

**Risk Disclaimer: All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2.2, Risk Factors mentioned in clause 2.6, Taxation Policies mentioned in Clause 7 and Warnings in Clause 9 before making any investment decision.**

## **OFFERING DOCUMENT OF**

### **ALFALAH GHP ALPHA FUND**

#### **An Open Ended Equity Scheme**

| <b>Fund Category</b> | <b>Risk Profile as per Circular 2 of 2020</b> | <b>Risk of Principal Erosion</b> |
|----------------------|---|----------------------------------|
| Equity Scheme        | High  | Principal at high risk           |

**MANAGED BY**

**ALFALAH GHP INVESTMENT  
MANAGEMENT LIMITED**

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

# OFFERING DOCUMENT



## ALFALAH GHP ALPHA FUND

**Management Company  
ALFALAH GHP INVESTMENT  
MANAGEMENT LIMITED**

**Trustee  
CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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# OFFERING DOCUMENT OF ALFALAH GHP ALPHA FUND

Managed By

**Alfalah GHP Investment Management Limited**

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

**Date of Publication of Offering Document: August 30, 2008**

**Initial Offering Period: September 05, 2008 to September 09, 2008 (both days inclusive)**

## INTRODUCTION

The Alfalah GHP Alpha Fund (the Fund / the Scheme / the Trust) has been established through a Trust Deed under the Trusts Act, 1882, entered into between Alfalah GHP Investment Management Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and is registered under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the Regulations).

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

**Investors must recognize that all investments involve varying levels of risk. The portfolio of the Fund consists of market-based investments, listed as well as unlisted, that are subject to market fluctuations and risks inherent in all such investments. Neither the value of the Units in the Fund, nor the dividends declared by the Fund is or can be assured. Investors are requested to read the Risk Disclosure and Warnings Statement contained in Clause 2.12 and Clause 11 respectively in this Offering Document.**

## REGULATORY APPROVAL AND CONSENT

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

The Securities and Exchange Commission of Pakistan (SECP) has registered Alfalah GHP Alpha Fund (AGAF / Fund) under Regulation 61 of the Regulations. The SECP has approved this Offering Document, under Regulation 63 of the Regulations.

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

### Filing of the Offering Document

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

- (i) The SECP's letter No. NBFC-II/15/AGIML/AMS/11 dated 26th March 2008 confirming renewal of license to AGIML to carry out Asset Management Services together with the copy of the license;
- (ii) Trust Deed (Deed) of Alfalah GHP Alpha Fund dated December 27, 2007 between Alfalah GHP Investment Management Limited (AGIML) as the establisher and the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee;

- (iii) SECP letter No. NBFC-II/AD/AGIML/146/2008 dated February 29, 2008, granting registration of Alfalah GHP Alpha Fund;
- (iv) SECP letter No. NBFC-II/AD/AGIML/930 dated December 13, 2007 approving the appointment of Central Depository Company of Pakistan Limited as the Trustee of Alfalah GHP Alpha Fund;
- (v) Letter from KPMG Taseer Hadi & Co., Chartered Accountants, Auditors of Alfalah GHP Alpha Fund, consenting to the issue of statements and reports;
- (vi) Letter of Consent by the legal advisor, Bawaney & Partners, to act as the legal advisor of the Alfalah GHP Alpha Fund; and
- (vii) The SECP's letter No. NBFC-II/DD/AGIML/598 dated August 8, 2008 approving this Offering Document;

## **1 CONSTITUTION OF THE SCHEME**

### **1.1. Constitution**

The Alfalah GHP Alpha Fund is an open-end Fund and has been constituted by a Trust Deed entered into at Karachi on 27th December, 2007 between:

**Alfalaha GHP Investment Management Limited (AGIML)**, an unlisted public limited company incorporated under the Companies Ordinance 1984, and licensed by SECP to undertake asset management and investment advisory services under the Non Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the Rules), with its registered office at 12th Floor, Tower A, Saima Trade Towers, I. I. Chundrigar Road, Karachi, as the establisher of the Fund and the Management Company; and

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

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

The registered address of Alfalah GHP Investment Management Limited is 12th Floor, Tower A, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Trust was created on 27th December, 2007. The official web site address of Alfalah GHP Investment Management Limited is [www.alfalahgdp.com](http://www.alfalahgdp.com)

### **1.3. Trust Deed**

- 1.3.1. The Trust Deed is subject to and governed by the Regulations, Companies Ordinance 1984, Securities and Exchange Ordinance, 1969 and all other applicable laws and regulations. The Fund shall also be subject to the rules and the regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund.
- 1.3.2. The terms and conditions in the Trust Deed and any supplemental deed(s) shall be binding on each Unit Holder as if he has been a party to it.

### **1.4. Modification of Trust Deed**

- 1.4.1. The Trustee and the Management Company, acting together with the approval of the SECP, shall be entitled by the supplemental deed(s) to modify, alter, or add to the provisions of the Deed on any of the following grounds:
  - a To such extent as may be required to ensure compliance with any applicable laws and regulations or any amendments of such laws and regulations;

- b To enable the provisions of the Trust Deed to be more conveniently and efficiently implemented;
  - c To enable the Units to be listed on a Stock exchange or any other Exchange; or
  - d Otherwise to the benefit of the Unit Holders.
- 1.4.2. Provided that in case of (b), (c) and (d) above, such alteration or addition shall not prejudice the interest of the Unit Holders; and that in any event, it shall not release the Trustee or the Management Company of their responsibilities.
- 1.4.3. Where this Deed has been altered or supplemented, the Management Company shall notify the Unit Holders immediately and also publish in a widely circulated newspaper in Pakistan.
- 1.4.4. The Management Company may from time to time, with the consent of the Trustee frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto, provided that, such rules or regulations are not inconsistent with the provisions of this Deed, the Offering Document or the Supplemental Offering Document(s).
- 1.4.5. If the SECP modifies the Regulations to allow any relaxations or exemptions, these will deemed to have been included in the Trust Deed and the Offering Document(s) without requiring any modification as such.
- 1.4.6. The cost of carrying out amendment to the Deed shall be charged to the Fund Property.
- 1.4.7. If at any time, any Clause of the Deed is and / or becomes in whole or in part, illegal, invalid or unenforceable under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Clauses of the Deed hereof, nor the legality, validity or enforceability of such Clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.

## 1.5. Duration

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

## 1.6. Units

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

### Classes of Units

- a **Class "A"** (Restricted / Core Units) Units issued to the Core Investors with no Sales Load. Out of total investment at least fifty million (50 M) rupees shall remain invested and cannot be redeemed for a period of two (2) years from the date of closure of Initial Period of Offer. However such Units are transferable.



- b **Class "A"** Units being offered and issued during the Private Placement and Initial Period of Offer (IPO) with no Front-end Load. However such units will be subject to Back-end Load, if any.
- c **Class "B"** Units, which shall be offered and issued after the Initial Period of Offer (IPO) with or without Front-end Load, Back-end Load or any combination of foregoing from time to time.

### 1.6.3. Types of Units

- a The Management Company (while maintaining the integrity of each Unit's pari passu rights) within each class of units mentioned in clause 1.6.2 above may at its discretion in this Offering Document or at a later stage through supplementary Offering Document with prior approval of SECP and with prior intimation to the Trustee offer different types of units which specify or offer such conditions or privileges with respect to purchase of Units, redemption of Units, distribution of profits (whether by cash or additional Units), fixed or flexible timing of such redemption or distribution at the option of the Unit Holder(s).
- b The Units shall be fully paid-up before they are issued. Notwithstanding that various types of Units will be issued, it is clarified that AGAF is one scheme.
- c For details about types of unit please refer clauses 4.2.4.

## 1.7. Open-End Fund

Alfalah GHP Alpha Fund is an open-end fund. It is divided into Units having Par Value of Fifty Rupees (Rs. 50) each. All Units and fractions thereof represent an undivided share in Alfalah GHP Principal Protected Fund and rank pari-passu as to their rights in the net assets, earning and receipt of dividend and distributions.

## 1.8. Initial Period of Offer (IPO)

The Initial Period of Offer is for Class "A" Units, with no Sales Load, which shall be issued at Par Value of Rupees Fifty (Rs. 50/-) per Unit. The Offer and Issue of Units at Initial Period shall commence from the start of the banking hours on September 05, 2008 and shall end at the close of the banking hours on September 09, 2008. This price is applicable to such Units that are issued before the close of the Initial Period of Offer (IPO). During this period Units will not be redeemed.

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

Subsequent to the Initial Period of Offer, Units shall be purchased at the applicable Purchase (Offer) Price and redeemed at the applicable Redemption (Repurchase) Price. The Management Company will fix the Purchase (Offer) and Redemption (Repurchase) Prices daily on the basis of the Net Asset Value (NAV) of the Units after the close of the Stock Exchange(s) / financial market(s) Business Day. In the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses, if any, for such closed days. The NAV based price per Unit shall be fixed after adjusting for the Sales Load as the case may be and any Transaction Costs that may be applicable save under circumstances elaborated in Clause 4.9 mentioned herein. Such prices shall be applicable to purchase and redemption request, complete in all respects, received during the business hours on the Business Day as announced by the Management Company from time to time.

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

### 2.1. Investment Objectives

Alfalah GHP Alpha Fund (AGAF) is an open-end Equity Fund. The primary investment objective of the fund is long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities.

## 2.2. Investment Policy

Alfalah GHP Alpha Fund (AGAF) will primarily invest in equity and equity related securities. If the Management Company expect the stock market to perform adversely during any period of time, based on its analysis of macro economic factors such as interest rates, economic growth rates, corporate earnings, stock market valuations, or based on political or any other factor(s), the management company may then temporarily allocate assets to other asset classes, subject to the prescribed limits, such as money markets, continuous funding system, ready future spread transactions, etc. To make stock selection decisions, fundamental and technical models will be employed and qualitative and quantitative analysis will be conducted to identify undervalued stocks.

## 2.3. Authorized Investments

| Asset Class & Instruments   | Min. Entity Rating | Min. Instrument Rating | Exposure Limit (% of NAV) |
|---|--------------------|------------------------|---------------------------|
| <b>a. <u>Equity Securities</u></b>  |                    |                        |                           |
| .i. Listed Equity Securities:   | -                  | -                      | *50%-100%                 |
| .ii. Unlisted equity securities for which an application for listing of such securities has been accepted by the stock exchange.  | -                  | -                      | 0%-15%                    |
| .iii. Pre-IPO Equity Securities.  | -                  | -                      | 0%-15%                    |
| .iv. Convertible Preference Shares.   | -                  | -                      | 0%-25%                    |
| <b>b. <u>Spread Transaction</u></b>   |                    |                        |                           |
| .i. Spread Transaction in local listed securities and also between Global Depository Receipts (GDR) and / or American Depository Receipts (ADR). The Fund will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities | -                  | -                      | 0%-25%                    |
| <b>c. <u>Continuous Funding System (CFS - MK II)</u></b>  | -                  | -                      | 0%-25%                    |
| <b>d. <u>Bank Placement &amp; Deposit subject to guidelines issued by SECP</u></b>  |                    |                        |                           |
| .i. Long, medium and short term deposits including Term Deposit Receipts (TDR's) with Commercial banks including deposits in currencies other than the Pakistani Rupee as permitted by the State Bank of Pakistan.  | A -                | -                      | 0%-50%                    |
| <b>e. <u>Fixed Income</u></b>   |                    |                        |                           |
| .i. Certificate of deposit.   | A -                | A -                    | 0%-25%                    |
| .ii. Certificate of investment.   | A -                | A -                    | 0%-25%                    |
| .iii. Reverse Repo Transaction against Government Securities.   |                    |                        | 0%-15%                    |
| <b>f. <u>Others</u></b>   |                    |                        |                           |
| .i. Warrants, Options, Swaps and Other Derivatives subject to obtaining separate prior approval of the SECP. Investment in this asset class would be for hedging purposes only and subject to such terms and conditions as approved by the SECP from time to time.  | -                  | -                      | 0%-25%                    |
| .ii. Subject to obtaining separate prior approval of SECP or other regulatory approvals, the Scheme may seek to invest in foreign equity securities issued, listed or otherwise and traded outside Pakistan including GDR's and ADR's bought on such terms, guidelines and directions as may be issued by the SECP and the State Bank of Pakistan from time to time.                        | -                  | -                      | 0%-30%                    |

- g. Any other security and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules & Regulations or any other regulatory authority from time to time.
  - ▶ Max or Min exposure means maximum and minimum exposure in relation to Net Assets of the Fund.
  - ▶ If the entity issuing the income / money market securities is not rated then the instrument would have a minimum investment grade rating as defined above by a credit rating agency registered with the SECP.
- \* The minimum investments in Listed Equity Securities are subject to NBFC Regulations and any subsequent changes in it in the future.

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

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

#### 2.5. Management Company can alter Investment Mix

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

#### 2.6. Changes in Investment Policy

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

#### 2.7. Investments Restrictions

- 2.7.1. The Fund Property shall be subject to such exposure limits as are provided in the Regulations and this Offering Document (subject to any written exemptions that may be specifically given to the Fund by the SECP): Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any Investment or disposal of any Investments such limit shall be exceeded. The Management Company will have three (03) months to comply with the exposure limits in case such limits are exceeded.
- 2.7.2. The Fund shall not invest more than twenty five percent (25%) of its Net Asset Value in securities of any one sector as per classification of the pertinent stock exchange(s).
- 2.7.3. The exposure of the Fund to any person shall not, at any time, exceed an amount equal to ten percent (10%) of total net assets of the scheme or ten percent of issued capital of that person, whichever is lower.
- 2.7.4. The Fund shall not take exposure of more than thirty five percent (35%) of net assets of the scheme in any single group.
- 2.7.5. The Fund shall not take exposure of more than ten percent (10%) of net assets of schemes at the time of taking exposure in listed group companies of the NBFC holding license of asset management services and such exposure shall only be made through the secondary market.
- 2.7.6. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulation, the Management Company shall not purchase any further Investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or bonus shares or any other offering if the Management Company is satisfied that accepting such offer is in the interest of the Trust. The Management Company will have three (3) months to comply with the exposure limits in case such limits are exceeded.

2.7.7. The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company owns more than five percent (5%) of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company own more than ten percent (10%) of those securities.

2.7.8. The Scheme will not at any time:

a. Purchase or sell:

- .i. Bearer securities;
- .ii. Securities on margin;
- .iii. Securities which result in assumption of unlimited liability (actual or contingent);
- .iv. Anything other than Authorized Investments as defined herein;
- .v. Commodities or commodity contracts; and
- .vi. Real estate or interest in real estate.

b. Participate in a joint account with others in any transaction;

c. Make short sales of any security or maintain a short position in securities whether listed or unlisted;

d. Purchase any security in a forward contract;

e. Acquire any security of which another asset management company managing a collective investment scheme is the issuer;

f. Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;

g. Apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;

h. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;

Provided that the Investment in sale and repurchase transactions involving government securities or such listed securities which are regulated by the stock exchanges shall not be attracted by the sub clause 'h' above.

i. Borrow, except with the approval of trustee, for meeting redemption request and such borrowing shall not exceed fifteen percent (15%) of the total net asset value of an open-end scheme at the time of borrowing and shall be repayable within a period of ninety (90) days (3 months).

## 2.8. Exception to Investment Restrictions

The exposure of the Fund to any person shall not, at any time, exceed an amount equal to ten percent (10%) of total net assets of the collective investment scheme or ten percent (10%) of issued capital of that person, whichever is lower. Provided that where exposure of a collective investment scheme exceeds the limits so specified because of corporate actions including taking up rights or bonus issue, and due to market price increase or decrease in net assets due to redemptions the excess exposure shall be regularized within three (3) months of the breach of limits unless the said period of three (3) months is extended up to another three months by the Commission on an application by the asset management company.

## 2.9. Borrowing and Borrowing Restriction

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

- 2.9.2. The charges payable to any bank or financial institution against borrowings on account of the Trust, as permissible under Clause 2.9.1 above, shall not be higher than the normal prevailing bank charges or normal market rates.
- 2.9.3. The maximum borrowing for the account of the Trust shall not exceed fifteen percent (15%) of the total Net Asset Value of the Scheme or such other limit as may be provided in the Regulations. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.
- 2.9.4. Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.
- 2.9.5. For the purposes of securing any such borrowing, the Trustee may with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Fund Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and / or any law for the time being in force.
- 2.9.6. Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that Unit Holders may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made in good faith.

## **2.10. Voting Rights on Fund Property**

- 2.10.1. All rights of voting attached to any Fund Property shall be exercisable by the Management Company on behalf of the Scheme and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain.
- 2.10.2. The Trustee shall upon written request by the Management Company, from time to time at the expense of the Fund execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote consent or otherwise act in respect of any investment in such form and in favour of such persons as the Management Company may require in writing.

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

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

## **2.11. Transactions with Connected Persons**

- 2.11.1. The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five percent (5%) of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten percent (10%) of those securities.
- 2.11.2. The Fund shall not without the prior approval of the Commission in writing, purchase from, or sell to, any connected person or employee of the asset management company or a collective investment scheme managed by it or a person who beneficially owns ten per cent or more of the equity securities of the collective investment scheme or asset management company, as the case may be.

- 2.11.3. For the purpose of clause 2.11.1 and 2.11.2 above, the term Director, Officer and Employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 2.11.4. Cash forming part of the property of the Fund may be placed as deposits with the Trustee or an institution licensed to accept deposits.
- 2.11.5. All transactions carried out by or on behalf of the Trust shall be made as provided in the Constitutive Documents and shall be disclosed in the Fund's annual accounts.

## 2.12. Risk Disclosure

- 2.12.1. Investors into the Fund must realize that all investments in mutual funds and securities are subject to market risks. Any target return / dividend payout cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to interest / markup rates and equity market fluctuations and other risks inherent in all such investments. The risk emanates from various factors that include, but are not limited to:
- 2.12.2. **Credit Risk** - Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of an Islamic-income security including money market instruments.
- a **Default risk** is the risk that the issuer will not be able to pay the interest / markup / principal obligation, either on time or at all.
- b **Credit spread risk** is the risk that there will be an increase in the difference between the return / interest / markup rate of an issuer's bond and the return / interest / markup rate of a bond that is considered to have little associated risk (such as a government guaranteed Islamic Sukuk bond or treasury bill). The difference between this return / interest / markup rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread may decrease the value of Islamic income securities including money market instruments.
- c **Downgrade risk** is the risk that a SECP approved credit rating agency or any other reputed international credit rating agency will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those securities.
- 2.12.3. **Currency Risk** - The Fund may be affected favorably or unfavorably by changes in currencies and exchange control regulations. The income earned by AGAF may also be affected by fluctuations in foreign exchange rates.
- 2.12.4. **Inflation risk** - The investment into units of the fund is subject to inflation risk due to the possibility of such investment not growing proportionately to the inflation rate and thus decreasing the investor's purchasing power even though the investment in monetary terms has increased.
- 2.12.5. **Liquidity Risk** - Some companies have limited market float of their issued securities and hence are not actively traded in the stock market / financial markets or they may generally have very few total securities issued and outstanding. Securities issued by such companies may be difficult to buy or sell, which may cause the value of the Funds that buy these securities to rise and fall substantially because any buying or selling of such company securities may have a great impact on that company's security price.
- 2.12.6. **Equity Market Risk** - This risk involves volatility in security prices resulting from their dependence on multiple factors including the profitability /performance of the investee companies, market sentiments, speculative activity, supply and demand for the shares, liquidity in the market, technological developments, Government regulations, economic and political situation within the country, region and internationally. As a result of these factors, the dividend income and the share price of equity securities may go up as well as down. The volatility in securities prices results in volatility in the NAV based price of the Unit of the Fund.
- 2.12.7. **Government Regulation Risk** - Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and / or the cash flows and / or any governmental or court orders restraining payment of capital, principal or income of Investee Companies to such companies.

- 2.12.8. **Voluminous Purchase / Redemption of Fund Units Risk** - Any significant transaction made by any investor could significantly impact the Fund's cash flow. If an investor buys large amounts of Units of the Fund, the Fund could temporarily have a high cash balance. Conversely, if a Unit Holder redeems large amounts of Units of Fund, the Fund may be required to meet the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment.
- 2.12.9. **Sovereign Risk** - Payment of bonds/ notes may be effected by the economic and political events in the country of the relevant issuer. The occurrence of a sovereign risk event could result in the loss of all or a portion of the principal invested should, as a result of any economic or political circumstance.
- 2.12.10. **Counter Party Risk** - The risk with repo / reverse repo / money market transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return / markup, if the market value of the security has dropped. In the case if repurchase transaction; the fund could incur the loss if the value of the security sold has increased more than the value of the cash or collateral held.

2.12.11. **Other Risks Involved:**

- a Mismangement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made.
- b Break down of law and order, uncertain political & economical condition, war, terrorist activity, natural disasters etc;
- c Break down of communication systems of the issuers, stock exchanges, clearing house, depository company, etc, or general disruption of satellite system; and
- d Senior rights of some creditors over other creditors in the event of winding up.

2.13. **Disclaimer**

- 2.13.1. Prices of Units of the Fund and income from them may go up or down.
- 2.13.2. Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up. In such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the clause 11 of the Fund's Trust Deed for more detailed information regarding this clause.
- 2.13.3. **The Units of the Trust are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, the Management Company, the Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any of Pre-IPO investor of AGAF or any other bank or financial institution.**

3 **ORGANIZATION, MANAGEMENT & OPERATORS**

3.1. **Management Company**

3.1.1. **Organization**

Alfalah GHP Investment Management Limited (AGIML) is as an Asset Management and Investment Advisory Company, licensed by SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The company was incorporated on October 18, 2004 as a public limited company under the Companies Ordinance, 1984. The certificate of commencement of business was obtained on March 10, 2005.

Alfalaha GHP Investment Management Ltd. is a part of Abu Dhabi Group Company led by His Highness Sheikh Nahayan Mubarak Al Nahayan, the current Federal Education Minister in the UAE Government. The group is the single largest foreign investor group in Pakistan. The group is one of the largest in the Middle East and has diversified business interests across the Middle East, Africa and Asia comprising oil and gas exploration, hospitality services, communications, banking, financial services, automobile industry and property development.

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

### 3.1.2. Capital Structure

|   | <b>Rupees</b>      |
|---|--------------------|
| <b>Authorized Capital</b>   | <b>400,000,000</b> |
| <b>Issued, Subscribed and Paid-up Capital</b><br>(32,445,970 shares of Rs. 10/- each) | <b>324,459,700</b> |
| <b>Sponsor's Equity:</b>  |                    |
| Bank Alfalah Limited  | 130,490,700        |
| MAB Investments Inc.  | 128,162,500        |
| GHP Arbitrium AG (Formerly GHP Financial Services AG)                                 | 46,604,500         |
| Mr. Muhammad Shoib  | 12,000,000         |
| Mr. Abdul Aziz Anis   | 7,200,000          |
| Mr. Aqueel Hassan   | 1,000              |
| Mr. Manocher Ahmed Jamal  | 1,000              |
| <b>Total</b>  | <b>324,459,700</b> |

### 3.1.3. Main Sponsors

The sponsor of Alfalah GHP Investment Management Ltd. is Bank Alfalah Limited which has nominated two Directors on the Board. Other institutional investors include GHP Arbitrium AG and MAB Investments Inc.

The following is the current shareholding structure of the company:

| <b>Sponsors</b>      | <b>Shareholding Percentage</b> |
|----------------------|--------------------------------|
| Bank Alfalah Limited | 40%                            |
| MAB Investments Inc. | 40%                            |
| GHP Arbitrium AG     | 14%                            |
| Individuals          | 6%                             |

#### a **Bank Alfalah Limited**

Bank Alfalah Limited (BAL) was incorporated on June 21, 1992 as a public limited company under the Companies Ordinance, 1984. The bank is engaged in banking services and is operating through more than 231 branches that include 32 Islamic Banking branches and seven overseas branches as at December 31, 2007. Bank Alfalah is the fifth largest bank in the country in terms of total assets and has shown aggressive expansion in recent years in all areas of business. The financial health of BAL is evident by long term credit rating of "AA" assigned by PACRA. As at December 31, 2007 the Bank had total deposits of approximately Rs.273 billion and total shareholders equity of approximately Rs. 13.77 billion.



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

| <b>Year End 31st December</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Pak Rupees (In Million)       |             |             |             |             |             |
| Shareholder's Equity          | 3,753       | 4,369       | 6,738       | 10,573      | 13,767      |
| Total Assets                  | 98,952      | 154,835     | 248,314     | 275,686     | 328,895     |
| Advances                      | 49,216      | 88,931      | 118,864     | 149,999     | 171,199     |
| Deposits                      | 76,698      | 129,715     | 222,345     | 239,509     | 273,174     |
| Total Income                  | 7,425       | 7,140       | 14,515      | 24,416      | 31,822      |
| Profit After Taxation         | 2,123       | 1,092       | 1,702       | 1,763       | 3,130       |

**b GHP Arbitrium AG (Formerly GHP Financial Services AG)**

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

**c MAB Investments Inc.**

MAB represents the private investment holding company of H.H. Sheikh Nahayan Mabarak Al Nahayan, the current Federal Education Minister in the UAE Government. MAB has a very distinguished board which is led by H.H. Sheikh Nahayan himself and also includes Mr. Bashir A. Tahir, who is the CEO of Dhabi Group of UAE and is also the recipient of the prestigious Sitara-e-Imtiaz from the Pakistani Government in the year 2005.

MAB is one of the investment vehicles through which the global investments of H.H. Sheikh Nahayan are managed.

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

**3.2.1. Board of Directors**

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

| Name                     | Position                                     | Other Directorships  | Current Occupation  | Address  |
|--------------------------|--|--|---|--|
| Hani Theodor Karl        | Director<br>(Nominee - GHP Arbitrium AG)     | GHP Arbitrium AG<br>Alfalah Securities (Pvt.) Ltd<br>MAB Investment Inc. | Vice-President -<br>GHP Arbitrium AG                          | Im Zoepfli 3,<br>CH-6000, Lucerne 5,<br>Switzerland                |
| Mohammad Yousuf          | Director<br>(Nominee - Bank Alfalah Limited) | Alfalah Securities (Pvt.) Ltd.<br>Alfalah Insurance (Pvt.) Ltd.          | Group Head Credit &<br>Collection of<br>Bank Alfalah Ltd      | C-71, Khayaban-e-<br>Bahria, Phase 7,<br>Karachi                   |
| Shakeel Sadiq            | Director<br>(Nominee - Bank Alfalah Limited) | Al-Hamra Avenue (Pvt.) Limited<br>Wincom (Pvt.) Limited                  | Group Head Branch<br>Banking & SME of<br>Bank Alfalah Limited | 9, Askari Villas,<br>Shami Road, Lahore<br>Cantt.                  |
| Manocheer Ahmed<br>Jamal | Director<br>(Non Executive)                  | Alfalah Securities (Pvt.) Ltd  | Finance Manager -<br>Dhabi Group                              | Suite # 304, Dhabi<br>Tower, Hamdan<br>Street, Abu Dhabi,<br>U.A.E |

### 3.2.2. Profile of Directors

#### Mr. Aqueel Hassan

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

#### Mr. Abdul Aziz Anis, CFA

Mr. Abdul Aziz Anis brings with him over 13 years of experience in the financial sector of Pakistan. He has vast experience of the capital markets of the country ranging from research to sales to investment advisory & corporate finance. His past assignment was as Chief Executive of the Pakistan Office of Indosuez W.I. Carr Securities (IWICS) which was one of the leading emerging market stock brokers and part of the Credit Agricole Group of France. He has also spent a brief period abroad in Hong Kong in IWICS where he was part of the Indian Subcontinent Sales team responsible for marketing equity investment opportunities in India, Pakistan, Sri Lanka and Bangladesh to Far Eastern institutional clients such as mutual funds etc. Mr. Abdul Aziz is by qualification a Chartered Financial Analyst (CFA) from the CFA Institute of USA and an MBA with a major in Finance from Institute of Business Administration (IBA) Karachi, Pakistan.

#### Mr. Hani Theodor Karl

Mr. Theodor Karl is currently serving as Vice-President of the Supervisory Board of GHP Arbitrium AG (formerly GHP Financial Services Ltd) of Switzerland. He has more than 40 years of investment banking experience. Presently he is responsible for strategic growth and development of the company, human resources management, investment policy formulation and managing key client relationships. Mr. Karl brings with him global investment expertise and experience not only related to international investments but also investment advisory, private equity project funding and risk management.

**Mr. Mohammad Yousuf**

Mr. Mohammad Yousuf is presently working as Group Head Credit & Collections of Bank Alfalah Limited. He brings with him more than 33 years of experience in banking sector. He has extensive financial risk management and audit experience. Mr. Yousuf is a Bachelor of Commerce and Fellow Member of Institute of Bankers in Pakistan.

**Mr. Shakeel Sadiq**

Mr. Shakeel Sadiq is presently working as Group Head Branch Banking & SME of Bank Alfalah Limited. He brings with him over 23 years of banking experience. He has extensive international banking experience, especially so in the Middle East where he spent the better part of his banking career. His previous assignments were with BCC Emirates and Union National Bank of Abu Dhabi. Mr. Sadiq is a Bachelor of Economics by qualification.

**Mr. Manocher Ahmed Jamal**

Mr. Manocher Ahmed Jamal is an MBA with a major in Finance from Institute of Business Administration Karachi. He has over 16 years of experience in the field of industrial and financial markets both nationally and internationally. He is presently working as Finance Manager in Dhabi Group, which oversees the management of investments, both domestic and international, of H.H. Sheikh Nahayan Mubarak Al Nahayan, the current Federal Minister for Education in UAE.

**3.3. Profile of the Management****Mr. Abdul Aziz Anis, CFA**

*Chief Executive*

Please see background as explained above in particulars of Directors.

**Mr. Omer Bashir Mirza**

*Chief Financial Officer and Company Secretary*

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

Mr. Mirza is an associate member of the Institute of Chartered Accountants of Pakistan and brings with him over 6 years of working experience. Before joining Alfalah GHP Investment Management Limited he has worked with different organizations and has been involved in various audit, consultancy and tax advisory services during his Chartered Accountancy training

**Mr. Zafar Sharif**

*Head of Corporate Marketing*

Mr. Sharif's professional career spans over 16 years of banking & marketing in Pakistan as well as abroad (UAE, Canada and USA). He has vast experience in such diverse fields as corporate banking, risk management, retail credit, credit controls and operations. Prior to joining the company he was at Discovery Financials, a unit of Morgan Stanley USA, where he was working in the capacity of Manager, Financials & Risk Reporting. He has also worked for Freedom 55 in Canada (a division of London Life Insurance) and with Union National Bank in UAE. Mr. Sharif is an MBA (Finance) from the University of Toronto, Canada.

**Mr. Imad Siddiqui**

*Head of Information Technology*

Mr. Siddiqui has over 8 years of IT experience in the financial markets of the country. Prior to joining the company he was working in Pak Libya group as Head of Information Technology. He has vast experience in project management and has actively worked on systems security, analysis, design and implementation. Mr. Siddiqui holds a Bachelor of Computer Science degree from the Sir Syed University of Engineering and Technology. Besides this basic qualification, he holds various certifications in both software and networking solutions.

**Mr. Salman Ali Hussain**

*Fund Manager Alfalah GHP Value Fund and Alfalah GHP Islamic Fund*

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

**Mr. Zeeshan Khalil**

*Fund Manager Alfalah GHP Income Multiplier Fund*

Mr. Zeeshan Khalil brings with him 4 years of experience in the financial sector, mostly in the mutual fund industry. Prior to joining the company he was working with UBL Fund Managers and was responsible for the overall Treasury Operations and Liquidity Management plus working in close interaction with the Fund Manager for placements of funds and investments in fixed income securities. He is an ICMA Finalist and has also previously worked with Central Depository Company of Pakistan (CDC) in the Trustee Division.

**3.4. Funds under Management of Alfalah GHP Investment Management Ltd.**

3.4.1. Alfalah GHP Investment Management Ltd. is currently managing four open-end mutual funds namely:

- a Alfalah GHP Value Fund (AGV)
- b Alfalah GHP Income Multiplier Fund (AGIMF)
- c Alfalah GHP Islamic Fund (AGIF)
- d Alfalah GHP Principal Protected Fund (AGPPF)

Description of the funds is summarized below:

**Alfalah GHP Value Fund (AGV)**

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

|                                 |  |
|---------------------------------|--|
| Fund Name                       | Alfalah GHP Value Fund (AGV)                   |
| Fund Type                       | Open-End                                       |
| Nature of Fund                  | Asset Allocation Fund                          |
| Date of Launching               | October 28, 2005                               |
| Fund Size as at 31st July 2008  | Rs. 925.158 million                            |
| Par Value                       | Rs. 50/-                                       |
| NAV per unit on 31st July, 2008 | Rs. 52.61/-                                    |
| Credit Rating                   | 5 - Star by PACRA                              |
| Trustee                         | Central Depository Company of Pakistan Limited |
| Auditor                         | KPMG Taseer Hadi and Co                        |
| Risk Profile                    | Moderate                                       |
| Listing                         | Karachi Stock Exchange (Guarantee) Limited     |

**Distribution Details are as under:**

| Period End | Annualized Return<br>(p.a.) | Payout  |       |
|------------|-----------------------------|---------|-------|
|            |                             | Cash    | Stock |
| 2005       | 14.50% *                    | -       | 1%    |
| 2006       | 12.71%                      | -       | 10%   |
| 2007       | 21.25%                      | Rs. 5/- | 10%   |

\* Fund launch on 28-10-2005

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

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

|                                 |  |
|---------------------------------|--|
| Fund Name                       | Alfalalah GHP Income Multiplier Fund (AGIMF)   |
| Fund Type                       | Open-End                                       |
| Nature of Fund                  | Income Fund                                    |
| Date of Launching               | June 15, 2007                                  |
| Fund Size as at 31st July 2008  | Rs. 2,073.733 million                          |
| Par Value                       | Rs. 50/-                                       |
| NAV per unit on 31st July, 2008 | Rs. 51.8596/-                                  |
| Credit Rating                   | N/A  |
| Trustee                         | Central Depository Company of Pakistan Limited |
| Auditor                         | KPMG Taseer Hadi and Co                        |
| Risk Profile                    | Low  |
| Listing                         | Karachi Stock Exchange (Guarantee) Limited     |

**Distribution Details are as under:**

| Period End | Annualized Return<br>(p.a.) | Payout |       |
|------------|-----------------------------|--------|-------|
|            |                             | Cash   | Stock |
| 2007       | 9.50% *                     | -      | 4.75% |

\* Fund launch on 15-06-2007

**Alfalalah GHP Islamic Fund (AGIF)**

Alfalalah GHP Islamic Fund (AGIF) is an open-end asset allocation scheme and was launched on September 3, 2007. The primary objective of the fund is to seek long term capital appreciation and income from a diversified portfolio developed in consistence with the principles of Shariah. The investments in the Fund will be diversified both in terms of securities within an asset class as well as across asset classes. The Fund can invest upto a maximum of 80% in either Shariah complaint equity securities or alternatively the Fund can invest upto a maximum of 80% in Shariah compliant Income / money market instruments. The Fund actively switch between these asset classes so as to optimize investor returns over a period of time. All activities of the Fund are undertaken in accordance with the Islamic Shariah as per the guidelines given by Shariah Advisory Board of the Fund.

|                                 |  |
|---------------------------------|--|
| Fund Name                       | Alfalah GHP Islamic Fund (AGIF)                |
| Fund Type                       | Open-End                                       |
| Nature of Fund                  | Islamic Asset Allocation Fund                  |
| Date of Launching               | September 3, 2007                              |
| Fund Size as at 31st July 2008  | Rs. 391.781 million                            |
| Par Value                       | Rs. 50/-                                       |
| NAV per unit on 31st July, 2008 | Rs. 50.93/-                                    |
| Credit Rating                   | N/A  |
| Trustee                         | Central Depository Company of Pakistan Limited |
| Auditor                         | KPMG Taseer Hadi and Co                        |
| Risk Profile                    | Moderate                                       |
| Listing                         | Karachi Stock Exchange (Guarantee) Limited     |

**Distribution Details are as under:**

| Period End | Annualized Return<br>(p.a.) | Payout |       |
|------------|-----------------------------|--------|-------|
|            |                             | Cash   | Stock |
| 2007       | 14.41% *                    | -      | 1%    |

\* Fund launch on 03-09-2007

**Alfalah GHP Principal Protected Fund (AGPPF)**

Alfalah GHP Principal Protected Fund (AGPPF) is an open-end Capital Protection scheme and was launched on July 21, 2008. Alfalah GHP Principal Protected Fund aims at protecting investor capital through an investment structure by placing significant percentage of the Initial Funds Size as bank deposit(s) with scheduled commercial bank(s) having minimum long term investment grade rating of AA to ensure the principal protection of the Initial Invested Value till the end of the Minimum Period and uses the remaining funds to gain exposure into equity, money or fixed income securities or any other SECP permissible instrument(s) that the management feels would be appropriate to optimize return. The duration of AGPPF is thirty (30) Months from the last date of IPO. The Principal Protection Placement Agreement of AGPPF was signed with Bank Alfalah Limited having long term credit rating of AA.

|                                |  |
|--------------------------------|--|
| Fund Name                      | Alfalah GHP Principal Protected Fund (AGPPF)     |
| Fund Type                      | Open-End   |
| Nature of Fund                 | Capital / Principal Protection                   |
| Date of Launching              | July 21, 2008                                    |
| Fund Size as at 31st July 2008 | Rs. 887.714 million                              |
| Par Value                      | Rs. 50/-   |
| NAV per unit 31st July 2008    | Rs. 50.06/-                                      |
| Credit Rating                  | N/A  |
| Trustee                        | Muslim Commercial Financial Services (Pvt.) Ltd. |
| Auditor                        | KPMG Taseer Hadi and Co                          |
| Risk Profile                   | Low  |
| Listing                        | Karachi Stock Exchange (Guarantee) Limited       |

### 3.5. Role of the Management Company

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

#### 3.5.1. Responsibilities of the Management Company

- a The Management Company shall manage the Scheme in the best interest of the Unit Holders, in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in the Trust Deed, Rules & Regulations and subject to any special exemptions granted by SECP. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- b The Management Company shall comply with the provisions of the Rules & Regulations and the Constitutive Documents for any act or matter to be done by it.
- c The Management Company may from time to time appoint, remove or replace the Registrar.
- d The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Scheme.
- e The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the Rules & Regulations and Constitutive Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, or for anything except for its own gross negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of Constitutive Documents, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- f The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issuance of Units and paid out by the Scheme on redemption of Units and by way of distributions.
- g The Management Company shall prepare and circulate (physically or through electronic means or on the web subject to SECP's approval) an annual report, together with a copy of the balance sheet, income statement, cash flow statement, statement of movement in unit holder's fund or net assets or reserve and the Auditor's report of the Scheme to the Trustee, Unit Holders, the SECP and the Stock Exchange on which the units of the fund are listed within three (03) months of the closing of the accounting date and balance sheet and profit & loss accounts shall comply with the requirements set out in the Schedule IV of the Regulations.
- h The Management Company shall within one (1) month of the closing of the first and third quarter and within two (2) months of the closing of the second quarter of each Accounting Date, prepare and circulate (physically or through electronic means or on the web subject to SECP's approval) to the Trustee, Unit Holders, the SECP and the Stock Exchange on which the units of the fund are listed, balance sheet as at the end of that quarter, an income statement, a cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise.
- i The Management Company shall maintain a Register of Unit Holders of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- j The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, an Auditor from the approved list of auditors circulated by the Commission from time to time, who shall be a chartered accountant and independent of the auditor of the asset management company, as the case may be, and the trustee and such auditor shall not be appointed for more than five (5) consecutive years and the contents of the Auditor's Report shall be in accordance with schedule IV of the Regulations.

- k The Management Company shall obtain a rating of the scheme, once the scheme becomes eligible for rating as per the rating criteria of the rating agency, and such rating shall be updated at least once every financial year.
- l As per the Regulation 45 of the Non-Banking Finance Companies & Notified Entities Regulations 2007 the Management Company shall not:
- (a) acquire the management of a collective investment scheme, unless it has obtained the prior approval of the Commission in writing to do so;
  - (b) pledge any of the securities held or beneficially owned by a the Fund except as allowed under these Regulations;
  - (c) accept deposits from a collective investment scheme;
  - (d) make a loan or advance money to any person from the assets of the Fund;
  - (e) participate in a joint account with others in any transaction on behalf of the Fund;
  - (f) apply any part of asset of collective investment scheme to real estate;
  - (g) make any investment of the Fund with the purpose of having the effect of vesting the management, or control over the affairs, of investee company by the NBFC or its group;
  - (h) enter into transactions with any broker, which exceed ten percent (10% ) of the commission paid by the Fund in any one accounting year; subject, however, that such broker shall not have a common director, officer or employee with the investment adviser or asset management company;
  - (i) undertake brokerage services on stock exchanges or in the money market;
  - (j) enter into underwriting or sub-underwriting contracts, except as specified in clause (b) of sub-regulation (1) of Regulation 65, on behalf of the collective investment schemes being managed by it; and
  - (k) maintain its own equity portfolio except for the investments made by such NBFC into the collective investment schemes or pension funds being managed by it or its subsidiaries licensed as NBFC under the Rules or as allowed in clause (h) of sub-rule (2) of the Rule 7 or as allowed by the Commission from time to time.

The above limitation and conditions may change from time to time by SECP's directives or amendments to or substitution of the Rules & Regulations, in which event such amended or modified conditions will be deemed to be incorporated in the Trust Deed and in this Offering Document without the need to enter into any supplemental Trust Deed or Offering Document.

### **3.6. Trustee**

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

SECP has approved appointment of Central Depository Company of Pakistan Limited as Trustee of Alfalah GHP Alpha Fund (AGAF) vide its letter No. NBFC-II/AD/AGIML/930 dated December 13, 2007.

#### **a. Name and Registered Address:**

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



**b. CDC's Vision Statement**

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

**c. CDC's Mission Statement**

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

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

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

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

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

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

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

### 3.6.2 Basic Role of the Trustee

Role of the trustee has been defined in detail in clause 6.1 of the Trust Deed. Basic role of trustee is:

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

### 3.7. Core Investors

- 3.7.1. Alfalah GHP Investment Management Limited is the Core Investor and has subscribed the amount stated below:

| Name                                      | Number of Units | Rupees      |
|---|-----------------|-------------|
| Alfalah GHP Investment Management Limited | 2,000,000       | 100,000,000 |

The Alfalah GHP Investment Management Limited has subscribed an aggregate sum of Rs.100,000,000/- (Rupees Hundred Million) towards the purchase of 2,000,000 Core Units of Rupees (Rs. 50/-) each. Out of total investment at least fifty million (50 M) rupees shall remain invested and these Units cannot be redeemed for a period of two (2) years from the date of closure of Initial Period of Offer. A mention of this restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. These Units shall, however, be transferable and shall be affected only on the receipt by the Registrar / Transfer Agent of a written acceptance of this condition by the Transferee.

3.7.2. Prior to and during the Initial Period of Offer, the Trustee on the advice of the Management Company shall deposit the Fund Property in a separate account with a scheduled bank.

### 3.8. Registrar

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

### 3.9. Custodian

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

3.9.2. The salient features of the custodial function are:

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

### 3.10. Sub-Custodian

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

### 3.11. Distributors and Investment Facilitators

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

3.11.2. The Distributors will be responsible for receiving applications for purchase of Units and redemption / transfer applications. They will be interfacing with and providing service to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate Certificates, transfer to electronic form in CDS, requests for income tax exemption / zakat exemption, etc. for immediate transmission to the Management Company or the Registrar (if the Management Company appoints an independent Registrar) as appropriate for further action.

3.11.3. The Management Company may, at its sole responsibility, from time to time, appoint Investment Facilitators (Facilitators). The Facilitators' function is to identify, solicit and assist investors in investing in the Fund. The Management Company may remunerate the distributor and / or Facilitators out of the Front-end Load or from its own resources.

### 3.12. The External Auditors

3.12.1. The Auditors of the Fund are:

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

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

### 3.13. Legal Advisors

The Legal Advisors of the Fund are:

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

### 3.14. Bankers

- 3.14.1. The banker to the Fund is Bank Alfalah Limited or any other bank appointed by the Management Company from time to time. The Trustee will operate the bank accounts of the Fund on the instructions from the Management Company.

#### 3.14.2. Bank Accounts

The Management Company will perform all banking activities through Trustee of the Fund.

- a. The Trustee, at the request of the Management Company, shall open Bank Accounts titled "**CDC-Trustee Alfalah GHP Alpha Fund**" for the Unit Trust at designated Bank(s) at Karachi (or any other city as per the instruction of the Management Company from time to time) for collection, investment, redemption or any other use of the Trust's funds.
- b. The Trustee shall also open additional Bank Account(s) titled "**CDC-Trustee Alfalah GHP Alpha Fund**" at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.
- c. The Trustee shall open additional Bank Accounts titled "**CDC - Trustee Alfalah GHP Alpha Fund**" at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holders for redemption purposes.

- d. The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. These accounts may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
- e. The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust. Notwithstanding anything in this Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- f. All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- g. All income, interest/markup, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- h. The amounts received from the Core Investors (seed capital) and Private Placement Investors (as per Clause 4.2 below) shall be deposited in separate Bank Accounts having title **CDC-Trustee Alfalah GHP Alpha Fund - Pre-IPO**. Separate bank accounts for Local & Offshore Pre-IPO investors will be opened with a scheduled bank. The Management Company may from time to time deposit such Pre-IPO amounts with schedule commercial banks having a minimum investment grade rating of 'A-' (A-minus) by a SECP approved credit rating agency and subsequently transfer such amounts to the main Bank Account of the Fund upon the close of the Initial Period of Offer. Any Interest/markup, profit etc. earned on such Pre-IPO bank deposits upto the close of the Initial Period of Offer, after deducting all expenses in this regard, shall be paid to the Core Investors and Private Placement Investors on proportionate basis of their Pre-IPO subscription amounts and shall not form part of the Fund Property. Such payments shall be made either in the form of cash or additional units as the management company may decide.
- i. All bank accounts shall be operated by the Trustee of the Fund and in case of any unauthorized activity in such accounts, the Trustee may report to SECP and/or State Bank of Pakistan and may also consider removing such banker from funds' bank accounts panel.

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

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

The Management Company may from time to time amend the minimum amount of initial investment that is required to open an Investment Account (Account) with the Registrar. Presently, the minimum amount of investment to open an Account for purchasing the Units of the Fund is Rs. 5,000/- and the minimum amount for adding to an existing Account is Rs. 1,000/- per transaction. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving 30 days prior notice to the unit holders. In the event the investment in any investor's Account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Registrar to close such Account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemptions on such date by giving 15 days prior notice to the Unit Holder(s).

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

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

- 4.2.1. **Class "A"** (Restricted / Core Units) Units issued to the Core Investors with no Sales Load. Out of total investment at least fifty million rupees (50 M) shall remain invested and cannot be redeemed for a period of two (2) years from the date of closure of Initial Period of Offer. However such Units are transferable.
- 4.2.2. **Class "A"** Units being offered and issued during the Private Placement and Initial Period of Offer (IPO) with no Front-end Load. However such units will be subject to Back-end Load if any.

4.2.3. **Class "B" Units**, which shall be offered and issued after the Initial Period of Offer (IPO) with or without Sales Load ( Front-end Load / Back-end Load) or any combination of foregoing from time to time.

4.2.4. **Types of Units:**

Currently Alfalah GHP Alpha Fund offers following types of units:

- ▶ Growth Units (entitled to Bonus Units in case of any distribution by the Fund)
- ▶ Income Units (entitled to Cash Dividend in case of any distribution by the Fund)

An investor at the time of initial investment or re-investment shall select the type(s) of Unit(s) in which investor wishes to invest in, namely Growth Unit and / or Income Units.

**Growth Units:** Growth Units are meant for those Unit Holders who want to receive Bonus Units only at the time of any interim and annual distribution announcements made by the Management Company from time to time. However, the Unit Holder(s) will have the option at the time of investment or subsequently through Service Request Form (AGIML - 02) to en-cash bonus units at Ex-NAV for the relevant distribution period.

**Income Units:** Income Units are meant for those Unit Holders who want to receive Cash Dividend only at the time of any interim and annual distribution announcements made by the Management Company from time to time. However, the unit holders may instruct in writing at the time of investment or subsequently or through Service Request Form (AGIML - 02) to reinvest their cash dividend on the basis of the ex- NAV at the Distribution Date. Such reinvestment shall be made, net of any taxes, charge and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder(s). For details please refer clause 5.4.4 of the Offering Document.

4.2.5. Sales load shall be charged on these Unit types depending upon the classes of Units in which they are issued.

4.2.6. At the time of investment or subsequently through Service Request Form (AGIML - 02) an investor can split it's investment in more than one type of Units.

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

4.2.8. The Transfer Agent shall send within 7 business days an Account Statement to the Unit Holder each time there is an activity in the account. Such statements or report may be sent by electronic means (if authorized by the unit holder) or ordinary mail to the Unit Holder's address recorded in the register.

4.2.9. All Units and fractions thereof (up to two decimal places) represent an undivided share in the Scheme and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in AGAF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's pari passu rights, for the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time through supplementary Offering Document with prior approval of SECP and with prior intimation to the Trustee.

4.2.10. **Transfer of units** - The Unit Holder may transfer his / her investment holdings to some other person at any stage by filling out and lodging the prescribed Service Request Form (AGIML - 02) to the Distributor / Investment Facilitator or to the Management Company or to the Registrar / Transfer Agent during business hours on the Business Day as announced by the Management Company from time to time. This transfer will be done without any front-end Load or back end load or any other transaction costs.

4.2.11. **Unit Certificate** - The Unit Holder(s) may obtain Certificates representing the Units they hold by paying a nominal fee of Rupees (Rs. 50/-) per Certificate, subject to revision from time to time by the Management Company. Requests for redemption, transfer or transmission of Units shall be processed only on the production of the Certificate(s) if issued earlier. In the event of loss or defacing of Certificates, the process shall be carried out subject to appropriate safeguards to the satisfaction of the Management Company / Trustee / Registrar and the associated cost if any will be borne by the Unit Holder.

- 4.2.12. **Registration of Pledge / Lien** - The Registrar may register a pledge / lien on any Units in favour of any third party with the specific authority of the Management Company. However, the pledge / lien shall be valid only if evidenced by a statement or letter issued by the Registrar indicating the Units marked in favour of the pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien and the party giving the lien. (Please see Clause 4.8 for details).
- 4.2.13. In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holder(s) to continue acquiring Units out of any distribution declared on Units held by them.
- 4.2.14. In the event of winding up of the Fund, the Units standing to the credit of investor(s) shall be dealt with as per the applicable NAV of those Units.

### 4.3. Purchase and Redemption of Units

- 4.3.1. Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices on any Business Day during business hours as announced by the Management Company from time to time.
- 4.3.2. During the period in which the register is closed, as mentioned in Clauses 4.9 and 5.8 of this Offering Document, the purchase and redemption of Units will be suspended.
- 4.3.3. The Management Company may decline to issue Units to any applicant if it is of the opinion that it will not be possible to invest substantial inflow of fund.

### 4.4. Procedure for Purchase of Units

#### 4.4.1. Who Can Apply?

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the purchase of Units in the Fund. The onus for being so qualified lies with the investor and neither the Management Company, nor the Trustee, nor the Registrar nor the Distributors nor the Investment Facilitators accept any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 4.4.2 below including but not limited to:

- a Citizens of Pakistan resident in Pakistan: In respect of minors below 18 years of age applications may only be made by their guardians.
- b Companies, corporate bodies, financial institutions, banks, modarabas, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective memorandum and articles of association and / or bye-laws.
- c Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the purchase of Units in the Fund shall warrant that he / she is duly authorized to purchase such Units.
- d Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended by S.R.O. 261(I)/2002 dated 10 May, 2002, to the extent of twenty percent of the Provident Fund, as amended from time to time. (AGAF will obtain listing on one of the stock exchanges in Pakistan).
- 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 Institutions, funds, trusts, societies or other organizations established in Pakistan for religious or charitable and community service purposes under Section 213(1)(i) of Income Tax Rules, 2002.
- h And any other person, natural or artificial, who is allowed to invest in this Fund under the applicable laws.

#### 4.4.2. Account Opening Application Procedure

- a Fully completed Account Opening & Units Transaction Form (AGIML - 01) for purchase of Units accompanied by the payment for the investment and copies of the documents mentioned in the subparagraphs below should be delivered at any of the Authorized Branches of the Distribution Companies or to Investment Facilitator or may be submitted directly to the Management Company during the business hours on the Business Day as announced by the Management Company from time to time. Account Opening & Units Transaction Form (AGIML - 01) is available with Distributors or Investment Facilitators or may be obtained from the Management Company or its web site. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 4.10.3. Currently only the Authorized Branches of the Distribution Companies as mentioned in Annexure "C" of this Offering Document are authorized to collect application and payment for the issue of Units as laid down in Clause 4.4.4 of this Offering Document.
- b In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company, needs to be furnished, along with following key relevant information;
  - .i. Personal Information of the Investor such as name, father's name etc;
  - .ii. In case of Joint Holders the names along with CNIC / passport copies;
  - .iii. Information about Nominee (where required);
  - .iv. Zakat declaration Form in case of exemption;
  - .v. Specimen signature of the applicant plus all Joint Holders;
  - .vi. Operating Instructions for Redemption / Operation of Account;
  - .vii. Instructions for Dividend and redemption mandate;
  - .viii. Bank details for Redemption and Dividend mandate.
- c In case of body corporate or a registered society, institutions, corporates or trusts, copies of the following documents, if available, may be submitted at the time of opening of the investment account:
  - .i. Investor's name;
  - .ii. Registration Number and National Tax Number. (NTN);
  - .iii. List of Authorized Signatories along with copies of CNIC and their specimen signatures;
  - .iv. Instructions for Redemption;
  - .v. Bank details;
  - .vi. Instructions for Dividend mandate, Zakat and Tax status;
  - .vii. Other relevant documents as may be required by the Registrar / Transfer Agent.
- d In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company and / or Transfer Agent., fresh submission of documents will not be required, provided that deposited documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.
- e Once the Investor Account has been opened, the Investor will be allotted a specific Registration / Folio Number which can be used for all future transactions to facilitate reference and linking.
- f The applicant will receive acknowledgement confirming the receipt of the application form from Authorized Officer of the Distributor or Management Company. Payment of Units can be made as laid down in Clause 4.4.4.



- g The Distribution Company and / or Management Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected if the applicant fails to rectify the discrepancy.
- h If subsequent to receipt of the application by the Distributor or Management Company, but prior to issue of the Units, the application is found by the Registrar / Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Registrar / Transfer Agent or the Distributor will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen (15) days. In the event the discrepancy is not removed in the said fifteen (15) days, the amount will be refunded without any markup.
- i However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Registrar / Transfer Agent or the Distributor or the Management Company will advise the applicant in writing to remove the discrepancy within fifteen (15) days. If the investor, in the opinion of the Registrar / Transfer Agent, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price announced on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- j Investors will be allotted Units based on the Purchase (Offer) Price of the Fund, as announced by the Management Company, for the day on which correctly filled Units Transaction Form (AGIML - 01) is submitted to the Distributor and / or Management Company within the business hours on the Business Day as may be prescribed by the Management Company from time to time. However, the Investor will be provided the account statement within seven (7) Business Days after the said purchase amount of the Units purchased have been credited to the Fund Account.
- k In the event a cheque is returned unpaid, the Management Company will assume the application for subscription to be regarded as void and the Units allotted will be cancelled and the investor informed accordingly. The investor will be asked to submit fresh payment for the said Units which will then be allotted Units based on the Purchase (Offer) Price announced by the Management Company on the day the said new Investment Form together with the payment is received by the Distributor and / or Management Company on the Business Day within the business hours as may be prescribed by the Management Company from time to time.

#### 4.4.3. Joint Application

- a Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first named holder basis; however, each person must sign the Account Opening & Unit Transaction Form (AGIML - 01) and submit a copy of their Computerized National Identity Card (CNIC) or any other identification document.
- b The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the designated bank account as mentioned at the time of Purchase of Units shall be considered as a valid discharge by the Trustee and Management Company of its obligation.
- c In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Account Opening & Unit Transaction Form (AGIML - 01), shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee and Management Company of its obligations.

#### 4.4.4. Payment for Purchase of Units

- a Payment for the Fund Units can be made in the form of:
  - .i. Cheque (marked "Account Payee Only" in favor of "CDC-Trustee Alfalah GHP Alpha Fund");
  - .ii. Demand draft or Pay-order in favor of "CDC-Trustee Alfalah GHP Alpha Fund"; and
  - .iii. Online transfer money with proper intimation to the Management Company / Registrar applicable for Bank Alfalah Limited Account Holder(s) only.

- b The Management Company may also notify from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it.
- c The aforesaid payments must be handed over to a Distributor or Management Company who will acknowledge the receipt on the Account Opening & Units Transaction Form (AGIML - 01). Such payments will only be deposited in the bank account of the Fund titled "CDC - Trustee Alfalah GHP Alpha Fund" maintained with the designated banks and their branches.
- d Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Regulation 46 of the NBFC Regulations.

#### **4.5. Procedure for Redemption of Units**

##### **4.5.1. Who Can Apply?**

- a All Unit Holders, other than the holders of Class "A" Units (Core / Restricted Units) are eligible to redeem the said Units. Holders of Class "A" Restricted Units will be eligible for redemption of rupees fifty (50) million after the expiry of the period of two years from the date of the closure of the Initial Period of Offer (IPO), however such Units are eligible for transfer subject to the condition that the new transferee of such unit(s) agrees to the same for the balance period, if any.
- b Forms are available with Distributors or Investment Facilitators or may be obtained from the Management Company or its website.

##### **4.5.2. Redemption Requests Procedure**

- a Request for redemption can be made by completing the prescribed Unit Transaction Form (AGIML - 01) and surrendering the relevant Certificate, if issued, and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company or through an Investment Facilitator within business hours on the Business Day as announced by the Management Company from time to time. In case the Certificate is not issued, the applicant has only to complete the prescribed Units Transaction Form (AGIML - 01). The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder(s) from the Unit Holder Register.
- b In case of CDS Units, copy of withdrawal request form submitted to the CDC by the unit holder, will also be submitted to the Registrar / Transfer Agent along with the Units Transaction Form (AGIML - 01).
- c The Unit Holder(s) will receive the acknowledgement confirming the receipt of the application for redemption from the relevant Distributor and / or Management Company.
- d The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Unit Transaction Form (AGIML - 01). In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- e If subsequent to receipt of the application by the Distributor, but prior to the Redemption of the Units, the application is found by the Registrar / Transfer Agent or the Distributor or the Management Company to be incomplete or incorrect in any material manner, the Registrar / Transfer Agent or the Distributor or the Management Company will advise the applicant to remove the discrepancy; in the meanwhile the application will be held in abeyance for fifteen (15) days. In the event the discrepancy is not removed in the said fifteen (15) days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.
- f Units will be redeemed on the basis of daily Net Asset Value (NAV) announced as of the close of the Business Day on which a correctly filled Units Transaction Form (AGIML - 01) is submitted within business hours on the Business Day as announced by the Management Company from time to time.

- g Unless otherwise instructed, payment of the redemption proceeds will be made by a cross cheque, in favor of Unit Holder's registered name or first named Joint Holder in the event of Joint Holders, and will be sent to registered address of the Unit Holder or first named Joint Holder within six (6) Business Days of the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first named Joint Holder in the event of Joint Holder. No money shall be paid to any intermediary except the Unit Holder / Joint Holder or his / their authorized representatives.
- h In case the investor has requested encashment of bonus Units then such bonus Units will be redeemed at the ex - NAV of the relevant Accounting Period(s) / Distribution date(s).
- i Redemption of Fund's Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this, please refer to Clause 4.9.2 and Clause 4.9.4 below.
- j Partial Redemption of Units covered by a single Certificate is not permitted. However, Unit Holders may apply for a splitting of the Certificate before applying for redemption.

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

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

- a All existing unit holders or those who have purchased Fund's Units as per Clause 4.4 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Service Request Form (AGIML - 02). These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

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

- a The information submitted at the time of purchase of Units can be changed through the Service Request Form (AGIML - 02).
- b Some of the key information which the Unit Holder can change is as follows:
  - .i. Change in address;
  - .ii. Joint Holder details;
  - .iii. Nominee details.
- c The Unit Holder can also issue the following instructions:
  - .i. Change in Bank Account details;
  - .ii. Account operating instructions;
  - .iii. Dividend mandate instruction.
- d The Unit Holder can also issue the following instructions:
  - .i. Transfer Unit holding in favor of someone else;
  - .ii. Transmission of Units;
  - .iii. Deletion and Merger of Units;
  - .iv. Change in form of Units.
- e The Unit Holder can also issue instructions for certificate processing such as:
  - .i. Issuance of Certificate;
  - .ii. Splitting of Certificate;
  - .iii. Consolidation and cancellation of Certificate.

- f Fully completed Service Request Form (AGIML - 02) has to be submitted by both Individuals and / or by Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Registrar / Transfer Agent through an Investment Facilitator or may be directly given to the Management Company within business hours as announced by the Management Company from time to time on the Business Day.
- g The applicant must obtain the acknowledgment of the receipt of Service Request Form (AGIML - 02) signed and duly verified by an Authorized Officer of the Distributor or Management Company if the Form is given to an Investment Facilitator. Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company's liability under Regulation 46 of the NBFC Regulations.
- h The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Service Request form (AGIML - 02). In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- i The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request via the Service Request Form (AGIML - 02). These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.
- j Transfer of Units from one owner to another may be done without any back end load or transaction charges. However such transfer may be subject to a processing charge of an amount not exceeding one percent (1%) of the Net Asset Value per Unit. Any taxes or duties applicable on such transfer and transmission shall be payable by the transferee. These taxes, charges or duties may be recovered by redemption of Unit Holder equivalent Units at the time of the service request.

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

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

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

- 4.8.1. The Unit Holder(s) who have purchased Fund Units as per Clause 4.4 above or in whose name(s) Units have been transferred are eligible to apply for Pledge / Lien / Charge of Units (other than Core Units upto two years from the date of the closure of Initial Period of Offer) if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form (AGIML - 03). These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

- 4.8.2. The Unit Holder(s) or Joint Unit Holder(s) (as per mandate in Purchase of Units Form - AGIML - 03) may request the Registrar to record a pledge / lien of all or any of his / their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Registrar with the Units marked in favor of the pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien & the party wanting to have the lien.
- 4.8.3. The lien once registered shall be removed by the authority of the party in whose favor the lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge / lien / charge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge / lien / charge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Registrar shall take any responsibility in this matter.
- 4.8.4. Payments of dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under pledge / lien / charge shall be made to the pledge / lien / charge holder for the account of the Unit Holder.
- 4.8.5. The Distribution Company and / or Management Company will be entitled to verify the particulars given in the Pledge of Units Form (AGIML - 03). In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 4.8.6. Fully completed Pledge of Units Form (AGIML - 03) has to be submitted by both Individuals and / or by Institutional Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company through an Investment Facilitator or may be given directly to the Management Company within business hours on the Business Day as announced by the Management Company from time to time.
- 4.8.7. All risks and rewards, including the right to redeem such Units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.
- 4.8.8. Any charges, duties, levies etc applicable on such pledge / lien will be borne by the pledger. It is the responsibility of the Pledger and the Pledgee to ensure that the pledge / lien meets their respective legal compliance.

#### **4.9. Dealing, Suspension and Deferral of Dealing**

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

Under the extraordinary circumstances as defined in clauses 4.9.2, 4.9.3 and 4.9.4 below, the Management Company with the approval of Trustee in the interest of unit of unit holder(s) make temporary changes in the method of dealing in Units. Such approval shall not be unreasonably withheld.

##### **4.9.2. Suspension of Redemption of Units**

- a The Management Company may suspend / deferred redemption of Units during extraordinary circumstances including:
- i. Closure of one or more Stock Exchanges on which any of the securities invested in by the Scheme are listed,
  - ii. During the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Unit Holders, or
  - iii. During a break down in the means of communication normally employed in determining the price of any investment or when for any reason the price of any such investment cannot be promptly and accurately ascertained, or

- .iv. During any period when remittance of money can not be carried out in reasonable time; and
  - .v. During any period where 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.
  - .vi. Event of war (declared or otherwise), or natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and / or the banking system or strikes or other events that render the Management Company or the Distributors unable to function.
- b The Management Company may announce a deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holders in the event redemption requests accumulate in excess of ten percent (10%) of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in this Offering Document.
- c Such suspension or queue system shall end on the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Trust Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and Trustee and publish the same in newspapers in which the Fund's prices are normally published.

#### 4.9.3. Suspension of Fresh Issue of Units

The Management Company may at any time, subject to the Regulations, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus Units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP if fresh issue of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

#### 4.9.4. Queue System

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

#### 4.9.5. Winding up in view of major redemptions

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

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

- 4.10.1. For the Classes of Units and the Initial Offer (Purchase) Prices, please refer to Clause 1.6.2 and Clause 1.8 of this Document.
- 4.10.2. Subsequent to the First Offer, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices daily, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be cleared to the Trustee's satisfaction that such method is adequate for ensuring accurate calculation of the prices.
- 4.10.3. The Purchase (Offer) Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), Transaction Costs as defined in Clause 16.69, any Front-end Load not exceeding 5% of the Net Asset Value (NAV) (Please refer to Annexure "B" for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges.
- 4.10.4. The Purchase (Offer) Price so determined shall apply to purchase requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Account Opening & Unit Transaction Form (AGIML - 01) has been received.
- 4.10.5. The Redemption Price shall be equal to the NAV as of the close of the Business Day (in the event there are closed days, for any reason, following that Business Day, the NAV so determined shall be adjusted for the accrual of income or losses if any for such closed days), less Transaction Costs as defined in Clause 16.69, any Back-end Load (Processing charge) not exceeding five percent (5%) of the Net Asset Value (Please refer to Annexure B for the current level of load) and such amount as the Management Company may consider an appropriate provision for Duties and Charges.
- 4.10.6. The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor and / or Management Company during the business hours on the Business Day on which the Units Transaction Form (AGIML - 01) has been received.
- 4.10.7. The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Regulations, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document including circumstances mentioned in clause 4.9.2 & 4.9.3, the Management Company may suspend the announcement of the prices.
- 4.10.8. The Management Company shall publish the Purchase (Offer) and Redemption (Repurchase) Prices in at least one daily newspaper widely circulated in Pakistan.
- 4.10.9. The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

#### **4.11. Purchase (Offer) and Redemption (Repurchase) of Units outside Pakistan**

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

- 4.11.2. In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any currency exchange risk insurance, currency exchange fluctuations, bank charges and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility.
- 4.11.3. The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor is not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, for receipt or payment in any other currency or for any obligations arising therefrom.

#### **4.12. Electronic Trading of Units**

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

### **5 DISTRIBUTION POLICY**

#### **5.1 Distribution Policy**

- 5.1.1. The net amount available for distribution at the end of the financial year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund including the net impact of the revenue collected and paid out in the NAV calculation through Purchase (Offer) and Redemption (Repurchase) of Units, less all expenses incurred or accrued attributable to the Fund.
- 5.1.2. In case of any distribution by the Management Company, the Growth Unit Holders shall be paid dividend in the form of Bonus Units and the Income Unit Holder(s) shall be paid dividend in the form of Cash Dividend only.
- 5.1.3. The Fund shall comply with regulatory and taxation requirements and the dividend policy may be amended accordingly.
- 5.1.4. The Fund shall distribute 90% of the amount available for distribution as dividend which would comprise of Bonus Units and Cash dividends as required under regulation 72 of NBFC Regulations and in compliance with tax laws for the benefit of the Unit Holder(s).

#### **5.2. Declaration and Time Period of Dividend**

The Management Company shall decide from time to time the Relevant Period but not later than three (3) months after the Accounting Date whether to distribute among Unit Holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash or additional Units at the option of Unit Holder(s). The balance of the net income will be retained for re-investment in the Fund. The Management Company may, pay the Unit Holders interim dividend; if it considers that the income for the Accounting Period would justify such distribution.

#### **5.3. Distributable Profit as Stock Dividend**

- 5.3.1. The Management Company may decide to distribute in the interest of the Growth Unit Holder(s), the distributable profits in the form of a stock dividend, which would comprise bonus Units of the Scheme. The bonus Units would rank pari passu as to their rights in the Net Assets, earnings, and receipt of dividend and distribution with the existing Units after the date of issue of these bonus Units. The Bonus Units will be issued at the Ex-Bonus NAV price at distribution date.
- 5.3.2. After the fixation of rate of bonus entitlement per Unit on each relevant distribution date(s), the Management Company shall instruct the Registrar to credit the respective Unit Holders' accounts with the designated number of Units calculated on the basis of the rate of distribution determined above against the number of Units held by them on the date of register closure. Such Units shall be added to the holding of the Unit Holders.



Accordingly, the Management Company shall determine the amount available for distribution as bonus Units and advise the Trustee of the same for onward action, if any.

- 5.3.3. Growth Unit Holder(s) may receive the cash value of the bonus Units (encashment of the bonus Units) provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing through Service Request Form (AGIML - 02) prior to the dividend declaration for any Relevant Period(s). The NAV applicable to the encashment of such Units will be the ex-NAV after appropriation of the distribution of each Relevant Period. The encashment of bonus Units shall be made, net of any taxes, charges and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder.

#### **5.4. Distribution of Profit as Cash Dividend**

- 5.4.1. The Management Company may decide to distribute in the interest of the Income Unit Holder(s), the distributable profits in the form of a cash dividend, The Management Company shall instruct the Trustee to transfer such amount of cash as required to reflect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of this Offering Document be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 5.4.2. After the fixation of the amount of cash distribution per Unit, distribution payments shall be made by transfer to the Unit Holders' designated bank accounts or in the case of joint Unit Holders to designated bank account of the joint Unit Holder first named on the Register or by dispatch of any banking instrument in the name of Unit Holder at his / her address as provided. The receipt of funds by such designated bankers or dispatch of instrument shall be a good discharge thereof.
- 5.4.3. Before making any payment in respect of a Unit, the Trustee or the Management Company may make such adjustments as may be required by law in respect of any Zakat, income tax or other taxes, Duties and Charges or assessments whatsoever and may on the request of the Unit Holder issue to the Unit Holder a certificate or statement in respect of such deductions.
- 5.4.4. The Unit Holder(s) of Income Units may opt to receive the amount equivalent to their share of the annual / interim cash distribution in the form of additional Units. The Unit Holder(s) of Income Units may in writing at the time of opening of an account in the Unit Holder Register during the first purchase of Units or may by completing the prescribed Service Request Form (AGIML - 02) at a later date instruct the Management Company to reinvest the future dividends to which he will be entitled to additional Fund Units. In such an event, the Management Company shall at the end of the financial year (or the Relevant Period(s) in the event of an interim distribution) cause to issue such number of Units to the Unit Holder that approximately equates the value of the Cash Dividend for the period. The issue price shall be determined on the basis of the ex-NAV at the Distribution Date after appropriation of the distribution but without any charge of the front end load normally deducted from the Offer Price. The issuance of the additional Units shall be made, net of any taxes, charges and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder.

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

#### **5.5. Payment of Dividend**

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

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

Dividend warrants, advice, or the Account Statement, as the case may be, shall be dispatched to the Unit Holder's or the charge-holder registered address as within forty-five (45) days of the declaration as per the Law.

### 5.7. Distribution of Bonus Units

Bonus units shall be credited within 30 days after the declaration of dividend.

### 5.8. Closure of Register

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

## 6 FEE AND CHARGES

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

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

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

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

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

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

Back-end Load is a processing charge, not exceeding 5% of the Net Asset Value, which may be deducted by the Management Company from the Net Asset Value in determining the Redemption (Repurchase) Price. (The current level of Back-end Load is indicated in Annexure B). The back-end load shall form part of fund property.

The Management Company may revise Sales Load from time to time, but at no time will the sum of Front-end and Back-end Load be greater than 5% of NAV.

## **6.2. Fees and Charges payable by Alfalah GHP Alpha Fund**

### **6.2.1. Remuneration of the Management Company**

a The Management Company shall be entitled to receive:

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

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

c The remuneration shall begin to accrue from the close of the Initial Period of Offer. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.

d The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the trustee on a monthly basis from the Fund Property.

e In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Fund Property.

f The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.

### **6.2.2. Remuneration of the Trustee**

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

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

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

d The remuneration and expenses of the custodian and sub-custodian shall be charged from the Fund Property.

e In consideration of the foregoing and save as aforesaid, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Fund. The Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Regulations and the Deed.

- f The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Deed.

### 6.3. Performance Return Sharing

6.3.1. The Management Company will charge performance fee on out - performance of the Fund over the hurdle rate as defined by the Management Company from time to time (the current hurdle rate is defined in Annexure "B"). The Management Company will announce hurdle rate periodically in advance. The Management Company will measure daily NAV Price (performance) of the Fund on each trading day in relation to preceding trading day's NAV. If the performance of the Fund exceeds the daily hurdle rate the performance fee will be charged on the excess return earned over the daily hurdle rate. The Management Company will charge performance fee on each trading day only in which the stock exchanges of the country where the Fund is listed are open for business.

6.3.2. The following table explains the calculations of Performance Return Sharing

| Date          | Daily NAV <sup>^</sup> | Performance of the Fund | Daily Hurdle Rate* | Excess over Hurdle Rate** | Trading Profit For the Day | Excess trading profit earned over the daily hurdle rate *** | Performance Fee @ 1.00% |
|---------------|------------------------|-------------------------|--------------------|---------------------------|----------------------------|---|-------------------------|
| Mon 26-Mar-07 | 89.20                  | 0.37%                   | 0.08%              | 0.29%                     | 1,957,528                  | 1,541,504   | 15,415                  |
| Tue 27-Mar-07 | 89.61                  | 0.46%                   | 0.08%              | 0.38%                     | 2,432,080                  | 2,014,511   | 20,145                  |
| Wed 28-Mar-07 | 89.22                  | -0.44%                  | 0.08%              | 0.00%                     | -                          | -   | -                       |
| Thu 29-Mar-07 | 89.24                  | 0.02%                   | 0.08%              | 0.00%                     | 105,742                    | -   | -                       |
| Fri 30-Mar-07 | 89.61                  | 0.41%                   | 0.08%              | 0.34%                     | 2,194,804                  | 1,777,048   | 17,770                  |

\* Hurdle Rate as announced by Management Company divided by Trading Days (240 days)

\*\* Difference of Daily performance and daily Hurdle Rate

\*\*\* Profit earned over Hurdle rate for charging performance fee

6.3.3. The Management Company will announce Hurdle Rate in advance applicable for succeeding 6 months. Hurdle rate will be average of 6 months KIBOR as announced on 31st December and 30th June of the calendar year or in case where no such rates are announced, immediately preceding date rate of such dates plus 500 bps subject to change on the discretion of management with prior intimation to the Unit Holder(s). The management company shall also publish such revision in at least one daily newspaper widely circulated in Pakistan.

6.3.4. Current level of Performance Return Sharing Fee and Hurdle Rate is defined in Annexure "B".

6.3.5. The Management Company shall be entitled to be paid performance fee on a monthly basis within thirty days after the end of each calendar month from the Fund Property.

6.3.6. The remuneration of the Management Company including performance return sharing to be charge by Management Company shall not exceed three percent (3%) of the average annual net assets of the scheme for the first five (5) years of the scheme and there after of an amount equal to two percent (2%) per annum of the average annual Net Assets as allowed under the Regulations subject to any revision or relaxation thereof.

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

6.4.1. Formation Cost not exceeding one percent (1%) of the pre initial public offering (Pre IPO) capital or five million rupees, whichever is lower, shall be borne by the Fund.

6.4.2. Formation Cost will be amortized over a period not less than five years.

**6.5. Other Costs and Expenses to be charged to and borne by the Scheme**

6.5.1. Custodial and Sub Custodial charges, both local and international;

6.5.2. Listing fee payable to the Stock Exchange(s) including renewals;

6.5.3. Charges and levies of Stock Exchange(s), National Clearing and Settlement Company and Central Depository Company;

6.5.4. Rating fee payable to approved rating agency;

6.5.5. Auditors' fees and related expenses;

6.5.6. Any fees payable to the SECP;

6.5.7. Brokerage and transaction costs related to investing and disinvesting of the assets of the Scheme;

6.5.8. Expenses incurred by Trustee in effecting registration of all registerable assets in the name of the Trustee;

6.5.9. Legal and related costs incurred in protecting or enhancing the interests of the unit or Certificate Holders of the Scheme;

6.5.10. Bank charges and borrowing / financial costs;

6.5.11. Hedging costs including forward cover, forward purchase or option purchase costs subject to limits to be specified in the Offering Document;

6.5.12. Any printing costs and related expenses for issuing the scheme's quarterly, half yearly and annual reports etc.;

6.5.13. Taxes, fees, cess, duties and other charges applicable to the scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investments outside Pakistan;

6.5.14. Fund dividend/redemption of Units transfer charges as payable to bank at time of transfer of funds to Unit Holder and such other levies and charges;

6.5.15. Any other expenses directly related to or arising out of the activities of the Fund; subject to the approval from the SECP and intimation to the Trustee.

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

**7 TAXATION**

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

**7.1.1. Liability for Income Tax**

a Under the Tax Law in Pakistan, the definition of a public company includes a unit trust whose Units are widely available to the public and any other trust as defined in the Trust Act, 1882. The Fund will be regarded as a public company liable to a tax rate applicable to a public company.

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

.i. Dividend income received from a Pakistani company shall be taxed at an income tax rate of 10%;

- .ii. Capital gain arising on sale of securities listed on any stock exchange(s) in Pakistan is exempt from tax upto 30th June 2010;
- .iii. Return from all other sources/ instruments are taxable at the rate 35% applicable to a public company (as per Income Tax law).

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

- a Notwithstanding the tax rates given above, the income from the Fund will be exempted from tax if not less than 90% of the income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the Unit Holders as dividend (cash & stock or both).

The Fund shall distribute 90% of the amount available for distribution as dividend which would comprise of Bonus Units or Cash dividends as required under Regulation 72 of NBFC Regulations and in compliance with tax laws for the benefit of the Unit Holder(s).

- #### 7.1.3. Capital Value Tax - Under Finance Act, 1989 (V of 1989) as amended by Finance Act 2004 (II of 2004), read with Circular # 06 of 2004 dated July 1, 2004 a Capital Value Tax at the rate of 0.01% of the purchase value of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. Subsequently the rate of CVT was increased from 0.01% to 0.02% through Finance Bill, 2006. This tax will be collected by the stock exchange concerned and will be payable by the Fund on any purchase transactions.

- #### 7.1.4. Withholding Tax - Under the provisions of Clause 47 (B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, return from term finance certificates or corporate papers, profit on government securities, return on deposits/ certificates of investment with banks/ financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with banks of the Fund will not be subject to any withholding tax.

#### 7.1.5. Zakat

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

### 7.2. Taxation on Unit Holders

#### 7.2.1. Income Tax - Withholding Tax

- a Unless exempted from such taxation or at reduced rate under any law or Avoidance of Double Taxation Agreement, Unit Holders of the Fund will be subject to Income Tax on dividend income (excluding the amount of dividend paid out of capital gains) at a rate of 10%;
- b The rate of tax so specified will be the final tax and the payer (trustee) will be required to withhold the amount of tax at source;
- c Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and / or Registrar (Transfer Agent) and on the basis of Exemption Certificate income tax will not be withheld;
- d In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution;

#### 7.2.2. Capital Gains

Capital Gains in disposition of Units in the Fund will be subject to capital gains tax at the applicable tax rate. The Units of the Fund will be listed on the stock exchange. Consequently, subject to such listing, the capital gain on disposal of the Units shall be exempt from tax upto Tax Year ending on 30th day of June 2010.

### 7.2.3. Tax Credit

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

### 7.2.4. Zakat

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

## 7.3. Disclaimer

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

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

## 8 REPORTS AND ACCOUNTS

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

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

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

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

### 8.2. Financial Reporting

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

- a Audited financial statements, together with the auditors report, the report by the Management Company (Director's Report) and the report by the Trustee within three (3) months of the close of each Accounting Period;
- b Un-audited financial statements (subject to limited scope review by auditors), together with the report by the Management Company within two months of the close of the second quarter of the Accounting Period, as per the Regulations;
- c Un-audited financial statements, together with the report by the Management Company within one month of the close of the first and third quarter of each Accounting Period or such period as prescribed by SECP or the Regulations;

- d The Trustee shall issue a report to the Unit Holders to be included in the annual report, or at such times as directed by the SECP, in accordance with the Law, whether in its opinion, the Management Company has in all material respects managed the Fund Property in accordance with the provisions of the Regulations and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof;
- e The regularity of reporting will change if so required by the SECP or under the Regulations and the Ordinance.

## **9 SERVICE TO UNIT HOLDERS**

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

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

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

Details of Register of Unit Holders are defined in clause 9.7 of the Deed. Unit holder register contain following features:

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

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

9.3.1. The Register may normally contain the following major information:

#### **9.3.2. About Unit Holders**

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



- c Computerized National Identification Card (CNIC) Number(s) of Unit Holder / Joint Unit Holders and / or identification number of passport if applicable;
- d Father's or Husband's name of Unit Holder in case of individual;
- e Occupation of Unit Holder;
- f Nationality;
- g Tax status of the Unit Holder;
- h Bank details;
- i Zakat status of the Unit Holders;
- j Record of signature of Unit Holder / Joint Holders;
- k Particulars of Nominee;
- l Incorporation / Registration Number in case of a company, institution, body corporate, etc;
- m Names and designations of authorized signatories in case of a company, institution or a body corporate;
- n Registered office address, in case of a company, institution or a body corporate.

#### 9.3.3. About Units

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

#### 9.3.4. Instructions

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

#### 9.3.5. Request for Changes

All Unit Holder(s) are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Service Request Form (AGIML - 02). These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site. The Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate if required to such Holder.

#### 9.3.6. Book Closure

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

#### 9.4. Account Statement

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

#### 9.5. Certificates

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

#### 9.6. Replacement of Certificates

- 9.6.1. The Registrar or Management Company may replace certificates, which are defaced, mutilated, lost or destroyed on application received by them from the Unit Holder on the prescribed Service Request Form (AGIML - 02) on the payment of all costs, and on such terms as to evidence, indemnity and security as may be required. Any defaced or mutilated Certificate must be surrendered before a new Certificate is issued.
- 9.6.2. The Unit Holder shall on application on prescribed form be entitled to consolidate the entire holding in the Fund into one certificate upon surrender of existing Certificates.
- 9.6.3. Each new issue of Certificates will require payment of Rupees Fifty (Rs.50/-) per Certificate, subject to revisions of fee from time to time by the Management Company.

#### 9.7. Pledge / Lien of Units / Charge

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

#### 9.8. Nomination

Subject to any Personal Laws that may applicable to a Unit Holder, a single Unit Holder can nominate a successor to receive the Units upon his death by filling in the relevant portion of the Account Opening & Units Transaction Form (AGIML - 01) or may request a nomination or change in nomination through the Service Request Form (AGIML - 02) . Nominee(s) can be nominated only by single Unit Holders when there are no Joint Holders. The maximum number of Nominee(s) can be two (02) in number with their respective shares mentioned in percentage against their respective names. Such nomination shall however not restrict the Management Company or the Trustee or the Registrar from demanding succession certificate from appropriate court of law and they shall not be liable in any manner in case of any disputes among the legal heirs of the deceased.

**10 FINANCIAL INFORMATION****10.1 Auditors' Certificate on Core Investors' Investment in the Units of the Fund**

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

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

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

Our ref KA-ZS-158

1 August 2008

Dear Sirs,

**Certificate on Core Investors' Investments in the units of Alfalah GHP Alpha Fund**

As requested, we are pleased to confirm to have verified from the un-audited books and records of Alfalah GHP Alpha Fund (the Fund) that Rs. 100 million have been received by the Fund as core investment as follows:

| <b>Name of Investor</b>                   | <b>Investment<br/>(Rupees)</b> |
|---|--------------------------------|
| Alfalah GHP Investment Management Limited | 100,000,000                    |

Yours faithfully,

*KPMG Taseer Hadi & Co.*

**10.2. Auditors' Certificate on the Net Asset Value of the Fund**


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

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

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

Our ref KA-ZS-159

1 August 2008

Dear Sirs,

**Net Asset Value (Un-audited) of Alfalah GHP Alpha Fund ("The Fund")**

As requested, we have checked from the un-audited books and records of the Fund and details provided to us by the Management Company of the Fund that Net Assets of the Fund as on 31 July 2008 amounted to Rs. 100 million are as follows:

|                               | <b>(Rupees)</b>    |
|-------------------------------|--------------------|
| Total assets of the Fund      | 101,284,942        |
| Total liabilities of the Fund | <u>(1,284,942)</u> |
|                               | <u>100,000,000</u> |

Net Asset Value per unit based on the proposed issue of 2,000,000 units of Rs. 50 each as at 31 July 2008 amounts to Rs. 50 per unit.

This certificate is being issued only for inclusion as part of Alfalah GHP Alpha Fund's "Offering Document".

Yours faithfully,

*KPMG Taseer Hadi & Co.*

### 10.3. Pre - IPO Investors

In addition to the Core Investors, Pre-IPO investors have committed to subscribe to Class 'A' Units of AGAF amounting to Rs. 50.5 million.

### 10.4. Formation Cost

Formation Cost consists of all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document's, issue, legal costs, printing, circulation and publication of the Offering Document, Trust Deed, announcements describing the Fund and all expenses incurred during the period leading up to the initial issue of Units. This shall not exceed one percent (1%) of the pre-initial public offering (Pre-IPO) capital or five (5) million Rupees whichever is lower.

## 11 WARNINGS

### 11.1. Offering Document

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

### 11.2. Fluctuation in Price and Income

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

### 11.3. Disclaimer

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

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

## 12 GENERAL INFORMATION

### 12.1. Inspection of Constitutive Documents

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

**Alfalah GHP Investment Management Limited**

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

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

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

## 12.2. Date of Publication of Offering Document

The Offering Document has been published on August 30, 2008. The Management Company accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.

## 12.3. Responsibility of Management Company for Information given in this Document

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

## 13 TERMINATION OF THE FUND

### 13.1. By the Management Company

The Fund may be terminated by the Management Company by giving at least three month's notice in writing to the Holders and the SECP and shall disclose the grounds of its decision. The Management Company may also announce termination of the Trust on the grounds given in Clauses 4.9.5 of this Offering Document. The grounds on which termination is made shall be mentioned in the notice to the Unit Holders.

### 13.2. By the Securities and Exchange Commission of Pakistan (SECP)

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

### 13.3. Winding up

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

## 14 DISTRIBUTION ON LIQUIDATION, WINDING UP OR TERMINATION

14.1. Upon the Trust being liquidated, wound up or 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 profits remaining unpaid.

14.2. The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Fund Property after making payment as mentioned in Clause 14.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

## 15 ARBITRATION

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

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

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

## **16 GLOSSARY**

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

- 16.1.** "Accounting Date" means the date 31st December in each calendar year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee change such date to any other date.
- 16.2.** "Account Opening & Unit Transaction Form" or "Unit Transaction Form" means a prescribe consolidated form required from both individual and institutional investors at the time of creation of account opening, purchase of units / investments, redemption of units, gain realization of units and fund swapping.
- 16.3.** "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.
- 16.4.** "Act" is defined in the preamble.
- 16.5.** "Asset Management Company" means an asset management company as defined in the Regulations.
- 16.6.** "Audit Date" means the date as of which the Auditor issues its report in respect of the Fund's balance sheet and income and expenditure account for the corresponding Accounting Period.
- 16.7.** "Auditors" means a firm of chartered accountants that is appointed by the Management Company, with the consent of Trustee, as the auditor for the Fund, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Regulations.
- 16.8.** "Authorized Branch or Branches" means those branches of the Distributors whose addresses shall be given in the Offering Documents or as amended by the Management Company from time to time.
- 16.9.** "Authorized Investment" means any investments transacted, issued, traded or listed in Pakistan and abroad and as defined in clause 2.3 of this document.
- 16.10.** "Authorized Dealer" means a Scheduled Bank appointed by the Management Company under the Foreign Exchange Manual of the State Bank of Pakistan to manage receipts and transfers of payments for subscription and redemption of Units and distributions to offshore investors.
- 16.11.** "Back-end Load" means a Processing Charge, not exceeding five percent (5%) of the Net Asset Value, deducted by the Management Company from the Net Asset Value in determining the Redemption Price. The back-end load shall form part of fund property.
- 16.12.** "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.

- 16.13.** "Bank Accounts" means those account(s) opened and maintained for the Fund by the Trustee at scheduled banks, the beneficial ownerships in which shall vest in the Unit Holders.
- 16.14.** "Bench Mark" means the point of reference against which the performance of the Fund may be measured, unless otherwise stated.
- 16.15.** "Broker" means any person licensed by the SECP as a broker for effecting transactions in securities for the account of others or a member of the Stock Exchange(s).
- 16.16.** "Business Day" means a day (such business hours thereof) when Stock Exchange in which the units of the fund is listed is open for business in Pakistan and / or such hours for which Management Company is open for business.
- 16.17.** "Certificate" means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holders issued at the request of the Unit Holders pursuant to the provisions of the Trust Deed.
- 16.18.** "Connected Person" shall have the same meaning as assigned in the Rules & Regulations.
- 16.19.** "Constitutive Document" means the principal documents governing the formation of an open-ended scheme and all related material agreements.
- 16.20.** "Core Investors" of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of Clause 61(2)(e)(ii) of the Regulations. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Fund.
- 16.21.** "Core Units" shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of close of Initial Period of Offer. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 16.22.** "Custodian" means:
- 16.22.1.* Bank(s) which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; and/or
- 16.22.2.* The Trustee, with the approval of the Management Company, to hold and protect the Fund Property or any part thereof as custodian.
- 16.23.** "Daily Hurdle Rate" means Hurdle Rate for the period as defined by Management Company divided by total trading days for the period.
- 16.24.** "Deed" means this Trust Deed which is one of the principal document governing the formation, management and operation of the Fund.
- 16.25.** "Distribution Account" means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund Property for the benefit of the Unit Holders.
- 16.26.** "Distributor(s)" means Company(ies), Firm(s) or Bank(s) appointed by the Management Company for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions;



- 16.27.** "Distribution Functions" means the functions with regard to:
- 16.27.1.* Receiving applications for purchase of Units together with aggregate Purchase (Offer) Price for Units applied for by the applicants;
- 16.27.2.* Interfacing with and providing services to the Unit Holders including receiving purchase, redemption, transfer and pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
- 16.27.3.* Acknowledging receipt in respect of Clauses 16.27.1 and 16.27.2 above;
- 16.27.4.* Accounting to the Management Company for (i) monies received from the applicants when they purchase Fund Units; and (ii) payments made to the Unit Holders on redemption of Units.
- 16.28.** "Duties and Charges" means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distributor or any Front-end or Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 16.29.** "Federal Government" means the Federal Government of Islamic Republic of Pakistan.
- 16.30.** "Financial Institution" means a scheduled bank or development finance institution, an investment bank, and/or other financial institutions as defined under the Companies Ordinance, 1984
- 16.31.** "Formation Cost" means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document's, issue, legal costs, printing, circulation and publication of the Trust Deed, the Offering Document, announcements describing the Fund, inviting investment therein and all expenses incurred during the period leading up to the initial issue of Units. This shall not exceed one percent (1%) of the pre-initial public offering investment or five million rupees whichever is lower.
- 16.32.** "Front-end Load" means the sales and processing charges, also described as Sales Load in Clause 16.61, payable to the Management Company, which are included in the Offer Price of Units.
- 16.33.** "Fund's Auditors" mean the Auditors.
- 16.34.** "Fund Property" or "Trust Property" means the aggregate proceeds of the sale of all Units as defined in Clause 8.1 of the Deed.
- 16.35.** "Hurdle Rate" means a benchmark as defined by Management Company to measure the performance of the fund for calculating performance fee.
- 16.36.** "Holder" or "Unit Holders" means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investor jointly so registered pursuant to the provisions of this Deed.
- 16.37.** "Initial Period of Offer/ Initial Period" mean the same as "Initial Offering Period" and "Initial Public Offer" which means the period during which First Offer of Units shall be made at the price of Rs. 50/- per Unit, which shall be indicated in the Offering Document and not exceeding seven (7) days.
- 16.38.** "Investment" means any Authorized Investment forming part of the Fund Property.

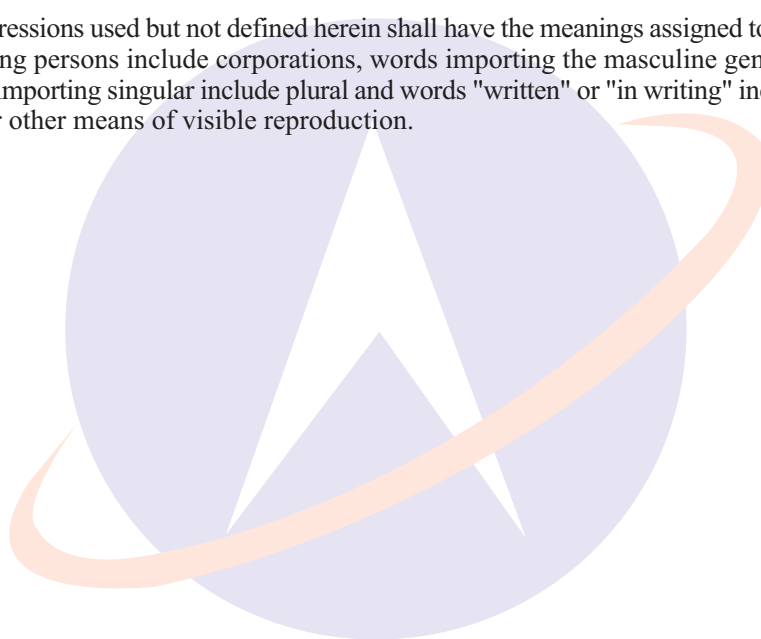
- 16.39.** "Investment Facilitator / Facilitator" means an individual, firm, corporate or other entity appointed by the Management Company, at its sole responsibility, to identify, solicit and assist investors in investing in the Fund. The Management Company shall compensate the Investment Facilitators out of the Sales Load collected by it in the Offer Price.
- 16.40.** "Management Company" is defined in the preamble hereto.
- 16.41.** "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the NBFC Rules & NBFC Regulations.
- 16.42.** "Net Asset Value" means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 16.43.** "Offer Price (Purchase Price)" means the sum to be paid by the investor for the purchase of one Unit, such price to be determined pursuant to the Offering Document.
- 16.44.** "Offering Document" means the prospectus, advertisements or other documents (approved by the SECP), which contain the investment and distribution policy and all other information in respect of the Fund, as required by the Rules & Regulations and is calculated to invite offers by the public to invest in the Fund..
- 16.45.** "Online" means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 16.46.** "Ordinance" means Companies Ordinance 1984.
- 16.47.** "Par Value" means the Initial Period of Offer Price of a Unit that shall be Rupees fifty (Rs. 50/-).
- 16.48.** "Performance fee" means a fee paid to Management Company based on the performance of a fund, determined by a specified standard.
- 16.49.** "Personal Law" means the law of inheritance and succession as applicable to the individual Unit Holders.
- 16.50.** "Pre-Initial Public Offering (Pre-IPO)" means period during which the investors have subscribed to the Units of the Scheme before the Initial Public Offer.
- 16.51.** "Private Placement Investors" mean those investors who subscribe to Class 'A' Units prior to the Initial Period as mentioned in Clause 4.2.2 above.
- 16.52.** "Redemption of Units Form" means the prescribed form, which is to be stated in the Offering Document.
- 16.53.** "Redemption Price (Repurchase Price)" means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Clause 10.3 of the Trust Deed and to be stated in this Offering Document.
- 16.54.** "Register" means the Register of the Holders kept pursuant to the Rules & Regulations and the Trust Deed.
- 16.55.** "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.
- 16.56.** "Registrar Functions" means the functions with regard to:
- 16.56.1. Maintaining the Register;*
- 16.56.2. Processing requests for Purchase (Offer), Redemption (Repurchase), Transfer and Transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holders;*

- 16.56.3. Issuing account statement to the Unit Holders;
- 16.56.4. Issuing Certificates to the Unit Holders if required;
- 16.56.5. Dispatching income distribution advice and/or bank transfer intimations; and
- 16.56.6. Canceling old Certificates on redemption or replacement.
- 16.57.** "Relevant Date" means the date on which the Management Company decides to distribute the profits (if any).
- 16.58.** "Relevant Period" means the period in respect of which distribution of profits, are proposed to be made by the Management Company.
- 16.59.** "Rules" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (amended) (the "Rules"), as amended from time to time.
- 16.60.** "Regulations" mean the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the "Regulations"), as amended from time to time
- 16.61.** "Sales Load" means the sales and processing charge or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Net Asset Value, (as mentioned in annexure 'B' of this Offering Document), which may be included in the Offer Price of certain class of units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of Units. The sum of Front-end load and Back-end Load shall not be greater than 5% of NAV.
- 16.62.** "SECP" means the Securities and Exchange Commission of Pakistan.
- 16.63.** "Security" or "Securities" means any share, scrip, participation term certificate, term finance certificate bond, bonds, certificates, Depository Receipts (Global and American etc.), units of collective investment scheme, short term commercial papers or such other instruments and permitted by the SECP and any other appropriate regulatory body by notification, specify for the purpose;
- 16.64.** "Stock Exchange" means stock exchanges, registered under the Securities and Exchange Ordinance, 1969.
- 16.65.** "Sub-Custodian" means a financial or any other institution for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the part of the Trust Property.
- 16.66.** "Subscription Day" means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in at least one daily newspapers widely circulated in Pakistan, declares any particular Business Day or days not to be a Subscription Day.
- 16.67.** "Supplementary Offering Document" means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing the special features of new type of Units and offering investment in the Scheme.
- 16.68.** "Trading Day" means a day when stock exchanges of the country where the fund is listed are open for business in Pakistan.
- 16.69.** "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or be deducted from the NAV in determining the Redemption (Repurchase) Price. The Transaction Costs may not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may with intimation to the Trustee, apply such charge either to the Offer or the Redemption Price. The Management Company may, however, apply Transaction Costs while

determining Purchase (Offer) or Redemption (Repurchase) prices, without intimating the Trustee provided the difference between the Purchase (Offer) Price and the Redemption (Repurchase) Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.

- 16.70.** "Trust", "Alfalah GHP Alpha Fund", "AGAF", "The Scheme", "Unit Trust" or "Fund" means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.
- 16.71.** "Trust Deed" means the deed including supplemental deeds executed between the Management Company and the Trustee along with all the exhibits appended hereto.
- 16.72.** "Trustee" is defined in the preamble hereto.
- 16.73.** "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.
- 16.74.** "Zakat" has the same meaning as in the Zakat and Ushr Ordinance, 1980.

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



## ANNEXURE 'A'

## Central Depository Company Limited

## Tariff Structure for Trusteeship of Open-end Mutual Funds (Unit Trusts)

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

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

## ANNEXURE 'B'

**Current Level of Front-end, Back-end Loads, Management Fee,  
Performance Return Sharing and Hurdle Rate****Effective from Close of Initial Period of Offer**

|                                    |  |
|------------------------------------|--|
| <b>Front-end Load:</b>             | upto 2.50%   |
| <b>Back-end Load:</b>              | 0.00%  |
| <b>Management fee:</b>             | The current level of management fees is 1.75% (one hundred and seventy five basis points) per annum of the average daily Net Assets Value of AGAF. |
| <b>Performance Return Sharing:</b> | upto 1% on the excess return earned over the daily hurdle rate   |
| <b>Hurdle Rate:</b>                | 13.94% (Average 6 Month KIBOR as at 30th June, 2008) + 500 bps   |

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

## ANNEXURE 'C'

## LIST OF DISTRIBUTION OFFICES

**Alfalah GHP Investment Management Limited**

Head Office

12th Floor, Tower A, Saima Trade Towers,

I. I. Chundrigar Road, Karachi

Tel: 021-9217600 - 05

Fax: 021-9217630

**Bank Alfalah Limited****Karachi****Shahrah-e-Faisal Branch**

Progressive Square, 11-A, Block-6, PECHS, Karachi.

Tel: 021-4398518

Fax: 021-4313539

**Karachi Stock Exchange Branch**

Ground Floor, Karachi Stock Exchange Building, Karachi.

Tel: 021-2417515-9

Fax: 021-2418353

**Lahore****Gulberg Branch**

125, E/I, Main Boulevard, Gulberg - III, Lahore.

Tel: 042-5878650

Fax: 042-5754900

**Islamabad****Islamabad Main Branch**

1-B, Awan Arcade, Blue Area, Islamabad.

Tel: 051-2810136-44, 2821870

Fax: 051-2279897

**Peshawar****Peshawar Main Branch**

6-B, Islamia Road, Peshawar.

Tel: 091-111-777-786

Fax: 091-5287058

**Quetta****Quetta Main Branch**

M.A Jinnah Road, Quetta.

Tel: 081-2841189

Fax: 081-2827562

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

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

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

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

**ANNEXURE 'D'****Forms**

The following Forms are attached herewith;

**Type of Form****Form Reference**

Account Opening &amp; Unit Transaction Form

AGIML - 01

Service Request Form

AGIML - 02

Pledge of Units Form

AGIML - 03

