

PARTICIPANTS AND PROSPECTIVE PARTICIPANTS ARE ADVISED IN THEIR OWN  
INTEREST TO CAREFULLY READ THE CONTENTS OF THIS OFFERING DOCUMENT IN  
PARTICULAR THE RISK FACTORS MENTIONED IN CLAUSE 8.5  
AND WARNINGS IN CLAUSE 16 BEFORE MAKING ANY INVESTMENT DECISION

## Offering Document

### NAFA Islamic Pension Fund

(NIPF)

A Voluntary Pension Fund

Managed By:



**NBP Fullerton Asset Management Limited**

**(The Pension Fund Manager)**

Registered under the  
Voluntary Pension System Rules, 2005

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# 1 INTRODUCTION TO THE NAFA ISLAMIC PENSION FUND (NIPF)

NAFA Islamic Pension Fund is established in Pakistan as a Voluntary Pension Fund through a Trust Deed, dated October 12, 2012, entered in between NBP Fullerton Asset Management Limited in its capacity as the Pension Fund Manager and Central Depository Company of Pakistan Limited in its capacity as the Trustee and authorized under the Voluntary Pension System (VPS) Rules, 2005.

The Pension Fund shall initially consist of three (3) Sub-Funds to be called

- i. NIPF Equity Sub-Fund (the “Equity Sub-Fund”)
- ii. NIPF Debt Sub-Fund (the “Debt Sub-Fund”) and
- iii. NIPF Money Market Sub- Fund (the “Money Market Sub-Fund”)

After successfully managing the above mentioned Sub-Funds, the Pension Fund Manager may, with the approval of the Commission, launch other Sub-Funds through a Supplementary Trust Deed and a Supplementary Offering Document for investments in other asset classes, including securitized investment in real estate or in assets outside Pakistan (for avoidance of doubt, additional Sub-Funds may include combinations of new and existing classes of assets). Thereafter, any reference to the Sub-Funds in the Trust Deed or the Offering Document shall be construed to include any such new Sub-Fund.

## 1.1 *Salient Features of the Pension Fund*

| Term Sheet             |  |
|------------------------|--|
| Fund Name              | NAFA Islamic Pension Fund (NIPF)   |
| Fund Structure         | Unit Trust Scheme consisting of Sub-Funds under the VPS Rules 2005.  |
| Fund Objective         | To provide a secure source of savings and regular income after retirement to the Participants  |
| Eligibility            | Every Pakistani national over the age of 18 years holding a valid CNIC or NICOP  |
| Minimum Contribution   | The minimum amount of Contribution to open an account is Rs. 10,000/- and the minimum amount of contribution to an existing account is Rs.1,000/- per transaction. There is no maximum limit of contribution. However, Tax Credit will be available to the extent specified in the Income Tax Ordinance, 2001. |
| Contribution Frequency | Annual, semi-Annual, quarterly, monthly or as desired by the participant.  |
| Contribution Mechanism | Cheque, bank draft, pay order (crossed account payee only), titled “CDC-Trustee NAFA Islamic Pension Fund” payable to the Trustee on any Dealing Day. Any other electronic form of Transfer.<br>Contribution in the form of Cash or any bearer instruments shall not be made and accepted.                     |

|  | <i>*The Pension Fund Manager may make arrangements with Banks for online transfers from time to time. Such Arrangements (if any) will be communicated to Participants through the company's website.</i>   |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
|--|--|---------------|-----------------------|--|-------------------|-----------------|---------------|-----------------------|-----------------|---------|---------|-----|-------------------|---------|---------|---------|----------------|---------|---------|---------|------------------|-----|---------|---------|-----------------------|---|--|--|
| Investment Mechanism                             | Takaful premia (for optional Takaful covers) are deducted from Contributions made by the Participant, followed by deduction of applicable Front-end Fee. The remaining Contribution amount is then credited to the Participant's Individual Pension Account and is invested in the underlying Sub-Funds of the NAFA Islamic Pension Fund as per the Allocation Scheme selected by the Participant.   |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Allocation of Contributions & Allocation Schemes | <p>Contributions shall be allocated among the Units of Sub-Funds at Net Asset Value, as per the selected Allocation Scheme, from amongst the following Five (5) Schemes being offered by the Pension Fund Manager.</p> <table><thead><tr><th>Allocation Scheme</th><th>Equity Sub-Fund</th><th>Debt Sub-Fund</th><th>Money Market Sub-Fund</th></tr></thead><tbody><tr><td>High Volatility</td><td>Min 65%</td><td>Min 20%</td><td>Nil</td></tr><tr><td>Medium Volatility</td><td>Min 35%</td><td>Min 40%</td><td>Min 10%</td></tr><tr><td>Low Volatility</td><td>Min 10%</td><td>Min 60%</td><td>Min 15%</td></tr><tr><td>Lower Volatility</td><td>Nil</td><td>Min 40%</td><td>Min 40%</td></tr><tr><td>Life Cycle Allocation</td><td colspan="3">Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years.</td></tr></tbody></table> |               |                       |  | Allocation Scheme | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | High Volatility | Min 65% | Min 20% | Nil | Medium Volatility | Min 35% | Min 40% | Min 10% | Low Volatility | Min 10% | Min 60% | Min 15% | Lower Volatility | Nil | Min 40% | Min 40% | Life Cycle Allocation | Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years. |  |  |
| Allocation Scheme                                | Equity Sub-Fund  | Debt Sub-Fund | Money Market Sub-Fund |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| High Volatility                                  | Min 65%  | Min 20%       | Nil                   |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Medium Volatility                                | Min 35%  | Min 40%       | Min 10%               |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Low Volatility                                   | Min 10%  | Min 60%       | Min 15%               |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Lower Volatility                                 | Nil  | Min 40%       | Min 40%               |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Life Cycle Allocation                            | Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years.  |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Investment Strategy                              | The Pension Fund Manager shall design investment strategy to optimize returns on investments within the parameters of Investment Policy specified by the Commission. The Pension Fund Manager shall also offer different Allocation Schemes to Participants to choose from, allowing them to adopt an investment strategy, according to their risk / return requirements   |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Reallocation Policy                              | Units held in the Individual Pension Account shall be reallocated by the Pension Fund Manager between the Sub-Funds at least once a year to ensure that the allocation of Units of all Participants is in line with the Allocation Scheme selected by them.  |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Front-end Fee                                    | Maximum of 3 % on all Contributions, unless exempt under this Offering Document  |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Management Fee                                   | 1.5 % p.a. on average Net Assets of each Sub-Fund.   |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Taxation   | Tax Credit will be available to Participants on contributions during any Tax Year subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001)   |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |
| Benefits / Withdrawal on Retirement              | <p>All Units of each Sub-Fund held by a Participant in his Individual Pension Account shall be redeemed at the Net Asset Value notified at close of the day of retirement or, if that day is not a Business Day, the following Business Day. The Participant will then have the following options, namely:</p> <p>(a) to en-cash up to fifty percent (50%) or any percent as admissible under the Income Tax Ordinance, 2001, of the</p>   |               |                       |  |                   |                 |               |                       |                 |         |         |     |                   |         |         |         |                |         |         |         |                  |     |         |         |                       |   |  |  |

|   |   |
|---|---|
|   | <p>amount in his Individual Pension Account, without any Tax deductions. Tax will be deducted at a rate of the average tax percentage of the Participant for the previous 3 years, if the Participant withdraws any amount over and above 50% as cash; and</p> <p>(b) either to use the remaining amount to purchase an annuity from a Life Takaful Company of his choice; or</p> <p>(c) enter into an agreement with the Pension Fund Manager to transfer his balance to an Approved Income Payment Plan offered by the Pension Fund Manager or another Pension Fund Manager and withdraw from it monthly installments for up to 15 years following the date of retirement, according to the Approved Income Payment Plan.</p> |
| Early Withdrawal / Withdrawal before Retirement | Participants at any time before retirement are entitled to redeem the whole or any part of the Units held to their credit in their Individual Pension Account. Tax may be applicable in accordance with the requirements of the Income Tax Ordinance, 2001 and, if applicable, will be deducted by the Pension Fund Manager from the amount withdrawn.  |
| Transfers to and from other Pension Funds       | Participants shall be entitled to transfer part or whole of their Individual Pension Accounts from this Pension Fund to another once a Financial year with 21 days notice. There shall be no Tax or charges on such transfers. Similarly Participants are allowed to transfer-in their funds from other Pension Funds and approved Occupational Savings Schemes or approved superannuation funds to this Pension Fund without having to pay any Front End Fee to the Pension Fund Manager.  |
| Transparency                                    | Daily calculation and announcement of NAV of each Sub – fund  |
| Distribution Restriction                        | Any income earned shall be retained and accumulated in the respective sub-funds and no distribution / Dividend shall be made from the Pension Fund.   |

## 2 REGULATORY APPROVALS AND CONSENT

### 2.1 *Registration of the Pension Fund Manager*

NBP Fullerton Asset Management Limited, the Pension Fund Manager of NAFA Islamic Pension Fund, having its registered office at 7th Floor, Clifton Diamond Building Block 4, Scheme No. 5, Clifton, Karachi, Pakistan, is a Non-banking Finance Company and has been licensed by the Securities and Exchange Commission of Pakistan under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 to, inter-alia, carryout Asset Management Services and Investment Advisory Services under License No. NBFC-II/08/NAFA/AMS/05/2011 and SCD/NBFC-II/10/NAFA/IA/05/2011 dated January 13, 2011 respectively and has been registered as a pension fund manager under sub-rule (2) of Rule 5 of the Voluntary Pension System Rules, 2005 by the Securities and Exchange Commission of Pakistan through its Certificate of Registration as Pension Fund Manager No. 07 / SEC / PW / NAFA dated July 11 2012, appended hereto as Annexure “A”.

### 2.2 *Authorization of the Pension Fund*

The Pension Fund Manager has been authorized by the Commission through its letter No. No. 9 (1) SEC/SCD/PW-NAFA-02/223 dated November 16, 2012 appended hereto as Annexure “B”, to constitute the Pension Fund under the name and title of “NAFA Islamic Pension Fund” (hereinafter referred to as the “**NAFA Islamic Pension Fund**”, “**Pension Fund**” or “**NIPF**”, or “**Trust**”) and authorized the formation of a scheme, under the name, “**NAFA Islamic Pension Fund**”, under rule (9) of the Voluntary Pension System Rules, 2005.

### 2.3 ***Appointment of the Trustee***

The Central Depository Company of Pakistan Limited, having its registered office at CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan, has been approved by the Commission to act as the trustee of “NAFA Islamic Pension Fund” through its letter No. 9 (1) SEC/SCD/PW-NAFA-02/207 dated October 02, 2012 appended hereto as Annexure “C”.

### 2.4 ***Registration of the Trust Deed***

The Pension Fund Manager has been authorized by the Commission to execute and to register the Trust Deed.

### 2.5 ***Approval of the Offering Document***

This Offering Document sets out the arrangements covering the basic structure of NAFA Islamic Pension Fund. The provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 and the Islamic Shariah as per the guidelines provided by the Shariah Advisor hereafter govern this Offering Document and In case of any ambiguity in the constitutive documents of NAFA Islamic Pension Fund, the VPS Rules 2005 shall prevail. It sets forth information about the Fund that a prospective Participant should know before contributing to the Pension Fund. **Participants should read this Offering Document carefully prior to contributing to / participating in the Pension Fund, and retain the Offering Document for future reference.**

The Commission has, through its letter No. 22 (1) SEC/SCD/PW-NAFA-02/532 dated May 17, 2013 approved this Offering Document as per the guidelines for Authorization of Pension Fund under sub Rule (1) of Rule (9) of the Rules.

However, it must be distinctly understood that such an approval or authorization by the Commission neither implies official recommendation by the Commission to participate in /contribute to the Pension Fund nor does the Commission take any responsibility for the financial soundness of the Pension Fund and its Sub-Funds or for the correctness of any statements made or opinions expressed in this Offering Document.

If you have any doubt about the contents of this Offering Document, you should seek independent professional advice, from your legal, financial or tax advisor.

This Offering Document contains necessary information for the public to make an informed decision to participate in the Pension Fund described herein. The Participants are advised, in their own interest, to carefully read the contents of the Offering Document, in



particular, the risks mentioned in Clause 8.10 and Warnings in Clause 16, before making any participation/contribution decision. Participants may note that this Offering Document remains effective until a material change occurs and they should retain this Offering Document for future reference. Material changes shall be filed with the Commission and circulated to all Participants or may be notified by advertisements in the newspapers, or on the Pension Fund Manager's website, subject to the applicable provisions of the Trust Deed and the Rules. Participants must recognize that all investments involve varying levels of risk. The portfolios of the Sub- Funds of the Pension Fund consist of market-based investments and are subject to market fluctuations and risks inherent in all such investments. It should be noted that the value of Units of the Sub-Funds can fall as well as rise, in response to market conditions. It should also be noted that under certain circumstances the realization of Units may be restricted. All Investments of the Fund and of the Sub- Funds shall be in adherence to the Islamic Shariah. Due to limited number of Shariah compliant securities it is possible that adherence to the Islamic Shariah will cause the Fund and/ or the Sub- Funds to perform differently from funds with similar objectives, but which are not subject to the requirements of Islamic Shariah.

### **3 FILING OF THE OFFERING DOCUMENT**

The Pension Fund Manager has filed a copy of this Offering Document with the Commission, along with copies of the documents mentioned below:

- i. Trust Deed, dated October 12, 2012, executed between Pension Fund Manager and the Trustee constituting the Pension Fund;
- ii. Letter no. NIPF / 1560 dated May 03, 2013 from the Auditors confirming the subscription for the Units of Pension Fund by the core investors.
- iii. Consents of the auditors and trustee to their respective appointments and being named and described as such in this Offering Document.
- iv. Letter No. 07 / SEC / PW / NAFA dated July 11, 2012 from the Commission, registering the Pension Fund Manager as a pension fund manager under the Rules,
- v. Letter No. 9 (1) SEC/SCD/PW-NAFA-02/207 dated October 02, 2012 from the Commission to the Pension Fund Manager, approving the Trustee to act as the trustee of the Pension Fund.
- vi. Letter No. 9 (1) SEC/SCD/PW-NAFA-02/233 dated November 16, 2012 from the Commission, authorizing the Pension Fund.
- vii. Letter No. 22 (1) SEC/SCD/PW-NAFA-02/532 dated May 17, 2012 from the Commission, approving this Offering Document.

### **4 CONSTITUTION OF THE PENSION FUND**

#### **4.1 Constitution of NAFA Islamic Pension Fund (NIPF)**

The Pension Fund has been established as a trust under the Trusts Act, 1882 (II of 1882) through a trust deed dated October 12, 2012 executed between NBP Fullerton Asset Management Limited (the Pension Fund Manager), as party of the one

part, and The Central Depository Company Of Pakistan (the Trustee), as party of the other part.

#### 4.2 The Trust Deed

The Trust Deed is subject to, and governed by, the laws of Pakistan, including the Ordinance, the Rules and all other applicable laws, rules and regulations and will be deemed, for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel thereof and, in the event of any conflict between the Trust Deed and the Rules, the latter will supersede and prevail over the provisions contained in the Trust Deed except where the Commission allows deviations under its power given by the Rules.

The terms and conditions of the Trust Deed, and any Supplementary Trust Deed will be binding upon each Participant.

#### 4.3 Grounds of Modification of the Trust Deed

- a) The Trustee and the Pension Fund Manager acting together shall be entitled by a Supplementary Trust Deed hereto to modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as they may consider expedient for any purpose, subject to thirty (30) days prior notice to the Participants and the subsequent approval of the Commission, if so required; *provided that* the Trustee and the Pension Fund Manager shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or to ensure compliance with any laws and regulations and fiscal or statutory requirement or to enable the provisions of the Trust Deed to be more efficiently, conveniently or economically managed or otherwise for the benefit of the Participants and that it does not prejudice the interests of the Participants or any of them or operate to release the Trustee or the Pension Fund Manager from any responsibility to the Participants.
- b) Where the Trust Deed has been altered or supplemented, the Pension Fund Manager shall again notify the Participants and the participating employers immediately by a notice published in a newspaper having wide circulation and by placing the same on its website.
- c) The Pension Fund Manager may from time to time with the consent of the Trustee frame operational procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; *provided* such procedures are not inconsistent with the provisions of the Rules, the Trust Deed or this Offering Document.
- d) Where a change or amendment in the Rules or the Income Tax Ordinance, 2001, or any other applicable law or regulation, renders any of the clauses contained in the Trust Deed and the Offering Document ineffective or in need of amendment, such clause will automatically stand replaced by the new change or amendment and no modification shall be required unless or otherwise instructed. However, if the Pension Fund Manager is amending the Trust Deed or any Supplementary

Trust Deed for any reason, the Pension Fund Manager may also amend such clauses that have been automatically overwritten and amended due to a change / amendment in the Rules and / or the Income Tax Ordinance, 2001.

- e) If at any time, any clause of the Trust 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 Trust Deed, 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.
- f) If the Commission grants any relaxations or exemptions of the Rules for the Pension Fund, these shall be deemed to be part of this Offering Document without the need of altering it. However, in cases of significant changes, the Commission may require issuance of Supplementary Offering Document from time to time.

#### 4.4 Seed Capital provided by the Core Unit Holders

The seed capital of the Pension Fund shall be provided by invested or arranged by the Pension Fund Manager. Seed Capital Units have been issued to the Seed Investor as under:

| <b>Name of Sub-Fund</b>    | <b>No of Units<br/>(Seed Capital Units)</b> | <b>Initial Par Value of<br/>each Unit (PKR)</b> | <b>Amount<br/>(PKR Millions)</b> |
|----------------------------|---|---|----------------------------------|
| NIPF Equity Sub-Fund       | 300,000                                     | 100   | 30                               |
| NIPF Debt Sub-Fund         | 300,000                                     | 100   | 30                               |
| NIPF Money Market Sub-Fund | 300,000                                     | 100   | 30                               |

The Seed Capital Units subscribed by the Pension Fund Manager have been issued at a par value of Pakistan Rupees Hundred per Unit (Rs. 100/ Unit) and shall not be redeemable for a period of three (3) years from the date of issue or as maybe determined by the Commission. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Accounts Statement in respect of such units.

#### 4.5 Type / Feature of Units of the Sub-Funds

The Pension Fund shall initially consist of three Sub-Funds to be called:

- a. NIPF Equity Sub-Fund (the “**Equity sub-Fund**”)
- b. NIPF Debt Sub-Fund (the “**Debt sub-Fund**”)
- c. NIPF Money Market Sub-Fund (the “**Money Market sub-Fund**”)

All Units and fractions thereof represent an undivided share in the respective Sub-Fund and rank *pari passu* as to their rights in the Net Assets and earnings of that Sub-Fund. Each Participant has a beneficial interest in the Pension Fund proportionate to the Units held by such Participant in the respective Sub-Fund in his

Individual Pension Account. The liability of the Participant shall be limited to the amount paid against the number of Units or in certain circumstances cash, as may be allowed by the Rules, held by each Participant in his Individual Pension Account.

All Units shall be issued in a non-certificated form, except the Seed Capital Units that may be issued in a certificated form, if required by the Core Unit Holders.

The Units in the Sub-Funds issued to the Participants would be non-transferable to another Participant/person. They shall only be redeemable in case of retirement (including retirement in the instance of disability), premature encashment/redemption, death of the Participant, and change of pension fund manager, change of Allocation Schemes and/or rebalancing of the portfolio/ Allocation Schemes.

The initial Par value of the Units of each of the Sub-Funds is Pakistan Rupees Hundred (Rs. 100), which is applicable to the first offering. The amount received from the Core Investors has been allocated to each Sub-Fund. From the Launch Date, the Pension Fund Manager shall open participation in the NAFA Islamic Pension Fund to the eligible Participants on a continuous basis, through offer of Units of Sub-Funds issued at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time, after deduction of Front-end Fee from the Contribution amounts received.

Units of the relevant Sub-Fund shall be issued to each Participant as per the selected 'Allocation Scheme', identified in clause 6.6, for the contributions among the Sub-Funds.

## 5 OPERATORS AND PRINCIPALS

### 5.1 *The Pension Fund Manager*

NBP Fullerton Asset Management Limited is the Pension Fund Manager of NAFA Islamic Pension Fund (NIPF), having its registered office as mentioned below:

**Registered Office:**

7<sup>th</sup> Floor, Clifton Diamond Building,  
Block No. 4, Scheme No.  
5, Clifton Karachi

Any change in the registered office address of the Pension Fund Manager shall be notified by the Pension Fund Manager to the Commission and the Trustee from time to time.

The main sponsors of NAFA are National Bank of Pakistan and Alexandra Fund Management Pte. Ltd., (a member of Fullerton Fund Management Group, Singapore, which in turn is a wholly owned subsidiary of Temasek Holdings, Singapore). NAFA's main area of business is Investment Management; more specifically floating and managing mutual funds. NAFA's vision is to establish itself as a premier Asset Management Company that capitalizes on the technical and institutional strength of its promoters to consistently offer creative and pioneering domestic and international products to meet varying needs of investors. Its mission is to rank in the top

performing quartile of Asset Management Companies and to consistently offer superior risk-adjusted returns to investors.

## 5.2 ***Rating of the Pension Fund Manager***

The Pakistan Credit Rating Agency (PACRA) has assigned the asset manager rating 'AM2' (AM Two) - to NBP Fullerton Asset Management Limited.

## 5.3 ***Assets Under Management***

NAFA currently manages 12 Mutual Funds with Total assets under management (AUM) in excess of Rupees 50 billion as of March 31, 2013.

## 5.4 ***Board of Directors and Key Management of the Pension Fund Manager***

### 5.4.1 **Board of Directors**

The Board of Directors of NAFA Consists of:

| <b>Name, Occupation &amp; Address</b>  | <b>Position</b>                | <b>Other Directorships</b>   |
|--|--------------------------------|--|
| <b>Mr. Shahid Anwar Khan</b><br><b>Banker</b><br>204, Asma Homes, 142 N/2,<br>Block 2, P.E.C.H.S., Karachi                 | <b>Chairman</b>                | <ul style="list-style-type: none"> <li>• First Credit and Investment Bank Limited</li> <li>• NBP Exchange Limited</li> <li>• United National Bank Limited, London</li> <li>• Fauji Fertilizer Company Limited</li> <li>• FOTCO.</li> <li>• NBP CJSC Kazakhstan</li> </ul>  |
| <b>Dr. Amjad Waheed</b><br><b>Fund Manager</b><br>76-2, 10th Street, Khyaban-e-Sehar, Phase VI, D.H.A. Karachi             | <b>Chief Executive Officer</b> | <ul style="list-style-type: none"> <li>• Gul Ahmed Textile</li> </ul>  |
| <b>Mr. Khalid Mahmood</b><br><b>Banker</b><br>House # 103/II, 22 <sup>nd</sup> Street,<br>Khayaban-e-Mohafiz, DHA, Karachi | <b>Director</b>                | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Amir Shehzad</b><br><b>Banker</b><br>166/1, 19th Street, Off Khy-Qasam, Phase 8, D.H.A, Karachi.                        | <b>Director</b>                | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Mr. Wah Geok Sum</b><br><b>Fund Manager</b><br>9 Jalan Membina, # 15-06,<br>Singapore - 169483                          | <b>Director</b>                | <ul style="list-style-type: none"> <li>• Fullerton AsianMulti-Strategies Master Fund</li> <li>• Fullerton AsianMulti-Strategies Non-US Feeder Fund</li> <li>• Fullerton Lux Funds (SICAV)</li> <li>• Fullerton India Fund</li> <li>• Fullerton Absolute Returns Investment Strategies Fund</li> <li>• Fullerton Absolute Returns Investment</li> </ul> |

|  |                 |   |
|--|-----------------|---|
|  |                 | Strategies Master Fund<br>• Fullerton Monex Asia Feeder<br>• Fullerton Monex Asia Fund<br>St Francis Methodist School Ltd   |
| <b>Mr. Koh Boon San</b><br><b>Fund Manager</b><br>Blk-2, # 23-06, Bishan St 25,<br>Clover By The Park Singapore-<br>573973 | <b>Director</b> | • Fullerton Asian Multi-Strategies Master Fund<br>• Fullerton Asian Multi-Strategies Non-US Feeder Fund   |
| <b>Mr. Shehryar Faruque</b><br><b>Business</b><br>House # 34, Khybane Mujahid<br>Phase – 5, D.H.A. Karachi.                | <b>Director</b> | • Cherat Papersack Limited<br>• Faruque (Pvt.) Limited<br>• Zensoft (Pvt.) Limited<br>• Greaves Pakistan (Pvt.) Limited<br>• Greaves CNG (Pvt.) Limited – Chief Executive<br>• Greaves Engineering Services (Pvt.) Limited<br>• Summit Bank Limited<br>• Mybank Limited |
| <b>Mr. Kamal Amir Chinoy</b><br><b>Business</b><br>Grey House, 30 Clifton,<br>Karachi-75600                                | <b>Director</b> | • Pakistan Cables - Chief Executive<br>• International Steel Limited<br>• International Industries Limited<br>• Atlas Battery Limited<br>• Pakistan Security Printing Corporation   |

**Brief Profiles of the Directors are as follows:**

**a) Mr. Shahid Anwar Khan - Chairman**

Mr. Shahid Anwar Khan is the Senior Executive Vice President and Group Chief Credit Management Group at National Bank of Pakistan (NBP). He is also a member of Credit, Assets & Liabilities and Operations Committees of the NBP. He has been serving the Bank for more than 23 years at various capacities. He holds directorship in First Credit and Investment Bank Limited, NBP Exchange Limited, United National Bank Limited (London), Fauji Fertilizer Company Limited, FOTCO and NBP CJSC Kazakhstan. Mr. Khan is a Textile Engineer and an MBA from USA (Major in Finance) and also holds diploma of IBP.

**b) Dr. Amjad Waheed, CFA- Chief Executive Officer**

Dr. Amjad Waheed, CFA is the CEO of NAFA since September 2005. Before joining NAFA, Dr. Amjad was Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, where he was managing US\$ 7.5 billion invested in 22 mutual funds. Prior to that Dr. Amjad was Head of Investments at NIT, and Chief Operation Officer of FC-ABN AMRO Equities for several years. Before moving back to Pakistan, Dr. Waheed was Assistant Professor of Finance at Tennessee State University, USA and has published several articles in top journals of the world such as Journal of Banking & Finance and Financial and Financial Management.

Dr. Amjad Waheed holds a Doctorate in Business Administration with a major in Investments & Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA).

**c) Khalid Mahmood - Director**

He is serving as Executive Vice President and Group Chief Operations at National Bank of Pakistan (NBP). He has held numerous Senior Management positions at the Regional and

Head Office levels. He holds M.A.(Political Science) and B.S.C, also D.A.I.B.P. from the Institute of Bankers Pakistan.

**d) Amir Shehzad - Director**

He holds a B.S degree from Arizona State University, U.S.A.. He has an overall experience of over 17 years at numerous Senior Management positions. Currently, he is serving as Head of Capital Market Division at National Bank of Pakistan. Before joining NBP, he was Chief Investment Officer at El-Ajou Group, Saudi Arabia. Previously, he also served as Head of Equity and Advisory at United Bank Limited.

**e) Mr. Wah Geok Sum - Director**

Mr. Wah Geok Sum is the Chief Operating Officer and Executive Vice President of Fullerton Fund Management Company Ltd, a wholly-owned subsidiary of Temasek Holdings. Before joining FFM in 2007, he was the Executive Director and Asia-Pacific Head of Internal Audit at Schroder Investment Management (Singapore) Limited. He was also previously the Regional Head of Finance, Operations & Information Technology at Morgan Grenfell Investment Management (Asia) Limited (now known as Deutsche Asset Management Asia). In addition to the above, he had also served various other institutions at different capacities.

Mr. Wah received his MBA from McGill University in Canada and Bachelor of Commerce (Honours in Accountancy) from Concordia University in Canada. He is a member of the Canadian Institute of Chartered Accountants, Fellow of the Institute of Certified Public Accountants of Singapore, and a member of the Malaysian Institute of Accountants.

**f) Mr. Koh Boon San - Director**

Boon San is the Head of Risk and Compliance of Fullerton Fund Management Company Ltd since April 2011. He is responsible for all risk management and compliance matters of the firm. His oversight includes market risks, credit risk, new products review and operational due diligence on hedge fund investments. Before taking role as Head of Risk and Compliance, Boon San was the Head of Finance since 2006

Prior to joining Fullerton in 2006, Boon San was Group Commercial and Finance Manager for Readymix Holdings International Pte Ltd. Boon San's first career was as an auditor at Pricewaterhouse (now PricewaterhouseCoopers). He graduated from Nanyang Technological University in 1997 with an Honours Degree in Accounting.

**g) Kamal Amir Chinoy – Director**

B.Sc. Economics from the Wharton School, University of Pennsylvania, USA. He is currently Chief Executive of Pakistan Cables Ltd. and director of International Industries Ltd., Pak Chemicals Ltd., International Steels Ltd., Pakistan Security Printing Corp. Ltd. and Atlas Battery Ltd. He is the President of Management Association of Pakistan, member Executive Committee of International Chamber of Commerce, Management Committee of the Sind Club and Admission Committee of Aga Khan University. He is also the Honorary Consul General of Republic of Cyprus. Previously, he has served as the Chairman of the Aga Khan Foundation, Pakistan. He joined Pakistan Cables in 1992.

He is a "Certified Director" having been certified by the Pakistan Institute of Corporate Governance. Mr. Kamal Chinoy has also served on the Board of Governors of Army Burn Hall Institutions, and been President of the Burn Hall Alumni Association for over 10 years.

**h) Shehryar Faruque - Director**

He holds a bachelors degree in Marketing from Davis & Elkins College, USA. He has diversified experience of over 23 years of managing cement, papersack, engineering and some other sectors. He is serving as a Chief Executive of Greaves CNG (Pvt.) Limited. He is also director of Cherat Papersack Limited, Faruque (Pvt.) Limited, Zensoft (Pvt.) Limited, Greaves Pakistan (Pvt.) Limited, Greaves Engineering Services (Pvt.) Limited, Summit Bank Limited and Mybank Limited. He is the member of All Pakistan CNG Association and CNG Dealers Association of Pakistan. During his professional career, he had received valuable awards and represented Pakistan on various occasion abroad.

#### **Profile of the Management**

**a) Dr. Amjad Waheed, CFA**  
***Chief Executive Officer***

Dr. Amjad Waheed, CFA is the CEO of NAFA since September 2005. Before joining NAFA, Dr. Amjad was Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, where he was managing US\$ 7.5 billion invested in 22 mutual funds. Prior to that Dr. Amjad was Head of Investments at NIT, and Chief Operation Officer of FC-ABN AMRO Equities for several years. Before moving back to Pakistan, Dr. Waheed was Assistant Professor of Finance at Tennessee State University, USA and has published several articles in top journals of the world such as Journal of Banking & Finance and Financial and Financial Management.

Dr. Amjad Waheed holds a Doctorate in Business Administration with a major in Investments & Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA).

**b) Mr. Muhammad Murtaza Ali, ACA**  
***Chief Financial Officer & Company Secretary***

Mr. Murtaza Ali is the CFO and the Company Secretary of NAFA. He is a Chartered Accountant by profession. Prior to NAFA, he served Union Leasing Limited as CFO & Company Secretary for a period of almost five years. Before that, he served with M. Hidayatullah & Co. (Chartered Accountants) as Assistant Manager Audit.

He completed his articles from A.F. Ferguson & Co. (Chartered Accountants), a member firm of Price Water House Coopers. In this capacity, he conducted and finalized audits of several businesses.

**c) Mr. Sajjad Anwar, CFA**  
***Chief Investment Officer***

Mr. Sajjad Anwar joined NAFA in June 2007 and gradually progressed to the position of Chief Investment Officer. Mr. Sajjad has strong understanding of capital markets and believes in a disciplined and fundamental-based investment approach. He has strong abilities of thinking strategically and leading teams. At NAFA he is heading the team that has successfully launched and managed several mutual funds and portfolios in diverse categories such as equity, fixed income, Shariah compliant and capital protected structure. These funds have been consistently amongst the top performers. Mr. Sajjad Anwar is MBA in Finance and Chartered Financial Analyst (CFA) Charterholder. Prior to joining NAFA, he was working as Manager Strategic Risk Management with Army Welfare Trust (AWT) where his main responsibilities were Project Appraisal, Mergers and Acquisitions and Risk Analysis of ongoing projects. He also served Shifa Foundation as Asst. Manager Finance & Accounts. In addition to this, he has over three years of teaching experience where his



areas of interest were Corporate Finance; and Investment Analysis and Portfolio Management.

**d) Mr. Zeeshan**  
***Chief Operating Officer***

Mr. Zeeshan is a member of Institute of Chartered Accountants of Pakistan. He possesses more than 14 years of experience and for last 7 years he has been associated with Asset Management Companies. Before joining NAFA Mr. Zeeshan has worked as Head of Special Projects at Al-Meezan Investment Management Limited. Director Finance Arif Habib Group and CFO Askari Investments Limited.

Mr. Zeeshan has also worked as a Secretary Capital Markets Reforms Committee (A sub Committee of the Economic Advisory Committee, Constituted by the Prime Minister of Pakistan) and served as member of various committees of MFAP and ICAP. He has represented his companies nationally and internationally on various trainings, seminars and assignments in London, Singapore, Paris, Middle East and Frankfurt

**e) Mr. Syed Suleman Akhtar, CFA**  
***Head of Research***

Syed Suleman Akhtar joined NAFA as a Head of Research and member of the Investment Committee. He has done MBA with major in Finance from IBA, Karachi and is a CFA charter holder. Suleman has over 13 years of well-rounded experience in equity research and corporate treasury management. Prior to joining NAFA Funds, he was working as Head of Research at Foundation Securities, a leading local brokerage house affiliated with Macquarie Capital Securities of Australia. Suleman has also worked in different capacities at Sui Southern Gas Company, one of Pakistan's top utility companies, and State Bank of Pakistan. Suleman was runner-up in CFAAP's best equity research analyst award 2010.

**f) Mr. Ahmad Nouman, CFA, PRM**  
***Head of Risk Management***

Mr. Ahmad Nouman is a CFA Charterholder. He did his EMBA from LUMS in 2008. He joined NAFA in August 2008 in the Fixed Income area. Before being assigned the area of Risk Management, he was working as Head of Fixed Income at NAFA. At NAFA he was initially responsible for NAFA Income Fund and later also assumed the responsibility of managing NAFA Government Securities Liquid Fund (NGSLF). Prior to joining NAFA he has managed his paper printing and publishing business for more than eight years. He also has more than a year's experience in trading international financial instruments including U.S futures. He is also a certified Professional Risk Manager (PRM) sponsored by Professional Risk Managers International Association (PRMIA).

**g) Mr. Ozair Khan**  
***Head of Information Technology***

Mr. Ozair Ali Khan has a Masters degree in Management Information Systems from the University of Texas at Dallas, USA. He has over 10 years of working experience in the field of Information Technology. His experience includes Operational Risk Management, IT

Security, designing & development of applications, planning and implementation of Disaster Recovery and Business Continuity Programs.

Before joining NBP Fullerton Asset Management, Mr. Khan has worked with Pak-Kuwait Investment Company, Pakistan, as Head of Information Technology, Akuratus Corporation, USA, as Project Manager, and Cambridge Technology Partners, USA, as Technical Team Lead. Mr. Khan was also a nominee director on the board of TMT Incubation Fund, and Plexus Private Limited.

**h) Mr. Amanullah Inayat Ali, ACA**  
***Head of Internal Audit***

Mr. Amanullah Inayat Ali is the Associate of the Institute of Chartered Accountants of Pakistan as well as the Associate of the Pakistan Institute of Public Finance Accountants. He completed his professional training in 2001 from A.F. Ferguson & Co., Chartered Accountants, a member firm of Pricewaterhouse Coopers, in Assurance and Business Advisory Services where he was assigned to statutory audits of various financial and non-financial business concerns. Before Joining NAFA, he was associated as the Senior Assistant Manager, Internal Audit with the Aga Khan University, where he served for more than 5 years.

**i) Mr. Muhammad Ali, CFA, FRM**  
***Head of Fixed Income***

Mr. Muhammad Ali joined NAFA as a Head of Fixed Income and member of the Investment Committee. Prior to joining NAFA he was working at Al Meezan Investment Management as a Fund Manager. He has over 17 years of extensive experience in the financial sector with Leading Commercial Banks and Mutual Fund like MCB, Faysal Bank, Habib Metro and Al-Meezan Investment Management. His expertise is in the areas of Fund Management, Risk Management, Credit Analysis and Administration, Islamic Banking and Relationship Management. He holds an MBA (in Banking & Finance) and MS (in Computer Science) degree. He is also a Chartered Financial Analyst (CFA) Charterholder and he also holds Financial Risk Manager (FRM) Certification.

**j) Mr. Ammar Rizki**  
***Fund Manager***

Mr. Ammar Rizki joined NAFA as a Fund Manager in November, 2012 and is a member of the Investment Committee. He is primarily responsible for the Investment Advisory Portfolios/SMA's. He has over 12 years of diversified investment experience in the United States; during which he worked for Bank of America Merrill Lynch as an AVP in their Global Securities Services Division and as an Equity Research Associate at Talon Asset Management, based in Chicago, Illinois. He also worked as a Consultant at Aon Hewitt Associates, where he advised Fortune 500 clients on fund manager selection and retirement plan administration. Immediately prior to joining NAFA, he served as Deputy Director Revenue Management for Cook County Government, the second largest County in the United States. Mr. Rizki holds an MBA from the University of Chicago's Booth School of Business in Finance and Accounting.

**k) Mr. Salman Ahmed**  
***Fund Manager***

Mr. Salman Ahmed is MBA in Finance from Institute of Business Management (IOBM) and has passed CFA Level III examination. He joined NAFA in April 2007. Prior to joining Fund Management Mr. Salman Ahmed has worked in Finance and MIS Department of NAFA. He has also worked in Finance Department of Standard Chartered Bank Pakistan Limited.

**I) Mr. Asim Wahab Khan**  
Fund Manager

Mr. Asim Wahab Khan joined NAFA as a Senior Fund Manager and member of the Investment Committee. He has done BBA and MBA with major in Finance from IBA, Karachi and is a CFA charter holder. Mr. Asim has over 7 years of well rounded experience in equity research covering energy (Oil exploration, refining, marketing, and power) and manufacturing (Cements, Autos & Allied, Fertilizers) sectors. Prior to joining NAFA Funds, he was working as Deputy Head of Research at Foundation Securities, a leading local brokerage house affiliated with Macquarie Capital Securities of Australia. He has also worked at Arif Habib Securities as an investment analyst covering the manufacturing sector of Pakistan.

### **5.5 *Role of the Fund Manager of NAFA Islamic Pension Fund***

The Pension Fund Manager shall designate a Fund Manager for NAFA Islamic Pension Fund, who shall, use his investment experience and knowledge of pensions and based on the input from the Research Department, structure the portfolios for the individual Sub-Funds.

Additionally, the allocation of the asset classes within the plans offered under the Pension Fund, will be reviewed by the Chief Investment Officer from time to time and based on the assessment of key economic indicators, the Fund Manager will, in conjunction with the Investment Committee of the Pension Fund, decide on the relative attractiveness and valuation of various asset classes available (i.e. equity, debt and money market). In case of a change in the economic circumstances, the Fund Manager will re-allocate the relative weights of the asset classes within the Schemes with an appropriate increase or reduction in exposure in those asset classes that are expected to be most impacted. However, such changes shall be made within the limits set out in the Approved Allocation Policy specified by the Commission.

### **5.6 *Responsibilities, Obligations and Restrictions of the Pension Fund Manager***

#### **5.6.1 *Obligations of the Pension Fund Manager***

- a) The responsibilities of the Pension Fund Manager are to invest and manage the assets of the Pension Fund according to the provisions of the Trust Deed and the Rules, in good faith, to the best of its ability, and without gaining any undue advantage for itself or any Connected Persons or its officers.
- b) The Pension Fund Manager shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as pension fund manager of the Pension Fund, howsoever designated, as if they were its own acts or omissions.

- c) The Pension Fund Manager shall account to the Trustee for any loss in value of the assets of the Pension Fund caused by its negligence, reckless or willful acts or omissions.
- d) The Pension Fund Manager shall maintain 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 each of the Sub-Funds, all transactions for the account of the Sub-Funds and Contributions received by the Pension Fund and withdrawals by the Participants including detail of tax penalties and withholding tax deducted at source and transfer or receipt of balances in the Individual Pension Accounts of the Participants to or from other pension fund managers.
- e) The Pension Fund Manager shall prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the Auditor's report of the Sub-Funds, within the stipulated terms as specified by the Commission from time to time at the close of each Accounting Period to the Commission and the Participants, and the balance sheet and income and expenditure account shall comply with the requirements of the Rules.
- f) The Pension Fund Manager shall within one month of the close of the first and third quarter of each Accounting Period, and within two months of the close of second quarter, prepare and transmit to the Participants and the Commission a balance sheet as on the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the Pension Fund, and the balance sheet and income and expenditure account shall comply with the requirements of the Rules; *provided that* the Pension Fund Manager may, with the prior approval of the Commission, post the said quarterly accounts on its website instead of mailing them to the Participants.
- g) The Pension Fund Manager shall send a certificate as at 30th June each year for claiming the tax credit to the Participants confirming the total Contribution made into their Individual Pension Accounts during the current Tax Year. The Pension Fund Manager shall send the certificate by 31st July each year.
- h) The Pension Fund Manager shall maintain the Register and inform the Commission of the address where the Register is kept. For this purpose it may appoint a Registrar, who shall maintain Participants' records, issue statements of account and receipts for Contributions, process withdrawals and carry out all other related activities.
- i) The Pension Fund Manager will appoint with the consent of the Trustee, at the establishment of the Pension Fund and upon any vacancy, an Auditor independent of the auditor of the company and the Trustee, but no Auditor shall be appointed for more than such consecutive terms as specified

by the commission from time to time .

- j) The Pension Fund Manager shall furnish to the Commission within one month of the close of each Accounting Period (i) particulars of the personnel (executive, research and other) managing the Pension Fund, (ii) total number of Participants, (iii) total value of all Individual Pension Accounts, (iv) total Contributions for the previous Accounting Period (if any), and (v) such other information that may be prescribed by the Commission from time to time.
- k) The Pension Fund Manager shall send an Account Statement as at the 30th June and the 31st December each year, within thirty (30) days thereafter to each Participant, confirming the transactions for the six (6) month period before that date in the Participant's Individual Pension Account, including the amount and type(s) of Contributions received (that is, whether from an employer or the Participant); incoming transfers from other pension fund manager(s) or incoming transfers from any provident fund or transfer from a deceased person's Individual Pension Account or other types of benefit disbursements; retirement or pre-retirement payments along with the taxes withheld; death benefit payment or transfer to heirs; outgoing transfer to purchase an Approved Annuity Plan from a Life Takaful Company; outgoing transfer to other pension fund manager(s); withdrawals; premia deducted out of the Contributions on account of any supplementary schemes opted by the Participant; or any other transaction. The statements shall include details of the number of Units allocated and held, the current valuation of the Units and such other information as may be specified by the Commission. Such Account Statement shall be provided to each Participant free of charge. Additionally, each Participant shall be entitled to receive any statement in respect of his Individual Pension Account at any time on written application. Such information may also be posted on the website or emailed and furnished electronically, subject to prior approval of the Commission.
- l) The Pension Fund Manager shall, after intimating the Commission and the Trustee, from time to time appoint, remove or replace one or more Distribution Company(ies) for carrying the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company and the Pension Fund Manager.
- m) The Pension Fund Manager shall send any other statement or certificate to the Participants which may be necessary under the Rules.
- n) The Pension Fund Manager shall furnish to the Commission a copy of its annual report and half yearly report, together with copies of the balance sheet, profit and loss account, directors' report and auditors' report within the stipulated terms as specified by the Commission from time to time at

the close of its accounting year and of its half year.

- o) The Pension Fund Manager shall not be under any liability except such liability as may be expressly assumed by it under the Rules and the Trust Deed nor shall the Pension Fund Manager (save as herein otherwise provided) be liable for any act or omission of the Trustee or for anything except its own negligence, reckless or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed, the Pension Fund Manager shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- p) The Pension Fund Manager shall provide and replicate all recorded information relating to the Pension Fund to the Trustee and shall arrange the reconciliation of such records with the Trustee on a periodic basis as may be mutually agreed between the two parties or as specified by the Commission.
- q) The Pension Fund Manager is responsible to deduct haram portion of income from dividend received on equity investments and any other source.

#### **5.6.2 Restrictions on the Pension Fund Manager**

The Pension Fund Manager on behalf of Pension Fund shall not:

- a) merge with, acquire or take over management of any other pension fund or pension fund manager unless it has obtained the prior approval of the Commission in writing for such merger, acquisition or takeover;
- b) pledge any of the securities held or beneficially owned by the Pension Fund except for the benefit of the Pension Fund and with prior approval of the Commission;
- c) accept deposits from another pension fund;
- d) make a loan or advance money to any person except in connection with the normal business of the Pension Fund;
- e) participate in a joint account with others in any transaction;
- f) apply any part of its assets to real estate; *provided that* the Pension Fund Manager may purchase real estate for its own use out of its own shareholders' fund;
- g) make any investment with the purpose of having the effect of vesting the management or control in the Pension Fund;

- h) employ as a broker, directly or indirectly, any of its directors, officers or employees or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any broker who is a Connected Person where such transactions shall equal or exceed ten per cent (10%) or more of the brokerage or commission paid by the Pension Fund in any one Accounting Period; *provided that* the Commission may, in each case on merits, permit the ten percent (10%) limit to be exceeded if the broker who is a Connected Person offers advantages to the Pension Fund not available elsewhere; and
- i) enter into a short sale transaction in any security, whether listed or unlisted.

#### **5.6.3 Retirement or Removal of the Pension Fund Manager**

- a) The Pension Fund Manager may, by giving at least ninety (90) days' prior written notice in writing to the Participants with the prior written approval of the Commission, retire from management of the Pension Fund.
- b) Where the Pension Fund Manager has given notice in accordance with Clause 5.6.3 (a) above, its retirement shall be effective on the date being not less than ninety (90) days after the date of such notice on which, with the approval in writing of the Commission, it appoints a new pension fund manager to manage the Pension Fund in accordance with the Deed and the Rules.
- c) The Trustee may, by giving notice in writing to the Pension Fund Manager with the prior approval of the Commission, remove the Pension Fund Manager if any of the following events have occurred:
  - I. the Pension Fund Manager has contravened the provisions of the Trust Deed in any material respect and has failed to rectify the contravention within (i) thirty days from the date of notice in writing given by the Trustee to the Pension Fund Manager regarding the contravention, such notice to be given under intimation to the Commission, or (ii) such other period as may be specified by the Commission, in respect of the contravention; *provided that* such notice by itself shall not be considered as an admission of contravention on part of the Pension Fund Manager who shall have the right to defend such action;
  - II. the Pension Fund Manager goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for the purpose of reconstruction and amalgamation); or
  - III. a receiver is appointed over any of the assets of the Pension Fund Manager.
- d) The removal of the Pension Fund Manager from management of the Pension Fund by the Trustee under sub-Clause (c) above shall be effective on the date on which, with the approval in writing of the Commission, the

Trustee appoints a new pension fund manager to manage the Pension Fund in accordance with the Trust Deed and the Rules.

- e) The Commission may, in exercise of its powers under the Rules, remove the Pension Fund Manager from management of the Pension Fund and appoint in its place a new pension fund manager to manage the Pension Fund in accordance with the Trust Deed and the Rules.
- f) The Commission may, in exercise of its powers under the Rules, cancel the registration of the Pension Fund Manager as a pension fund manager, in which case the Pension Fund Manager, if not already removed from the management of the Pension Fund, shall stand removed from such management upon such cancellation.
- g) If the Commission has cancelled the registration of the Pension Fund Manager as provided in sub-Clause (f) above, the Commission shall appoint another pension fund manager to manage the Pension Fund in accordance with the Trust Deed and the Rules.
- h) Upon a new pension fund manager being appointed, the Pension Fund Manager shall take immediate steps to deliver all the documents and records pertaining to the Trust to the new pension fund manager and shall pay all sums due to the Trustee.
- i) Upon its appointment the new pension fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Pension Fund Manager hereunder as fully as though such new pension fund manager had originally been a party hereto.
- j) If so directed by the Commission, the Pension Fund Manager shall not receive any Contributions from any of the Participants or make any other transaction on account of the Pension Fund as from the date of issue of the notice as referred to in sub-Clause (c) above or as from the date of issue of the Commission's order in writing under Rule 6 of the Rules.
- k) The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Pension Fund Manager are audited by the Auditors of the Pension Fund and the audit report is submitted, within one month from the date of such appointment, to the Commission, the Trustee and the new Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.



## 5.7 ***Responsibilities and Obligations of the Trustee***

The Trustee of the Pension Fund 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

(Any change in the registered office address of the Trustee shall be notified by the Trustee to the Commission and the Pension Fund Manager.)

**CDC’s Vision Statement:** To be a leading national institution providing quality services to capital and financial markets stimulating economic growth.

**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.

**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.

**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 any 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.

### 5.7.1 **Obligations of the Trustee**

- a) The Trustee shall comply with the provisions of the Trust Deed and the Rules when performing any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Pension Fund Manager;

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

- b) The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Participants. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Pension Fund Manager, *provided that* the Trustee's actions and the Pension Fund Manager's requests are not in conflict with the provisions of the Trust Deed or the Rules. Whenever pursuant to any provision of the Trust Deed any certificate, notice, direction, instruction or other communication is to be given by the Pension Fund Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Pension Fund Manager by any person whose signature the Trustee is for the time being authorized in writing by the Pension Fund Manager to accept.
- c) The Trustee shall take into its custody or under its control all the Trust Property, including properties of the Sub-Funds and hold the same in trust for the Participants in accordance with the Applicable Law, the Rules and the provisions of the Trust Deed and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.
- d) The Trustee shall be liable for any act or omission of any agent with whom any Investments are deposited as if they were the acts or omissions of any nominee in relation to any Investment.
- e) The Trustee shall be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the Pension Fund and, where borrowing is undertaken for the account of the Pension Fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender.
- f) The Trustee shall ensure that the issue, redemption and cancellation of Units are carried out in accordance with the provisions of the Trust Deed and the Rules.
- g) The Trustee shall ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub-Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of the Trust Deed or as specified by the Commission.
- h) The Trustee shall carry out the instructions of the Pension Fund Manager in respect of Investments unless they are in conflict with the Investment Policy as prescribed by the Commission, the Trust Deed or as specified in this Offering Document.
- i) The Trustee shall ensure that the Investment Policy and the borrowing limitations set out in the Trust Deed, the Rules and other conditions under which the Pension Fund was authorized are complied with.
- j) The Trustee shall issue a report to be included in the annual report to be sent to Participants whether, in the Trustee's opinion, the Pension Fund Manager has in all material respects managed the Pension Fund and the Sub-Funds in accordance with the provisions of the Trust Deed, and if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof.
- k) The Trustee shall ensure that Units are not allocated until Contributions have been received.

- l) The Trustee shall, from time to time appoint, remove or replace one or more Custodian(s) as an agent of the Trustee at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee;
- m) The Trustee shall make available or ensure that there is made available to the Pension Fund Manager such information as the Pension Fund Manager may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Pension Fund.
- n) The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Pension Fund Manager and as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- o) None of the Trustee, the Custodian (if the Trustee has appointed another person as Custodian), the Pension Fund Manager or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Pension Fund save in the capacity of an intermediary.
- p) The Trustee shall promptly provide proxies or other forms of power of attorney to the order of the Pension Fund Manager with regards to any voting rights attaching to any Investments.
- q) The Commission may, if it is satisfied that it is necessary and expedient so to do in the interest of the Participants, or in the interest of the capital market and public, by an order in writing, give such directions to the Trustee which are essential to enforce the Rules including but not limited to making arrangements for safe custody of assets of the Pension Fund, submission of reports and disclosure of information.
- r) The Trustee shall, if requested by Pension Fund Manager and may if it considers necessary for the protection of Trust Property or safeguarding the interest of Participants, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Pension Fund and the Trustee shall be indemnified against all such costs, charges and expenses, *provided that* no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under the Trust Deed or the Rules.
- s) The Trustee shall obtain and maintain replication of all the records of the Participants maintained by the Pension Fund Manager or the Registrar, as the case may be, and shall keep the records updated on fortnightly basis.
- t) Comply with the directions of the Commission given in the interest of the participants

#### **5.7.2 Retirement or Change of Trustee**

- a) The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the

Pension Fund Manager with the prior written approval of the Commission and within a period of three (3) months of the Trustee giving notice of its intention to retire to the Pension Fund Manager shall by a supplementary Trust Deed under the seal of the Pension Fund Manager and the Trustee appoint a new trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new trustee. The retirement of the Trustee shall take effect at the same time as the new trustee is appointed and the Supplementary Trust Deed reflecting this appointment is executed. The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Trustee are audited by the Auditors and the audit report is submitted within one month from the date of such appointment to the Commission, the newly appointed Trustee and the Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.

- b) If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Pension Fund Manager) or ceases to carry on business of trusteeship or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Pension Fund under the provisions of the Rules, the Pension Fund Manager shall forthwith by instrument in writing remove the Trustee from its appointment under the Trust Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and the Trust Deed as the new trustee.
- c) The Commission after giving thirty (30) days notice, may remove the Trustee by order in writing on grounds of any material default or non-compliance with the provisions of the Rules or the Trust Deed, negligence of its duties or incompetence in performing its duties or if the Commission is of the opinion that the Trustee has otherwise neglected or failed to comply with any order or direction of the Commission and considers that it would be in the interest of the Participants so to do; provided that such notice shall not per se be regarded as an admission of contravention on part of the Trustee who shall have the right to defend such notice or action.
- d) The Pension Fund Manager may also remove the Trustee with the prior approval of the Commission after giving thirty (30) days notice if the Pension Fund Manager feels that the Trustee is charging a remuneration that is not comparable to the market norm and it would be in the interest of the Participants to appoint another trustee. For this purpose, if the Pension Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified to be appointed as trustee of a pension fund) determines that the remuneration being paid to the Trustee is not comparable to the market norm and that for this reason it would be in the interest of the Participants to appoint another trustee on such favorable terms, it will issue a thirty (30) days notice of removal of the Trustee on this ground; provided that after receiving such notice from the Pension Fund Manager, the Trustee shall have the option to continue as trustee of the Pension Fund on such favorable terms offered by the alternate institution or to retire as trustee of the Pension Fund and notify the Pension Fund Manager accordingly. The change of Trustee shall become effective with the Commission's approval once the newly appointed trustee takes charge of all duties and responsibilities.
- e) Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Individual Pension Account held by or for the Trustee under any Approved Income Payment Plan to the new trustee and shall make payments to the new trustee of all sums due from the Trustee.

- f) The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto as trustee of the Pension Fund.
- g) Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under the Trust Deed and the Rules, the Trustee shall remain entitled to the benefit of the terms of the Trust Deed till the removal or resignation of the Trustee is effective without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under the Trust Deed and / or the Rules.

## 5.8 ***Registrar of the Units of the Pension Fund***

**NBP Fullerton Asset Management Limited**  
 7<sup>th</sup> Floor, Clifton Diamond Building,  
 Block No. 4, Scheme No.  
 5, Clifton, Karachi

## 5.9 ***Distributors of the Pension Fund***

- 5.9.1 The main distributor of the Pension Fund will be the Pension Fund Manager. The Fund shall also be offered through selected branches of National Bank of Pakistan.
- 5.9.2 The Pension Fund Manager may from time to time appoint or remove other Distribution Companies for the Pension Fund.

## 5.10 ***Auditor of the Pension Fund***

5.10.1 The first Auditor of the Pension Fund shall be:

M. Yousuf Adil Saleem & Co.  
 Chartered Accountants  
 A-35, Cavish Court, Block 7/8,  
 KCHSU., Shahrah-e-Faisal,  
 Karachi, - Pakistan

- a) The Pension Fund Manager may at any time, with the concurrence of the Trustee, and shall, if required by the Commission, remove the Auditor and appoint another auditor in its place. At all times the Pension Fund Manager shall ensure that the Auditor is appointed from the panel of auditors, if any, prescribed by the Commission for this purpose.
- b) The Auditor shall hold office until transmission of the annual report and accounts. The Auditor shall be appointed for a term of one year (except the first Auditor whose first term may be shorter than one year), but no Auditor shall be appointed

for more than such consecutive terms as specified by the commission from time to time.

- c) A person who is not qualified to be appointed as auditor of a public company under the terms of Section 254 of the Ordinance shall not be appointed as the Auditor.
- d) A person who is not qualified to be appointed as auditor under the terms of Sections 254(3) and 254(4) of the Ordinance shall not be appointed as the Auditor. For the purposes of this Clause 5.10.1, references to “company” in those Sections shall be construed as references to the Pension Fund Manager and the Trustee. Section 254(5) of the Ordinance will apply to the Auditor *mutatis mutandis*.
- e) Appointment of a partnership firm as the Auditor shall be deemed to be the appointment of all persons who are partners in the firm from time to time.
- f) The Auditor shall have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Manager, Trustee, Custodian, Registrar or elsewhere, and shall be entitled to require from the Pension Fund Manager, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- g) The Auditor shall prepare an auditor’s report in accordance with the requirements of the Rules and other Applicable Laws for transmission to the Commission and the Participants.
- h) In case the Rules or other Applicable Laws relating to appointment of auditors of pension funds are amended or substituted, the amended Rules or other Applicable Laws, as the case may be, shall be deemed to become part of the Trust Deed without the need to execute a Supplementary Trust Deed.
- i) Auditors shall also act as Shariah compliance Auditors, and shall complete an annual Shariah compliance audit of the Pension Fund for each Accounting Period and shall issue a Shariah compliance audit report to be included in the Annual Report of the Pension Fund. The report shall assess the compliance of the Pension Fund with the investment guidelines recommended by the Shariah Advisor.
- j) The Commission shall monitor general financial condition of the Pension Fund, and, at its discretion, may order special audit and appoint an auditor who shall not be the external auditor of the Pension Fund, to carry out detailed scrutiny of the affairs of the Pension Fund, provided that the Commission may, during the course of the scrutiny, pass such interim orders and give directions as it may deem appropriate. On receipt of the special audit report, the Commission may direct the Pension Fund Manager to do or to abstain from doing certain acts and issue directives for immediate compliance which shall be complied forthwith or take such other action as the Commission may deem fit.

## 5.11 ***Legal advisor***

5.11.1 The first legal advisor of the Pension Fund shall be:

**Jooma & Soomro**

Advocates and legal Consultants

103 Ammera Centre,

Sharah-e-Iraq, Karachi.

Pakistan.

5.11.2 The Pension Fund Manager may replace the legal advisor or appoint a new legal advisor to a vacancy created by the resignation or removal of the legal advisor. The particulars of the new legal advisor shall be deemed to become part of the Trust Deed and the Offering Document without the need to execute a Supplementary Trust Deed or Offering Document.

## 5.12 ***Bankers***

5.12.1 Bank Alfalah Limited, Burj Bank Limited.

5.12.2 The Pension Fund Manager may from time to time, remove or appoint additional bankers as and when it deems appropriate.

## 5.13 ***Shariah Advisors***

5.13.1 The Pension Fund Manager has appointed Mufti Bilal Ahmed Qazi as Shariah Advisor to the Pension Fund.

5.13.2 All activities of the Pension Fund shall be undertaken in accordance with the Islamic Shariah as per the guidelines given by the Shariah Advisor.

5.13.3 The Shariah Advisor shall prescribe screening criteria and guidelines for determining Shariah compatibility of Investments made / to be made by the Pension Fund.

5.13.4 The Shariah Advisor shall also determine Shariah non compliant (Haram) income that may have been earned by the Pension Fund during any period of review. This income would be given out in Charity to purify the remaining income of the Pension Fund. List of charities to which the Pension Fund Manager will pay the Haram Income will be decided in consultation with the Shariah Advisor. The Shariah Advisor shall also advise on the procedure of disbursement of this charity income in line with the Guidelines issued by the commission from time to time.

5.13.5 The Shariah Advisor shall advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with Shariah. Any verdict issued by the Shariah Advisor in respect of any Shariah

related matter would be final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties related with the matter.

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

5.13.7 At the end of first Accounting Period and thereafter for every annual accounting period, the Shariah Advisor shall issue a certificate to be included in the financial reports in respect of the Shariah compliance of the preceding year's operations of the Fund. Remuneration of the Shariah Advisor would be borne by the Management Company or the Fund as specified by the Commission from time to time.

## **6 CHARACTERISTICS OF THE PENSION FUND**

### **6.1 *Eligible Persons***

6.1.1 All individuals fulfilling the eligibility criteria prescribed by the Commission under the Rules shall be eligible to contribute to the Pension Fund authorized under the Rules.

6.1.2 As per clause 6.1.1 above, "all Pakistani nationals who have a valid National Tax Number (NTN) or Computerized National Identity Card (CNIC) and National Identity Card for Overseas Pakistanis (NICOP), issued by the National Database and Registration Authority (NADRA) shall be eligible to contribute to the Pension Fund.

6.1.3 Each Eligible Person who opens an Individual Pension Account with the Pension Fund Manager may make Contributions to the Pension Fund, directly as well as through employers of such Eligible Person.

6.1.4 Participants having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001) and issued by Life Takaful Companies before 30 June, 2005 are eligible to redeem their units and transfer the balance to their Individual Pension Account, subject to the Rules.

6.1.5 Accumulated balance from Approved Employment Pension or Annuity Scheme or Approved Occupational Savings Scheme (i.e. approved gratuity fund or recognized provident fund) can be transferred to the Pension Fund.

6.1.6 The eligibility criteria may be reviewed by the Commission from time to time.



## 6.2 ***Application Procedure for Opening Individual Pension Accounts***

- 6.2.1 The Pension Fund Manager shall be responsible for obtaining all Approvals required in connection with the Pension Fund.
- 6.2.2 Participation in the Pension Fund shall be offered through Authorized Branches. The Pension Fund Manager shall act as the main Distribution Company.
- 6.2.3 Forms for the purposes of the Pension Fund may be obtained from the Pension Fund Manager or any of its authorized Distributors and Sales Agents or can be downloaded from the website of the Pension Fund Manager or may be requested from the Pension Fund Manager through courier or through electronic means and only such forms may be used by Participants, proposed Participants and other persons in relation to the Pension Fund. Forms for opening of Individual Pension Accounts are also attached hereto as Annexure “F” titled “Registration Form”.
- 6.2.4 Prescribed Application Forms duly completed in all respects, along with the required attachments can be lodged with any Distributor, Investment Facilitator/Sales Agent or directly with the Pension Fund Manager. No other person is authorized to accept the Prescribed Application Forms or payments.
- 6.2.5 The Pension Fund Manager shall make arrangements, from time to time, for receiving the completed Prescribed Application Forms and Contributions from or on behalf of Eligible Persons and Participants located outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.
- 6.2.6 For an Eligible Person to join the Pension Fund as a Participant, they must open an Individual Pension Account with the Pension Fund Manager using the Prescribed “Account Opening Form”. Only Eligible Persons may apply to join the Pension Fund as Participants.
- 6.2.7 Application for opening an Individual Pension Account shall be made by completing the Prescribed Application Form mentioned in Clause 6.2.6 above, and submitting it together with the first Contribution payment through by cheque, bank draft, pay order (crossed account payee only), online transfers or as may be prescribed by the Pension Fund Manager, in favor of the Trustee titled “**CDC – Trustee NAFA Islamic Pension Fund**” at any Authorized Branch of any Distribution Company or directly lodging the completed form together with such payment with the Pension Fund Manager (for the avoidance of doubt, it is clarified that no other person (including Sales Agents) shall be authorized to accept on behalf of the Pension Fund Manager any Prescribed Application Forms or any Contributions or any other payment to the Pension Fund Manager or the Pension

Fund). The Distribution Company shall ensure that the submitted application is complete in every regard and shall verify that the applicant is an Eligible Person and that the signature of the applicant to any document required to be signed by him under or in connection with the application matches with the applicant's signature as per the applicant's Computerized National Identity Card ("CNIC") or National Identity Card for Overseas Pakistanis ("NICOP"). **No Contribution should be made in the form of cash or any bearer instrument.**

- 6.2.8 The Prescribed Application Form shall not be considered to be duly completed if there is not attached to it a photocopy of each of the following, verified to the satisfaction of the Pension Fund Manager:
- (a) the CNIC or NICOP of the proposed Participant;
  - (b) proof of business or employment of the proposed Participant;
  - (c) such other documentary requirements as are noted in the Prescribed Application Form.
- 6.2.9 If after receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Pension Fund Manager, Registrar or the Distributor to be incomplete or incorrect in any material respect, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant Eligible Person in writing to remove the discrepancy whereupon the application shall not be acted upon by the Pension Fund Manager, and in the event the discrepancy is not removed within fifteen (15) days after such advice is given, the amount received together with the application shall promptly be refunded without any accrued interest or mark-up. Applicants shall indicate their Individual Pension Account Number allocated to them by the Pension Fund Manager when making each payment of Contribution except when making payment of the first Contribution.
- 6.2.10 Applicant may request a receipt signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed therein and the demand-draft, pay-order, cheque or deposit slip, as the case may be, submitted together with the application. Such receipt for applications and payment instruments (other than cash) shall only be validly issued by the Distributors.
- 6.2.11 If an application received pursuant to this Clause 6.2 is found by the Pension Fund Manager, Registrar or the Distributor to be complete and correct in all material respects, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant in writing of the opening of the applicant's Individual Pension Account with the Pension Fund Manager and shall also advise the applicant the number of such account.
- 6.2.12 If an employer decides to contribute on behalf of a Participant, the employer must register with the Pension Fund Manager by filing and submitting the required form entitled 'Employer and 3<sup>rd</sup> Party Contributor Form' as attached in Annexure "G" hereto.

6.2.13 The Pension Fund Manager may make arrangements to accept applications for opening Individual Pension account through electronic means upon satisfaction of the Trustee, subject to the conditions of Customer Due Diligence (CDD) / Know Your Customer Policy (KYC), specified by the Commission through notifications / circulars / rules / regulations , etc.

6.2.14 The application procedure described in Clauses 6.2.1 to 6.2.13 may be altered by the Pension Fund Manager from time to time with the approval of the Commission and the Trustee. Such alterations shall be announced through Supplementary Offering Documents issued by the Pension Fund Manager from time to time and shall be deemed to correspondingly alter the provisions of Clauses 6.2.1 to 6.2.13 without the need to execute a Supplementary Trust Deed.

### 6.3 ***Contribution Procedures***

6.3.1 The minimum contribution to the Pension Fund shall be as defined in Clause 6.4 here under and the Pension Fund Manager may from time to time change such minimum amount through announcement on its website with the prior approval of the Commission.

6.3.2 Subject to Clause, 6.3.1, a Participant or their employer, if any, may make Contributions in one lump sum or in installments during any Tax Year.

6.3.3 The Pension Fund Manager shall directly or through the Registrar send an acknowledgement of receipt of each Contribution along with an Account Statement to the Participant within one week of the receipt of the Contribution. Each Account Statement shall constitute evidence of the number of Sub-Fund Units purchased by a Participant as per his selected Allocation Scheme and shall contain such information as prescribed by the Commission from time to time.

6.3.4 The Pension Fund may be marketed in conjunction with group life or other Takaful schemes or any other scheme, subject to approval of the Commission. Such supplementary schemes shall not be compulsory for all the Participants to join, and the Trustee shall on the instruction of Pension Fund Manager deduct any premia payable in respect of such schemes from the Contributions of those Participants who have opted to join such schemes. The premia in respect of such schemes deducted by the Trustee from the Contributions of any Participant shall be paid by the Trustee on the instruction of the Pension Fund Manager to the relevant companies issuing such schemes for account of the Participant and only the net amount of Contributions received after deduction of such premia and any bank charges shall form part of the Trust Property. Details of the Takaful Coverage are provided in Clause 6.20.

6.3.5 Participants, or, on their behalf, their employers can deposit Contributions to the

Pension Fund subsequent to the first Contribution into the account of “**CDC - Trustee NAFA Islamic Pension Fund**” in the following manner:

- a) through direct bank transfer under intimation to the Pension Fund Manager and timely submission of Contribution Form.
- b) through standing instructions given by the Participants or their employers to their bank for regular transfer of Contributions under intimation to the Pension Fund Manager and timely submission of Contribution Form.
- c) in the form of “Account Payee Only” crossed cheques, payment orders or demand drafts, or
- d) through any other electronic form of transfer, as specified by the Pension Fund Manager from time to time

**Payment in cash will not be accepted.**

The Participant or the employer making Contribution on behalf of the Participant, or a group of Participants shall provide full details of the contributions to the Pension Fund Manager at the following address:

**NBP Fullerton Asset Management Limited**

7<sup>th</sup> Floor, Clifton Diamond Building,  
Block No. 4, Scheme  
No. 5, Clifton, Karachi

- 6.3.6 In respect of each Contribution subsequent to the first Contribution made by the Participants or by their employers making the subsequent Contribution on behalf of the Participants or a group of Participants, the person making payment of such subsequent Contribution must duly complete a Subsequent Contribution Form attached hereto as Annexure “H”, titled “Pension Contribution Slip”, indicating therein the relevant Participant’s Individual Pension Account Number and the details of the Contribution, and, attaching the relevant payment instrument along with the completed form, should submit it at the Authorized Branch or office of the Distribution Companies.
- 6.3.7 The Pension Fund Manager, directly or through the Registrar, shall send an acknowledgement of receipt of each Contribution, along with the Account Statement, to the Participant, within one week of the receipt thereof, whether posted or electronically submitted.
- 6.3.8 The Pension Fund Manager may make arrangements to accept contributions through electronic means upon satisfaction of the Trustee.
- 6.3.9 Any alterations to the contribution procedure and minimum investment amounts as enunciated in Clauses 6.3.1 to 6.3.8 and Clause 6.4, arising out of amendments to or substitutions of the Rules and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules shall be announced by the Pension Fund Manager from time to time on its website and such alternations shall be deemed to correspondingly alter the provisions of Clauses 6.3.1 to

6.3.8 and Clause 6.4, without the need for executing a Supplementary Trust Deed or Supplementary Offering Document.

#### **6.4 *Minimum Investment Amounts***

- 6.4.1 The minimum amount of Contribution to open an Individual Pension Account is Pakistan Rupees Ten Thousand (Rs. 10,000) and the minimum amount for adding to an existing account is Pakistan Rupees One Thousand (Rs.1,000) per transaction. There will be no penalties on delayed payments. The Pension Fund Manager may from time to time change such minimum amount through announcement on its website with the prior approval of the Commission.
- 6.4.2 There is no maximum limit of Contributions to the Pension Fund. Participants can contribute any amount in one lump sum or in installments. However, tax credits will be available to the Participants up to a maximum allowable amount of contribution within any financial year according to the Income Tax Ordinance, 2001 (XLIX of 2001).

#### **6.5 *Options and Procedures in case of Cessation, Temporary or Permanent, of Contributions by the Participants***

- 6.5.1 The Pension Fund Manager shall allow the Participants or their employers, if any, to pay the desired contribution into the Pension Fund in one lump sum or in installments during any fiscal year. However, Participants and their employers (as the case may be) have tax advantages on the contributions during any Tax Year, subject to the limits prescribed under the Income Tax Ordinance, 2001 (XLIX OF 2001), the details of which are given in Clause 12 of this Offering Document.
- 6.5.2 There will be no penalties on delayed payments or temporary or permanent cessation of Contributions, Participants may continue the payments at any time till their retirement.

#### **6.6 *Sub-Funds of NAFA Islamic Pension Fund***

- 6.6.1 Initially the NAFA Islamic Pension Fund shall consist of the following three Sub-Funds:
- a) NIPF- Equity Sub-Fund: The objective of the Fund is to achieve long term capital growth. The Fund shall invest primarily in shariah compliant equity securities, with a minimum investment of 90% of its net asset value in listed shares.
  - b) NIPF- Debt Sub-Fund: The objective of the Fund is to provide income along with capital preservation. The Fund shall invest primarily in Shariah Compliant tradable debt securities with the weighted average time to maturity of the investment portfolio of the Sub-Fund not exceeding five years.

- c) NIPF- Money Market Sub-Fund: The objective of the Fund is to provide regular income along with capital preservation. The Fund shall invest primarily in short term Shariah Compliant money market securities with the average time to maturity of the fund not exceeding one year.

6.6.2 The NAFA Islamic Pension Fund, after successfully managing the Equity, Debt and Money Market Sub-Funds, may with the approval of the Commission launch other Sub-Funds through a Supplemental Trust Deed and a Supplementary Offering Document to incorporate information for investments in other classes of assets.

## 6.7 ***Allocation Scheme***

6.7.1 The Pension Fund Manager shall offer different Allocation Schemes to the Participants to choose from, allowing the Participants to adopt a focused investment strategy, according to their risk/return requirements, in a combination of any two or more Sub-Funds of the NAFA Islamic Pension Fund, managed by the Pension Fund Manager. The risk profile of each Allocation Scheme shall be dependent on the percentage Allocation of that Allocation Scheme in the equity Sub-Fund. Each Allocation Scheme being offered shall have a different percentage allocation in two or more of the following sub-Funds:

- a) NIPF- Equity Sub-Fund
- b) NIPF- Debt Sub-Fund
- c) NIPF- Money Market Sub-Fund

6.7.2 The Contributions received from any Participant shall be allocated amongst the Sub-Funds in accordance with the Allocation Scheme selected by the Participant.

6.7.3 The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his/her Individual Pension Account. The Participant may change the Allocation Scheme not more than twice a year thereafter. Notice for the change in Allocation Scheme must be sent by the Participant in writing or in such other form as may be acceptable to the Pension Fund Manager.

6.7.4 In the event that the Participant does not select any Allocation Scheme/ product, the Pension Fund Manager will allocate the Contributions in accordance with the Default Allocation Scheme as prescribed by the Commission, from time to time.

6.7.5 The Pension Fund Manager is offering the following five Allocation Schemes to allocate the Contributions received from the Participants in the Sub-Funds:

### **a) High Volatility Asset Allocation Scheme**

This scheme shall allocate a major portion of the Contribution to the Equity Sub-Fund; the remaining portion will go to the Debt Sub-Fund, while there will be no allocation to the Money Market Sub-Fund.

The scheme is therefore suitable for investors with a high risk tolerance and preference for equity exposure

| Allocation Scheme | NIPF - Equity Sub-Fund | NIPF - Debt Sub- Fund | NIPF - Money Market Sub-Fund |
|-------------------|------------------------|-----------------------|------------------------------|
| High Volatility   | Min 65%                | Min 20%               | Nil                          |

**b) Medium Volatility Asset Allocation Scheme**

This scheme shall seek to allocate a major portion of the Contributions to the Equity Sub-Fund and Debt Sub-Fund and the remaining portion will be allocated to the Money Market Fund.

This schemes aims to strike a balance between investments in equities and debt, thereby mitigating risk for the Participants.

| Allocation Scheme | NIPF - Equity Sub-Fund | NIPF - Debt Sub- Fund | NIPF - Money Market Sub-Fund |
|-------------------|------------------------|-----------------------|------------------------------|
| Medium Volatility | Min 35%                | Min 40%               | Min 10%                      |

**c) Low Volatility Asset Allocation Scheme**

This scheme shall allocate a major portion of the Contribution to the Debt Sub-Fund and the remaining portion will be allocated between the Equity Sub-Fund and Money Market Sub-Fund.

By placing a major portion of the funds in the Debt Sub-Fund, this scheme offers a low risk and low return avenue to Participants. It is therefore appropriate for individuals who are relatively risk averse in nature and prefer safer investments.

| Allocation Scheme | NIPF - Equity Sub-Fund | NIPF - Debt Sub- Fund | NIPF - Money Market Sub-Fund |
|-------------------|------------------------|-----------------------|------------------------------|
| Low Volatility    | Min 10%                | Min 60%               | Min 15%                      |

**d) Lower Volatility Asset Allocation Scheme**

This scheme shall not allocate any portion of the Contribution to the Equity Sub-Fund. The entire contribution will be allocated between the Debt Sub-Fund and the Money Market Sub-Fund.

This scheme takes no exposure to equities, which are considered risky securities. By investing only in debt and money market instruments, this scheme is the least risky amongst the approved four schemes, prescribed by the Commission.

| Allocation Scheme | NIPF - Equity Sub-Fund | NIPF - Debt Sub- Fund | NIPF - Money Market Sub-Fund |
|-------------------|------------------------|-----------------------|------------------------------|
| Lower Volatility  | Nil                    | Min 40%               | Min 40%                      |

**e) Life Cycle Asset Allocation Scheme**

This scheme shall start with a higher initial equity allocation for an individual aged 18. Through out his Life Cycle, the equity allocation is gradually

reduced and transferred to Debt and Money Market sub-Funds as the individual reach the age of retirement. This removes the need for the investor to continually change their plan according to their changing risks and requirements as he ages.

| <b>Allocation Scheme</b> | <b>NIPF – Equity Sub-Fund</b>  | <b>NIPF - Debt Sub- Fund</b> | <b>NIPF - Money Market Sub-Fund</b> |
|--------------------------|--|------------------------------|-------------------------------------|
| Life Cycle Allocation    | Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the of age 60 years. |                              |                                     |

The Following table provides an Allocation of the ‘Life Cycle Allocation Scheme within each underlying Sub-funds:’

| <b>Plan</b>        | <b>Life Cycle Allocation</b> |                      |                              |
|--------------------|------------------------------|----------------------|------------------------------|
|                    | <b>Equity Sub-fund</b>       | <b>Debt Sub-fund</b> | <b>Money Market Sub-fund</b> |
| 18 – 30 years      | 75%                          | 20%                  | 5%                           |
| 31 – 40 years      | 70%                          | 25%                  | 5%                           |
| 41 – 50 years      | 60%                          | 30%                  | 10%                          |
| 51- 60 years       | 50%                          | 30%                  | 20%                          |
| 61 years and above | Nil                          | 50%                  | 50%                          |

Equity allocation shall be gradually reduced year-wise from 50% to 0% between the age of 51 and 60 years.

NAFA Islamic Pension Fund may provide additional allocation schemes or products subject to approval of the Commission. Up to two additional Allocation Schemes may be approved in the first 5 years.

In the event of no choice made by the Participant, the Pension Fund Manager shall allocate the Contribution to Life Cycle Allocation or as prescribed by the Commission.

6.7.6 The Pension Fund Manager may add more Allocation Schemes in the existing or additional Sub-Funds, after five years of operations, with the prior approval of the Commission.

6.7.7 The percentage allocations of each Allocation Scheme will be changed at least once in a given Financial year as the Pension Fund Manager deems fit, if in the opinion of the Pension Fund Manager the market conditions warrants such change and such change shall be intimated to the Participants in a manner that the Pension Fund Manager may deem appropriate. The range between which the percentage allocations of each Allocation Scheme may be changed, which are based on the guidelines and criteria announced by the Commission, are as given below:

| <b>Allocation Scheme</b> | <b>Equity Sub-Fund</b> | <b>Debt Sub-Fund</b> | <b>Money Market Sub-Fund</b> |
|--------------------------|------------------------|----------------------|------------------------------|
| High Volatility          | Min 65%                | Min 20%              | Nil                          |
| Medium Volatility        | Min 35%                | Min 40%              | Min 10%                      |



|                  |         |         |         |
|------------------|---------|---------|---------|
| Low Volatility   | Min 10% | Min 60% | Min 15% |
| Lower Volatility | Nil     | Min 40% | Min 40% |

6.7.8 The Participant shall have the option to change his selected Allocation Scheme to another Allocation Scheme being offered by the Pension Fund Manager not more than twice in a financial year. The notice for the change in Allocation Scheme shall be provided to the Pension Fund Manager by the Participant before the relevant date, in writing through submission of the Change of Allocation Scheme Form or in such form as may be acceptable to the Pension Fund Manager. On the relevant date, the Units shall be reallocated in accordance with the new Allocation Scheme and any subsequent allocations and reallocations shall be made according to the new selected Allocation Scheme.

6.7.9 As a part of the Prescribed Application Form, each Participant shall provide an undertaking that he/she has no objection to the investment / allocation policy determined by the Commission and offered by the Pension Fund Manager and he/she is fully aware of the risks associated with his/her selection of Allocation Scheme.

## 6.8 ***Allocation among the Sub-Funds***

6.8.1 Each Participant of the Pension Fund will in turn be the holder of Units of the Sub-Funds in proportions determined in accordance with the Allocation Scheme selected by the Participant as per Clause 6.7.5 or, in the absence of selection by the Participant, the Default Allocation Scheme selected for the Participant by the Pension Fund Manager in accordance with Clause 6.7(5) or, in certain conditions prescribed under the Rules, of cash held in an appropriate Bank Account in the name of the Trustee.

6.8.2 The Pension Fund Manager shall manage the equity allocation within the prescribed limits of the scheme using various investment management tools. Increase or decrease in allocation to the Debt Sub-Fund (normally higher-yielding than money market investments) in preference to the Money-Market Sub-Fund (normally lower risk and lower return investments) will be based on the then prevailing interest rates and inflation rates.

6.8.3 The Pension Fund Manager will make reallocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the selected allocation scheme of the Participants.

6.8.4 All Participants of the Pension Fund will, in turn, be holders of Units of the Sub-Funds in various proportions or, in certain conditions, of cash held in an appropriate bank account in the name of the Trustee.

## 6.9 ***Allocation Policy***

6.9.1 A Participant has the option to select any Allocation Scheme in relation to his Contributions and shall make such selection at the date of opening his Individual Pension Account. A Participant may change any Allocation Scheme selected by him in relation to his Contributions to a different Allocation Scheme selected by

him not more than twice a Financial year.

- 6.9.2 The number of Units of any Sub-Fund purchased out of Contributions made by any Participant shall be determined in accordance with the Allocation Scheme selected by the Participant.
- 6.9.3 The Pension Fund Manager may assist a Participant in the selection of a suitable Allocation Scheme but the final decision and responsibility as to which Allocation Scheme to choose shall lie with the Participant.
- 6.9.4 The Pension Fund Manager or the Registrar shall ensure a built-in mechanism to facilitate the changes in asset allocation automatically between the Sub-Funds within the limits of the Prescribed Allocation Policy as and when required by the Pension Fund Manager.
- 6.9.5 If any Participant fails to select an Allocation Scheme at the date of opening his Individual Pension Account, the Pension Fund Manager shall allocate Contributions of the Participant to the Default Allocation Scheme, which shall be Life Cycle Asset Allocation Scheme, specified in Clause 6.7.5(e).
- 6.9.6 The Default Allocation Scheme mentioned in sub-clause 6.7.5 above, shall then be deemed to be a Participant's selected Allocation Scheme in the event that the Participant fails to select an Allocation Scheme at the date of opening his Individual Pension Account.
- 6.9.7 The Pension Fund Manager shall make re-allocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that allocations of Sub-Fund Units of all the Participants are according to the Allocation Schemes selected or deemed to be selected by the Participants.
- 6.9.8 An Individual Pension Account shall not be subject to any lien, pledge, encumbrance or attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and no sum shall pass to any trustee or person acting on behalf of a Participant's creditors in the event of his bankruptcy.
- 6.9.9 Each Participant shall provide an undertaking when establishing their Individual Pension Account or when selecting or deemed to be selecting an Allocation Scheme that they have no objection to the Investment Policy and the Approved Allocation Policy and that they are fully aware of the risks associated with the Allocation Scheme selected by them.
- 6.9.10 The criteria of allocations may be subject to changes and modifications from time to time in accordance with the changes in the Investment Policy and the Prescribed Allocation Policy. All such changes shall be announced through Supplementary Offering Documents.

## 6.10 ***Details of Individual Pension Account***

- 6.10.1 The Pension Fund Manager shall assign a unique Customer ID to the Individual Pension Account of each Participant. Such unique Individual Pension Account number shall be issued in line with the criteria prescribed by the Commission and the participants shall quote this number in all their communications with the Pension Fund Manager and while making Contributions.

- 6.10.2 The Pension Fund Manager shall also assign a unique serial number generated by the system to each Individual Pension Account. This will be called the Registration Number. The Participants may also quote this number in all their communications with the Pension Fund Manager and while making Contributions.
- 6.10.3 Contributions received from or on behalf of any Participant by Trustee in cleared funds on any Business Day shall be credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, any premia payable in respect of any schemes selected by the Participant pursuant to Clause 6.3.5 and any bank charges in respect of the receipt of such Contributions. The net Contribution received in the Individual Pension Account shall be used to allocate such number of Units of the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that Business Day.
- 6.10.4 Contributions shall not be treated as having been received from or on behalf of any Participant unless they are received the Trustee in cleared funds and only the amount received in cleared funds shall be treated as the Contribution received.
- 6.10.5 If any Contribution is received from or on behalf of any Participant by the Distributor in cleared funds on a day which is not a Business Day, it will be treated as having been received on the first following Business Day.

## 6.11 ***Frequency of Valuations and Dealings***

- 6.11.1 The valuation of the Sub-Fund Units shall be carried out on each Business Day.
- 6.11.2 The valuation shall be conducted as at the close of all Business Days.
- 6.11.3 Contributions from Participants and requests for withdrawals and transfer to other pension fund manager will be received on all Business Days.
- 6.11.4 The Dealing Days shall be all Business Days from Mondays to Fridays every week, or as notified otherwise by the Pension Fund Manager from time to time and made available on the website of the Pension Fund Manager. The business hours shall be from 9 am to 5 pm on Mondays to Fridays, or as notified by the Pension Fund Manager, from time to time and made available on the website of the Pension Fund Manager.
- 6.11.5 The Net Asset Value of each Sub-Fund means the excess of assets over liabilities of the Sub-Fund, divided by the number of Units outstanding of the respective Sub-Funds, such excess being computed in the manner as specified in the Rules, from time to time. Such sum shall be rounded off to the nearest two

decimal places.

6.12 ***Mode of Announcement of Net Asset Values***

- 6.12.1 The Net Asset Value of Units determined by the Pension Fund Manager shall be made available to the public on dealing days.
- 6.12.2 Any sum or Unit price computed under this Offering Document shall be adjusted to the nearest two decimal places.

6.13 ***Payment of Proceeds on Withdrawals and Transfers***

- 6.13.1 Payment of proceeds on withdrawals and transfers shall be determined as per the Rules and the Income Tax Ordinance, 2001.
- 6.13.2 The Trustee shall, at any time during the life of the Pension Fund, authorize withdrawal from the Individual Pension Account through redemption of Units of Sub-Funds through the authorized Distribution Companies of the Fund.
- 6.13.3 The amount payable on withdrawal shall be paid to the Participant or, in accordance with the Trust Deed, to his nominated survivors, executors, administrators or successors by crossed cheque, pay order or transfer to their designated banker or Life Takaful Company, as the case may be, not later than the sixth (6th) Business Day from the date of presentation of the duly completed "Withdrawal and Transfer Form" at any Authorized Branch as provided hereto in Annexure "I". The Pension Fund Manager shall ensure that adequate records in respect of the reason for any payment made are maintained. At the written request of the Participant, the Pension Fund Manager may at its discretion (but shall not be bound) advise the Trustee to pay proceeds through some other mode of payment (other than cash).
- 6.13.4 On receiving the withdrawal application form mentioned in sub Clause 6.13.3 above, complete in all respects, the Pension Fund Manager will redeem the required Units of the Sub-Funds equal to the requested withdrawal amount at the Net Asset Value prevailing on the close of the Business Day on which the request was received.
- 6.13.5 In the event of notification to the Registrar of death, or retirement (through 30 days notice), the Pension Fund Manager shall automatically redeem all the Units from the Sub-Funds of the respective Participant on the close of the Business Day at which the date of retirement falls or death of a Participant has been notified to the Registrar. The proceeds of Units redeemed will be credited to the Participant's Individual Pension Account. The Participants or their nominated survivors, executors, administrators, or successors, as the case may be, shall be entitled to withdraw amounts from the Pension Fund in

accordance with the provisions of the Trust Deed , the Rules and any circulars and notices.

- 6.13.6 The Participants of the Pension Fund shall be entitled to transfer their Individual Pension Accounts from the Pension Fund to another pension fund or pension fund manager.
- 6.13.7 Participants may make transfer requests, by filling the “Withdrawal and Transfer Form” provided hereto as Annexure “I” and submitting the same with any authorized Distributor or designated offices of the Pension Fund Manager.
- 6.13.8 On receiving a transfer request application mentioned in Clause 6.13.7 above, complete in all respects, the Pension Fund Manager shall redeem all Units of the Sub-Funds in the Individual Pension Account of the respective Participant at the close of the first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account and shall transfer the requisite encashed/ redeemed amount to the requested pension fund manager.
- 6.13.9 For the purposes of purchasing (issuance) and redeeming (encashment) of Units of the respective Sub Fund, the Pension Fund Manager shall announce the Net Asset Value of each Sub-Fund at the close of each Dealing Day.
- 6.13.10 The Distribution Companies, Pension Fund Manager and Registrar shall verify the particulars given in the applications for withdrawals and transfers.
- 6.13.11 In the event that any withdrawal request or request to transfer the whole or any part of a Participant’s Individual Pension Account is incomplete in any respect, the Pension Fund Manager or the Registrar shall inform the Participant of the discrepancies within one week of the receipt of the request. The payment shall not be made unless all discrepancies have been removed.
- 6.13.12 In the event requests for transfer or withdrawal from the Pension Fund would result in redemption of Units on any day in excess of ten per cent (10%) of the issued Units of any Sub-Fund, the transfer or withdrawal requests so in excess may be deferred in accordance with the procedure set out in Clause 6.17 of this Offering Document.
- 6.13.13 The receipt of a Participant or, in accordance with the Trust Deed, of his nominated survivors, executors, administrators or successors, or banking documents showing transfer to the Participant or, in accordance with the Trust Deed, to his nominated survivors, executors, administrators or successors, or in accordance with their instructions to any designated banker, Life Takaful Company or another pension fund, as the case may be, or proof of issue of a cheque and its mail to the Participant’s or, in accordance with the Trust Deed, to his nominated survivors’, executors’, administrators’ or successors’ address for or of any moneys payable in respect of the Participant’s Individual Pension Account shall be a good discharge to the Trustee and the

Pension Fund Manager in respect of such moneys.

6.13.14 The Pension Fund Manager will make arrangements, from time to time, for receiving withdrawal forms from outside Pakistan and payment of withdrawal amounts outside Pakistan, and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

6.13.15 The method for payment of proceeds given in 6.13.1 to 6.13.12 shall be subject to change due to any changes prescribed by the Commission under the Rules and such changes shall be deemed to become part of the Trust Deed and the Offering Document without the need to execute any Supplementary Offering Document.

6.13.16 The Pension Fund Manager may borrow from any Commercial Bank, as per clause 5.7; with the consent of the Trustee for meeting withdrawal requests or transfer of funds to other Pension Fund Managers and such borrowing shall not exceed limits provided in the Rules.

#### 6.14 ***Withholding Tax***

6.14.1 The Trustee on the advice of the Pension Fund Manager shall withhold any tax or tax penalty from payments to the Participants or, in accordance with the Trust Deed and the Offering Document, to their nominated survivors, executors, administrators or successors, as the case may be, applicable under the Income Tax Ordinance, 2001 (Ordinance No.XLIX of 2001) and shall deposit the same in the Government treasury.

#### 6.15 ***Suspension of Fresh Issue of Units***

6.15.1 The Pension Fund Manager may under circumstances mentioned in Clause 6.16, subject to the Rules and under intimation to the Trustee, suspend acceptance of all or any class of Contributions and suspend the issue of fresh Units in relation to such Contributions; *provided that* any such suspension shall not affect the making of Contributions by the existing Participants. The Pension Fund Manager shall immediately notify the Commission if dealing in Units as provided in this Clause is suspended and shall also have that fact published, immediately following such decision, in the leading newspapers.

#### 6.16 ***Refusal to Accept Contributions***

The Pension Fund Manager or the Distribution Company may at any time refuse to accept any Contribution in any of the following cases:

- (a) in case the Contribution is contrary to the Know-Your-Customer (KYC) rules or policy of the Pension Fund Manager or any other Applicable Laws relating to money laundering that the Pension Fund may be subject to or any rules relating to money laundering that the Pension Fund Manager may frame for self regulation;
- (b) in case the Contribution is made by an applicant who has not provided a valid CNIC or NICOP number;
- (c) in case the Contribution is contrary to the Applicable Laws of the foreign jurisdiction that the Pension Fund or the Participant or prospective Participant may be subject to or if accepting the Contribution may subject the Pension Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction;
- (d) if accepting the Contribution would in any case be contrary to the interests of the Pension Fund Manager or the Pension Fund or the Participants; and
- (e) if advised by the Commission to do so.

## 6.17 ***Circumstances of Suspension and Deferral of Dealings***

6.17.1 Units of the Sub-Funds may be redeemed through withdrawals and transfers, only for the purposes set out in the Trust Deed and this Offering Document.

6.17.2 Subject to Clause 6.17.1, the redemption of any Units of all or any of the Sub-Funds may be suspended or deferred by the Pension Fund Manager:

- a) during extraordinary circumstances, including war (declared or otherwise), natural disasters, a major breakdown in law and order, breakdown of the communication system, closure of one or more Stock Exchanges on which any of the securities invested in by the Pension Fund are listed, closure of the banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function, the existence of a state of affairs which in the opinion of the Pension Fund Manager 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 Pension Fund or of the Participants, a break down in the means of communication normally employed in determining the price of any Investment, remittance of money cannot be carried out within a reasonable time or if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to redeem Units at a price determined in accordance with the Net Asset Value; or
- b) execution of redemption of Units on any Business Day would result in more than ten percent (10%) of the issued Units of any Sub-Fund being redeemed; *provided that* any suspension or deferral of redemption of Units

shall not affect any Approved Income Payment Plans.

6.17.3 Any decision by the Pension Fund Manager for the suspension or deferral of redemption of Units under Clause 6.17.2(a) shall be taken to protect the interest of the Participants.

6.17.4 Subject to Clause 6.18, in the event of suspension or deferral of redemption of Units under Clause 6.17.2(b), the redemption of Units affected by the suspension or deferral shall be processed in accordance with the queue system described in Clause 6.18.

6.17.5 Any suspension or deferral of redemption of Units or any processing of Units in accordance with the queue system described in Clause 6.18 shall end on the day on which the conditions giving rise to the suspension or deferral shall in the opinion of the Pension Fund Manager have ceased to exist and no other condition under which suspension or deferral of Units is authorized under the Trust Deed or the Offering Document exists or, if such day is not a Business Day, on the first Business Day after such day.

6.17.6 Any suspension or deferral of redemption of Units or processing of Units in accordance with the queue system described in Clause 6.18 or any termination thereof under Clause 6.17.5 shall immediately be notified by the Pension Fund Manager to the Commission and published by the Pension Fund Manager in leading newspapers.

#### 6.18 ***Queue system***

If the Pension Fund Manager suspends or defers the redemption of Units of any Sub-Fund pursuant to Clause 6.17.2(b), the Pension Fund Manager shall invoke a queue system whereby redemptions initiated for the affected Units shall be processed on a first-come-first-served basis for such of the affected Units as do not exceed ten per cent (10%) of the issued Units of the relevant Sub-Fund. Where it is not practical to determine the chronological ranking of any initiated redemptions in comparison to other redemptions initiated on the same Business Day, such initiated redemptions shall be processed on a proportional basis proportionate to the size of each initiated redemption. Redemptions of Units in excess of 10% of the issued Units of the relevant Sub-Fund shall be treated as initiated on the next Business Day; *provided that* if the carried over redemptions or the carried over redemptions together with the fresh redemptions initiated on such next Business Day together exceed ten per cent (10%) of the issued Units of the relevant Sub-Fund, such redemptions shall once again be processed on a first-come-first-served basis and the process for redeeming Units as described in this Clause 18 shall be repeated and shall continue till such time the outstanding initiated redemptions come down to a level below ten percent (10%) of the then issued Units of the relevant Sub-Fund.

#### 6.19 ***De-authorization and winding up of the Pension Fund***

6.19.1 The duration of the Pension Fund shall be perpetual and it shall not be wound up



by way of liquidation.

- 6.19.2 If the Pension Fund Manager does not wish to maintain the authorization of the Pension Fund, it shall apply to the Commission to de-authorize the Pension Fund by giving at least three (3) months notice in writing to the Participants, the Trustee and the Commission, subject to conditions of the Rules.
- 6.19.3 In the event that the Pension Fund Manager is of the view that the quantum of redemption requests that have built up shall result in the Sub-Funds or the Pension 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 Participants who are not redeeming, it may apply to the Commission to de-authorize the Pension Fund. In such an event, the queue system, if already invoked, shall cease to apply.
- 6.19.4 The Pension Fund may also be de-authorized by the Commission on the grounds provided in the Rules.
- 6.19.5 Upon the Pension Fund being de-authorized, the Pension Fund Manager shall suspend receiving Contributions forthwith from all the Participants from the date of issue of the notice under Clauses 6.19.2 and 6.13.3 and shall proceed to transfer all the records of Individual Pension Accounts and books of accounts of the Pension Fund to another pension fund manager.
- 6.19.6 The Trustee shall ensure that accounts of the Pension Fund till the day of the transfer to the new Pension Fund Manager are audited by the Auditor and the audit and Trustee report is submitted within one month from the date of such appointment to the Commission, the new pension fund manager and the Trustee. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same shall be charged to the Pension Fund with the prior approval of the Commission.
- 6.19.7 Once the Pension Fund has been de-authorized by the Commission, the Pension Fund Manager may, after transferring all the records of Individual Pension Accounts and books of accounts of the Pension Fund to the new pension fund manager, wind up the Pension Fund in accordance with the provisions of the Rules and in the court of jurisdiction.
- 6.19.8 The Trust may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and Pension Fund Manager regarding the Trust, leading to extra-ordinary situation, after giving three months notice to the participants and after approval of the Commission to such a decision. The action in this respect shall be taken by the Pension Fund Manager or the Trustee (or a new pension fund manager or a new trustee) as may be directed by the Commission.
- 6.19.9 The Trust may also be wound up if the Commission decides to cancel the

registration of the Pension Fund Manager on the grounds given in the Rules and after offering an adequate opportunity of explanation to the Pension Fund Manager.

## 6.20 ***Features of Group Takaful in the Pension Fund***

6.20.1 The Pension Fund may be marketed in conjunction with Takaful/Conventional or any other Takaful scheme subject to approval of the Commission and the Trustee shall be authorized to deduct any Takaful contribution or Takaful premium only from the contributions of those participants who have opted to join and contribute to such schemes and deposit it, with the relevant Takaful company if the contribution includes any amount of Takaful contribution or Takaful premium. However, it should be clearly understood that it is not mandatory for the Participants to opt for the Takaful scheme.

6.20.2 In the event the Subscriber opts for a Takaful cover with one of the Takaful companies, the Subscriber will send the amount of the applicable Takaful premium along with his contribution. The Trustee will pass on the Takaful contribution or Takaful premium to the Takaful company concerned as a free service to the Subscriber.

6.20.3 The Pension Fund Manager may also offer free Takaful cover for accidental death, disability etc.

## 6.21 ***Nomination of the Heir/ Survivor***

The successors or nominated survivor(s) of the deceased Participant shall be the only persons recognized by the Trustee as having any title or interest in the Units held by such Participant in their Individual Pension Account, *provided* that the Registrar or the Pension Fund Manager or the Trustee may at their discretion request the nominated survivors or successors to provide succession certificates or other such mandate from a court of lawful authority, if they consider the same to be necessary.

## 6.22 ***Withdrawal of Funds before Retirement***

6.22.1 On any Business Day and from time to time, before the date of retirement a Participant may redeem the whole or any part of the Units held by him in his Individual Pension Account. Under these circumstances the Participant will be taxed as per the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001). The withdrawals may be through single or multiple payments and may be liable to withholding tax or tax penalty, and in case any such liability exists the amount of withholding tax or tax penalty shall be deducted by the Pension Fund Manager from the amount withdrawn and such deducted amount shall be paid to the relevant Authority.

6.22.2 Where the request made by a Participant under Clause 6.22.1 is for partial withdrawal from his Individual Pension Account, the request shall be given effect to by

redemption of Units of Sub-Funds in such proportion that the remaining balance in his Individual Pension Account is in accordance with the Allocation Scheme last selected by the Participant.

- 6.22.3 If a Participant intends to withdraw funds from his Individual Pension Account before the date of his retirement, he must give written notice of his intention to the Pension Fund Manager in the form prescribed for such purpose, attached hereto as Annexure "I", specifying therein whether the withdrawal is required of the whole or part of the Units held by him, and in the case of part withdrawal, the percentage of Units to be withdrawn.
- 6.22.4 The Pension Fund Manager shall ensure that the form referred to in Clause 6.22.3 shall be available from Authorized Branches and such form shall, if duly completed by the Participant and submitted to any Authorized Branch, shall be taken to be the notice to the Pension Fund Manager referred to in that Clause.
- 6.22.5 On any Business Day being not later than the sixth (6th) Business Day after the Participant submitted the completed form to any Authorized Branch under Clause 6.22.3, the Pension Fund Manager shall, subject to Clause 6.22.2, redeem the relevant number of Units held in sub-funds by the Participant in his Individual Pension Account at Net Asset Value notified at close of the day on which the Participant submitted the completed form as aforesaid or, if such day is not a Business Day, on the first Business Day following that day and the proceeds realized thereby shall be paid to the Participant subject to Clause 6.22.1.
- 6.22.6 The provisions relating to withdrawal of funds before the date of retirement set out in Clauses 6.22.1 to 6.22.5 may change due to amendments in or substitutions of the Rules and/or the Income Tax Ordinance, 2001. Any such changes shall be deemed to become part of the Trust Deed and the Offering Document, without the need for executing Supplementary Trust Deeds or Supplementary Offering Documents.

## 6.23 ***Benefits on Disability before Retirement***

- 6.23.1 If a Participant suffers from any of the following disabilities which render him unable to generate any income, he may, if he so elects, be treated as having chosen the date of such disability as his date of retirement, namely:
- a) loss of two or more limbs or loss of a hand and a foot;
  - b) loss of eyesight;
  - c) deafness in both ears;
  - d) severe facial disfigurement;
  - e) loss of speech;
  - f) paraplegia or hemiplegia;
  - g) lunacy;
  - (l) advanced case of incurable disease; or any injury or disease resulting in a disability due to which the Participant is unable to generate any income.

- 6.23.2 An assessment certificate from the medical board approved by the Commission and appointed by the Pension Fund Manager or any other assessment procedure that the Commission may approve from time to time shall be required to confirm any disability as specified in Clause 6.23.1.
- 6.23.3 If any of the following conditions as mentioned in Clause 6.23.1 existed, and the Participant selects the date of disability as the date of retirement, the Participants shall then have the following options, namely:
- a) to withdraw up to fifty per cent (50%) of the amount in his Individual Pension Account, as cash and
  - b) either to use the remaining amount to purchase an Approved Annuity Plan from a Life Takaful Company of his choice; or
  - c) enter into an agreement with the Pension Fund Manager to transfer his balance to an Approved Income Payment Plan offered by the Pension Fund Manager or another pension fund manager and withdraw from it, monthly installments for up to 15 years following the date of retirement. .
- 6.23.4 The Participant, electing to be treated as having reached the Retirement Age at the date of disability will apply for withdrawal of the amount available in his Individual Pension Account by completing the Form attached hereto as Annexure "I" and submitting it at the Authorized Branch or office of the Distribution Companies.
- 6.23.5 On receiving a Disability Claim Form as specified in Clause 6.23.4 above, complete in all respects and Disability Confirmation Certificate from the medical board in accordance with Clause 6.23.2, the Pension Fund Manager will redeem the entire Units of the Sub- Funds at the Net Asset Value prevailing on close of the Business Day on which the required formalities were completed. Proceeds from the redemption of units will be transferred to the individual Pension Account of the respective Participant. Participant will then have the options given in Clause 6.23.3.

## 6.24 ***Benefits on Death before Retirement***

- 6.24.1 In case of death of a Participant before the date of retirement, all the Units of the Sub-Funds to his credit shall be redeemed at Net Asset Value notified at close of the day on which information of the Participant's death acceptable to the Trustee or in its sole discretion (and authenticated in such manner as the Trustee may require to its satisfaction) is given in writing to the Pension Fund Manager by any nominee, executor, administrator or successor of the deceased Participant or, if such day is not a Business Day, the first Business Day following such day, and the proceeds realized thereby shall be credited to the Participant's Individual Pension Account, which shall earn the rate of profit paid to depositors for deposits of a similar maturity by a Bank selected by the Pension Fund Manager in its discretion.

6.24.2 The total amount in the Individual Pension Account of the deceased Participant shall be divided among the survivor(s) nominated by the Participant according to the percentages specified in the "Registration Form", attached hereto as Annexure "F" and executed by the Participant and delivered to the Pension Fund Manager, and each nominated survivor shall then have the following options, namely:

- (a) withdraw his share of the amount subject to the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001);
- (b) in accordance with the Rules, transfer his share of the amount into his existing Individual Pension Account with the Pension Fund Manager or his new Individual Pension Account to be opened with the Pension Fund Manager;
- (c) if he is aged fifty five (55) years or more, use his share of the amount to purchase an Approved Annuity Plan on his life from a Life Takaful Company; or
- (d) if he is aged less than fifty five (55) years, use his share of the amount to purchase a deferred Approved Annuity Plan on his life from a Life Takaful Company to commence when he reaches the age of fifty five (55) years or earlier.

Death benefits paid to the survivor(s) nominated by a Participant under any group life cover taken out by the Participant as part of the Pension Fund shall be additional benefits payable to the nominated survivor(s).

6.24.3 After a Participant's death the only persons recognized by the Trustee and the Pension Fund Manager as having title to the Sub-Fund Units held in the deceased Participant's Individual Pension Account shall be:

- (a) the survivor(s) nominated in a nomination deed mentioned in clause 6.24.2, executed by the Participant in a form acceptable to the Pension Fund Manager and delivered by the Participant to the Pension Fund Manager; or
- (b) if no such deed has been delivered by the Participant to the Pension Fund Manager, the executors, administrators or successors of the deceased Participant.

6.24.4 Any person or persons becoming entitled pursuant to Clause 6.24.2 to any Sub-Fund Units in consequence of the death of any Participant may, subject as hereinafter provided, upon producing such evidence as to his title as the Trustee shall think sufficient, exercise rights under Clause 6.24.2; provided that in case the persons becoming entitled to any Sub-Fund Units are the executors, administrators or successors of the Participant under Clause 6.24.2(b), then in Clause 6.24.2 reference to "survivor(s) nominated" and "nominated survivor" shall be taken to mean such executors, administrators or successors and reference therein to "percentages specified in the nomination deed executed by the Participant and delivered to the

Pension Fund Manager” shall be taken to mean the inter se ownership entitlements of such executors, administrators or successors; provided further that the Pension Fund Manager or the Trustee may at their discretion request such executors, administrators or successors to provide succession certificates or other such mandate from a court or lawful authority; provided further that the Pension Fund Manager or the Trustee shall not be liable or be involved in any manner whatsoever in any disputes among the nominated survivors and/or such executors, administrators or successors and/or the rest of the legal heirs or the legal representatives of the deceased Participant; provided further that all the limitations, restrictions and provisions of the Trust Deed related to withdrawal of funds before retirement shall be applicable to withdrawals pursuant to Clause 6.24.2(a).

## 6.25 ***Retirement Age***

6.25.1 A Participant may at any time before or after becoming a Participant choose or change his date of retirement which shall be any date from and including his sixtieth (60th) birthday to and including his seventieth (70th) birthday or twenty five (25) years since the age of first contribution to a pension fund, whichever is earlier, or as specified under the VPS Rules from time to time. The Participant shall send a notice choosing or changing his date of retirement to the Pension Fund Manager and such notice shall be effective only if it is received by the Pension Fund Manager at least thirty (30) days before the chosen or changed date of retirement at an Authorized Branch of the Distribution Companies.

6.25.2 A participant shall notify the Pension Fund Manager of his chosen date of retirement by filling in the attached form marked Annexure “F” or may change his date of retirement age after he joins the Pension Fund by filling in the attached form marked Annexure “J” thereafter.

## 6.26 ***Benefits on Retirement***

6.26.1 On the date of retirement of a Participant or, if such date is not a Business Day, on the first Business Day following the date of retirement all of the Units held by him in his Individual Pension Account shall be redeemed at Net Asset Value of each Unit notified at close of the day of redemption and the proceeds realized thereby shall be credited to his Individual Pension Account, which shall earn the rate of profit paid to depositors for deposits of a similar maturity by a Bank selected by the Pension Fund Manager in its discretion. The Participant shall then have the following options, namely:

- (a) withdraw up to fifty per cent (50%) or such other per cent of the amount in his Individual Pension Account as permissible under the Income Tax Ordinance, 2001 as cash; and
- (b) either purchase an Approved Annuity Plan from a Life Insurance Company of his choice with the remaining amount; *provided that* the

Approved Annuity Plan purchased may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment linked and retail price index linked or with any additional features as may be offered by the Life Insurance Company or as may be prescribed under the Rules; or

- (c) enter into an agreement with the Pension Fund Manager to transfer his remaining balance to an Approved Income Payment Plan offered by the Pension Fund Manager and withdraw from it monthly installments for upto fifteen (15) years following the date of retirement. according to the Approved Income Payment Plan. Details of the Approved Income Payment Plan offered by the Pension Fund Manager shall be disclosed in the Offering Document and shall be subject to amendment through Supplementary Offering Documents from time to time.

## **7 FEES, CHARGES AND EXPENSES**

### **7.1 *Pension Fund Manager Remuneration - Allocation of Front-End Fee***

7.1.1 The Pension Fund Manager may charge Front-end Fee up to a maximum of three per cent (3%) from Contributions made to the Pension Fund, unless such Contributions are exempt from a Front-end Fee as provided in the Rules, the Trust Deed and sub Clause hereunder.

7.1.2 The following Contributions shall be exempt from a Front-end Fee charge:

- (a) a transfer to a Participant's Individual Pension Account received by the Trustee for the Participant's account from another pension fund manager;
- (b) a transfer to a Participant's Individual Pension Account received by the Trustee from pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 and issued by Life Takaful Companies before 30th June 2005;
- (c) such other Contributions and transfers as may be declared by the Commission from time to time to be exempt from a Front-end Fee charge.

7.1.3 The Pension Fund Manager, in its sole discretion, may choose to reduce or altogether waive the Front-end Fee to any Participant or employer. Once the Pension Fund Manager has reduced or waived the Front-end Fee for any Contribution, or has accepted any Contribution without imposing the Front-end Fee, the Pension Fund Manager may not later re-charge that Front-end Fee; *provided that* Pension Fund Manager's reduction or waiver of Front-end Fee for any Participant or employer or for any Contribution of any Participant does not

obligate the Pension Fund Manager to reduce or waive the Front-end Fee for Contributions made by other Participants or employers or for further Contributions of or for the same Participant.

- 7.1.4 The remuneration of Distribution Companies, Investment Facilitators and Sales Agents shall be paid from any Front-end Fee received by the Trustee and no charge shall be made against the Trust Property in respect of such remuneration. The remaining amount of any Front-end Fee collected after disbursement of such remuneration shall be paid by the Trustee to the Pension Fund Manager. If the Front-end Fee received by the Trustee is insufficient to pay the remuneration of the Distribution Companies, Investment Facilitator and Sales Agents, the Pension Fund Manager shall make up the difference from its own resources.
- 7.1.5 Payments mentioned in Clause 7.1.4 above shall be made by the Trustee to the Distribution Companies, Investment Facilitators Sales Agents and the Pension Fund Manager or, as the case may be, by the Pension Fund Manager to the Trustee, on a monthly basis in arrears within thirty (30) days following the end of the calendar month.
- 7.1.6 The Front-end Fee of three per cent (3%) of all Contributions and the management fee as specified in Clause 7.2 below, may be subject to change due to any review by the Commission and such change shall be deemed to become part of the Trust Deed and Offering Document without the need to execute any Supplementary Trust Deed and Supplementary Offering Document.

## 7.2 ***Pension Fund Manager Remuneration – Management Fee***

- 7.2.1 The Pension Fund Manager shall be entitled to remuneration for its services out of the Trust Property by way of an annual management fee of one and a half per cent (1.5%) of the average of the values of the Net Assets of each of the Sub-Funds calculated during the year for determining the prices of the Units of the Sub-Funds.
- 7.2.2 The remuneration shall begin to accrue from the date of payment in full for all the Seed Capital Units subscribed by the Seed Investors in such manner as to achieve compliance with the undertaking given to the Commission by the Pension Fund Manager pursuant to Rule 9(3)(b) of the Rules (the “**Contribution Date**”). In respect of the first and the last Accounting Periods, such remuneration shall be prorated on the basis of the actual number of days during such period for which such remuneration has accrued against the total number of days during such period.
- 7.2.3 The remuneration due to the Pension Fund Manager shall be calculated and accrued on a daily basis and paid to the Pension Fund Manager monthly in arrears within fifteen (15) days following the end of each calendar month in accordance with Clause 7.5. At the end of each Accounting Period a



reconciliation shall be conducted for any overpayments or underpayments of management fee to the Pension Fund Manager for that Accounting Period and within fifteen (15) days of the end of the Accounting Period any overpaid amount shall be refunded by the Pension Fund Manager for the account of the Pension Fund or any underpaid amount shall be paid to the Pension Fund Manager out of the Trust Property.

7.2.4 In consideration of the foregoing, and save as expressly provided in the Trust Deed and the Offering Document, the Pension Fund Manager shall be responsible for the payment of all expenses it incurs from time to time in connection with its responsibilities as Pension Fund Manager. The Pension Fund Manager shall not make any charge against the Participants or against the Trust Property or against any Individual Pension Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and the Trust Deed to be payable out of Trust Property. In the event that a Pension Fund Manager erroneously makes an incorrect charge, the Pension Fund Manager shall immediately notify the Trustee and the Commission and credit the incorrectly charged amount to the respective Sub-Funds, at its own expense.

7.2.5 The Pension Fund Manager shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of the Trust Deed.

### 7.3 ***Formation Cost***

Formation Costs not exceeding half of one percent (0.5%) of the Seed Capital of each Sub-Fund or PKR 450,000/- in total, whichever is lower, can be charged to the Pension Fund and shall be amortized over a period of three years and shall not include any marketing, sales, promotional or educational, communication or any form of advertisement .

### 7.4 ***Other Expenses***

Other expenses that shall be chargeable to the Pension Fund in accordance with Clause 7.5 shall include:

- (a) brokerage and transaction costs solely related to investment purchases and sales of the Trust Property;
- (b) legal costs incurred in protecting the interests of the Pension Fund or the collective interest of the Participants;
- (c) bank charges and financial costs related to borrowings for withdrawals or transfers in relation to the Pension Fund;
- (d) audit fees in relation to the Pension Fund;

- (e) annual fee payable to the Commission but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies, in each case in relation to the Pension Fund;
- (f) Taxes applicable to the Pension Fund on its income, turnover, assets or otherwise, if any, but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies in relation to the Pension Fund; and
- (g) custody charges, including Central Depository Company of Pakistan Limited charges, if any.
- (h) any amount which the Shariah Advisor may declare to be Haram and to be paid to Charity as per Guidelines of the Commission;

## 7.5 ***Fees, Charges, Costs, etc. To be Charged to the Sub-Funds***

- 7.5.1 The Pension Fund Manager's management fee and the Trustee's remuneration shall be charged to each Sub-Fund in proportion to the Net Assets of each Sub-Fund.
- 7.5.2 Formation Cost shall be divided equally among all the Sub-Funds.
- 7.5.3 Brokerage and transaction costs in accordance with Clause 7.4 (a), any amount declared by the Shariah Advisor to be Haram in accordance with Clause 7.4 (h), bank charges and financial costs in accordance with Clause 7.4 (c), custody charges in accordance with Clause 7.4 (g) and Taxes in accordance with Clause 7.4 (f) shall be charged to the pertinent Sub-Funds.
- 7.5.4 Legal costs in accordance with Clause 7.4 (b), audit fees in accordance with Clause 7.4 (d) and annual fees payable to the Commission in accordance with Clause 7.4 (e) shall be charged to the pertinent Sub-Funds in proportion to their respective Net Assets.

## 7.6 ***Trustee's Remunerations***

- 7.6.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure - K) and approved by the Commission, which shall be applied to the average daily Net Assets of the Pension Fund during such calendar month. The remuneration shall begin to accrue from the date of payment in full for all sub-funds units subscribed by the Seed Investors, including the Pension Fund Manager. For any period other than a full calendar month such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.

- 7.6.2 The remuneration due to the Trustee shall be calculated and accrued on a daily basis and paid to the Trustee monthly in arrears within fifteen (15) days following the end of each calendar month in accordance with Clause 7.5. At the end of each Accounting Period a reconciliation shall be conducted for any overpayments or underpayments of remuneration paid or payable to the Trustee for that Accounting Period and within fifteen (15) days of the end of the Accounting Period any overpaid amount shall be repaid by the Trustee for the account of the Pension Fund or any underpaid amount shall be paid to the Trustee out of the Trust Property.
- 7.6.3 In consideration of the foregoing, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as trustee of the Trust. The Trustee shall not make any charge against the Participants or against the Trust Property or against any Individual Pension Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Rules and the Trust Deed.
- 7.6.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, and administrative services provided in accordance with the provisions of the Trust Deed.
- 7.6.5 Any change in the remuneration of the Trustee agreed to by the Pension Fund Manager shall require the prior approval of the Commission.

## **8 INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER**

### **8.1 *Objective***

The objective of introducing NAFA Islamic Pension Fund is to provide the individuals with a portable, individualized, funded (based on defined contribution), flexible pension scheme assisting and facilitating them to plan and provide for their retirement. NAFA Islamic Pension Fund is a one-window facility investment in diversified portfolio of equity securities offering consistent returns and capital growth and fixed income instruments offering consistent returns and lower risk. Consistent with this policy, the Contributions received from the Participants shall be allocated Units in NIPF - Equity Sub-Fund, NIPF - Debt Sub-Fund and NIPF - Money Market Sub-Fund in accordance with the Allocation Scheme selected by the Participant giving them not only the power over how much to invest in their pensions, and how to invest it, but also to continue investing in their pension accounts even if they change jobs.

## 8.2 ***Investment Policy***

- 8.2.1 The NAFA Islamic Pension Fund through its three Sub-Funds, NIPF- Equity Sub-Fund, NIPF- Debt Sub-Fund and NIPF- Money Market Sub-Fund, under its umbrella, will invest in equities, bonds and money market instruments.
- 8.2.2 All investments made by the Sub-Funds of the NAFA Islamic Pension Fund in shares and equity and debt securities shall be made in a transparent, efficacious, prudent and sound manner.
- 8.2.3 The pension fund manager shall invest assets of Shariah compliant Pension Fund in those securities which are declared eligible by the Shariah Advisor of the Pension Fund.
- 8.2.4 The proportions of these securities, or asset allocation, for each Sub-Fund will be based on the expected returns and risks as evaluated by the Pension Fund Manager. The asset allocation of the Sub-Fund(s) may change from time to time depending on the prevailing market conditions.
- 8.2.5 Prior to the Launch Date, the Trustee shall hold the Deposited Property of each of the Sub-Fund(s) on deposit in a separate account with a Bank having minimum “A” entity rating or as may be prescribed by the Commission from time to time. The Pension Fund Manager may open current account with conventional bank if it is in the interest of Pension Fund to do so. The Pension Fund Manager may also invest in such Authorized Investments in accordance with the investment policy as prescribed by the Commission from time to time.
- 8.2.6 After the Launch Date all Deposited Property, except in so far as such cash may in the opinion of the Pension Fund Manager be required for meeting withdrawal or transfer of funds requests, shall be invested by the Trustee from time to time in such Investments as mentioned in Para 8.2 (10), (11) and (12) of this Offering Document, subject to the provisions of the Investment Policy prescribed by the Commission from time to time, at the sole discretion of the Pension Fund Manager.
- 8.2.7 Any Investment of any Sub-Fund(s) may at any time be realized at the discretion of the Pension Fund Manager either in order to invest the proceeds of sale in other Authorized Investments or to provide cash required for the purpose of any provision of the Trust Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorized Investment shall be realized and the net proceeds of realization shall be applied in accordance with this clause: Provided that the Pension Fund Manager may, with the consent of the Trustee, postpone the realization of such Investment of the pertinent Sub-Fund for such period as the Pension Fund Manager may determine to be in the interest of the Participants.

- 8.2.8 Any investment made in a security for any of the Sub-Funds for which a Connected Person/ party of the Pension Fund Manager is or has been involved, during the past six months as an arranger, manager, adviser, consultant or underwriter shall be reported to the Commission within six working days (or any other time limit as provided in the Rules) of entering into such transaction, providing full justification for such investment.
- 8.2.9 The Pension Fund Manager may from time to time, for the account of any Sub-Funds enter into underwriting or sub-underwriting contracts in relation to the dealing or purchase of Authorized Investments upon such terms in all respects as the Pension Fund Manager shall think fit but subject always to the provisions of the Rules and the Offering Document and so that no such contract shall relate to an Authorized Investment which if acquired would constitute a holding in excess of the exposure limit specified in the Rules. All Authorized Investments acquired pursuant to any such contract shall form part of the Deposited Property of the pertinent Sub-Fund and any dealing or purchase moneys payable there under shall be paid out of the Deposited Property.
- 8.2.10 Subject to the Rules and any other applicable law, the Pension Fund Manager may, on behalf of the Sub-Funds, buy/sell derivatives on any of the securities held in the portfolio, if there is a market for such derivative instruments.
- 8.2.11 **Equity Sub-Fund:** Investments by the Equity Sub-Fund shall be made as follows, namely:-
- 8.2.11.1 The equity sub-fund shall have a minimum investment of ninety percent (90 %) of net assets invested in listed equity securities or for the listing of which an application has been approved by a Stock Exchange, during the year based on quarterly average investment calculated on a daily basis.
- 8.2.11.2 Assets of an equity sub-fund shall primarily be invested in securities of those listed companies, which have minimum operational record of five (5) years subject to conditions stated in sub- Clause (8.2.11.3) below.
- 8.2.11.3 The pension fund manager of an equity sub-fund, for the reasons to be recorded by its Investment Committee in the minutes for the decision, may invest up to five per cent (5%) of the net assets of the equity sub-fund in securities of listed companies having operational record of less than five (5) years and where the paid up capital of a company is less than equity but investment in securities of any one such company shall not exceed one percent (1%) of net assets of the equity sub-fund or the paid-up capital of that company; whichever is lower.
- 8.2.11.4 Investment in equity securities of any single company shall not exceed ten percent (10%) of net assets of an equity sub-fund or

paid-up capital of that single company, whichever is lower.

- 8.2.11.5 Investment in securities issued by companies of any one sector (sector shall be same as classified by Karachi Stock Exchange) shall not exceed thirty percent (30%) or the index weight, whichever is higher, subject to maximum of thirty five percent (35%) of the net assets of an equity sub-fund.
- 8.2.11.6 The pension fund manager of the equity sub-fund may invest any surplus (un-invested) funds in government treasury bills or government securities having less than one year time to maturity or keep as deposits with scheduled Islamic commercial banks which are rated not less than "A" or Islamic windows of commercial banks having rating not less than "AA" by a rating agency registered with the Commission.
- 8.2.11.7 Deposits up to ten percent (10%) of the net assets of a Pension Fund with scheduled Islamic commercial banks or Islamic windows of commercial banks as mentioned in sub- Clause (8.2.11.6) above, if kept for a period of less than ninety (90) days shall not be counted towards exposure limits.
- 8.2.11.8 The pension fund manager of the equity sub-fund shall not deposit more than ten per cent (10%) of net assets of the equity sub-fund in a single bank.
- 8.2.11.9 The limits mentioned in sub- Clause (8.2.11.8) above, shall not apply during the initial six (6) months of the launch of an equity sub-fund if the amount is deposited with a commercial bank owned by Federal Government or scheduled Islamic bank rated "A" or Islamic windows of commercial banks having not less than "AA" rating.
- 8.2.11.10 The pension fund manager shall adhere to the limits stipulated herein above; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in net assets resulting from fluctuation in price of equity securities, the pension fund manager shall regularize the deviation within six (6) months of the breach unless, on a written application of pension fund manager, the said period of three (3) months has been extended by the Commission.
- 8.2.12 **Debt Sub-Fund:** Investments by the Debt Sub-Fund shall be made as follows, namely:-
- 8.2.12.1 The debt sub-fund shall consist of debt securities and such other assets as specified herein below.
- 8.2.12.2 The weighted average time to maturity of securities held in the portfolio of a debt sub-fund shall not exceed five (5) years.
- 8.2.12.3 At least twenty five per cent (25%) net assets of the debt sub fund shall be invested in debt securities issued by the Federal

Government and up to twenty five per cent (25%) may be deposited with scheduled Islamic banks having not less than “A PLUS” rating or Islamic windows of commercial banks having not less than “AA rating”. In case securities issued by Federal Government are not available to comply with the above requirement, the assets of Shariah Compliant Debt Sub-Fund may be invested in Islamic bonds or sukuk issued by entities wholly owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government so that these investments shall make up a minimum fifty per cent (50%) of net assets of the debt sub-fund.

- 8.2.12.4 Exposure to securities issued by companies of a single sector shall not exceed twenty percent (20%) except for banking sector for which the exposure limit shall be up to thirty percent (30%) of net assets of a debt sub-fund.
- 8.2.12.5 Deposits in a single bank shall not exceed ten per cent (10%) of net assets of the debt sub-fund.
- 8.2.12.6 Investment in all other securities, including those issued by government corporations, provincial or city governments, or by corporate entities would be subject to the following conditions, namely:-

| <b>Credit Rating</b>  | <b>Investment Limits</b>   |
|---|--|
| Rating of security “AA” or higher.<br><br>Rating of the issuer (excluding provincial or city government) “AA” or higher               | Exposure up to 7.5% of<br><br>a) Net Assets of a Debt Sub-fund; or<br>b) size of any issue; or<br>c) size of total issues by one issuer, whichever is lower.   |
| Rating of security “A” to “A Plus” or higher.<br><br>Rating of issuer (excluding provincial or city government) “AA” or higher.       | Exposure up to 5% Of<br><br>a) Net Assets of a Debt Sub-fund; or<br>b) size of any issue; or<br>c) size of total issues by one issuer, whichever is lower.   |
| Rating of the security “A Minus” or higher.<br><br>Rating of the issuer (excluding provincial or city government) “A Minus” or above, | Up to 2.5% of<br><br>a) Net Assets of a Debt Sub-fund; or<br>b) size of any issue; or<br>c) size of total issues by one issuer; or<br>d) paid-up capital of the issuer; whichever is lower.<br>The outstanding life of the security rated “A Minus” shall not exceed five (5) years. |

- 8.2.12.7 The aforesaid limit in sub- Clause (8.2.12.6) above shall not be applicable during the initial six (6) months of the launch of a

pension fund if the amount is deposited in a scheduled commercial bank owned by the Federal Government or a scheduled Islamic bank having “A Plus” or Islamic windows of commercial banks having minimum rating of “AA”.

**8.2.13 Money Market Sub-Fund:** Investments by the Money Market Sub-Fund shall be made as follows, namely:-

8.2.13.1 The weighted average time to maturity of net assets of the money market sub-fund shall not exceed one year;

8.2.13.2 Time to maturity of any asset in the portfolio of the money market sub-fund shall not exceed six (6) months except in case of Shariah Compliant Government Securities such as GoP Ijarah Sukuk may be up to three years;

8.2.13.3 The following limits on investment shall be followed by the money market sub- fund

| Entity/Security  | Investment   |
|--|--|
| Federal Government securities  | No limit.  |
| Deposits with Commercial Banks having “A Plus” or higher rating                      | No limits: provided that deposit with any one bank shall not exceed 20% of Net Assets of the Money Market Sub-fund.                                  |
| Provincial or city governments or government corporations or corporate entities      | Up to 20% of Net Assets of the sub-fund subject to the limits specified below for each category:-  |
| i) Provincial government   | Up to 10% of Net Assets of a Money Market Sub-fund or the issue, whichever is lower.   |
| ii) City government  | Up to 5% of Net Assets of a Money Market Sub-Fund or the issue, whichever is lower.  |
| iii) Government corporations with “A” or higher rating of entity and the instrument. | Up to 5% of<br>a) Net Assets of the Money Market Sub-Fund; or<br>b) Size of the issue;<br>c) Size of all issues of one issuer, whichever is lower    |
| iv) Corporate entities with “A plus” or higher rating of entity and the instrument   | Up to 5% of<br>a) Net Asset of the Money Market Sub-Fund; or<br>b) Size of the issue; or<br>c) Size of all issues of one issuer, whichever is lower. |

8.2.13.4 The Pension Fund Manager, after successfully managing the Equity, Debt and Money Market Sub-Funds of the Pension Fund shall be authorized to apply to the Commission for establishment



of additional Sub-Funds for investments in other classes of assets. The Pension Fund Manager may, at its discretion, proceed to establish such additional Sub-Funds on such terms and conditions as may be prescribed by the Commission.

- 8.2.13.5 The investment policy may be reviewed by the Commission from time to time, as determined by the Commission. However, such change shall not require the alteration of this Offering Document.

### **8.3      *Investment Restrictions***

- 8.3.1 The Deposited Property of each Sub-Fund shall be subject to such respective investment restrictions and exposure limits as are provided in the Investment Policy prescribed by the Commission from time to time. Provided that if the limits prescribed in the Investment Policy are exceeded, merely due to price fluctuations in equities and/or the issuance of bonus shares/ right shares, no changes of investment in the Sub-Fund shall be required to be made. In the event of any changes in the investment restrictions and exposure limits, such restrictions/limits applicable to any Sub-Fund(s) shall become automatically applicable.
- 8.3.2 The Pension Fund Manager shall not, on behalf of the Pension Fund, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in any connection with any obligation or liability of any person, provided that investment in purchase and resale transactions involving Government securities or such eligible securities which are regulated by Stock Exchanges shall not be attracted by this sub-clause, subject to the conditions that such transactions are carried out during the normal course of business.
- 8.3.3 Except where it is necessary to protect its investment, the Pension Fund Manager shall not seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest, which would give it primary responsibility for management.
- 8.3.4 The Pension Fund Manager shall not on behalf of the Pension Fund at any time:
- a) Participate in a joint account with others in any transaction;
  - b) Make short sales of any security, whether listed or unlisted or maintain a short position;
  - c) Make any investment with the purpose of having the effect of vesting the management or control in the Sub-Funds;
  - d) Make a loan or advance money to any person except in connection with the normal business of the Sub-Funds; and
  - e) Invest in:
    - i. Bearer Securities;
    - ii. Securities on margin;
    - iii. Securities which result in assumption of unlimited liability (actual or contingent);

### **8.4      *Participants Rights in terms of Investment Choice***

The Participant has the right to allocate his/her Contributions between the three Sub-Funds in a manner to allow them to adopt a focused investment strategy, according to their risk/return requirements. The risk profile of each Allocation Scheme shall be dependent on the percentage Allocation of that Allocation Scheme in the equity Sub-Fund. Each Allocation Scheme being offered shall have a different percentage allocation in two or more of the following sub-Funds

based on which their risk/return may be assessed. Please refer to Para 6.6 for further details.

## **8.5 Risk Disclosure**

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of NAFA Islamic Pension Fund is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that include, but are not limited to:

- 8.5.1 **Equity Risk:** Share prices are generally volatile and may go up or down because of their dependence on market sentiments, speculative activity, supply and demand for the shares and liquidity in the market. Mutual funds that purchase shares become part owners in the companies. The companies' performance, domestic and/or industry outlook with respect to technological and consumer behavior dynamics, market activity and the larger economic scenario influence the price of these shares. Moreover, lack of trading in the investee companies' securities may result in liquidity crisis. When the economy is expanding, the outlook for many companies is positive and the value of these shares may rise, and vice versa. Share prices are also affected by the quality of the management of investee companies.

For smaller companies, start-ups, resource companies and companies in emerging sectors, the risk and potential rewards are usually greater.

- 8.5.2 **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 fixed income instruments.

- a) **Default risk** is the risk that the issuer will not be able to meet the obligation, either on time or at all.
- b) **Credit spread risk** is the risk that there will be an increase in the difference between the expected rate of return of an issuer's security and the rate of return of a risk free security. Credit spreads are based on macroeconomic scenario in the domestic and/or global perspective.
- c) **Downgrade risk** is the risk that a credit rating agency, such as PACRA or JCR-VIS or any other reputed international credit rating agency, may reduce the credit rating of an issuer's securities.

- 8.5.3 **Currency Risk:** The Fund may be affected favorably or unfavorably by changes in currencies and exchange control regulations. Therefore, the income earned by NIPF may also be affected by fluctuations in foreign exchange rates.

- 8.5.4 **Pricing Risk:** The market values of the investments of the Fund may rise or fall due to market factors.

- 8.5.5 **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.

**8.5.6 Voluminous Purchase/Redemption of Fund Units Risk:** Any significant transaction made by any investor could significantly impact the Fund's cash flow. If a third party buys large amounts of Units of the Fund, the Fund could temporarily have a high cash balance. Conversely, if a third party redeems large amounts of Units of the Fund, the Fund may be required to finance the redemption by selling securities at an inopportune time. Such unexpected sales or redemptions may have a negative impact on the performance of the Fund.

**8.5.7 Other Risks Involved:**

- a) Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made.
- b) Break down of law and order, war, terrorist activity, natural disasters etc.
- c) Senior rights of some stake holders over other stake holders in the event of winding up.

Under exceptional (extraordinary) circumstances, the Management Company may suspend redemptions, invoke a queue system or announce winding-up of the Fund. 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 was lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

**8.5.8 Risk specific to foreign investments**

The Fund may invest outside Pakistan & such investments may be exposed to additional risks including political, economic & exchange rate risks that may reduce the value of the investments. However, evidence shows that diversifying internationally tends to reduce the overall volatility of the portfolio and thus may reduce risks for investors.

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

**8.5.10** There may be times when a portion of the investment portfolio of the Scheme is not compliant either with the investment policy or the minimum investment criteria of the assigned 'Category'. This non-compliance may be due to various reasons including, adverse market conditions, liquidity constraints or investment – specific issues. Investors are advised to study the latest Fund Manager Report specially portfolio composition and Financial Statements of the Scheme to determine what percentage of the assets of the Scheme, if any,

is not in compliance with the minimum investment criteria of the assigned Category. The latest monthly Fund Manager Report as per the format prescribed by Mutual Funds Association of Pakistan (MUFAP) is available on the website of the Assets Management Company (AMC) and can be obtained by calling / writing to the AMC.

## **8.6 Disclaimer**

- 8.6.1 The Units of the Sub-Funds of the Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the investors of the Seed Capital Units or any other Bank or financial institution.
- 8.6.2 **Investment Risks and Tax Implication:** All investments in the Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read this Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax advisors before making any investment decision.
- 8.6.3 Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001 and the Rules.
- 8.6.4 The target return of the Sub-Funds cannot be guaranteed. It should be clearly understood that the portfolio of the Sub-Funds is subject to market fluctuations and risks inherent in all such investments.
- 8.6.5 It should be noted that the value/price of Units of the Sub-Funds can fall as well as rise.
- 8.6.6 It should be noted that under certain circumstances the withdrawal from the Pension Fund may be restricted or subject to tax penalties.
- 8.6.7 It should be noted that there will be no dividend distribution by the Sub-Funds.

## **9 CHANGE OF THE PENSION FUND MANAGER / PENSION FUND**

- 9.1 Participants shall be entitled to transfer in accordance with the terms of the Trust Deed the whole or any part of their Individual Pension Account with the NAFA Islamic Pension Fund to a pension fund managed by another pension fund manager.
- 9.2 No charge, whatsoever called, shall be deducted for any transfer of a Participant's Individual Pension Account to a pension fund managed by another pension fund manager.

- 9.3 The Pension Fund Manager shall use any cleared funds received for the account of a Participant's Individual Pension Account from a pension fund managed by another pension fund manager to purchase such number of Units of the relevant Sub-Funds as is determined in accordance with the Trust Deed and this Offering Document. The Units shall be purchased at Net Asset Value notified at the close of the Business Day on which such cleared funds are received by the Trustee at percentages according to the respective prescribed Allocation Scheme selected by the Participant.
- 9.4 If a Participant desires to transfer his Individual Pension Account, the Participant shall specify in an application given to the Pension Fund Manager the name of the new pension fund manager, the name of the new pension fund, the individual pension account number with the new pension fund manager and the percentage of Units held in the Participant's Individual Pension Account to be transferred. The application shall be given in a form prescribed by the Pension Fund Manager in this Offering Document.
- 9.5 Where an application in accordance with the requirements of Clause 9.4 is received by the Pension Fund Manager from or on behalf of any Participant with a prior notice of at least twenty one (21) days once in a Financial Year or as may be prescribed in the Rules or by the Commission, the Pension Fund Manager shall, on the anniversary date or, if the anniversary date is not a Business Day, on the first Business Day following the anniversary date, redeem the percentage of Units to be transferred held in the Individual Pension Fund Account at Net Asset Value of the Units notified at the close of the redemption date and shall on the first Business Day following the redemption date transfer the proceeds of the redemption to the pension fund nominated by the Participant; provided that where the Units held in the Participant's Individual Pension Account are held in two or more Sub-Funds, Units shall be redeemed from each of the Sub-Funds on the basis of the percentage specified by the Participant. In case the Rules or any other applicable laws relating to the change of Pension Fund Manager by Participant are amended or substituted, the amended Rules or other applicable laws, as the case may be, shall be deemed to *become part of this Offering Document without the need to execute a Supplemental Offering Document*.
- 9.6 On receiving the transfer application mentioned in clause 9.4, complete in all respects, the Pension Fund Manager will proceed as follows:
- a) Redeem Units of the Sub-Funds of the Participant at the close of first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account of the Participant. Such redemption shall be of all or of such number of the Units as are required to be redeemed to give effect to the transfer request made by the Participant.
  - b) Advise the respective Participant to open a pension account with the pension fund manager where the Participant intends to transfer his entire Individual Pension Account or part thereof from the Pension Fund.
  - c) As soon as the Participant completes the formalities for the opening of the individual pension account with the other pension fund manager, such pension fund manager shall inform the Pension Fund manager of the pension account details of the Participant.

- d) After receiving the confirmation that the other pension fund manager has opened a pension account of the Participant, the Pension Fund Manager shall immediately arrange transfer of the requisite redemption amount to the pension fund managed by the other pension fund manager
  - e) The Pension Fund Manager shall close the Individual Pension Account of the Participant, if the Participant has transferred his entire account held with the Pension Fund.
- 9.7 In the event the Commission cancels the registration of the Pension Fund Manager as a pension fund manager or discontinues the authorization of the Pension Fund, in each case in accordance with the Rules and other Applicable Laws, the Pension Fund Manager shall, as soon as practicably possible thereafter, transfer the Individual Pension Accounts of the Participants to pension funds managed by other pension fund managers as selected by the Participants, under this Clause 9, or as directed by the Commission.
- 9.8 Participants having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001) and issued by Life Takaful Companies before 30 June 2005 are eligible to redeem their units and transfer the balance to their Individual Pension Account, subject to the Rules.

## 10 SAFEGUARD OF MONEY

No contribution should be paid to an intermediary, except to the Pension Fund Manager or its authorized representatives as prescribed. Contributions should be in the form of "Account Payee Only" cheques, payment orders or demand drafts or direct bank transfers to the account of **"CDC - Trustee NAFA Islamic Pension Fund"**. **No contribution should be made in the form of cash or any bearer instrument.**

## 11 DISTRIBUTION RESTRICTION POLICY

No distribution of Income or dividend shall be allowed from any of the sub-funds. Any income earned shall be accumulated and retained in the respective sub-funds.

## 12 TAXATION

### 12.1 ***Tax Credit for Contributions to the Pension Fund***

An eligible person, as defined in sub-section (19A) of section 2 of the Income Tax Ordinance, 2001, deriving income chargeable to tax under the head "Salary" or the head "Income from Business", will be entitled to a Tax Credit for a Tax Year in respect of any contribution or premium paid in the year by the person to the Pension Fund under the VPS Rules, 2005.

The amount of a person's Tax Credit allowed under Sub-section (1) for a Tax Year shall be computed according to the following formula, namely: –

$$(A/B) \times C$$

Where:

**A** is the amount of tax assessed to the person for the Tax Year, before allowance of any Tax Credit under this Part;

**B** is the person's taxable income for the tax year; and

**C** is the lesser of –

(i) the total contribution or premium referred to in sub-section (1) paid by the person in the year; or

(ii) twenty per cent (20%) of the person's taxable income for the relevant Tax Year Provided that a person joining the Pension Fund at the age of forty-one (41) years or above, during the first ten (10) years starting from July 1, 2006, shall be allowed additional contribution of two per cent (2%) per annum for each year of age exceeding forty years. Provided, further, that the total contribution allowed to such person shall not exceed fifty per cent (50%) of the total taxable income of the preceding year;

## 12.2 ***Tax Exemptions***

Exemptions under Clause (57) sub Clause (3) (viii) of Part-I of the Second Schedule of the Income Tax Ordinance, 2001:

(a) Total income of the Pension Fund approved by the SECP under the VPS Rules, 2005.

(b) Profit or gain or benefit derived by the Pension Fund Manager from a pension fund approved under the VPS Rules, 2005 on redemption of the seed capital invested in the Pension Fund.

## 12.3 ***Withholding Tax***

A pension fund manager making payment from individual pension accounts, maintained under an approved pension fund, shall deduct tax from any amount:

a) Withdrawn before the age of retirement, provided that tax shall not be withheld in the following cases

- eligible person suffering from any disability which render him unable to continue with any employment at the age which he may so elect to be treated as retirement age or the age as on the date of such disability if not so elected by him; or
- on the share of the nominated survivor of the deceased eligible person.

b) Withdrawn, if in excess of fifty per cent of his accumulated balance at or after the retirement age, provided tax shall not be withheld in the following cases

- the balance is invested in an approved income payment plan;
- the balance is paid to a life insurance company for the purchase of an annuity plan;
- the balance is transferred to an another individual pension account of the eligible person; or
- the balance is transferred to the survivors approved pension account in case of

the death of the eligible person.

The tax is required to be withheld at the last three year's average rate of tax which shall be computed in accordance with the following formula:

$$A/B$$

Where,

A= the total tax paid or payable by the person on the person's total taxable income for the three preceding years; and

B= the person's total taxable income for the preceding three years.

#### 12.4 ***Zakat***

Units held by resident Pakistani Participants shall be subject to Zakat at two and a half per cent (2.5%) of the par value of Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from redemption / withdrawal payment, and paid into the Government Treasury.

#### **Disclaimer**

**The tax and Zakat information given above is based on the Pension Fund Manager's interpretation of the law which, to the best of the Pension Fund Manager's understanding, is correct but Participants are requested to seek independent advice from their tax advisors so as to determine the taxability arising from their Contributions to the Pension Fund.**

## **13 REPORTS AND ACCOUNTS**

### 13.1 ***Accounting Period of the Pension Fund***

13.1.1 Accounting Period means a period ending on and including an Accounting Date or, if nearer, on and including the day on which the Net Assets of all the Sub-Funds becomes zero and commencing from and including the date of establishment of the Pension Fund or, if nearer, from and including the day after the last Accounting Date.

13.1.2 Accounting Date means the date 30th June in each year and any interim dates at which the financial statements of the Pension Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date.

### 13.2 ***Fund Accounts***

The Pension Fund Manager shall prepare financial accounts and reports required under the Rules for each Sub-Fund of the Pension Fund as prescribed by the Commission,



from time to time.

### 13.3 ***Reports***

13.3.1 The Pension Fund Manager shall:

- (a) Within the stipulated terms as specified by the commission from time to time at closing of the Accounting Period, prepare and transmit the annual report together-with a copy of the balance sheet, income and expenditure Account together-with the Auditor's Report for the Accounting Period, in respect of each Sub-Fund, to the Commission and Participants, in accordance with the Rules.
- (b) Within the stipulated terms as specified by the commission from time to time at the close of the first half of its Accounting Year of account, prepare and transmit to the Participants and the Commission a profit and loss account for and a balance sheet as at the end of that half year, whether audited or otherwise, in respect of each Sub-Fund, in accordance with the Rules.
- (c) Within a month of the close of the first and the third quarter, prepare and transmit a quarterly report to the Participants, the Trustee and the Commission, along with a profit and loss account and balance sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules.

## 14 **SERVICE TO PARTICIPANTS**

### 14.1 ***Availability of Forms***

All forms mentioned and/or included in this Offering Document will be available at all the Authorized Branches of the Distribution Companies, the Pension Fund Manager's web site and may also be requested via post. Sales Agents will also have limited stocks of such forms.

### 14.2 ***Register of Participants***

14.2.1 The Pension Fund Manager shall perform the Registrar Functions directly or it may appoint a Registrar for such purpose, but in each case the responsibility for performing the Registrar Functions shall be that of the Pension Fund Manager itself. Where the Pension Fund Manager appoints a Registrar for performing the Registrar Functions, the Pension Fund Manager shall ensure that the Registrar complies with all relevant provisions of the Trust Deed and the Rules.

14.2.2 The Pension Fund Manager or, as the case may be, the Registrar shall maintain the Register at their respective registered office.

- 14.2.3 The Register shall be maintained in electronic form and be password protected. The Pension Fund Manager shall provide access or shall ensure that access is provided to the Register to all the Participants for viewing information pertaining to the Participants themselves. The Pension Fund Manager shall ensure that the record keeping system employed for maintaining the Register contains a computerized transaction log which records changes to each Participant's Individual Pension Account, who made them and when they were made. The Pension Fund Manager shall make or shall ensure that the Registrar shall make sufficient provision for taking regular back ups of the Register and for back up storage at an off-site location.
- 14.2.4 The Pension Fund Manager shall ensure that the Registrar shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without any charge. With the prior written approval of the Commission and under intimation to the Pension Fund Manager, the Trustee or its representative may remove the Register to a different location or make any entries therein or alterations thereto.
- 14.2.5 The Registrar shall, within three (3) working days of receiving a written request from any Participant, give to such Participant (whether by post, courier or through electronic means) details of such Participant's account in the Register. Such service shall be provided free of charge to any Participant so requesting once in any financial year. The Pension Fund Manager may, with the approval of the Commission, prescribe charges for servicing any additional requests. The details of charges, if any, shall be disclosed in the Offering Document or in any Supplementary Offering Document from time to time.
- 14.2.6 The Register shall, in respect of each Participant, contain the information required by or under the Rules and shall, at the minimum, contain the following information:
- a. registration number;
  - b. Individual Pension Account number;
  - c. full name, father's name, residency status, CNIC number (in respect of Pakistan nationals) or NICOP number (in respect of overseas Pakistanis), National Tax Number and addresses of Participant;
  - d. if the Participant is registered through an employer:
    - i. employer's name;
    - ii. registered address;
    - iii. National Tax Number;
    - iv. number of employees contributing in VPS; and
    - v. employer's contact details;
  - e. date of birth and sex of the Participant;
  - f. complete record of the amount and date of each Contribution paid by

the Participant;

- g. complete record of the amount and date of each Contributions paid on behalf of the Participant by the employer;
- h. date and amount of incoming and outgoing transfers to and from the Participant's Individual Pension Account;
- i. the number of Sub-Fund Units allocated and held in the name of the Participant in the Individual Pension Account or balance of the Participant's Approved Income Payment Plan;
- j. the date on which the name of the Participant was entered in respect of the Sub- Fund Units standing in his name;
- k. tax/ Zakat status of the Participant;
- l. nominee(s) of the Participant;
- m. record of specimen signatures of the Participant and his nominee(s);
- n. information on retirement of the Participant and the payments made or to be made thereupon or thereafter;
- o. information on death of Participant and transfers made to the Participant's heirs;and
- p. such other information as may be specified by the Commission or required by the Pension Fund Manager.

14.2.7 The Register shall be conclusive evidence as to the Units of Sub-Funds held in a Participant's Individual Pension Account or balances of the Participant's Approved Income Payment Plan.

14.2.8 Any change of address or status of any Participant shall forthwith be notified in writing to the Registrar who, upon being satisfied with the supporting evidence provided therefor, shall update the Register with the change.

14.2.9 The Participant or his nominee (in case of death of the Participant), as the case may be, shall be the only persons to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to the Units held by the Participant and the Trustee. The Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction.

14.2.10 Upon being satisfied that any Contribution has been received by the Trustee in cleared funds from any Participant, the Registrar shall, within one week (seven working days) of the receipt / realization of the Contribution, issue an Account Statement as acknowledgement, that shall constitute evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan balances registered in the name of the Participant and shall contain such other information as may be prescribed by the Commission from time to time.

14.2.11 While making payment of the benefits from the Pension Fund to any

Participant, the Pension Fund Manager shall ensure that adequate description of the reasons for the payment (for example, retirement, disability, death benefit) is mentioned in the Register.

14.2.12 The Pension Fund Manager shall ensure that the information on the Register shall remain accessible for three (3) years after the last amount in relation to the Pension Fund payable to the Participant, to any other pension fund manager nominated by the Participant to which the Individual Pension Account has been transferred or to any heirs or nominated survivors of the Participant, has been paid.

#### 14.3 ***Statement of Accounts***

Upon being satisfied that the Contribution to the Fund has been received, in full, from the Participants, the Registrar will send directly to each Participant Account Statement that will constitute evidence of the number of Sub-Fund Units or Individual Pension Account or periodic payment account balances registered in the name of the Participant.

The Registrar will issue an Account Statement, each time there is a transaction in the Individual Pension Account and it will be posted or electronically transmitted to the Participant within six (6) Business Days of each transaction.

## 15 FINANCIAL INFORMATION

### 15.1 Auditors certificate on Investment of Seed Capital

**Deloitte.**

**M. Yousuf Adil Saleem & Co**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

NIPF / 1560  
May 3, 2013

Phone: +92 (0) 21- 3454 6494-7  
Fax: +92 (0) 21- 3454 1314  
Web: www.deloitte.com

The Board of Directors  
NBP Fullerton Asset Management Limited  
7th Floor, Clifton Diamond Building  
Block # 4, Scheme No. 5, Clifton  
Karachi.

Dear Board members

#### AUDITORS CERTIFICATE FOR RECEIPT OF SEED CAPITAL – NAFA ISLAMIC PENSION FUND (THE FUND)

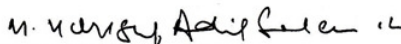
As requested by you we have verified from the books and records (bank statements & cheques) of the Fund managed by NBP Fullerton Asset Management Limited (the Pension Fund Manager) that a sum of Rs. 90,000,000 has been received as seed capital till May 3, 2013. The seed capital has been deposited in the following bank accounts:

| S. No. | Bank Name         | Account Number   | Account Title   | Amount (Rs.) |
|--------|-------------------|------------------|---|--------------|
| 1      | Burj Bank Limited | 0001010586000018 | CDC Trustee NAFA<br>Islamic Pension Fund<br>Money Market<br>Account | 30,000,000   |
| 2      |                   | 0001010586000019 | CDC Trustee NAFA<br>Islamic Pension Fund<br>Equity Account          | 30,000,000   |
| 3      |                   | 0001010586000020 | CDC Trustee NAFA<br>Islamic Pension Fund<br>Debt Account            | 30,000,000   |

The receipt of the amount of seed capital has been checked from the bank statement of the above mentioned bank accounts.

The details of seed capital received are enclosed in Annexure 1 to this letter.

Yours truly,

  
Chartered Accountants

Member of  
Deloitte Touche Tohmatsu Limited

## **WARNINGS**

**INVESTMENT RISKS AND TAX IMPLICATION:** All investments in NAFA Islamic Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Participants should read the Offering Document carefully to understand the investment policies, risks and tax implications and should consult their legal, financial or tax advisors before making any investment decisions. Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001.

## **16 COMPLAINTS**

Any unresolved complaint or dispute between a Participant and the Pension Fund Manager under the VPS Rules, shall be referred to the Takaful Ombudsman appointed under Section 125 of the Insurance Ordinance, 2000. (XXXIX of 2000). The Takaful Ombudsman shall have all the powers and shall follow the procedures as required under PART XVI of the Insurance Ordinance, 2000.

### **16.1 *Procedure for lodging a complaint with the Takaful Ombudsman***

The procedure for lodging a complaint with the Insurance Ombudsman shall be as provided in Section 129 of the Insurance Ordinance, 2000 and reproduced below:

- (a) A complaint shall be made in writing, addressed to the Takaful Ombudsman. The complaint shall set out the full particulars of the transaction complained of and the name and address of the Participant (complainant).
- (b) Prior to making a complaint, the Participant (complainant) shall intimate in writing to the Pension Fund Manager his intention of filing a complaint and if the Pension Fund Manager either fails to respond, or makes a reply which is unsatisfactory to the complainant, within a period of one month, the Participant (complainant) may file a complaint, at any time thereafter, within a further period of three (3) months:

Provided that the Takaful Ombudsman may, if satisfied that there were reasonable grounds for the delay in filing the complaint, condone the delay and entertain the complaint.

- (c) The Takaful Ombudsman may adopt any procedure he considers appropriate for investigating a complaint.

Provided that he shall not pass any order against the Pension Fund Manager without first giving it a notice and an opportunity to be heard.

- (d) Subject to Section 128, the Takaful Ombudsman shall not have any power to issue an order in the nature of a stay order or to entertain any complaints if the matter is pending before a Court, Tribunal or other legal forum.

- (e) The Takaful Ombudsman may reject a complaint summarily or he may accept the same or pass any other order he deems fit.

Provided that in each case he shall pass a reasoned order for his decision.

- (f) The Federal Government may further prescribe rules for the conduct of proceedings in relation to complaints brought before the Takaful Ombudsman.

## 16.2 ***Contact Details of Office of Takaful Ombudsman***

The Present Takaful Ombudsman and his contact details are as follows:

Mr. Justice(R) Syed Ali Aslam Jafri  
Federal Insurance Ombudsman Office  
6th Floor, State Life Building No. 2,  
Wallace Road, off I.I Chundrigar  
Road, Karachi.  
Phone: 021-9211674; 021-9211698  
Fax : 021-9213278-9

## **17 TRANSACTIONS WITH CONNECTED PERSONS**

- 18.1.1 The Pension Fund Manager, on behalf of the Pension Fund, shall not take exposure in any form or invest in debt or equity securities of connected persons or purchase from or sell any security to any of the Connected Persons.
- 18.1.2 No single connected stockbroker will account for ten per cent (10%) or more of the Pension Fund's brokerage or commission in any one financial year of the Pension Fund, except if permitted in writing by the Commission.
- 18.1.3 If cash forming part of the Pension Fund's assets is deposited with the Trustee or the Custodian, which is a banking company, return will be paid on the deposit by such Trustee or Custodian at a rate that is not lower than the rate offered by the said banking company to depositors of similar duration.

## **18 GENERAL INFORMATION**

**18.1 *The Constitutive Documents of NAFA Islamic Pension Fund are:***

- 1) Trust Deed, dated October 12, 2012, executed between Pension Fund Manager and the Trustee constituting the Pension Fund;
- 2) Letter no. NIPF / 1560 dated May 03, 2013 from the Auditors confirming the subscription for the Units of Pension Fund by the core investors.
- 3) Consents of the auditors and trustee to their respective appointments and being named and described as such in this Offering Document.
- 4) Letter No. 07 / SEC / PW / NAFA dated July 11, 2012 from the Commission, registering the Pension Fund Manager as a pension fund manager under the Rules,
- 5) Letter No. 9 (1) SEC/SCD/PW-NAFA-02/207 dated October 02, 2012 from the Commission to the Pension Fund Manager, approving the Trustee to act as the trustee of the Pension Fund.
- 6) Letter No. 9 (1) SEC/SCD/PW-NAFA-02/233 dated November 16, 2012 from the Commission, authorizing the Pension Fund.
- 7) Letter No. 22 (1) SEC/SCD/PW-NAFA-02/532 dated May 17, 2013 from the Commission, approving this Offering Document.

The Constitutive Documents concerning the NAFA Islamic Pension Fund may be inspected at the registered office of the Pension Fund Manager at 7<sup>th</sup> Floor, Clifton Diamond, Block No. 4, Scheme No.5, Clifton, Karachi – Pakistan or at any other address which may be notified by the Pension Fund Manager to the general public through news papers.

**18.2 *Date of publication of this Offering Document***

The date of publication of this Offering Document is May 17, 2013.

**18.3 *Statement of Responsibility***

**NBP FULLERTON ASSET MANAGEMENT LIMITED ACCEPTS RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION HEREIN CONTAINED AS OF THE DATE OF PUBLICATION.**

**19 TERMINATION OF THE PENSION FUND**

**19.1 *TERMINATION AND LIQUIDATION OF THE TRUST***

20.1.1 The Pension Fund Manager (PFM) subject to conditions of the Rules, the Trust Deed and approval of the Commission, may terminate the Pension Fund by giving at least three (03) months' notice, in writing, to the Participants, the Trustee and the Commission.

20.1.2 The Trust may also be terminated by the Commission on the grounds



provided in the Rules.

- 20.1.3 The Trust Deed of the Pension Fund may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of the Trust Deed or any other agreement or arrangement entered into between the Trustee and the Pension Fund Manager regarding the Pension Fund. Both parties shall act in a manner that causes the least degree of inconvenience to the Participants and is the most cost efficient for the Pension Fund and the Pension Fund Manager.
- 20.1.4 Upon the Trust being terminated, The Pension Fund Manager will suspend the acceptance of registration, Contribution(s) and withdrawals, forthwith, and proceed to transfer all assets and liabilities and records of the Pension Fund and each Sub-Fund to another pension fund manager under a scheme of arrangement to be approved by the Commission.
- 20.1.5 The Pension Fund Manager shall ensure that accounts of the Pension Fund, till the day of the transfer to the new Pension Fund Manager, are audited by the Auditors of the Fund and the Audit and Trustee Report is submitted, within one month from the date of such appointment, to the Commission, the new pension fund manager and the Trustee. PFM, with the approval of the Commission, will decide the cost of such interim audit and the same may be charged to the Pension Fund with the prior approval of the Commission.
- 20.1.6 The Trustee, subject to clauses 20.1.4 and 20.1.5, on the recommendation of PFM and approval of the Commission, shall transfer all the assets and liabilities and records of the Pension Fund and each Sub-Fund, including Individual Pension Accounts of Participants, to the other Pension Fund managed by the other Pension Fund Manager.
- 20.1.7 Thereafter, the Pension Fund Manager shall proceed to dissolve the Pension Fund under the relevant law and in the court of jurisdiction.

## 20 GENERAL

- 21.1.1 Any notice required to be served upon a Participant shall be deemed to have been duly given if sent by post or courier service to or electronically submitted or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.
- 21.1.2 In case a general notice is required to be served upon all the Participants, the Trustee or the Pension Fund Manager shall advertise any such notice in any leading daily newspapers in Pakistan having primary circulation in Karachi, Lahore and Islamabad. *The cost of issuing and publishing a general notice shall be charged to the Trust.*
- 21.1.3 Service of a notice or document on any employer shall be deemed effective service on all the Participants registered through that employer unless the

Participant has given notice to the Pension Fund Manager that he is no longer in the employee of that employer.

21.1.4 Any notice or document sent by post or courier service to or left at the registered address of a Participant shall notwithstanding that such Participant be then dead or bankrupt and whether or not the Trustee or the Pension Fund Manager have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units registered in favour of that Participant.

21.1.5 A copy of this Offering Document, Trust Deed and of any deed supplemental hereto shall be made available for inspection at the respective head offices of the Trustee and the Pension Fund Manager at all times during usual Business Hours and shall be supplied by the Pension Fund Manager to any person on application at a charge disclosed in the Offering Document.

## 21 DEFINITIONS

Unless the context requires otherwise, in this Offering Document (including in its Recitals) the following words or expressions shall have the meaning respectively assigned to them below:

- 22.1 “**Accounting Date**” means 30th June in each year; provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date;
- 22.2 “**Accounting Period**” means the period ending on and including an Accounting Date or, if nearer, on and including the day on which the Net Assets of all the Sub-Funds becomes zero and commencing from and including the date of establishment of the Pension Fund or, if nearer, from and including the day after the last Accounting Date;
- 22.3 “**Account Statement**” means statement of transactions in Units of each Sub-fund in the Individual Pension Account of the Participant, containing such information as may be prescribed by the Commission from time to time;
- 22.4 “**Allocation Schemes**” means the allocation schemes offered by the Pension Fund Manager from time to time in conformity with the Prescribed Allocation Policy issued by the Commission;
- 22.5 “**Annuity**” means a series of payments of set frequency, sold primarily by Life Takaful Companies, with a primary goal to supplement retirement savings.
- 22.6 “**Anniversary Date**” means the Business Day following the completion of one full year from the opening of the Individual Pension Account with the Pension Fund Manager and thereafter the Business Day following completion of subsequent one full year.

- 22.7 “**Applicable Law**” means any common or customary law, constitutional law, any statute, regulation, resolution, rule, ordinance, enactment, judgment, order, code, decree, directive, notification, clarification, guideline, policy, requirement or other governmental restriction and any form or decision of or determination by or interpretation of any of the foregoing (whether or not having the force of law) by any Authority, now or hereafter in effect, in each case as amended, re-enacted or replaced to the extent applicable;
- 22.8 “**Approval**” means any consent, registration, filing, notarization, certificate, licence, approval (including foreign exchange control approval), permit, authority, confirmation or exemption from or by or with any national, supranational or regional government or administrative, fiscal, judicial or governmental body, commission, agency, authority, central bank or similar entity and all corporate, creditors’, shareholders’ and directors’ approvals or consents required for execution of this Offering Document and performance of the transactions contemplated herein;
- 22.9 “**Approved Annuity Plan**” has the meaning ascribed to it by Section 2(3A) of the Income Tax Ordinance, 2001;
- 22.10 “**Approved Employment Pension or Annuity Scheme**” means any employment related retirement scheme approved under the Income Tax Ordinance, 2001 which makes periodical payment to a beneficiary, i.e. pension or annuity such as approved superannuation fund, public sector pension scheme and Employees Old-Age Benefit Scheme.
- 22.11 “**Approved Income Payment Plan**” has the meaning ascribed to it by Section 2(3B) of the Income Tax Ordinance, 2001;
- 22.12 “**Auditor**” means the person or firm appointed to be the auditor of the Pension Fund by the Pension Fund Manager with the consent of the Trustee, in accordance with the Trust Deed and the Rules and qualified under the provisions of Section 254 of the Companies Ordinance, 1984;
- 22.13 “**Authority**” means any governmental or judicial or quasi governmental or judicial authority empowered to administer, enforce, adjudicate or ensure compliance with Applicable Law;
- 22.14 “**Authorized Branch**” means those branches of the Distributors that from time to time have been authorized by the Pension Fund Manager under intimation to the Trustee to perform the Distribution Function, and whose addresses have been given in the Offering Document, or on the website of the Pension Fund Manager.
- 22.15 “**Authorized Investments**” means investments, whether listed or otherwise, transacted, issued or traded inside or outside Pakistan and as permissible under the Rules or under the Investment Policy prescribed by the Commission;
- 22.16 “**Bank**” means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force or an institution providing banking services under the banking laws of Pakistan or, if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan and having such minimum entity rating as may be prescribed by the Commission from time to time.

- 22.17 **“Bank Accounts”** means the collection and disbursement account(s) in which the Contributions are received and payments are made from and the account(s) of each Sub- Fund, the beneficial ownership of which vests in the relevant Participants and for which the Trustee has been appointed as trustee under the Trust Deed;
- 22.18 **“Business Day”** means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which day State Bank of Pakistan and / or Stock Exchanges are closed for business in Pakistan.
- 22.19 **“Business Hours”** means such dealing periods on each Business Day, as may be determined by the Pension Fund Manager.
- 22.20 **“Charity”** means the amount paid by the Pension Fund Manager out of the income of the Trust to a charitable/ welfare organization, in consultation with the Shariah Advisor, representing income, which is Haram.
- 22.21 **“Commission”** means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997 (Act No.XLII of 1997);
- 22.22 **“Connected Person”** means each of the following in relation to the Pension Fund Manager:
- (a) any person or company beneficially owning, directly or indirectly, ten per cent (10%) or more of ordinary share capital of the Pension Fund Manager, or being able to exercise, directly or indirectly, ten per cent (10%) or more of the total voting power in the Pension Fund Manager;
  - (b) any person or company controlled by a Connected Person under the meaning of sub- clause (a);
  - (c) any member of the group of which the Pension Fund Manager forms part; or
  - (d) any director, officer and employee of the Pension Fund Manager or of any of their Connected Persons as specified in sub-Clauses (a), (b) and (c) or any body providing service or exercising power of the Pension Fund Manager;
- provided that* the words “director”, “officer” and “employee” shall include their spouse, lineal ascendants and descendants, brothers and sisters;
- 22.23 **“Constitutive Document”** means the principal document governing the formation of the Pension Fund, and includes the Trust Deed, this Offering Document and all material agreements;
- 22.24 **“Contribution”** means an amount as may be voluntarily determined by a Participant or prospective Participant, payable annually, semi-annually, quarterly, monthly or with any other frequency to the Pension Fund and held in one or more Individual Pension Accounts of the Participant;

- 22.25 “**Contribution Date**” has the meaning ascribed to it in Clause 7.2.2;
- 22.26 “**Custodian**” means a Bank, a central depository company or any other depository for the time being appointed by the Trustee to hold and protect the Trust Property or any part thereof as custodian or nominee on behalf of the Trustee; provided that the Trustee may also itself provide custodial services for the Fund;
- 22.27 “**Dealing Day**” means every Business Day on which dealing in the Pension Fund is conducted as disclosed in the Offering Document, provided that the Pension Fund Manager may with the prior written consent of the Trustee and upon giving not less than seven days notice in the newspapers declare any particular Business Day not to be a Dealing Day;
- 22.28 “**Deed**” or “**Trust Deed**” means the trust deed, signed between the Pension Fund Manager and the Trustee.
- 22.29 “**Default Allocation Scheme**” means the default asset allocation scheme as determined by the Pension Fund Manager in conformity with the Prescribed Allocation Policy for allocating between the Sub-Funds the Contributions received from Participants who have not themselves selected any Allocation Scheme;
- 22.30 “**Distributor**” or “**Distribution Company**” means as defined in NBFC and NE Rules and Regulations.
- 22.31 “**Distribution Function**” means the functions with regard to:
- (a) receiving applications and payment instruments for the issue of Units, in the name of the Trustee, from the Participants;
  - (b) issuing receipts in respect of (a) above;
  - (c) interfacing with and providing services to the Participants including receiving withdrawal / transfer to / from other Pension Fund Manager(s), applications for redemption, forwarding transfer applications and applications for change of address or any other status, instructions, in writing, of any kind or any other information for immediate transmission to the Pension Fund Manager or the Registrar, as appropriate; and
  - (d) accounting to the Pension Fund Manager for (i) Payment instruments received from Participants for issuance of Units in a Sub-Fund; and (ii) payments instruments delivered to the Participants on redemption of Units in the sub-fund.
- 22.32 “**Eligible Person**” means any person who qualifies the eligibility criteria under the Rules in respect of persons who can make contributions to pension funds authorized under the Rules;
- 22.33 “**Formation Costs**” means all preliminary and floatation expenses of the Pension Fund and shall include expenses in connection with authorization of the Pension Fund, execution and registration of the Constitutive Documents, issue, circulation and publication of the Offering Document and legal costs but shall not include any marketing, sales, promotion, education, communication or any form of advertisement costs; and shall not exceed 0.5% of the Seed Capital of each Sub-Fund or Rs.750, 000/- in total which ever is less.

- 22.34 **“Front-end Fee”** means the front-end fee payable to the Pension Fund Manager from the Contributions received, before allocation of Units of the Sub-funds, as remuneration, as per the Trust Deed and the Offering Document;
- 22.35 **“Guidelines”** means various guidelines, including instructions and handouts issued by the Commission to be followed or implemented by the Pension Fund Manager, the Trustee and other persons connected with the Fund in relation to various matters under the Rules;
- 22.36 **“Haram”** means anything prohibited by the Islamic Shariah.
- 22.37 **“Income Payment Plan”** means a plan constituting an agreement with the Pension Fund Manager after retirement enabling withdrawal of the remaining amount in any Individual Pension Account in monthly installments for fifteen (15) years from the date of retirement or as allowed under the Rules;
- 22.38 **“Individual Pension Account”** means a distinct account being maintained in the name of each Participant by the Pension Fund Manager to record the Participant’s investment in the Pension Fund and the Units of the Sub-Funds issued thereagainst, including appreciations thereof;
- 22.39 **“Investment”** means any Authorized Investment forming part of the Trust Property of any Sub-fund;
- 22.40 **“Investment Policy”** means the investment policy from time to time determined by the Commission under the Rules;
- 22.41 **“Launch Date”** means the date, as may be determined by the Pension Fund Manager, from which the NAFA Islamic Pension Fund shall be offered to the Participants for continual Contribution dealing.
- 22.42 **“Life Insurance Company”** means a company registered under the Insurance Ordinance, 2000 (XXXIX of 2000), to transact life Life /Takaful business, and includes the State Life Insurance Corporation of Pakistan;
- 22.43 **“Net Assets”** means, in relation to a Sub-Fund, the excess of assets over liabilities of the Sub-Fund, such excess being computed in the manner specified in the Rules or as may be specified by the Commission from time to time;
- 22.44 **“Net Asset Value”** or **“NAV”** means, in relation to Units of a Sub-Fund, per Unit value of the Sub-Fund, arrived at by dividing the Net Assets of the Sub-Fund by the number of outstanding Units of the Sub-Fund, on the basis indicated in the Rules or as may be specified by the Commission from time to time, which shall constitute the price at which the Units of each Sub-fund shall be issued and the price at which the Units of each Sub- fund shall be redeemed;
- 22.45 **“Offering Document”** means the prospectus or other document issued by the Pension Fund Manager with consent of the Trustee and approved by the Commission, which contains the investment and allocation policies and all other information in respect of the Pension Fund as required by the Rules and the Trust

Deed and which is circulated to invite offers by the public to contribute to the Pension Fund;

- 22.46 **“Ordinance”** means the Companies Ordinance, 1984;
- 22.47 **“Participant”** means any Eligible Person who opens an Individual Pension Account with the Pension Fund Manager and who makes one or more Contributions or on whose behalf one or more Contributions are made into the Pension Fund;
- 22.48 **“Pension Fund”** means the same as is defined in VPS Rules 2005.
- 22.49 **“Pension Fund Manager”** means NBP Fullerton Asset Management Limited or any pension fund manager , duly authorized by the Commission to efficaciously manage the Contributions made by or on behalf of Participants in Pension Fund under Clause 9, and includes the successors-in-interest and assigns of the Pension Fund Manager;
- 22.50 **“Prescribed Allocation Policy”** means the allocation policy as prescribed by the Commission from time to time under the Rules;
- 22.51 **“Prescribed Application Form”** means a form approved by the Commission from time to time for opening an Individual Pension Account and collecting other information from Participants;
- 22.52 **“Records”** include ledgers, day books, cash books and all other manuals or magnetic records used in the business of a Pension Fund Manager;
- 22.53 **“Register”** means the register of Participants kept pursuant to the Rules and the Trust Deed;
- 22.54 **“Registrar”** means an organization that the Pension Fund Manager appoints for performing the Registrar Functions and, if no such organization is performing such functions, it shall mean the Pension Fund Manager;
- 22.55 **“Registrar Functions”** means the functions with regard to:
- (a) maintaining the Register as per the Rules, the Trust Deed or as may be prescribed by the Commission from time to time;
  - (b) processing requests for opening of Individual Pension Account, issue, withdrawal, transfer and transmission of Units and requests for recording changes in data / information / particulars with regard to the Participants or that of their survivors or nominees;
  - (c) issuing statements of account in respect of Individual Pension Account to Participant;
  - (d) such other functions as may be required under the Rules with respect to record keeping; and
  - (e) such other functions as are required under the Trust Deed to be carried out by the Registrar;

- 22.56 **“Retirement Age”** means any age between sixty and seventy years or such age as may be prescribed in the Rules from time to time, which the Participant selects for retirement, in accordance with the provisions of the Rules;
- 22.57 **“Retirement Date”** means the date on which the retirement of a Participant from the Pension Fund becomes effective;
- 22.58 **“Rules”** means the Voluntary Pension System Rules, 2005, and includes all Guidelines issued, directions given, regulations and interpretations made and conditions imposed (either specifically in relation to the Pension Fund or generally) by the Commission thereunder from time to time;
- 22.59 **“Sales Agent”** means an individual, firm, corporate or other entity appointed by the Pension Fund Manager to identify, solicit and assist Eligible Persons to become Participants and make Contributions. The Pension Fund Manager shall compensate Sales Agents out of the Front-end Fee received by the Pension Fund Manager;
- 22.60 **“Seed Capital Units”** shall mean such Units of any Sub-Fund that are issued to the Seed Investors with the condition that they are not redeemable, transferable or tradable for a period of three (3) years from the date of issue or as may be determined by the Commission. Save for this restriction, Seed Capital Units shall all rank pari passu with all other Units;
- 22.61 **“Seed Investors”** of the Pension Fund shall be such initial investors, which may include the Pension Fund Manager, whose subscription shall in aggregate be in compliance of the requirements of Rule 9(3) (b) of the Rules. The Seed Investors shall be issued with Seed Capital Units representing their subscription;
- 22.62 **“Shariah”** or **“Islamic Shariah”** means divine guidance as given by the Holy Quran and the Sunnah of Prophet Muhammad (Peace Be Upon Him) and embodies all aspects of the Islamic Faith, beliefs, practices, rules and principles;
- 22.63 **“Shariah Advisor”** means an Islamic Financial Institution, an Islamic scholar or a body of Islamic scholars, having knowledge of Islamic finance, considered to be expert(s) in Islamic Shariah to be appointed and/or replaced in its place by the Pension Fund Manager from time to time with the approval of the Commission for seeking advice regarding compliance with the principles of Islamic Shariah and for monitoring the operations, management and investments of the Fund;
- 22.64 **“Shariah Compliant”** shall mean any activity that is in accordance with Islamic Shariah;
- 22.65 **“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance, 1969;
- 22.66 **“Sub-Fund”** means a collective investment sub-scheme of a specified investment class and / or Investment Policy set up under and as part of the Pension Fund in accordance with Clause 6.6 and shall include the three initial Sub-Funds named



therein and any new Sub-Fund launched as per the Rules. Trust Property shall be accounted for and segregated with respect to each Sub-Fund;

- 22.67 **“Supplementary Offering Document”** means a document issued by the Pension Fund Manager, in consultation with the Trustee after obtaining the approval of the Commission, describing the special features of the Pension Fund including any Sub-Funds and inviting Contributions in the Pension Fund;
- 22.68 **“Supplementary Trust Deed”** means a supplemental deed executed between the Pension Fund Manager and the Trustee, with the approval of the Commission, describing any amendments made to the Trust Deed. Such Supplementary Trust Deed shall be binding on each Participant, as if he is party to it and so to be bound by its provisions;
- 22.69 **“Tax”** means all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of Pakistan or any other jurisdiction and any penalty, fine, surcharge, interest, charges or costs relating thereto;
- 22.70 **“Tax Year”** shall have the same meaning as ascribed under the Income Tax Ordinance, 2001 (Ordinance No.XLIX of 2001);
- 22.71 **“Trust Deed”** means the Trust Deed described in Clause 1, as amended from time to time by any Supplementary Trust Deed;
- 22.72 **“Trust Property”** means the aggregate proceeds credited in the Pension Fund including the Contributions and seed capital received from Seed Investors of each Sub-Fund after deducting therefrom or providing thereout any applicable Front-end Fee and any other expenses chargeable to the Pension Fund including each Sub-Fund and includes the Investments and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets, movable or immovable, and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Participants pursuant to the Trust Deed and this Offering Document;
- 22.73 **“Trustee”** means Central Depository Company of Pakistan Limited or any new trustee appointed as per the Trust Deed and the VPS Rules and includes the successors-in- interest and assigns of the Trustee;
- 22.74 **“NAFA Islamic Pension Fund”, “Pension Fund”, “NIPF” or “Trust”** means the pension fund constituted under the Trust Deed and the Rules and made up of the Sub-Funds;
- 22.75 **“Unit”** means one undivided share in the Sub-Fund to which the share pertains, and where the context so indicates, includes a fraction of a Unit; and
- 22.69 **“Zakat”** has the same meaning as in the Zakat and Ushr Ordinance, 1980.

## 22 INTERPRETATION

In this Offering Document, unless the context shall otherwise require:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a company, firm, trust, Authority or government and vice versa;
- (e) a reference to any gender includes all genders;
- (f) a reference to a Recital, Clause or Annexure is to a Recital, Clause or Annexure of or to this Offering Document;
- (g) a Recital or Annexure forms part of this Offering Document;
- (h) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time;
- (i) a reference to any party to this Offering Document or any other document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns;
- (j) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning;
- (k) a reference to any "Account" or "account" includes any renewal, redenomination, redesignation or sub-account thereof;
- (l) "include", "includes" and "including" shall be respectively construed as "include without limitation", "includes without limitation" and "including without limitation", and all derivative terms shall be construed accordingly; and
- (m) words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction.

## 23 HEADINGS

In this Offering Document, headings are for convenience of reference only and do not affect interpretation.

## Annexure A



**Securities and Exchange Commission of Pakistan  
Specialized Companies Division**

Registration No. 07 / SEC/ PW /NAFA


Islamabad, the 11 July, 2012

**CERTIFICATE OF REGISTRATION AS  
PENSION FUND MANAGER**

The Securities and Exchange Commission of Pakistan, having considered the application of NBP Fullerton Asset Management Limited and being satisfied that NBP Fullerton Asset Management Limited is eligible for registration, in exercise of powers conferred by sub-rule (2) of rule 5 of Voluntary Pension System Rules, 2005 ("the VPS Rules"), hereby grants registration to NBP Fullerton Asset Management Limited as Pension Fund Manager subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

1. NBP Fullerton Asset Management Limited shall strictly comply with all the relevant provisions of the Companies Ordinance, 1984, the VPS Rules, the guidelines and directives issued from time to time under the VPS Rules and any other law applicable in this regard; and
2. NBP Fullerton Asset Management Limited shall not make any offer to any person/public to participate in any of its pension fund(s)/scheme(s) unless the Commission has authorized such pension fund(s)/scheme(s) under the VPS Rules.

The registration shall be suspended or cancelled if the license to carry on asset management services granted to NBP Fullerton Asset Management Limited under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 is suspended or cancelled.

  
(Muhammad Ali)  
Chairman

NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad - 44000, PAKISTAN  
PARX: 9207091-4, Fax: No. 9218590

## Annexure B



Securities & Exchange Commission of Pakistan  
Specialized Companies Division  
Policy, Regulations and Development Department

Nagu  
AK

No.9 (1) SEC/SCD/PW-NAFA-02/223

November 16, 2012

Chief Executive,  
NBP Fullerton Asset Management Limited,  
9<sup>th</sup> Floor, Adamjee House,  
I.I Chundrigar Road,  
Karachi.

Subject: Authorization of "NAFA Islamic Pension Fund" under rule 9 of the Voluntary Pension System Rules, 2005.

Dear Sir,

1. Please refer to your letter Ref: NAFA/OPS/2012/1059 dated October 23, 2012 on the captioned subject.
2. I am directed to inform you that the Securities and Exchange Commission of Pakistan (the "Commission") has authorized the NAFA Islamic Pension Fund (the "Fund") under rule 9 of the Voluntary Pension System Rules, 2005.
3. Kindly submit a certificate from the auditors of the Fund confirming investment of seed capital in each sub-fund as communicated vide our letter No.5(1)SEC/SCD/PW/NAFA/2012/199 dated August 17, 2012. It may please be noted that the Fund can only be offered for participation to the general public after approval of the Offering Document of the Fund by the Commission.

Yours truly,

(Muhammad Assad Saeed)  
Assistant Director

CC: Central Depository Company of Pakistan Limited  
Trustee of NAFA Islamic Pension Fund  
CDC House, 99-B, Block "B",  
S.M.C.H.S. Main Shahra-e-Faisal,  
Karachi, Pakistan.

## Annexure C



Securities & Exchange Commission of Pakistan  
Specialized Companies Division  
Policy, Regulations and Development Department

No.9 (1) SEC/SCD/PW-NAFA-02/ 207

October 02, 2012

✓ Chief Executive,  
NBP Fullerton Asset Management Limited,  
9<sup>th</sup> Floor, Adamjee House,  
I.I Chundrigar Road,  
Karachi.

Subject: Approval of the appointment of "Central Depository Company of Pakistan Limited" to act as Trustee of the proposed NAFA Islamic Pension Fund and Remuneration of the Trustee.

Dear Sir,

1. Please refer to your letter Ref: NAFA/OPS/2012/709 dated July 18, 2012 on the captioned subject.
2. I am directed to convey the approval of the Securities and Exchange Commission of Pakistan (the "Commission") to the appointment of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the proposed NAFA Islamic Pension Fund under rule 29 of the Voluntary Pension System Rules, 2005.
3. Furthermore, the Commission has approved remuneration of the Trustee, as per schedule of charges attached herewith, in terms of rule 34 of the Voluntary Pension System Rules, 2005.

Yours truly,

  
(Muhammad Assad Saeed)  
Assistant Director

CC: Central Depository Company of Pakistan Limited  
Trustee of the proposed NAFA Islamic Pension Fund  
CDC House, 99-B, Block "B",  
S.M.C.H.S. Main Shahra-e-Faisal,  
Karachi, Pakistan.



## Annexure D



Securities & Exchange Commission of Pakistan  
Specialized Companies Division  
Policy, Regulations and Development Department

NAFW  
AL

No.9 (1) SEC/SCD/PW-NAFA-02/223

November 16, 2012

Chief Executive,  
NBP Fullerton Asset Management Limited,  
9<sup>th</sup> Floor, Adamjee House,  
L.I Chundrigar Road,  
Karachi.

**Subject: Authorization of "NAFA Islamic Pension Fund" under rule 9 of the Voluntary Pension System Rules, 2005.**

Dear Sir,

1. Please refer to your letter Ref: NAFA/OPS/2012/1059 dated October 23, 2012 on the captioned subject.
2. I am directed to Inform you that the Securities and Exchange Commission of Pakistan (the "Commission") has authorized the NAFA Islamic Pension Fund (the "Fund") under rule 9 of the Voluntary Pension System Rules, 2005.
3. Kindly submit a certificate from the auditors of the Fund confirming investment of seed capital in each sub-fund as communicated vide our letter No.5(1)SEC/SCD/PW/NAFA/2012/199 dated August 17, 2012. It may please be noted that the Fund can only be offered for participation to the general public after approval of the Offering Document of the Fund by the Commission.

Yours truly,

(Muhammad Assad Saeed)  
Assistant Director

CC: Central Depository Company of Pakistan Limited  
Trustee of NAFA Islamic Pension Fund  
CDC House, 99-B, Block "B",  
S.M.C.H.S. Main Shahra-e-Faisal,  
Karachi, Pakistan.

SECD B-Block, Block Avenue, Blue Area, Islamabad.

# Annexure E

“Distribution Details”

## LIST OF DISTRIBUTION OFFICES

1. NBP Fullerton Asset Management Limited

2. National Bank of Pakistan

### NBP FULLERTON ASSET MANAGEMENT LIMITED

1. Head Office

7th Floor Clifton Diamond Building, Block No. 4, Scheme No, 5, Clifton, Karachi.

UAN: 021-111-111-632(NFA)

Toll Free: 0800-20001

www.nafafunds.com

info@nafafunds.com

Fax: 021-35825329 (Marketing)

2. Sales Centre (Karachi)

Plot Number 19 / C, Bukhari Commercial, Lane 10, Phase 6, DHA Karachi

Ph: 021-35851542

3. Lahore Office

7-Noon Avenue, Canal Bank, Muslim Town, Lahore.

UAN # 042-111-111-632.

Fax # 042-35861095

4. Islamabad Office

Plot # 395-396 Industrial Area, I-9/3, Islamabad

UAN # 051-111-111-632

Fax # 051-4859029

**5. Peshawar Office**

Haji Tehmas Centre, Near K.F.C., Tehkal Payan, University Road, Peshawar.

Ph : 091-5711776

UAN # 091-111-111-632

Fax # 091-5711780

**6. Multan Office**

NBP City Branch, Hussain-a-Gahi, Multan.

UAN # 061-4502204

Fax # 061-4502203

**7. Hyderabad Office**

National Bank of Pakistan, Fatima Jinnah Branch, 1st Floor,

NAFA, Fatima Jinnah, Road, Hyderabad.



**NATIONAL BANK OF PAKISTAN****PREMIER AUTHORIZED BRANCHES**

| <b>Sr.</b> | <b>Name of Branch</b>                   | <b>Sr.</b> | <b>Name of Branch</b>                 |
|------------|---|------------|---------------------------------------|
| 1          | Alamgir Road Branch, Karachi            | 24         | Main Branch Cantt, Rawalpindi         |
| 2          | Defence Housing Society Branch, Karachi | 25         | Peshawar Road Branch, Rawalpindi      |
| 3          | Model Branch Kehkeshan Clifton, Karachi | 26         | Hayatabad Branch Peshawar             |
| 4          | Nadir House Branch, Karachi             | 27         | Peshawar Cantt Branch                 |
| 5          | Nazimabad Branch, Karachi               | 28         | Gulgasht Colony Branch, Multan        |
| 6          | S.I.T.E Branch, Karachi                 | 29         | Multan Cantt Branch                   |
| 7          | Saddar Branch, Karachi                  | 30         | NBP Income Tax Branch                 |
| 8          | Shaheed-e-Millat Branch, Karachi        | 31         | Airport Branch Karachi                |
| 9          | Fatima Jinnah Road Branch, Hyderabad    | 32         | Sakhi Hassan Brach                    |
| 10         | ACP Model Branch Shadman, Lahore        | 33         | Korangi Industrial Area Branch        |
| 11         | Allama Iqbal Town Branch, Lahore        | 34         | NBP Civic Center Branch               |
| 12         | DHS T Block, Lahore                     | 35         | Rehman Plaza Branch, Lahore           |
| 13         | DHS Y Block Commercial Area, Lahore     | 36         | Johar Town Branch, Lahore             |
| 14         | Lahore Cantt. Corporate Branch, Lahore  | 37         | Shahdara Branch, Lahore               |
| 15         | Model Branch Gulberg, Lahore            | 38         | Bund Road, Lahore                     |
| 16         | Model Town Branch, Lahore               | 39         | Main Branch, Lahore                   |
| 17         | Shahalam Market Branch, Lahore          | 40         | SIE, Branch Gujranwala                |
| 18         | Abdullahpur Branch, Faisalabad          | 41         | Satellite Town Gujranwala             |
| 19         | Civil Line Branch, Faisalabad           | 42         | City Branch Urdu Bazar                |
| 20         | Civil Line Branch, Gujranwala           | 43         | NBP Akbar Plaza Blue Area, Islamabad. |
| 21         | District Court Branch, Sialkot          | 44         | NBP G-9 Islamabad                     |
| 22         | Main Branch, Islamabad                  | 45         | University Campus Branch, Peshawar    |
| 23         | F-8 Branch, Islamabad                   |            |                                       |

Please note that the above branches may change from time to time as per the discretion of the Management Company.

## **AUTHORIZED BRANCHES**

### **KARACHI**

- 1. Main Branch**  
Ph. No.:021-99212220/9212244/  
9212731
- 2. Nadir House Branch**  
Phone No.:021- 9217153-54
- 3. Saddar Branch**  
Phone No.: 021-99203599
- 4. M. A. Jinnah Road Branch**  
Phone No.: 021-99215025-26
- 5. Club Road Branch**  
Phone No.: 021-99206027/9206067
- 6. PIDC House Branch**  
Phone No.: 021-99206040/9206031
- 7. Defence Housing Authority Branch**  
Phone No.: 021-99266216-17
- 8. Model Branch, Clifton**  
Phone No. 021-99251330/ 9251328
- 9. Nicol Road Branch**  
Phone No.: 021- 32426353
- 10. Clifton Cantt. Board Branch**  
Phone No.: 021-99218203/  
9218202
- 11. Custom House Branch**  
Phone No.: 021-99217121/9214233
- 12. Aimai House Branch**  
Phone No.: 021-99203913/9206057
- 13. Kutchery Road Branch**  
Phone No.: 021-32633914/2639104
- 14. Income Tax Branch**  
Phone No.: 021-99211657/9211636
- 15. PNSC Branch**  
Phone No.: 021-99206055/ 9206021
- 16. Hoor Market Branch**  
Phone No.: 021-32851892
- 17. Clifton Branch**  
Phone No.: 021-99251375-76
- 18. Mohammad Ali Housing Society Branch**  
Phone No.: 021- 34314321/4525845
- 19. Shaheed-e-Millat Road Branch**  
Phone No.: 021-  
34382569/4381526
- 20. FTC Building Branch**  
Phone No.: 021-  
99203579/9202474-75
- 21. Awami Markaz Branch**  
Phone No.: 021-99240555-8
- 22. Nazimabad Branch**  
Ph. No: 021-  
99260667/6607356/9260669

**23. SITE Branch**  
Phone No.: 021-32567788/2573812

**35. Tariq Road Branch**  
Phone No.: 021-34315619-4530372

**24. Lasbella Chowk Branch**  
Phone No.: 021- 99215561

**36. Drigh Road Branch**  
Phone No.: 021-99248541

**25. Gulshan-e-Iqbal Branch**  
Phone No.: 021- 99243535/  
9243534

**37. PASMIC Branch**  
Phone No.: 021-34570014/ 9264014

**26. Landhi Township Branch**  
Phone No.: 021-35010351

**38. Shamsi Coop. Housing Society  
Branch**  
Phone No.: 021-99248535- 9248546

**27. Korangi Industrial Area Branch**  
Phone No.: 021-35071601

**39. Paposhnagar Branch**  
Phone No.: 021-36610557-9260652

**28. North Karachi Branch**  
Phone No.: 021-36971672/6956774

**40. Sharifabad Branch**  
Phone No.: 021-99246020

**29. Malir Cantt Branch**  
Phone No.: 021-99247452-53

**41. Airport Branch**  
Phone No.: 021-99248531/9248917

**30. PAF Base, Masroor Branch**  
Phone No.: 021-99241000-40

**42. Model Colony Branch**  
Phone No.: 021-34511594

**31. Binori Town Branch**  
Phone No.: 021-99230241

**43. Avari Towers Branch**  
Phone No.: 021-99205426/9202484

**32. Rahimabad Branch**  
Phone No.: 021-99246019/9246022

**44. PIB Colony Branch**  
Phone No.: 021-99231640

**33. SMCH Society Branch**  
Phone No.:021-34535897/4557750

**45. Sakhi Hassan Branch**  
Phone No.: 021-36640572/6629190

**34. Civic Center Branch**  
Phone No.:021-99230232/9231031-2

**LAHORE:**

**01. Main Branch Lahore**

Ph: 042-9211686/9211674/9211286

Phone: 042-9230548

**02. Defence Housing Society Branch**

Phone: 042-5720436-5720597

**12. Hotel Ambassador Branch**

Phone: 042-6303579

**03. Civil Secretariat Branch**

Phone: 042-9211998/ 9210244

**13. Pak Admin. Staff College**

Phone: 077-9202927

**04. Lahore Cantt Branch**

Phone: 042-9220317/9220320-21

**14. Wahdat Road Branch**

Phone: 042-7597083

**05. Model Town Branch,**

Phone: 042-9230935-237

**15. ACP Model Corporation Branch**

Phone: 042-9203149-9203167

**06. Regal Chowk Branch**

Phone: 042-7310113

**16. New Garden Town Branch**

Phone: 042-5832594

**07. WAPDA House Branch**

Phone: 042-9202493/9202149

**17. Model Branch, Gulberg**

Phone: 042-5751104/5752215

**08. Samanabad Branch,**

Phone: 042-7579464

**18. New Muslim Town Branch**

Phone: 042-9230561

**09. Main Market Gulberg Branch**

Phone No.042-5751404/5753835

**19. Allama Iqbal Town Branch**

Phone: 042-7840793/7840655

**10. LDA Plaza Branch**

Phone: 042-9200435-36

**20. Tech Society Branch**

Phone: 042-5303732

**11. PCSIR Branch**

**21. Lytton Road Branch**

Phone: 042-7311437

**22. Defence Housing Authority Branch**

Phone: 051-9206696

Phone: 042-5729265/5728265

**RAWALPINDI**

**ISLAMABAD**

**01. GHQ Branch,**

Phone No.:051-9270351

**01. Main Branch**

Phone: 051-9201996 /9201973

**02. Rawalpindi Cantt. Branch**

Phone No.: 051-9270586

**02. "B" Block Branch**

Phone: 051-9205177

**03. City Branch**

Phone No.: 051- 5553214/5553105

**03. Blue Area Branch**

Phone: 051-9204638

**04. Satellite Branch**

Phone No.:051-9290843

**04. Industrial Area, Islamabad**

Phone No.: 051-9258672-3

**05. Peshawar Road Branch,**

Phone No: 051-9278194

**05. F-8 Branch**

Phone: 051-2853360

**06. Corporate Branch**

Phone No: 051-9272677-8

**06. Aabpara Branch**

Phone: 051-9210212

**BAHAWALPUR**

**07. Foreign Affairs Branch**

Phone: 051-9205051

**01. Main Branch, Dist. Court Bahawalpur**

Phone No.:0621-9250121

**08. G-9 Branch**

Phone: 051-9261213

**09. Corporate Branch**

### **D.G. KHAN**

#### **01. Main Branch, D.G. Khan**

Phone No.:0641-462165

### **D.I. KHAN**

#### **01. Main Branch, D.I. Khan**

Phone No.:0961-9280045

### **FAISALABAD**

#### **01. Civil Lines Branch**

Phone No.:041-9200750/9200570

#### **02. City Branch**

Phone No.:041-9200328

#### **03. Aminpur Bazar Branch**

Phone No.:041-9200856/9201132

#### **04. Peoples Colony Branch**

Phone: 041-9220019-20

### **MULTAN**

#### **01. Main Branch**

Phone No.:061-9200524-25

#### **02. Multan City**

Phone No.:061-9200532

### **GUJARANWALLA**

#### **01. Civil Lines Branch**

Phone No.:0431-9200330

#### **02. City Branch, Gujaranwalla**

Phone No.:0431-217068

#### **03. Small Industrial Estate Branch**

Phone No.:0431-9200350

#### **04. Atta Building Branch**

Phone No.:055-4217115/4210993

### **JHELUM**

#### **01. Civil Lines Branch**

Phone No.:0544-9270184

### **SIALKOT**

#### **01. Dist. Court, Branch**

Phone No.:0432-9250561/9250236-7

#### **02. Sialkot Cantt. Branch**

Phone No.:0432-9250450

#### **03. Sialkot City Branch**

Phone No.:0432-9250226-27

**01. Main Branch**

Phone No.:0741-9410933

**04. Small Industrial Estate Branch**

Phone No.: 0432-3255561/3255844

**SUKKUR**

**01. Main Branch**

Phone No.:071-9310263-64

**HYDERABAD**

**01. Fatima Jinnah Road Branch**

Phone No.:0221-9200182

**QUETTA**

**01. City Branch**

Phone No.: 081-9201450

**02. Market Area Branch**

Phone No.:0221-2635805

**03. Shahbaz Building Branch**

Phone No.:0221-9200512

**02. Civil Secretariat Branch**

Phone No.: 081-9202647

**04. Latifabad Branch**

Phone No.:0221-9260036

**03. M.A. Jinnah Road Branch**

Phone No.:081-9201975

**MIRPURKHAS**

**01. Main Branch**

Phone No.:0231-9290255

**GAWADAR**

**01. Main Branch**

Phone No.:0864-9210089

**NAWABSHAH**

**01. Main Branch**

Phone No.:0241-9370401-2

**ABBOTTABAD**

**01. Main Branch**

Phone No.:0992-9310137

**LARKANA**

## **PESHAWAR**

### **01. Main Branch, Muzaffarabad**

Phone No.: 058810-43033/42314

#### **01. Cantt Branch**

Phone No.:091-9211347-8

#### **02. City Branch**

Phone No.:091-2564729

#### **03. Saddar Branch**

Phone No.:091-9211628

#### **04. Hayatabad Branch**

Phone No.: 091-9217119

**Please note that the above branches may change from time to time as per the discretion of the Management Company.**

## **SARGODHA**

### **01. Main Branch**

Phone: 0451-9230467

## **SHEIKHUPURA**

### **01. Civil Lines Branch**

Phone No.:04931-3785938

## **NOWSHERA**

### **01. Main Branch**

Phone No.:0459-9220048

## **MUZAFFARABAD, AZAD KASHMIR**







NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NBP FULLERTON ASSET MANAGEMENT LIMITED

### Instructions & Guidelines

1. This form is to be used for opening a Pension Fund account with NAFA.
2. Applications by Non Resident Pakistanis shall be accepted subject to existing laws provided the subscription amount is paid by means of remittance through banking channels or through means permitted by the State Bank of Pakistan (SBP).
3. Application will be processed as per cut-off timings for the Fund.

### Instructions of Allocation Scheme

1. Applicant should select one of the Allocation Schemes mentioned in the Form.
2. If an Allocation Scheme is not selected, the participant's contribution would be allocated in the Lifecycle Allocation Scheme, until such time the participant selects an Allocation Scheme.
3. If sub-fund percentages are not specified within the selected Allocation Scheme, the Pension Fund Manager shall take minimum allocation in the participant's selected Allocation Scheme, while the remaining 15-20% (as the case may be) shall be allocated by the Pension Fund Manager at its discretion.
4. Allocation Scheme can be changed on an annual basis subject to the terms and conditions specified in the Offering Document of the Fund.

### Document Checklist

Before submitting this form, make sure the following documents are attached. If one or more of the documents are missing, your application may be declined or processed with a delay. In case of Zakat Exemption, Zakat Affidavit shall be provided for the participant. If not submitted, Zakat will be deducted at the time of withdrawal.

- ☐ Copy of CNIC/NICOP of participant    ☐ Zakat Affidavit    ☐ Copy of Pension Fund's Account Statement    ☐ Business / Employment Proof  
(In case of exemption)    (In case of transfer from another Pension Fund Manager)
- ☐ Declaration of using Business Account  
(In case of Self Employed)

### General Instructions

1. Fill the form in block letters and in legible handwriting to avoid errors in application processing. If any alteration is made, a countersign is mandatory.
2. Fill the form yourself or get it filled in your presence. Do not sign and/or submit blank forms.
3. Please tick in the appropriate box wherever applicable, in case any field is not relevant, please mark 'N/A' (Not Applicable).
4. It is the responsibility of the applicant to carefully read and understand the guidelines and instructions provided in this form and the terms and conditions, specially risk disclosure, disclaimer, warning statement, investment objective in the Offering Document.
5. Applications incomplete in any respect and/or not accompanied by required documents are liable to be held or rejected until complete requirements are fulfilled.
6. Applications completed in all respects and carrying necessary documentary attachments should be submitted at designated NAFA offices. Complete lists of NAFA offices are available on [www.nafafunds.com](http://www.nafafunds.com).
7. For assistance in filling this form or information about our products and services call our nationwide help line at 0800-20001.

## NBP FULLERTON ASSET MANAGEMENT LIMITED

## Employer Contribution Form

Form: NAFA VPF-02

Date:



NBP Fullerton  
Asset Management Ltd.  
*A Subsidiary of*  
National Bank of Pakistan

[illegible]

## 1. Employer / Corporate Contributor Details

Company Name \_\_\_\_\_ Company Registration No. \_\_\_\_\_  
 Registered Address \_\_\_\_\_ NTN No. \_\_\_\_\_  
 Office Phone \_\_\_\_\_ Fax Number \_\_\_\_\_ Company Website \_\_\_\_\_  
 Industry Category ☐ Commercial Bank ☐ Government ☐ Education ☐ Insurance ☐ FMCG ☐ Other \_\_\_\_\_  
 Total Number of Employees \_\_\_\_\_ Total Number of Employee participants \_\_\_\_\_ (Please specify)  
 Primary Contact Person Name \_\_\_\_\_ Designation \_\_\_\_\_  
 Contact Number \_\_\_\_\_ Email \_\_\_\_\_  
 Alternate Contact Person Name \_\_\_\_\_ Designation \_\_\_\_\_  
 Contact Number \_\_\_\_\_ Email \_\_\_\_\_

*Declaration & Signature(s)*

I/We hereby acknowledge that I/we have fully understood all the notes, and the provisions of the Trust Deed and Offering Document of the Fund. Further, I/we hereby certify that the information provided in this form is correct. I/we understand that I/we shall have no claim/entitlement to the contributions made on behalf of the Individual Pension Fund Account Holders. I/we agree to update NAFIA Fund Managers on any changes in contribution amount or any additions and deletions in employees participating in NAFIA Pension Fund within seven (7) days of such change or with the subsequent contribution payment. I/We will not hold NAFIA Fund Managers responsible due to any delay in notifying any changes. I/we agree to update NAFIA on any changes in particular circumstances including change in primary contact person or person dealing with contribution payments or any authorized signatories details on a timely basis.

|                               |                               |
|-------------------------------|-------------------------------|
| _____<br>Authorized Signature | _____<br>Authorized Signature |
| _____<br>Authorized Signature | _____<br>Authorized Signature |

Date  

|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|

  
 ( dd - mm - yy )

*Note: Official company stamp is required*

## 2. Contribution Details (Employer/Corporate)

Frequency of Regular Contribution: ☐ Monthly ☐ Quarterly ☐ Semi Annual ☐ Annual

Employer's Total contribution (Rs.) \_\_\_\_\_ Employee's total contribution (Rs.) \_\_\_\_\_

If any other arrangement please specify \_\_\_\_\_

Preferred Mode of Payment ☐ Cheque ☐ Pay Order ☐ Demand Draft ☐ Online Account Transfer

(Drawn on) Bank Name \_\_\_\_\_ Branch Name & Code \_\_\_\_\_

Contribution made on behalf of (Participant Name) \_\_\_\_\_ Customer ID \_\_\_\_\_

(For contributions on behalf of multiple participants, attach a sheet with the details given in the following table format)

| Serial No. | Participant Name | CNIC No. | Name of Pension Fund | Contribution Amount (Rs.) | Contribution Amount Breakup |          |
|------------|------------------|----------|----------------------|---------------------------|-----------------------------|----------|
|            |                  |          |                      |                           | Employer                    | Employee |
|            |                  |          |                      |                           |                             |          |

**Note:**

1. This format should be used for both initial and regular contributions by the employer for its employees.
2. Please update NAFA on any changes in contribution amount or any additions and deletions in employees participating in the Pension Fund within seven (7) days of such change or with the subsequent contribution payment.
3. Please update NAFA on any changes in particulars/circumstances including change in primary contact person or person dealing with contribution payments or any authorized signatories details on a timely basis.
4. For new inductions, please also attach duly filled Account Opening Form for each participant

## 3. FOR OFFICE USE ONLY

| Distributor/Facilitator Name/ Code | Signature of Distributor/Facilitator | Date & Time | Form Received on (Date & Time) | Particulars Verified By Name & Signatures | Data Input By |
|------------------------------------|--------------------------------------|-------------|--------------------------------|---|---------------|
|                                    |                                      |             |                                |   |               |

#### 4. NBP Sales Referred By

| Name | CNIC No: | NBP Employee card No. | NBP Branch address & Code |
|------|----------|-----------------------|---------------------------|
|      |          |                       |                           |

Head Office: 7<sup>th</sup> Floor Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton Karachi. Toll Free: 0800-20001, UAN: 111-111-632 (NFA),  
Fax: (021) 35825329, Website: [www.nafafunds.com](http://www.nafafunds.com)



NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NBP FULLERTON ASSET MANAGEMENT LIMITED

### Instructions & Guidelines

1. This form is for use by employers for making contributions in the Pension Fund accounts of their employees.
2. Payment can be made in the form of cheque, demand draft, pay order or online account transfer. Cash will not be accepted.
3. Payment shall be made in favor of 'CDC-Trustee (NAFA Pension Fund)' or 'CDC Trustee (NAFA Islamic Pension Fund)' and crossed "Account Payee" only.
4. Front-end fee (sales load) shall be applied to all contributions to individual pension accounts as per the Offering Document of the Fund. However no Front-end Load shall be charged to such participants who transfer their individual pension accounts, partially or wholly, from another pension fund, as per policies approved by the Commission and issued by Life Insurance Companies before June 30, 2005.
5. Minimum contribution amount as per details provided in the Offering Document of the Fund is Rs. 10,000 for new account and Rs. 1,000 for an existing account.
6. It should be responsibility of the applicant to pay all charges and taxes in relation to the units purchased by him/her.
7. Application will be processed as per cut-off timings for the Fund.

### Document Checklist

First time employer contribution would be accompanied by the following documents. If one or more of the documents are missing, the application may be declined or processed with a delay.

- |   |   |
|---|---|
| <input type="checkbox"/> Copy of Memorandum and Articles of Association/Bye Laws/Trust Deed   | <input type="checkbox"/> Power of Attorney & Board Resolution or other Appropriate Resolution (Certified True copy) authorizing contribution in NAFA Pension Fund |
| <input type="checkbox"/> Copy of CNIC of the signatories, Directors & of primary contact dealing with contribution payments                     | <input type="checkbox"/> List of authorized signatories with specimen signatures  |
| <input type="checkbox"/> Duly filled Account Opening Forms for each employee participating in Pension Fund (in case of 'Employer Contribution') |   |

**NBP FULLERTON ASSET MANAGEMENT LIMITED**  
SELF CONTRIBUTION FORM  
Form: NAFA VPF-03



Date: \_\_\_\_\_

[illegible]

## 1. ACCOUNT DETAILS (FILL IN BLOCK LETTERS)

Principal Account Holder's Name \_\_\_\_\_

## 2. INVESTMENT DETAILS

Please select any one:

- ☐ NAFA Pension Fund
- ☐ NAFA Islamic Pension Fund

Please select any one:

- ☐ Fresh Contribution
- ☐ Transfer of Contribution from another Pension Fund  
Pension Fund Name \_\_\_\_\_  
Name of Pension Fund Manager \_\_\_\_\_
- ☐ Transfer from Provident Fund  
Provident Fund Name \_\_\_\_\_

### 3. PAYMENT DETAILS

Investment details for 'Fresh contribution / From Provident Fund'

Contribution Amount (Rs.) \_\_\_\_\_ In words \_\_\_\_\_

Mode of Payment: ☐ Cheque ☐ Pay Order ☐ Demand Draft

Cheque / Pay Order / Demand Draft No. \_\_\_\_\_ drawn on (Bank & Branch) \_\_\_\_\_

Cheque / Pay Order / Demand Draft No. \_\_\_\_\_ drawn on (Bank & Branch) \_\_\_\_\_

Investment details for 'Transfer of contribution from another Pension fund'

Contribution Amount (Rs.) \_\_\_\_\_ In words \_\_\_\_\_

Out of which (Rs.) \_\_\_\_\_ (Original Contribution (Rs.) \_\_\_\_\_ ) Pertaining to Provident Fund.

Mode of Payment: ☐ Cheque ☐ Pay Order ☐ Demand Draft

Cheque / Pay Order / Demand Draft No. \_\_\_\_\_ drawn on (Bank & Branch) \_\_\_\_\_

Cheque / Pay Order / Demand Draft No. \_\_\_\_\_ drawn on (Bank & Branch) \_\_\_\_\_

#### 4. DECLARATION & SIGNATURE

1. I will not claim Repatriation from Pakistan of Redemption proceeds of the Units excepts as permissible under the rules of State Bank of Pakistan or Ministry of Finance, Government of Pakistan
2. I have read and understood the Trust Deeds and Offering Documents of the respective Fund and the risks involved, together with the guidelines at the back of the Form.
3. I understand that if Investment form is received by NAFA and or Distributor / Facilitator after the cut off time, that transaction will be processed on the next working day and that I would not hold NAFA responsible for any loss consequent to such processing of investment form on the next working day.

I have carefully read, understood and accept the terms and conditions given in the Trust Deeds and Offering Documents of respective Fund. I understand that the company may amend or alter the terms and conditions referred herein and hereafter, from time to time. I have understood that investment in Pension Funds are subject to market risks and fund prices may go up or down based on the market conditions. I have understood that past performance is not necessarily an indicator of future results and there is no fixed or guaranteed return. I understand that my withdrawals made from the respective Funds, prior to retirement will result in a withholding tax as per Income Tax Ordinance 2001. I have no objection to the Prescribed Investment Policy and Prescribed Allocation Policy determined by the Commission and the Pension Fund Manager and I am fully aware of the risks associated with the prescribed Allocation Scheme.

Date : \_\_\_\_\_ Participant's Signature: \_\_\_\_\_

## 5. FOR OFFICE USE ONLY

| Distributor/Facilitator Name/ Code | Signature of Distributor/Facilitator | Date & Time | Form Received on (Date & Time) | Particulars Verified By Name & Signatures | Data Input By |
|------------------------------------|--------------------------------------|-------------|--------------------------------|---|---------------|
|                                    |                                      |             |                                |   |               |

#### 6. NBP Sales Referred By

| Name | CNIC No: | NBP Employee card No. | NBP Branch address & Code |
|------|----------|-----------------------|---------------------------|
|      |          |                       |                           |

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## NBP FULLERTON ASSET MANAGEMENT LIMITED

### General Instructions

1. This form is for use by participants who want to make contribution in their Pension Fund account with NAFA.
2. Fill the form in block letters and in legible handwriting to avoid errors in application processing. If any alteration is made, a countersign is mandatory.
3. Fill the form yourself or get it filled in your presence. Do not sign and/or submit blank forms.
4. Please tick in the appropriate box wherever applicable, in case any field is not relevant, please mark 'N/A' (Not Applicable).
5. It is the responsibility of the applicant to carefully read and understand the guidelines and instructions provided in this form and the terms and conditions, especially risk disclosure, disclaimer, warning statement, investment objective in the Offering Document of particular Fund(s).
6. If acknowledgement of the investment is not received within 7 working days, the investor should contact nearest NAFA branch or call our Toll-Free helpline at 0800-20001.
7. Applications incomplete in any respect and/or not accompanied by required documents are liable to be held or rejected until complete requirements are fulfilled.

### Payment Instruction / Guidelines

1. Payment can be made in the form of cheque, demand draft, pay order or online account transfer, Cash will not be accepted.
2. Payment shall be made in favor of 'CDC Trustee (NAFA Pension Fund)' or 'CDC Trustee (NAFA Islamic Pension Fund)' and crossed 'Account Payee' only.
3. Minimum contribution amount as per details provided in the Offering Document of the Fund is Rs. 10,000 for new account and Rs. 1,000 for an existing Account.
4. If payment instrument is returned, the unpaid application will be rejected.
5. Front-end fee (sales load) shall be applied to all contributions to individual pension accounts as per the Offering Document of the Fund. However no Front-end Load shall be charged to such participants who transfer their individual pension accounts, partially or wholly, from another pension fund or transfer from pension policies approved by the Commission and issued by Life Insurance Companies before June 30, 2005.
6. Application will be processed as per cut-off timings for the Fund.







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## NBP FULLERTON ASSET MANAGEMENT LIMITED

### Instructions & Guidelines

#### 1 General Guidelines

1. At the request of the participant/nominee, the Transfer Agent will verify the signature, holding and other relevant details as stated in the Withdrawal & Transfer Form.
2. In case of such verification, the verified Withdrawal and Transfer Form will be the only document accepted by the Trustee for encashment. If the verified Withdrawal & Transfer Form is lost, destroyed, or mutilated, a new Withdrawal & Transfer Form will be verified by the Transfer Agent upon application by the participant/nominee and on payment of such costs and on such terms so as to evidence indemnity and security.
3. Pension Fund Manager or Trustee has the right to reject application in case any document(s)/evidence required to be submitted by the participant/nominee not available / incomplete.
4. Zakat if applicable will be deducted (in case zakat affidavit has not been provided)

#### 2. Instructions for withdrawal at the time of retirement

1. A notice shall be sent to the Pension Fund Manager at least thirty days before the chosen date of retirement.
2. Participant can withdraw up to fifty percent of its balance in individual pension account as cash, while the remaining balance is to be used to purchase annuity from Life Insurance Company of his choice or enter into agreement with Pension Fund Manager for approved income payment from this pension fund manager or another pension fund manager for 15 years from date of retirement according to the plan.
3. In case of purchase of Approved Annuity Plan, please attach application from the relevant Insurance Company. A cheque for the requested transfer amount shall then be sent directly to the Life Insurance Company, under advice to the participant.
4. In case of Approved payment plan please attach application from the relevant Pension Fund Manager. A Cheque for the requested transfer amount shall then be sent directly to the relevant Pension Fund Manager, under advice to the participant.
5. In case of withdrawal prior to the retirement age or withdrawal exceeding 50% of the accumulated balance after attaining the retirement age, tax shall be deducted by the Pension Fund Manager subject to the conditions laid down in the Income Tax Ordinance, 2001.

#### 3. Withdrawal by Nominee

Following Documents required in case of Withdrawal by Nominee:

1. Succession certificate from the court of law,
2. Copy of CNIC/NICOP of nominee,
3. Death Certificate of deceased participant issued by provincial government.
4. In case of nominee withdrawing the pension fund in excess of 50% of accumulated pension fund balance, Tax shall be deducted by the pension fund manager as required under Income Tax Ordinance 2001.

#### 4. Transfer to other Pension Fund by participant

1. The participants are allowed to transfer his individual pension account with a particular Pension Fund to another Pension Fund only once in a year.
2. There shall be no Tax or charges on such transfers.
3. In case of Transfer to another Pension Fund (Manager), units of such value which are sufficient to meet the requested amount of transfer, held in the Individual Pension Account of the participant, shall be redeemed at the Net Asset Value of each of the pertinent sub-funds notified at the close of the Business Day corresponding to the effective date of transfer. A cheque for the requested transfer amount shall then be sent directly to the new Pension Fund (Manager), under advice to the participant.
4. The notice for the change of the Pension Fund (Manager), specifying the name of the new Pension Fund (Manager) shall be sent by the participant at least twenty one days before the effective date of transfer.
5. In absence of any prior notice before the submission of this form, the form will be considered as a notice and accordingly the effective date of transfer will be 21 days after the receipt of form.

#### 5. Withdrawal by participant due to permanent disability

1. If a participant suffers from any of the disabilities mentioned in section 5 of the form, which render him unable to continue any employment he may, if he so elects, be treated as having reached the retirement age at the date of such disability and all relevant provisions shall apply accordingly.
2. Please complete the detail of permanent disability as required in the form.
3. Please provide a Certificate of the Medical Practitioner / Medical Board confirming the disability.
4. In case of withdrawal of more than 50% of accumulated balance upon disability, tax shall be deducted by the pension fund manager as required under Income Tax Ordinance 2001.



## NBP FULLERTON ASSET MANAGEMENT LIMITED

Account Update Form

Form: NAFA VPF-05 (Please see guidelines overleaf before completing this form)



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[illegible]

| 1. INFORMATION ABOUT THE PRINCIPAL ACCOUNT HOLDER (FILL IN BLOCK LETTER) |                              |                             |   | DATE:                        |                             |
|--|------------------------------|-----------------------------|---|------------------------------|-----------------------------|
| Title of Account (EXISTING)  |                              |                             |   |                              |                             |
| Title of Account (to be changed to)                                      |                              |                             |   |                              |                             |
| Mailing Address (to be changed to)                                       |                              |                             |   |                              |                             |
| Permanent Address / as per CNIC (to be changed to)                       |                              |                             |   |                              |                             |
| Tel No. & Fax No. (to be changed to)                                     |                              | Off:                        | Res:  | Fax:                         |                             |
| Mobile / Email (to be changed to)  |                              | Mobile:                     | Email:  |                              |                             |
| Occupation / Profession : (to be changed to)                             |                              |                             | Job Title / Nature of Business : (to be changed to) |                              |                             |
| Zakat Exemption  | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Tax Exemption                                       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

| 2. CHANGE IN NOMINEE(S) - (not applicable in case of joint holding) - Please see instructions on back page for filing out nominee information |                          |                          |                    |          |  |                      |
|---|--------------------------|--------------------------|--------------------|----------|--|----------------------|
| ADD   | DELETE                   | EDIT                     | Name (as per CNIC) | CNIC No. | Relationship with Principal Account Holder | % Allocation to each |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> |                    |          |  |                      |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> |                    |          |  |                      |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> |                    |          |  |                      |

| 3. CHANGE IN ALLOCATION SCHEME DETAILS   |          |                         |   |  |  |       |
|--|----------|-------------------------|---|--|--|-------|
| Please select (any one) of the Allocation Schemes given below and specify the percentage (%) in the respective sub-funds. Please ensure that the percentage total adds up to 100%. |          |                         |   |  |  |       |
|  | Tick One | Allocation Scheme       | Equity Sub-Fund   | Debt Sub-Fund                                  | Money Market Sub-Fund                          | Total |
| 1  |          | High Volatility         | Allocation ____ %<br>(Minimum Allocation: 65%)  | Allocation ____ %<br>(Minimum Allocation: 20%) | Nil or Allocation 0%                           | 100%  |
| 2  |          | Medium Volatility       | Allocation ____ %<br>(Minimum Allocation: 35%)  | Allocation ____ %<br>(Minimum Allocation: 40%) | Allocation ____ %<br>(Minimum Allocation: 10%) | 100%  |
| 3  |          | Low Volatility          | Allocation ____ %<br>(Minimum Allocation: 10%)  | Allocation ____ %<br>(Minimum Allocation: 60%) | Allocation ____ %<br>(Minimum Allocation: 15%) | 100%  |
| 4  |          | Lower Volatility        | Nil or Allocation 0%  | Allocation ____ %<br>(Minimum Allocation: 40%) | Allocation ____ %<br>(Minimum Allocation: 40%) | 100%  |
| 5  |          | Lifecycle Allocation    | Starting with a higher equity investment allocation for an individual aged 18 years, the equity allocation is gradually reduced and transferred to Debt and Money Market Funds as an individual reaches the age 60 years. |  |  |       |
|  |          | Age: 18 – 30 years      | Allocation 75%  | Allocation 20%                                 | Allocation 5%                                  | 100%  |
|  |          | Age: 31 – 40 years      | Allocation 70%  | Allocation 25%                                 | Allocation 5%                                  | 100%  |
|  |          | Age: 41 – 50 years      | Allocation 60%  | Allocation 30%                                 | Allocation 10%                                 | 100%  |
|  |          | Age: 51 – 60 years      | Allocation 50%  | Allocation 30%                                 | Allocation 20%                                 | 100%  |
|  |          | Age: 61 years and above | Nil or Allocation 0%  | Allocation 50%                                 | Allocation 50%                                 | 100%  |

|  |                       |
|--|-----------------------|
| <b>4. CHANGE IN BANK ACCOUNT DETAILS</b> |                       |
| Account Title: _____                     | Account Number: _____ |
| Name of Bank and Branch: _____           |                       |

**5. CHANGE IN DELIVERY OF ACCOUNT STATEMENTS**

☐ Send by Email    ☐ Send by Email & Post Subject to Account Balance / Investment value of Rs. 100,000 or more    ☐ Hold both Email & Post

Please note that if no option is selected the account statements and transaction alerts will be sent through Emails only. (Provided Email Address is available)

6. SMS SERVICE

I would like to receive SMS alerts: Yes ☐ No ☐

**7. CHANGE OF REGULAR CONTRIBUTION (INVESTMENT DETAILS)**

I would like to make regular contributions as per the instructions given below:

Frequency of Regular Contribution ☐ Monthly ☐ Quarterly ☐ Semi Annual ☐ Annual

Contribution Amount (Rs.) \_\_\_\_\_ Expected Annual Contribution Amount (Rs.) \_\_\_\_\_

Start Date  -  -  (dd - mm - yyyy) End Date  -  -  (dd - mm - yyyy)

Debit Authority (tick one)

☐ Post-dated cheques (12 for monthly, 4 for quarterly, 2 for semi-annual and 1 for annual frequency)

☐ Standing Instructions to the Bank to debit contribution amount from bank account and credit in favor of Fund(s) / Plan(s)

☐ Standing Instructions to the Employer to debit contribution amount from salary and credit in favor of Fund(s) / Plan(s)

☐ Contribution may be made by a third party on my behalf

**8. CHANGE OF RETIREMENT AGE**

Please specify expected retirement age \_\_\_\_\_ or expected date of retirement ( ) - ( ) - ( ) - ( ) - ( ) (dd - mm - yyyy)

Note: You can choose any age between 60 to 70 years or 25 years from the date of the first contribution (whichever is earlier).

|   |  |
|---|--|
| <p>Participant's Signature</p> <p>Please supply documentary evidence of the changes requested through this document</p> |  |
|---|--|

| 9. FOR REGISTRAR USE ONLY      |                                  |               |
|--------------------------------|----------------------------------|---------------|
| Form received on (Date & Time) | Date and attachments verified by | Data Input by |
|                                |                                  |               |

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## **NBP FULLERTON ASSET MANAGEMENT LIMITED**

### **Guidelines for Completing Account Update Form**

In respect of any change(s) desired by the Participant, in their particulars, a facility through this form is being provided to the Participants to incorporate such change(s) within the Register of Participants. However, such change will be permissible, provided it is authenticated by the required Authorized Signatories.

#### **1. INFORMATION ABOUT THE PARTICIPANT**

The Participant would need to state his/ her Name, NAFA A/c No. allotted at account opening stage.

- a. The Participant can change their Address/ Contact Details provided at the time of account opening.
- b. The Participant can change the status of Zakat by ticking of the available option as provided. It is also mandatory for the Participant to provide certified true copy of said declaration.
- c. The Participant can change the retirement age.

#### **2. THE NOMINEE(S)**

The Participant can Delete/ Add/ Change the Nominee(s) as registered at the time of account opening. As per Companies Ordinance 1984, nominee shall only be Spouse, Father, Mother, Brother, Sister, Son and Daughter including a step or adopted child.

#### **3. BANK ACCOUNT**

The Participant can change the Bank details as were provided in Account Opening Form.

#### **4. DELIVERY OF STATEMENTS**

The Participant may change the mode of delivery of account statements.

#### **5. REGULAR CONTRIBUTION**

The Participant can change his/her/ Regular Contribution amount and frequency.

#### **6. ALLOCATION SCHEME**

The Participant may change the allocation scheme not more than twice a year.

## Annexure K

"Trustee tariff of Charges"

| Net Assets (Rupees) |           | Tariff  |
|---------------------|-----------|---|
| 1                   | 1 billion | Rs.0.3 million or 0.15% p.a. of Net Assets, whichever is higher.                |
| Above 1 billion     | 3 billion | Rs.1.5 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1 billion. |
| Above 3 billion     | 6 billion | Rs.3 million plus 0.08% p.a. of Net Assets, on amount exceeding Rs.3 billion.   |
| Above 6 billion     |           | Rs.5.9 million plus 0.06% p.a. of Net Assets on amount exceeding Rs.6 billion.  |

