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holders.
- 13.9 “Business Day” means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which banks in Pakistan are closed for business.

³⁴ Amended through SOD-2



- "Business Hours" or "Cut-off Time" means the day time on a Business Day for dealing in Units from 9:00 AM till 3:00 PM or any other time interval specified by the Management Company from time to time.³⁵
- 13.10 "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.
- 13.11 "Charity" means amount paid by Management Company out of the income of the Trust to a charitable/welfare organization, in consultation with Shariah Advisor, representing income, which is Haram.
- 13.12 "Commission" means Securities and Exchange Commission of Pakistan.
- 13.13 "Connected Person" shall have the same meaning as assigned in the Rules.
- 13.14 "Constitutive Document" means the Trust Deed, Offering Document and supplementals thereof which are the principal documents governing the formation and operation of the Scheme, including all related material agreements.³⁶
- 13.15 "Core Investors" means such initial investors of the Scheme whose subscription shall in aggregate be in compliance of the requirements of Rule 67(2) (f) of the Rules. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 13.16 "Core 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 Offer. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 13.17 "Custodian" means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), or a central depository as defined in the Securities and Exchange Ordinance, 1969 or an investment finance company licensed under Rules, having such minimum credit rating as may be specified by the Commission, being appointed by the Trustee in consultation with the Management Company and the Commission, to hold and protect the assets of the Trust or any part thereof as custodian on behalf of the Trustee and shall also include the Trustee itself, if it provides custodial services for the Fund
- 13.18 "Deed" means the Trust Deed which is the principal document governing the formation, management or operation of the Fund.
- 13.19 "Dealing Day" means every Business Day provided that the Management Company with the prior written consent of the Trustee and upon giving not less than seven days notice in the news papers declare, any particular Business Day not to be a Dealing Day.
- 13.20 "Distribution Account" means the account (which may be a current or PLS deposit account) maintained by the Trustee with an Islamic Bank or a licensed Islamic branch of a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Income or profit, if any, including those accruing on unclaimed dividends, in this account shall be

³⁵ Amended through SOD-2

³⁶ Amended through SOD-2



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.

- 13.21 "Distributor or Distribution Company or Authorized Distributor means company(ies), firm(s), depository company(ies), Bank(s), individual(s) or any other legal or natural person appointed by the Management Company at its own expense under intimation to the Trustee for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions. Such Distributors shall have proper date and time stamping facility.³⁷.
- 13.22 "Distribution Functions" means the functions with regard to:
- 13.23 Receiving applications for Purchase of Units together with aggregate Offer Price for Units applied for by the applicants;
- 13.24 Interfacing with and providing services to the Unit Holders including receiving Redemption, Transfer and Pledge applications, conversion notices, trading applications and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate;
- 13.25 Acknowledging receipt by delivering customer copy in respect of 3.21 (a) and 3.21(b) above; and
- 13.26 Accounting to the Management Company for (i) payment instruments received from the applicants when they purchase Units; (ii) payment instrument delivered to the Unit Holders on Redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions. Ensuring the availability of date and time stamping facility for all redemption and issue request.³⁸.
- 13.27 "Duties and Charges" means in relation to any particular transaction or dealing, bank charges, brokerage, registration fee, all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the Issue, Sale, Transfer, Redemption or Purchase of Units or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distributor or any Front-end or Back-end Load or commission payable to agents on Sale and Redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 13.28 "Financial Institution" means a Bank, development finance institution, Non Banking Finance Company or Modaraba
- 13.29 "Formation Cost" means all preliminary and floatation expenses of the Scheme including expenses in connection with authorization 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, announcements describing the Fund and inviting investment therein for the Initial Offer and all expenses incurred during the period leading up to the Initial Offer.
- 13.30 " Front End Load" means the charge or commission (excluding Duties and Charges) added in the Net Asset Value to determine the Offer Price of certain classes of Units not exceeding five percent (5%) of the Net Asset Value. The details of Front-

³⁷ Amended through SOD-2

³⁸ Amended through SOD-2



end Load applicable to the Offer Price shall be specified as annexure A in the Offering Document The Management Company may charge different levels of Load at its discretion to different investors. Level of the said Load shall be disclosed in the Offering Document of the Fund..³⁹

- 13.31 “Fund” means Meezan Islamic Income Fund or “Scheme”, “Trust” or “Unit Trust.” or “MIIF” constituted by this Deed.
- 13.32 "Fund's Auditors" mean the Auditors.
- 13.33 "Fund Property" means the aggregate proceeds of the sale of all Units at Offer Price after deducting therefrom or providing thereout any applicable Front-end Load and Duties and Charges and transaction costs and any other expense chargeable to the Fund and after adding thereto any Back-end Load as specified in the Offering Document; and includes the Investment and all income, profit and other benefits arising therefrom and all cash and other assets, movable or immovable, and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Holders pursuant to this Deed but does not include any amount standing to the credit of the Distribution Account except any profit on the Distribution Account which shall be part of the Deposited Property.⁴⁰
- 13.34 "Halal" means anything permitted by the Shariah.
- 13.35 "Haram" means anything prohibited by the Shariah.
- 13.36 "Holder(s)" or "Unit Holder(s)" means the investor(s) for the time being entered in the Register as owner(s) of Unit(s) or fraction(s) thereof including investor(s) jointly so registered pursuant to the provisions of this Deed.
- 13.37 “Initial Offer” means the issuance of Units during the Initial Period of Offer.
- 13.38 “Initial Offer Price” means the price of Rs. 50 per Unit during the Initial Offering Period determined by the Management Company.
- 13.39 "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, 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).
- 13.40 "Investment" means any Authorized Investment forming part of the Fund Property.
- 13.41 "Investment Facilitator" or “Facilitator” means an Individual, Firm, Corporate or other Entity appointed by the Management Company, at its sole responsibility, to identify solicit and assist investors in investing in the Scheme.
- 13.42 “Investment Policy” means the investment policy outlined in clause 3.2 of this Offering Document and clause 10.2 of the Trust Deed.
- 13.43 "Istisna" means a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery.
- 13.44 “MIIF” means Meezan Islamic Income Fund.
- 13.45 "Mudarabah" means a form of partnership where one partner provides funds, while other provides expertise and management.

³⁹ Amended through SOD-2

⁴⁰ Amended through SOD-2



- 13.46 "Murabahah" means a sale on mutually agreed profit. Technically it is a contract of sale in which the seller declares his cost and profit. As a financing technique, it involves a request by the client to the financier to purchase certain item for him, which is then sold to the client at a mutually agreed price.
- 13.47 "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.
- 13.48 "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the Rules.
- 13.49 "Net Asset Value" or "NAV" means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 13.50 "Offer Price" or "Purchase Price" means the sum to be paid by the investor for the purchase of one Unit
- 13.51 "Offering Document" means the prospectus, advertisement or other document (approved by the Commission), which contain 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 Scheme.
- 13.52 "Ordinance" means Companies Ordinance 1984.
- 13.53 "Par Value" means the First Offer Price of a Unit that shall be fifty Rupees.
- 13.54 "Personal Law" means the law of inheritance and succession as applicable to the Individual Unit Holder(s).
- 13.55 "Redemption Price" or "Repurchase Price" means the amount to be paid to the relevant Holder of a Unit upon Redemption of that Unit
- 13.56 "Register" means the Register of the Unit Holders kept pursuant to the Rules and this Offering Document.
- 13.57 "Registrar" means an organization that the Management Company may appoint for performing the Registrar Functions and may include a department of the Management Company. The term and definition of "Transfer Agent" is also covered within the definition of a Registrar.
- 13.58 "Registrar Functions" means the functions with regard to:
- a) Maintaining the Register;
 - b) Processing requests for Purchase (Offer), Repurchase (Redemption), Transfer, Switching, Conversion, Trading and Transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holder(s);
 - c) Issuing Account Statements to the Unit Holders;
 - d) Issuing Certificates to the Unit Holders if required;
 - e) Dispatching income distribution advice and/or bank transfer intimations;
 - f) Canceling old Certificates on Redemption or Replacement; and
 - g) Other functions to be performed as per Transfer Agent Agreement.



- 13.59 "Rules" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time and includes the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Schedules and Forms attached to it, any other circulars and or directives issued by the Commission and as amended from time to time.⁴¹
- 13.60 ⁴²"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.
- 13.61 "Shariah Advisor" means Meezan Bank Limited or any other Islamic Financial Institution or a body of Islamic scholars, appointed in its place by the Management Company with the approval of the Commission, having knowledge of Islamic finance, to supervise and monitor the activities of the Scheme to ensure that all its activities comply with Shariah.
- 13.62 "Shariah Compliant" means any activity that is in accordance with the Islamic Shariah.
- 13.63 "Stock Exchange" means Karachi Stock Exchange, Lahore Stock Exchange or Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969 and shall also include a Stock exchange in an offshore country.
- 13.64 "Service Request Form" means the prescribed form, which is to be stated in the Offering Document.
- 13.65 "Sukuk" means a type of Islamic bond that is backed by assets of the issuer that earn profit or rent.
- 13.66 "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, Brokerage, Trustee charges, Taxes or Levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or be deducted from the NAV in determining the Repurchase (Redemption) Price. The Transaction Costs may not normally be applied in determining these prices; however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may with intimation to the Trustee, apply such charge either to the Offer or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Purchase (Offer) or Repurchase (Redemption) prices, without intimating the Trustee 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 Fund Property.
- 13.67 "Trustee" means Central Depository Company of Pakistan Limited (CDC) or any other company appointed with approval of the Commission from time to time.
- 13.68 "Trusts Act" means Trusts Act 1882.
- 13.69 "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.
- 13.70 "Zakat" has the same meaning as in Zakat and Ushr Ordinance (XVIII of 1980), 1980.

⁴¹ Amended through SOD-2

⁴² Amended through SOD-2



Words and expressions used but not defined herein shall have the meanings assigned to them in the 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 effective from Close of Initial Offer

Type "B" Units

Front-end Load: 0.5%;
Back-end Load: Nil

Type "C" Units

Front-end Load: Nil
Contingent Back-end Load:
The Load will be charged as per the Investment period in the following manner:

Investment Horizon	Load
0 – 6 Months	1%
6 – 12 Months	0.5%
Beyond 12 Months	0%

Sales Load is intended to cover the cost of providing distribution, transfer and redemption related services to the Unit Holders.

Any change in the load structure 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

Tariff structure of the Trustee

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

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

