

**THE INVESTORS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE OFFERING DOCUMENT IN PARTICULAR THE RISK FACTORS MENTIONED IN PARA 2.6 AND DISCLAIMER IN PARA 2.7 BEFORE MAKING ANY DECISION**

## **Offering Document**

# **UBL Capital Protected Fund-I**

Managed by  
**UBL Fund Managers Limited (UBL Funds)**

Capital Protection by  
**United Bank Limited**

Subscription Date  
**From [March 01, 2008 to March 15, 2008 (both days inclusive)]**

Underwritten by  
**[UBL Fund Managers Limited]**

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**SUMMARY**

<b>Name</b>	<b>UBL CAPITAL PROTECTED FUND - I (UCPF-I)</b>
<b>Structure of Scheme</b>	<b>Close-End</b>
<b>Management Company</b>	<p><b>UBL Fund Managers Limited</b></p> <p>A wholly owned subsidiary of United Bank Limited ("UBL"), licensed by the Securities &amp; Exchange Commission of Pakistan (SECP) to undertake Investment Advisory &amp; Asset Management Services. UBL Fund Managers Limited has an Asset Manager Rating of rating of AM2 Minus by JCR (VIS) Credit Rating Company Limited. AM2 depicts a "High Management Quality" rating.</p> <p><b>Contact Information:</b></p> <p>Corporate Office, 11th Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi. Tel: +92 21 5290080 Fax: +921 21 5290070</p> <p>Operations Office, 5<sup>th</sup> Floor Office Tower, Techno City, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi Tel: +92 21 111-825-262 Fax: +92 21 2214930</p>
<b>Date of Publication</b>	<b>February 23, 2008</b>
<b>Date of Subscription</b>	<b>March 1, 2008 to March 15, 2008 both days inclusive</b>
<b>Listed on Stock Exchange</b>	<p>The Management Company may apply for listing at the Ready Board or the Over the Counter (OTC) market of a Stock Exchange registered with the SECP. Or alternatively, UBL Fund Managers may make arrangements for market making to provide liquidity to the investors.</p> <p>Market Making means that a trader or a company puts both buy and sell orders into the market, and wait for people to trade with him on either side. "Market Maker" is a firm that stands ready to buy and sell a particular investment instrument on a regular and continuous basis at a publicly quoted price. Financial Institutions appointed by the Management Company, as Market Makers will provide liquidity to investors seeking to exit out of the Scheme.</p> <p>The liquidity limitations at any point in time from market makers, daily buy/sell limits and the methodology will be specified in the Offering Document of UCPF.</p>
<b>Capital</b>	Minimum Rupee 350 Million (inclusive of Rs. 250 million Seed Capital)

<b>Underwritten By</b>	UBL Fund Managers Limited
<b>Capital Protection By</b>	Through the structure of the fund by placing major portion (at least 70%) in AA+ Rated Bank Term Deposit
<b>Trustee &amp; Custodian</b>	<b>Muslim Commercial Financial Services (Pvt) Limited</b> 3 <sup>rd</sup> Floor, Adamjee House , I.I.Chundrigar Road, Karachi,Pakistan Tel: 021-2438441, 021-2428731
<b>Registrar &amp; Balloting Agent</b>	<b>THK Associates (Pvt) Limited</b> Ground Floor, State Life Building No.3 Dr.Zia uddin Ahmed Road Karachi.75530 Telephone # 111-000-322
<b>Auditor to the Fund</b>	<b>KPMG-THK &amp; Co.</b> Chartered Accountants 1st Floor Sheikh Sultan Trust Building #2 Beaumont Road Karachi
<b>Legal Advisor to the Fund</b>	<b>Sattar &amp; Sattar (Attorneys at law)</b> UBL Building, 3 <sup>rd</sup> Floor, I.I.Chundrigar Road, Karachi, Pakistan
<b>Investment Objective</b>	UCPF I is a capital protected fund. The investment objective of the fund is to protect the principal investment of the investors and aggressively participate in equity markets to provide investors a high level of total return over the three-year protection period.
<b>Investment Strategy</b>	<p>The Fund will consist of two Segments, an Investment Segment and a Capital Protection Segment. The Fund Property will be allocated to separate Investment Segment and Capital Protection Segment by the Investment Advisor.</p> <p>The <b>capital protection</b> (and if applicable a minimum return) will be secured by investing the assets of the Fund in Pakistan Investment Bonds, Structured Zero Coupon Bonds, Bank Deposits/instruments or Term Finance Certificates having an appropriate life and at least an AA rating having equal or senior rights to the depositors. This investment will be made through the Capital Protection Segment of the Fund.</p> <p>The remaining assets of the Fund will be allocated to the <b>Investment Segment</b> and invested in high risk assets that have the potential to give a high return to investors. The investment in high risk assets may be through derivatives, futures, etc subject to SECP approval.</p> <p>The investment segment may also be invested in international investments within parameters recommended by the regulatory authorities.</p>

<b>Management Company Remuneration</b>	The Investment Advisor shall be entitled to receive a remuneration of 1.25% per annum of the average daily Net Assets of the Fund during the life of the Fund. The remuneration shall begin to accrue from the date of close of Initial Offer. There is also a performance fee (please see details in the Fee Section).
<b>Winding up of the Fund</b>	The minimum life of the fund is 3 years. The Investment Advisor shall give a notice to Certificate Holders, the Trustee and the Commission on termination of the Fund and wind-up the affairs of the Fund within three months of such notice including repayment of capital.
<b>Issue Price of Certificate</b>	Rs 10 per certificate
<b>Minimum Application</b>	500 Certificates of Rs 10/ each
<b>Place &amp; Creation of Scheme</b>	Karachi, November 16, 2007
<b>Duration</b>	3 years from close of public offer

# **1. CONSTITUTION OF UBL CAPITAL PROTECTED FUND – I**

## **1.1. OFFERING DOCUMENT**

This Offering Document sets out the arrangements covering the basic structure of the UBL Capital Protected Fund-I (the Fund or UCPF-I). The provisions of the Trust Deed of UCPF-I govern this Offering Document. It sets forth information about the Fund that a prospective investor should know before investing in any Certificate of UCPF-I.

## **1.2. INTRODUCTION**

The Fund has been established through a trust deed (Trust Deed) under the Trusts Act, 1882, executed between Muslim Commercial Financial Services (Pvt.) Ltd. (MCFSL) a wholly owned subsidiary of MCB Bank Limited with its registered office at 3<sup>rd</sup> floor, Adamjee House, I. I. Chundrigar Road, Karachi, duly approved by Securities and Exchange Commission of Pakistan (SECP) to act as the Trustee vide its letter No. SEC/NBFC-JD-I/UCPF/2007-841 dated November 8, 2007 and UBL Fund Managers Limited with its registered office at 8<sup>th</sup> Floor, State Life Building, I. I. Chundrigar Road, Karachi and Corporate Office at 11<sup>th</sup> Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi, Pakistan, which has been licensed to undertake Investment Advisory Services by SECP vide its letter No. NBFC-II/20/UBLFM/AMC & IA/04/2007 dated May 29, 2007 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (the Rules).

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

**Investors must recognize that all investments involve varying levels of risk. UCPF-I invests in traded securities or contracts covering debt, equity and money market transactions. Such securities are subject to market fluctuations and risks inherent in all such investments. The prices of the Certificates in UCPF-I are not assured. The level of dividends declared by the Fund cannot be assured. Investors are requested to read the Risk Disclosure statement contained in Section 2.6 herein below.**

## **1.3. DEFINITIONS**

Unless the context requires otherwise, all words, terms or expressions used in this Offering Document shall have the meanings assigned to them in Section 18 hereof.

## **1.4. REGULATORY APPROVAL**

SECP vide its letter NBFC-II/JD I/UCPF-I/22/2007 dated January 07, 2008 has authorized the formation of a closed-end scheme, UBL Capital Protected Fund-I (UCPF-I) under Regulation 61 of the Non Banking Finance Companies and Notified Entities Regulations, 2007. The SECP has approved this Offering Document; under Regulation 63 of the Non Banking Finance Companies and Notified Entities Regulations, 2007 vide letter No SEC/JD-I/UCPF-I/70/2008 dated February 4, 2008

**It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of UCPF-I nor for the accuracy of any statement made or any opinion expressed in this offering document.**

## 1.5. FILING OF THE OFFERING DOCUMENT

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

- (1) Trust Deed, dated November 16, 2007, executed between UBL Funds and the Muslim Commercial Financial Services (Pvt.) Ltd, as Trustee to the Fund;
- (2) The SECP's letter no. NBFC-II/20/UBLFM/AMC & IA/04/2007 dated May 29, 2007 confirming UBL Fund's renewal of license to undertake Asset Management Service and Investment Advisory Services, under Non- Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (3) Letter No. SEC/NBFC-JD-I/UCPF/2007-841 dated November 8, 2007 from SECP to UBL Funds, approving Muslim Commercial Financial Services (Pvt.) Ltd to act as Trustee of UCGF -1 under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.
- (4) Letter No. NBFC-II/JD I/UCPF-I/22/2007 dated January 07, 2008 from SECP to UBL Funds, authorizing a closed-end scheme named UBL Capital Protected Fund-1 under the Non-Banking Finance Companies and Notified Entities Regulations 2007.
- (5) letter No SEC/JD-I/UCPF-I/70/2008 dated February 4, 2008 from SECP to UBL Funds, approving this Offering Document under the Non-Banking Finance Companies and Notified Entities Regulations 2007., Annexure 'A'.
- (6) Letter No. KA-KS-760 dated November 16, 2007 from KPMG Taseer Hadi & Co ,Auditors of UBL Capital Protected Fund-1, conveying their willingness to act as statutory auditors;
- (7) Letter dated August 8, 2007 of Consent by the legal advisors, Sattar & Sattar, to act as the legal advisor of the UBL Capital Protected Fund-1;
- (8) List of Material Contracts ( Attached as Annexure "B")

## 1.6. LISTING ON STOCK EXCHANGES

The Management Company may apply to Islamabad Stock Exchange (ISE) and other exchanges in Pakistan, for permission to deal in and for quotation of Certificates of UCPF-I in the ready/ OTC market under the provisions available thereof.

## 1.7. MATURITY

The Fund shall cease to operate at Maturity i.e. 3 years from the date of the Initial Public Offer as defined in Clause 16. The Management Company shall give a notice to Certificate Holders, the Trustee and the Commission on termination of the Fund and wind-up the affairs of the Fund within three months of such notice including repayment of initial investment to the extent it has already been paid on account.



## **1.8. CLOSED-END FUND**

UCPF-I is a closed-end fund with a minimum capital of Rupees One Hundred Million with an upper limit of Rupees One and Half Billion It is divided into minimum of Ten million certificates and maximum of One Hundred and Fifty million certificates having par value of Rs. 10 each. All certificates represent an undivided share in UCPF-I and rank pari passu as to their rights in net asset, earnings and receipt of dividend and distribution.

## **1.9. INITIAL PUBLIC OFFER**

The Initial Public Offer will be for minimum of Ten (10) million Certificates with a value of Rs. One Hundred million (Rupees 100,000,000) with upper limit of One Hundred and Fifty million Certificates with a value of Rs One and Half billion (Rupees 1.5 billion). The Offer period will be for 15 days and starting at the start of the banking hours on March 01, 2008 and close at the close of the banking hours on March 15, 2008.

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

### **2.1 INVESTMENT OBJECTIVES**

UCPF I is a capital protected fund. The investment objective of the fund is to protect the principal investment of the investors and aggressively participate in equity markets to provide investors a high level of total return over the three-year capital protection period.

UCPF-I has the objective to pay investors, with certain conditions, whole of their initial investment i.e. Rs. 10 per Certificate back over the term of its life in form of dividend or return of capital on its termination.

### **2.2 INVESTMENT POLICIES**

2.2.1 After the registration of the Trust Deed of the Scheme, the Trustee may on the recommendation of the Management Company enter into contracts with relevant parties to purchase/enter into such investments for the Capital Protection Segment so as to lock-in the rates on these investments. If the Capital Protection Segment is in a minimum AA rated banking institution term deposit, then a letter can be obtained from the said institution prior to disbursement stating the rate of return, tenor and other applicable conditions.

2.2.2 Prior to and during the Initial Public Offering period, the Trustee shall hold the Fund Property, received from investors, on deposit in a separate account with a Bank of good standing (having an investment grade rating, or in absence of a rating, with the approval of the Commission) approved by the Management Company or in approved money market investments as advised by the Management Company. Any income, profit etc earned on such investments, shall after deducting all expenses that may be incurred by the management company, be paid to the investors in proportion to their respective investments and shall not form part of the Fund property.

2.2.3 After receipt of the full capital from Public Issue/Offer, all Fund Property, except in so far as such cash as may, in the opinion of the Management Company, be required for transfer to the Distribution Account, shall be invested by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of this Deed and the Rules) be directed by the Management Company.

2.2.4 Consistent with the objective of UCPF – 1, majority of the Fund will be invested in bank deposits with a minimum of 70% and a maximum of 85% of the initial size (issued and subscribed capital) of the fund that will yield a future value equivalent to the initial size of the fund, providing 100% protection of total initial investment (net of all expenses) to the investors. The fund shall place a separate deposit of upto 6% of the initial fund size with a AA rated bank at the time of placement to ensure that all fees and charges are covered without affecting the capital protection structure in case the remaining Investment Segment portion is wiped out completely in market fluctuations. The remaining funds will be utilized to invest in higher return/higher risk investments in asset classes as mentioned in clause 2.4 (Investment Segment).

### **2.3 INVESTMENT POLICY OF CAPITAL PROTECTION SEGMENT**

2.3.1 Investments in respect of the Capital Protection Segment will initially be made in Term deposit with United Bank Limited of Pakistan.

2.3.2 Investments in the Capital Protection Segments may at any time be realized at the discretion of the Management Company but only to invest in other security that in the opinion of the Management Company provides a better return and in such a manner that maintains the capital protection of the Scheme after notifying the SECP and the Trustee.

2.3.3 In case the rating of the financial institution is reduced from “AA” or institution is placed on watch list, Investment may at any time be realized at the discretion of the Management Company but only to reasonably protect the interest of the Certificate Holders.

2.3.4 If the investments in a Capital Protection Segment are realized on a date close to but before the termination of the Scheme, the funds so realized will be invested in short term instruments such as bank account with ‘AA’ or better rated Banks, reverse repo-transactions of Government Securities. The funds shall not be invested without prior written approval of the Commission in reverse repo transactions, CFS investments, and short term TFCs/commercial paper.

2.3.5 The capital of the Fund is protected only in terms of the base currency i.e. the Pakistani Rupee. In addition, the capital protection is only valid in terms of the current tax and legal environment of Pakistan and is subject to force majeure factors such as bankruptcy of an ‘AA’ rated institution.

## **2.4 INVESTMENT POLICY – INVESTMENT SEGMENT**

2.4.1 Investment in respect to the Investment Segment portion will be made in:

- a) **Domestic securities including shares and high risk rated bonds & TFCs.**
- b) **Structured transactions in the domestic market including interest rate swap**
- c) **Investment in derivative and futures in the domestic market subject to the prior written approval from SECP;**
- d) **International Investments within parameters recommended by the regulatory authorities and with specific approval of the SBP & SECP.**
- e) **Any other investment that has a high potential for return and has been approved by the Commission.**

## **2.5 INVESTMENT RESTRICTIONS**

2.5.1 In accordance with the Non Banking Finance Companies and Notified Entities Regulations, 2007, UBL Funds in relation to a Collective Investment Scheme will not at any time:

- (a) Effect a short sale in a security whether listed or unlisted;
- (b) Purchase any security in a forward contract;
- (c) Purchase any security on margin;
- (d) Apply any part of its assets to real estate, commodities or commodity contracts;
- (e) Acquire any security of which another asset management company managing a collective investment scheme is the issuer but this clause shall not apply in case of floatation of a collective investment scheme established with a specific investment objective of investing in other collective investment schemes or as specified in these regulations;

- (f) Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- (g) Apply for de-listing from stock exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
- (h) invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively;
- (i) If it is an investment company, appoint fifty per cent or more directors who represent interest of Management Company; and
- (j) If it is an investment company, appoint or change its chief executive or any of its directors, excluding director nominated by the Federal Government or Provincial Governments, without approval of the Commission.
- (k) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

Explanation.- Investment in sale and repurchase transactions involving government securities or such listed securities which are regulated by the stock exchanges shall not be attracted by clause (l) provided risk management parameters are disclosed in the constitutive and offering documents of the scheme with the prior approval of the Commission; and

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

## 2.6 DESCRIPTION OF THE RISKS INVOLVED

### 2.6.1 Risk Disclosure and Disclaimer

Investment of the fund property will be made in term deposit with United Bank Limited of Pakistan that will yield a future value equivalent to the initial size of the fund, providing 100% protection of total initial investment (net of all Expenses) to the investors. Deposit with United Bank Limited of Pakistan is a term deposit. In an unlikely situation if for any reason there is a default in the repayment of the deposit amount as per the agreed terms, in such case the protection of initial investment will be reduced on a prorated basis to the extent of such default occurs. The risk emanates from various factors that may include, but are not limited to:

#### 1. Credit Risk

Credit risk is comprised of default risk; credit spread risk and downgrade risk. Each can have a negative impact on the value of a fixed-income security including money market instruments.

- a) **Default risk** is the risk that the issuer will not be able to pay the obligation, either on time or at all.
- b) **Credit spread risk** is the risk that there will be an increase in the difference between the return/mark up rate of an issuer's bond and the return/mark up rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between this return/mark up rates is called a "credit spread." Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of fixed income securities including money market instruments.

c) **Downgrade risk** is the risk that a credit rating agency, such as PACRA or JCR-VIS, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those fixed income securities including money market instruments.

## 2. Derivative Risk

Derivatives may be used to limit or hedge potential losses associated with stock markets and return/mark-up rates. This process is called "hedging". Any use of derivatives has risks, including:

- a) The hedging strategy may not be effective.
- b) There is no guarantee that a market will exist when a fund wants to buy or sell the derivative contract.
- c) A large percentage of the assets of a fund may be placed on deposit with one or more counter parties, which exposes the fund to the credit risk of those counterparties.
- d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
- e) The counter-party to the derivative contract may not be able to meet its obligations.
- f) The Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a fund from closing out a particular contract.
- g) If an Exchange halts trading in any particular derivative contract, a fund may not be able to close out its position in that contract.
- h) The price of a derivative may not accurately reflect the value of the underlying security or index.

## 3. Return/Mark-up Rate Risk

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

## 4. Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. The company's performance outlook, market activity and the larger economic picture influence the price of a stock. When the economy is expanding, the outlook for many companies will be good and the value of their stocks should rise. The opposite is also true. Usually, the greater the potential reward, the greater the risk.

## 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.

## 6. Market Risk

This risk involves volatility in stock prices resulting from their dependence on market sentiments, speculative activity, supply and demand for the securities and liquidity in the market. The volatility in securities prices results in volatility in the price of the Certificate of the Fund.

## 7. Other Risks

- Change in business cycles affecting the business of the Bank where funds are deposited or failure of the manager of the Instrument/Fund in which the investment is made.
- Senior rights of creditors over shareholders of the company in the event of winding

- The possibility of defaults by participants or failure of stock exchanges, the depositories, the settlement or clearing system.
- The possibility of entire loss of capital in the Investment Segment as a result of unfavorable results in investment in derivatives
- The inability of the issuer of the instrument, the relevant financial institution or the counter party in the case of reverse repurchase or other arrangements to fulfill their obligations.
- Increase in lending rates as a result of a change in the supply and demand of liquidity in the market or on account of an increase of the underlying inflation rate.
- Break down of law and order, war, natural disasters, etc.
- Changes in exchange rates

2.6.2 Investment in this Fund is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose substantial value. The financial markets or that of any one security or transaction included in the Fund's portfolio does not necessarily indicate future performance.

2.6.3 Market prices of Certificates and income from them may go down as well as up.

2.6.4 The Certificates may be traded on stock exchanges. The price of the Certificates quoted in stock exchanges/market maker might be well below the NAV of the Certificates.

## **2.7 DISCLAIMER**

**The Certificates of the Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, the Stock Exchanges, any Government Agency, the Trustee, the Management Company, any of the sponsor, shareholders or employee of the Investor Adviser or any other bank or financial institution (except to the extent specifically stated in this document and the Trust Deed).**

### 3. OPERATORS AND PRINCIPALS

#### 3.1. THE MANAGEMENT COMPANY

**UBL Fund Managers** is a fully owned subsidiary of United Bank Limited, recognized as one of the most trusted names in the banking sector. UBL Fund Managers was founded in August 2002, and since then it has been a leader in providing innovative solutions to growing customer needs in a dynamic market. It was the first Asset Management Company (AMC) to be launched by a bank. Within a short span, its Assets Under Management (AUM) have grown to over Rs. 33 billion, all in open-end funds; making it the largest private sector AMC with respect to AUM in open-end mutual funds.

UBL Fund Managers has been awarded a Management Quality Rating of AM2 Minus from JCR VIS Credit Company Limited.

#### SHAREHOLDING STRUCTURE

Name	Paid Up Capital	
	Number of Shares	Amount in Rupees
United Bank Limited	9,999,992	99,999,992
Directors	8	80
	<b>10,000,000</b>	<b>100,000,000</b>

### 3.2. FUNDS UNDER MANAGEMENT

#### **UNITED MONEY MARKET FUND (UMF)**

The United Money Market Fund (UMF) is one of the first money market mutual funds launched in 2002. It is an open-ended mutual fund that is a safe and low risk investment option. The fund invests in fixed income instruments like T-Bills, Term finance certificates and other short to medium term fixed income securities. UMF has this unique feature of offering no sales load facility for its Class 'A' Unit Holders. The investment objective of the scheme is to provide its holders attractive daily returns from a portfolio of low risk assets while maintaining comparatively high liquidity. United Money Market Fund has a fund stability ranking of A+ from JCR (VIS) Credit Rating Agency.

Date of Launching	August 7, 2002	
Par Value of Unit	Rs. 100	
Net Assets (June 30, 2007)	Rs. 9,817 million	
NAV (June 30, 2007)	Rs. 110.2927	
Listing	Karachi Stock Exchange	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2003	11.48%	8.99 units per 100 units
Year Ending June 30, 2004	3.69%	4.82 units per 100 units
Year Ending June 30, 2005	4.41%	4.10 units per 100 units
Year Ending June 30, 2006	9.37%	10.00 units per 100 units
Year Ending June 30, 2007*	10.26 %	10.08 units per 100 units

\*Benchmark 1 month KIBOR (average) yielded 9.33% during the same period

#### **UNITED GROWTH & INCOME FUND (UGIF)**

UGIF is an open-ended mutual fund which was publicly launched in March 2006. It invests in fixed income instruments like PIB's, T-Bills, Term Finance Certificates and other medium to long term fixed income securities. UGIF has two classes of Units: Income & Growth. Currently, Income Units carry a flat front-end 1.5% Sales load whereas Growth Units carry a step down back-end load of maximum 3% depending upon the time of encashment.

The Investment objective of the scheme is to generate returns keeping a balance of income and growth, while preserving the capital over the long term by investing in diversified medium to long term fixed income instruments.

Date of Launching	March 2, 2006	
Par Value of Unit	Rs. 100	
Net Assets (June 30, 2007)	Rs. 11,421 million	
NAV (June 30, 2007)	Rs. 111.6348	
Listing	Karachi Stock Exchange	
<b>Performance:</b>	<b>Return (p.a.)</b>	<b>Payout</b>
Year Ending June 30, 2006 (Since Public Launch)	10.55%	9.25 units per 100 units
Year Ending June 30, 2007	11.51 %	11.37 units per 100 units

\* Benchmark 1 & 3 Year (average) KIBOR yielded 10.75% during the same period



**UNITED STOCK ADVANTAGE FUND (USF)**

USF is UBL Fund's first open-end equity fund which was launched in August 2006. The investment objective of the fund is to provide investors long-term capital appreciation through investing in a mix of equities that offer both capital gain and dividend yield potential. The Fund aims to maximize total returns and outperform the KSE-100 Index benchmark. USF offers Class "A" units to its investors with no back-end sales load and a one time nominal flat front-end sales load of 2.5% at the time of purchase of units.

Date of Launching	August 4, 2006	
Par Value of Unit	Rs. 100	
Net Assets (June 30, 2007)	Rs. 1,255 million	
NAV (June 30, 2007)	Rs. 129.73	
Listing	Karachi Stock Exchange	
<b>Performance:</b>	<b>Return</b>	<b>Payout</b>
Since Public Launch to June 30, 2007*	29.73 %	20.76 units per 100 units

\* KSE-100 Index yielded a return of 29.11 during the same period

**UNITED COMPOSITE ISLAMIC FUND (UCIF)**

United Composite Islamic Fund (UCIF) is an Open-End Fund which offers its investors an opportunity to invest in a diversified portfolio of Shariah Compliant investments. The Fund seeks to maximize medium to long term returns for a given level of risk. The balance is invested in non-equity instruments such as Sukuk bonds, Musharikhah and Murabaha certificates, REITs and other Islamic instruments. Up to 30% of the fund can be invested in foreign securities.

Date of Launching	December 24, 2006	
Par Value of Unit	Rs. 100	
Net Assets (June 30, 2007)	Rs. 966 million	
NAV (June 30, 2007)	Rs. 114.88	
Listing	Islamabad Stock Exchange	
<b>Performance:</b>	<b>Return</b>	<b>Payout</b>
Since Public Launch to June 30, 2007*	14.88 %	9.90 units per 100 units

\* UCIF's Benchmark (50% DJIMPK Index+50% Fixed Income Shariah Compliant Instruments) yielded a return of 13.26 % during the same period

**UNITED ISLAMIC INCOME FUND (UIIF)**

An open end mutual fund, UIIF endeavors to provide attractive returns to its investors by investing in Shariah Compliant Income instruments while taking into account capital security and liquidity considerations. The Fund strives to take advantage of available opportunities in Shariah Compliant Income Instruments in order to realize a high level of total return from a diversified portfolio. The Fund does not invest directly in equity securities or those instruments which add volatility to the Fund's performance. Up to 30% of the fund can be invested in foreign securities.

### 3.3. CORE INVESTOR & CAPITAL PROTECTOR

Certificates with a value of Rs. 250 million have been subscribed by the investors as mentioned in the list of core investors and the Auditor's Certificate on subscription money received from Core Investors, attached as Annexure 'C'. The seed capital was received on January 22, 2008. The investors of seed capital have agreed to retain their investment for a minimum period of 2 years. However, these certificates are transferable subject to listing regulations with the condition that these certificates will be taken up by a person who would hold the investment for the remaining tenure to complete the two year period.

United Bank Limited ("UBL") owns 100% shares of UBL Fund Managers Limited. UBL is the pioneer in initiating asset management services in banking sector with the launch of UBL Funds and has thus become a trendsetter. UBL is one of the largest private sector commercial banks in Pakistan that was incorporated in 1959. It was nationalized in 1974 and subsequently privatized in 2002 with handing over of 51% stake to a consortium of Bestway Group (UK) and Abu Dhabi Group. With almost forty six years of good standing to its valued clients, it has stood the test of time, with assets of over Rs. 423 billion as of June 30, 2007. UBL has gone through dynamic reforms in recent years after its privatization.

It is represented in 10 countries worldwide through 22 offices, including those in the USA, Middle East, U.K. and Switzerland. UBL's dynamic management has been at the forefront of efforts towards growth in corporate, consumer and trade-based businesses, both domestically and internationally. The key financials of UBL for the last five years are as under:

The key financials of UBL for the last five years are as under:

Year Ended December 31 <sup>st</sup>	2000	2001	2002	2003	2004	2005	2006
<b>Pak Rupees In Million</b>							
Net Equity	6,727	887	8,626	10,077	14,370	18,756	29,863
Total Assets	161,573	160,852	183,003	216,942	272,612	347,049	423,320
Profit After Tax	667	(7,478)	1,414	2,636	3,702	5,949	9,468

### 3.4. BOARD OF DIRECTORS AND MANAGEMENT

#### 3.4.1 BOARD OF DIRECTORS

The board of directors of UBL Funds comprises of:

Name of Director	Position	Other Directorships	Occupation	Address
Atif. R. Bokhari	Chairman /Director	1.United Bank A.G. Zurich, Switzerland 2. United Executors & Trustees Co. Ltd. 3. United Bank Financial Services (Pvt.) Ltd. 4.United National Bank UK 5. First Women Bank Ltd. 6.Port Qasim Authority 7 Pakistan Machine Tool Factory 8 Institute of Bankers Pakistan 9 Pakistan Bankers Association	Banker	22/1, Khayaban-e- Amir Khusro, DHA Phase VI, Karachi
Mir Muhammad Ali, CFA	Chief Executive/ Director	None	Investment Management	18/2, 18th Street, Off Khayaban-e- Tanzeem, DHA Phase V, Karachi
Aameer Karachiwalla	Director	1. United Executors & Trustees Co. Ltd. 2. United Bank Financial Services (Pvt.) Limited 3. United National Bank-London 4. Investment Corporation of Pakistan (ICP)	Banker	35/III, Khayaban-e- Bokhari, & Corner 9 <sup>th</sup> Street, Phase No. 6, DHA, Karachi.
Mohammad Asghar	Director	1. Pakistan Agricultural Storage & Services Corporation Limited (PASSCO)	Banker	23/B GF-1, Sea View Apartment, Phase-V, DHA, Karachi
Ali Sameer Farooqui	Director	1. United Executor & Trustee Co. Ltd	Banker	4, Khayaban-e- Hafiz, Phase V, DHA, Karachi
Hassan Raza	Director	None	Banker	House No. 60 A, B- 8 Street, D.H.A Phase V, Karachi
Saeed Iqbal	Director	1. World bridge International 2. World bridge Pakistan 3.TheResource Group International 4. The Resource Group Pakistan 5. Cinepax Limited 6. Techlogix International Limited	Banker	3/6/G, Block 6 P.E.C.H.S., Karachi
Asif Javed Khawaja	Director	None	Banker	2B / 1, 23 <sup>rd</sup> Street of Khayaban-e- Tanzeem, Phase V, DHA, Karachi

### **3.4.2 Particulars of Directors**

#### **Mr. Atif R. Bokhari – Chairman**

Mr. Atif R. Bokhari, currently President & CEO United Bank Limited (UBL), is a career banker with extensive experience in domestic and international banking. He started his banking career in 1985 with the Bank of America, where he handled diverse assignments over 15 years, rising to the position of Vice-President & Area Manager. Subsequent to leaving Bank of America in July 2000, Mr. Bokhari joined Habib Bank Limited wherein he was Head of Corporate and Investment Banking.

Mr. Bokhari was appointed as President and CEO of UBL in May 2004 (18 months after privatization). Since then UBL has ventured into new diversified business and revenue streams namely consumer financing, asset management and general insurance.

Mr. Bokhari holds the office of Chairman or Director in several UBL Group companies, and has also been nominated by the Government of Pakistan as Director in high profile public sector organizations such as Port Qasim Authority, First Women's Bank Limited and Pakistan Machine Tool Factory. Recently he has been appointed Vice President of the Institute of Bankers in Pakistan, which is headed by the Governor State Bank of Pakistan. He is also Vice Chairman of the Pakistan's Banks Association.

#### **Mir Muhammad Ali, CFA – Chief Executive Officer**

Mir Muhammad Ali, CFA has extensive experience in investment banking and fund management during the last 15 years. Prior to joining UBL Funds he was with Asian Development Bank. He represented ADB on the board of several companies including an asset management company. Prior to joining ADB, Mir worked as Divisional Head Investment Banking of United Bank Limited. Mir was instrumental in setting up of the Investment Banking Group (IBG) at UBL which obtained the best investment bank award for the year 2002-2003 from the CFA Association of Pakistan. Apart from doing a large number of debt and capital market transactions, Mir's achievements included: (i) setting up of UBL Funds, which was the first AMC to be set up by any commercial bank in Pakistan – this in turn enabled the launching of the first true money market fund in Pakistan; (ii) execution of Pakistan's first listed asset backed securitization transaction. During his career, he has also worked for various institutions such as Pakistan Kuwait Investment Company, IBM World Trade Corporation and ANZ Grindlays Bank.

Mir is an MSc in Finance from University of Strathclyde in Glasgow, Scotland. He was awarded the prestigious Chevening Scholarship from the British Council for his MSc. He is an MBA from the Institute of Business Administration with a Gold Medal for an overall first position in 1988-89. He is also a CFA Charter Holder

#### **Mr. Aameer Karachiwalla – Director**

A Chartered Accountant from England and Wales, Mr. Karachiwalla comes with more than seventeen years of experience of working in the banking and corporate sector. Before joining UBL he has worked for Citicorp Investment Bank, American Express Bank and in the automotive industry.

**Mr. Mohammad Asghar – Director**

Mr. Mohammad Asghar is presently associated with United Bank Limited as a Senior Executive Vice President and Group Executive Commercial Bank. He is a career banker and has been associated with UBL since 1971 in various capacities. During this time, he has also acquired substantial international banking exposure by being affiliated with the U.A.E. branches of UBL for over 13 years.

**Mr. Ali Sameer Farooqui – Director**

As Group Executive, Credit Policy, Mr. Ali Sameer Farooqui is responsible for managing the entire Risk portfolio for the Bank in all areas of business and operation. Ali is an MBA with a concentration in Finance with over 20 years of work experience. He has previously been involved in Corporate, Investment Banking and Credit areas at various institutions, both locally and internationally. He started his career from American Express Bank as a Trainee officer in 1985 and subsequently served in institutions like Jardine Fleming/Robert Fleming, London, and Prime Commercial Bank.

He has been with UBL since the beginning of 2001 and has been integrally involved in UBL's turn around, pre and post privatization. Prior to Risk and Credit Policy, Ali was successfully engaged in leading the remedial effort on UBL's non-performing assets at Special Assets Management Group. In addition, he also held joint charge of UBL Fund Managers as Chief Executive for six months in 2005. Ali is a part of the Bank's Executive Committee and various other Senior Management forums. He is also the secretary of the Board Risk Management Committee.

**Mr. Hassan Raza – Director**

Mr. Hassan Raza is a seasoned banker having over 16 years experience with various local and foreign banks in Pakistan. Currently, he is an Executive Vice President (EVP) and Head of Corporate Banking and Cash Management Group at United Bank Limited. Prior to this, he has worked in various capacities with prestigious institutions such as Habib Bank Ltd, National Bank of Pakistan, Bank of America, Societe Generale and Standard Chartered Bank. He is an MBA and has attended various international training programs locally and abroad.

**Mr. Saeed Iqbal – Director**

Mr. Saeed Iqbal is currently Group Head Investment Banking at UBL and leads an award winning team that has been conferred the title of "Largest Corporate Finance House" for three successive years by the CFA Association of Pakistan. Earlier Mr. Iqbal established the Project & Structured Finance business within UBL, leading the advisory/arranging teams for a number of significant transactions in the power, energy, telecom, petrochemicals and water sectors including Pakistan first co-generation (power & desalination) facility on a fully non-recourse basis and the country's first international undersea fiber optic cable network. Prior to joining UBL Saeed was the Head of Structured Finance at ANZ Investment Bank, Pakistan where he was responsible for originating, structuring and executing projects in the energy, telecom, oil & gas, infrastructure and ports sectors, amongst others. Saeed holds a B.Sc. (Economic) Honors degree from the London School of Economics and Political Sciences and an MBA Development Economics from the University of Sussex.

**Mr. Asif Javed Khawaja – Director**

A banker having primary focus on consumer banking with 15 years experience working for multinational and large local institutions. Core skills include sales, sales strategy, multidimensional team management, distribution channel management and consumer business modeling.

Professional career started from Serena hotel in the sales department and soon diverted to banking industry with the launch of consumer banking under the management of Citigroup. Started sales delivery from Faisalabad at Relationship Manager Level and routed from Lahore to Karachi for Sales Manager and National Sales Manager positions selling secured and unsecured products in 07 years stint with Citigroup. Two years with Standard Chartered Bank in the capacity of Branch Manager to gain liability sales and management experience. Since last 04 years, working for United Bank, started as Global Sales and Strategy Head, worked as Group Head Consumer banking for almost 02 years and current holding Group Head Sales position.

**3.4.3 Performance of the Public Listed Companies where the directors are holding similar office.****The Resource Group Pakistan**

(Rupees in Thousands) Year Ended June	2006	2005	2004	2003
Profit before tax	(597,238)	(79,111)	(185,098)	(53,644)
Profit after tax	(634,604)	(106,301)	(183,725)	(51,369)
Paid up Capital	2,408,692	2,408,692	720,000	700,290
Shareholders' Equity	1,596,897	2,069,975	488,036	648,921
Total Assets	4,628,137	4,447,075	1,610,185	683,239
Earning per share (Rs.)	(2.63)	(0.53)	(1.03)	(2.98)

**3.4.4 Particulars of Management****Mir Muhammad Ali - Chief Executive Officer**

Please see background as explained above in particulars of Directors.

**Mr. Hasnain Raza Nensey - Chief Investment Officer**

Hasnain Raza Nensey is the CIO at UBL Funds. Prior to this, he was Chief Investment Officer at ABAMCO Limited where he was also a member of the Investment Committee which at that time oversaw cumulative investments of over Rs. 17 Billion in three open-end and five closed-end mutual funds. Due to the fact that the funds under management were a combination of pure equity, income and balanced types, Hasnain has first hand exposure and knowledge of both equity and fixed income markets. Hasnain started his career in 1993 with JS Group where he worked as an Equity Analyst covering the Energy and Textile Sector companies listed on the Karachi Stock Exchange. In late 1994, he was actively involved in the formation of ABAMCO Limited, the first private sector asset

management company in Pakistan. Hasnain has also been involved in the textile and property development businesses for a number of years from 1997 onwards.

Hasnain has a BSBA Degree with a concentration in Finance and Marketing from Boston University in Massachusetts, USA. He is also an MBA from Babson College in Massachusetts, USA which is very well known for its specialization in entrepreneurial studies.

#### **Mr. Aly Osman- Head of Risk Management, Compliance & Product Development**

Mr. Aly Osman is the Head of Risk Management, Compliance and Product Development at UBL Fund Managers Limited. He is primarily responsible for identifying, evaluating or measuring significant risks inherent in the organization as well establishing controls to mitigate such risks. Mr. Aly Osman is responsible for successful launch of new products and plans that are aligned with the strategic objectives of the Company as per the Business Plan. He is also responsible for reviewing compliance with the laws, rules and regulations, internal organization policy and industry standards on an ongoing basis and reporting on compliance matters.

Mr. Aly Osman is an Associate Member of Institute of Cost and Management Accountant Pakistan (ACMA). Mr. Aly Osman has over ten years of professional experience. Prior to his joining UBL Funds, he was working as the Chief Compliance & Risk Officer at JS Investments Limited for the last 1.5 years. Prior to that, he was working with the Securities and Exchange Commission of Pakistan (SECP) as Joint Director, Heading the Stock Exchanges, Depository and Clearing, Policy and Regulation Wing of the Securities Market Division wherein he was involved in formulating regulatory framework for securities markets, reviewing and developing laws, rules and regulations relating to Stock Exchanges, Central Depository and National Clearing, advising on legal, technical issues and risk management systems pertaining to securities markets.

Mr. Aly Osman has also completed the United States SEC Institute of Securities Market Development Course 2004 in Washington DC which is an internationally recognized prestigious course covering all aspects of securities market structures, systems and regulation.

#### **Mr. Hassan Abbas - Chief Operating Officer**

Hassan Abbas has extensive experience in equity trading, money market and inter-bank operations as well as settlements. Before joining UBL Funds, he was working as Finance Manager and Company Secretary at Woodward's Pakistan (Pvt.) Ltd. Prior to that, Hassan was associated for over ten years with Khadim Ali Shah Bukhari Securities Ltd (KASB) which is one of the leading brokerage houses in Pakistan.

#### **Mr. Obbad Fazal - Chief Financial Officer and Company Secretary**

Obbad Fazal is a member of the Institute of Chartered Accountants of Pakistan and the Association of Chartered Certified Accountants, United Kingdom. He qualified as a Chartered Accountant from A.F.Ferguson & Co. which is a member Firm of PriceWaterhouseCoopers. Before joining UBL Funds, he worked as Finance Manager with Adamjee Insurance Company, the largest insurance company in Pakistan. His responsibilities included financial reporting, management reporting, taxation and budgeting.

**Mr. Ahmad Khashe Lodhi- Head of Islamic Funds**

Khashe Lodhi has joined UBL Funds as Head of Islamic Funds. Prior to this, he was Vice President in the Investment Banking Division at Pakistan Kuwait Investment Company. At Pak Kuwait, he was instrumental in the formation of an asset management company and a brokerage company. He was also a director in these companies. He has first hand knowledge and experience of both fixed income and equity markets. Khashe started his career in 1993 with Crescent Investment Bank Limited as a fixed income dealer in the Treasury and Funds Management Department. In 1996, he moved to the equities side as a dealer in the Capital Markets Department. Later on, he became Chief Dealer and Head of Capital Markets and managed a fund of over Rs.6.0 billion. He has also worked for Mashreq Bank Pakistan, Crescent Commercial Bank and PICIC.

Khashe is an MBA from Institute of Business Administration (IBA). He is also a visiting faculty member of IBA and has taught courses in finance including portfolio management.

**Mr. Asif Mobin –Fund Manager, United Stock Advantage Fund**

Asif Mobin has seven years of experience in financial market of Pakistan. Prior to this, he was working for Global Securities Pakistan Ltd as “Vice President Equity sales” where his responsibilities were to advise and facilitate clients (both institution and retail) for buying and selling of shares, develop research material & perform technical analysis. Asif started his career in 2000 with Bank Alfalah Limited as an equity dealer in the Treasury Department. In 2005, he moved to KASB Bank as an in charge Equity Desk in the Capital Markets Department. He is also a visiting faculty member of Iqra University. Asif is an MBA from Iqra University Karachi.

**Mr. Junaid Qamar – Fixed Income, United Money Market Fund & United Growth & Income Fund**

Junaid Qamar has seven years of cumulative experience in the Financial Markets of Pakistan and abroad. Prior to joining UBL Funds, he was working at Arif Habib Investment Management Ltd as a Dealer for the open-end fixed income fund with net assets in excess of Rs. 4.5 Billion. Prior to that, he has worked after working with Pearson Inc. NY, a British based media group (managing a commercial paper portfolio worth US\$ 2 billion) and Robert Half International (a NY based financial consulting firm).

He holds a B.S. in Accounting and Economics from College of Staten Island (CUNY), New York and also an M.B.A. in finance and Finance and Investments from Wagner College, New York.

**Mr. Amer Malik– Head of Corporate Sales**

Amer Malik is currently heading the Corporate Sales division at UBL Funds. He has 7 years experience in Banking & Investment Management with Lehman Brother (New York) and Putnam Investments (Boston). At Putnam Investments, he spearheaded several projects in which he gained extensive knowledge of Portfolio Management, Trade Order Management and Risk Management systems. He also served on the Project Steering Committee of 2100 Capital hedge fund company. Prior to joining UBL FUNDS, he was the CEO of a pharmaceutical company for 2 years.

Amer is a Bachelor in Business Economics from College of Wooster, USA.



**Mr. Nadeem Anwar Hassan– Head of Retail Sales**

Nadeem Anwar has an association with financial sector in areas of Credit and marketing, for over 10 years. He has worked at various financial institutions such as UDL Modaraba, Atlas BOT Lease & Modaraba Al Mali. He has extensive experience in marketing and sales of financial products, client relations, setting up of country wide Sales network, staff training and supervision, etc. Prior to joining UBL FUNDS, he was working as Business Manager with United Distributors Pakistan Limited (UDPL) an agro chemicals company for three years.

He is an MBA from Institute of Business Administration, Karachi and a Bachelor of Science from University of Karachi

**Ms. Syeda Noor-ul-ain –Deputy Manager Product Development**

Noor-ul-ain is responsible for launching new products in line with the business plan of the company which involves conceptualizing new ideas, researching the new ideas, and evaluating them objectively from a market and financial standpoint. She has played an instrumental role in launching United Stock Advantage Fund, United Islamic Income Fund and UBL Capital Protected Fund and is currently involved in launching various other products.

She is a Computer Systems Engineer from NED University of Engineering and Technology and an MBA from Institute of Business Administration, Karachi.

**Mr. Wahaj Aslam – Deputy Manager Investment Management**

Wahaj's formal management experience commenced with UBL Fund Managers in 2005. He has been managing the Fixed-Income portfolio as a Dealer in Money Market and Fixed Income Securities since then. He is assisting the Fund Manager-Fixed Income for active management of over Rs. 30 bln in FUM.

He holds an MBA degree from SZABIST, and is a candidate of Chartered Financial Analyst –Level II (CFA-II).

**3.5 Role of the Management Company**

The Management Company shall manage, operate and administer the Scheme in accordance with the Rules, and the Constitutive Documents in good faith, to the best of its ability and without gaining undue advantage for itself or any Connected Person or its officers.

**3.5.1 Primary Functions of the Management Company are:****1. Fund Management**

The Management Company has the responsibility to make all investment decisions within the framework of the Rules, the Deed and the Offering Document(s).

**2. Investor Services**

The Management Company has the responsibility to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing applications in this regard.

**3. Investor Records**

- a. The Management Company has the responsibility to maintain investor records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. maintaining investors' (Unit Holders) records and providing related services. The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities.
- b. The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of the SECP and the Trustee.

#### **4. Distribution**

The Management Company, shall from time to time appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distributor and the Management Company. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions. The Distributors shall receive applications for issue and redemption of investment in the various Unit Trusts and Administrative Plans offered by the Management Company. The Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee and perform all other Distribution Function(s), as defined in Clause 18.14 hereafter.

#### **5. Investment Facilitators**

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

#### **6. Record Keeping**

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

### **3.6 Other Functions and Responsibilities of the Management Company**

- 3.6.1 The Management Company shall manage the Scheme and the Fund in the best interest of the Unit Holders, in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in the Deed and the Rules and Islamic Shariah (as advised by the Shariah Advisory Board) and subject to any special exemptions that may be granted by SECP. Any purchase or sale of investments made under any of the provisions of the Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of the Deed or the Rules. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

- 3.6.2 The Management Company may from time to time appoint, remove or replace the Registrar and bear its remuneration unless the SECP allows such an expense to be charged to the Scheme.
- 3.6.3 The Management Company shall prepare and transmit (physically or through electronic means or on the web subject to SECP's approval) the annual report, together with a copy of the balance sheet, income and expenditure account and the Auditors report of the Trust within four months of the closing of the Accounting Period or such extended period permissible under the Rules, to the Unit Holders, the SECP, and the Trustee and the balance sheet and income and expenditure accounts shall comply with the requirements set out in the Rules.
- 3.6.4 The Management Company shall maintain a Register of Unit Holders of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.

### **3.7. THE TRUSTEE**

#### **3.7.1 Muslim Commercial Financial Service (Pvt.) Limited**

Muslim Commercial Financial Service (Pvt.) limited (MCFSL) was formed and incorporated under section 32 of the Companies Ordinance, 1984 (XLVII of 1984), and licensed by the Securities & Exchange Commission of Pakistan (SECP) for commencing the business under the Rules and Regulations of the Regulatory bodies of Pakistan.

#### **Share Holders**

MCFSL is a wholly owned subsidiary of MCB Bank Limited.

#### **Professional and Independent Management**

MCFSL is run purely on professional basis and most of the Directors on Board represent their respective investors' institutions, without any personal stake in the company. The Chief Executive is a highly qualified professional without any affiliation in any investor institution.

#### **Trust**

MCFSL are the trustees of public funds and serve with integrity and commitment. They adopt full compliance with internal and external policies and procedures, operating within the legal framework.

#### **3.7.2 Basic Role of the Trustee**

The Trustee shall:

- (1) take into its custody or under its control all the property of the Fund including cash and hold it in trust for the Certificate Holders in accordance with the law, the Rule and the provision of the Constitutive Documents and get the cash and registerable assets registered in the name of, or to the order of, the trustee;
- (2) be liable for any act or omission of any agent with whom any investments are deposited as if they were the act or omission of any nominee in relation to any investment forming part of the property of the Fund;

- (3) ensure that the issue and transfer of Certificates affected by the Fund are carried out in accordance with the provisions of the Constitutive Document; and Non Banking Finance Companies and Notified Entities Regulations 2007.
- (4) carry out the instructions of Management Company in respect of Investments unless they are in conflict with the provisions of the Offering Document (prospectus) or Constitutive Document;
- (5) Ensure that the investment limits set out in the Rules and Constitutive Document and the conditions under which the Fund has been authorized are complied with; and
- (6) Issue a report to be included in the annual report to be sent to Certificate Holders whether, in his opinion, the Management Company has in all material respects managed the Fund in accordance with the provisions of the Constitutive Documents and if the Management Company has not done so, the respects in which it has not done so and the steps which the trustee has taken in respect thereof.
- (7) Any other duty or responsibility as specified in the Trust Deed or the Rules.
- (8) Be required to adhere to performance standards, as mutually agreed upon between the Management Company and the Trustee, from time to time.

### **3.8. AUDITORS OF UCPF-I**

The Auditors of the Fund are:

#### **KPMG Taseer Hadi and Co.**

Chartered Accountants  
1st Floor Sheikh Sultan Trust Building #2  
Beaumont Road  
Karachi

### **3.9. REGISTRAR OF UCPF-I**

#### **THK Associates (Pvt) Ltd.**

Ground Floor, State Life Building No.3  
Dr.Zia uddin Ahmed Road  
Karachi.75530  
Telephone # 111-000-322  
Fax # 5655595

### **3.10. THE LEGAL ADVISERS OF UCPF-I**

Sattar & Sattar  
UBL Building, 3<sup>rd</sup> Floor, I.I.Chundrigar Road, Karachi, Pakistan

## **4. CHARACTERISTICS OF THE CERTIFICATES**

### **4.1. MINIMUM AMOUNT OF APPLICATIONS**

Application for subscription in the Fund must be made for 500 or in the multiples of 500 Certificates only. Application for Certificates below the value of Rs.5,000 shall not be entertained. Certificates will be issued in lots of 500 Certificates of the face value of Rs.10/- each. No refund shall be made to any intermediary except the Certificate holder or his authorized representative.

### **4.2. FICTITIOUS AND MULTIPLE APPLICATIONS**

Fictitious and more than one application is prohibited and such applicants money shall be liable to confiscation under section 18-A of the Securities and Exchange Ordinance, 1969.

## 5. TYPES OF CERTIFICATES

### 5.1. ISSUE OF CERTIFICATES

#### 5.1.1 Investment Made or Arranged by UBL Funds

In accordance with Regulation 61 (2) (e) of the NBFC Regulations 2007, UBL Funds undertakes that it will invest or arrange the investment of:

(i) two hundred and fifty million rupees for a minimum period of two years or life of the collective investment scheme whichever is lower for each of its first open-end scheme or first closed-end scheme;

### 5.2. OPENING AND CLOSING OF SUBSCRIPTION LIST

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MARCH 01, 2008 AND WILL CLOSE ON MARCH 15, 2008 AT THE CLOSE OF BANKING HOURS.

### 5.3. UNDERWRITING

The present offer of 10,000,000 certificates of the face value of Rs. 10 per Certificate has been fully underwritten as under:

S.No	Name of Underwriter	No. of Certificates	Total (Rupees)
1	UBL Fund Managers	10,000,000	100,000,000

If and to the extent, certificates hereby offered are not subscribed and paid for in cash in full by the closing of the subscription date, the Underwriter shall within 15 days of being duly called upon by the Issuer to do so, subscribe and pay for or procure subscribers to subscribe and pay for in cash in full those certificates not so subscribed, in proportion of their underwriting commitments.

In the opinion of the Management Company, the resources of the Underwriter are sufficient to discharge their underwriting commitments.

### 5.4. NO BUY BACK / REPURCHASE AGREEMENT

5.4.1 The Underwriter has not entered into any buy back/ repurchase agreement with the Management Company or any other person in respect of this Issue.

5.4.2 **Non-Provisioning of Certificate by the Underwriter:** Certificate by the underwriters, as required under clause 30-B of section 2 of Part-I of the Second Schedule to the Companies Ordinance, 1984, has been provided by UBL Fund Managers. The said clause stipulates that the underwriters shall certify that to the best of their knowledge, information and belief, the Offering Document constitutes full, true and plain disclosure of all the material facts relating to the Public Issue of Certificates offered through the Offering Document.

## **5.5. MARKET MAKING FUNCTION FOR UCPF-I**

The Management Company will make the arrangement with financial institution(s) to provide liquidity for UCPF-I in case OTC listing is not available or denied by the respective exchanges or if it feels that investors would be better served and the Management Company's fiduciary responsibility fulfilled if liquidity is directly provided. If it so undertakes market making responsibility it will do so under conditions set herein.

### **5.5.1 Market Maker Definition, Obligations & Restrictions**

"Market Maker" is a firm that stands ready to buy and sell a particular investment instrument on a regular and continuous basis at a publicly quoted price. Financial Institutions appointed by the Management Company, as Market Makers will provide liquidity to investors seeking to exit out of the Scheme. The primary objective of appointing Market Makers is to match buyers and sellers of the Fund's Certificates. In case there is no corresponding buyer or seller the Market Maker will act as liquidity provider for the members. Since UCPF-I is a closed end fund the entry into the Fund will be limited by the number of exiting Certificates at any given time. The Market Maker will offer Certificates to the extent available in its inventory which was purchased by the Market Maker to facilitate members. The Market Maker will buy back the Certificates to the extent the liquidity limits provided in clause 5.5.3 of this Offering Document.

### **5.5.2 Liquidity Access**

The Management Company will provide the liquidity through Market Maker to only those Certificate holders whose Certificates are held by the Registrar as custodian. In case where CDC is the custodian of the certificates, the Certificate Holder will be required to first transfer his holding to the sub account of the Market Maker providing liquidity or to open his account with the Registrar of the Fund and transfer his holding with the Registrar.

### **5.5.3 Liquidity Limitations**

The total liquidity from Market Makers presently will be restricted to a total amount not exceeding Rs 20 million at any point of time. If this level is reached then subscribers will not be allowed to exit till new subscribers are available.

- (1) Maximum Daily buy back (From existing Certificate Holders) Daily buy back limit from the existing Certificate Holders is fixed at 100,000 certificates of the Fund on any working day
- (2) Maximum Daily sales limit (New subscribers). There is no limit specified for this purpose. (Certificates available in the inventory shall only be available for sale to the new subscribers)
- (3) The Management Company may revise the above limits from time to time
- (4) Trading Timing Monday through Friday from 10 am to 1 pm (On any working day when the stock exchange is open)

### **5.5.4 Pricing**

The prices will be determined based on the NAV of the previous day, current market demand /supply conditions, available liquidity and Market Maker's premium /discount along with the price spread. Market Maker will assume the benefits and risks associated with taking on positions. The quotations may be changed during the day based on these factors. Management Company will be responsible to post its tradable quotes (Buying & Selling) on its website, which will be confirmed to the customers at the counter of the Market Maker and the designated offices of the Management Company, details of which will also be provided on the website of the Management Company.

### 5.5.5 Market Making Process/Methodology

Subject to the defined limits continuous trading of certificates will be conducted on the following assumptions:

- Initially the trading facility will be available from the counter designated at the Head Office of the Management Company and thereafter may be provided from the other offices of the Management Company, details of which will be posted on the website of the Management Company.
- Applications from the new subscribers will only be accepted if the Market Maker has enough quantity available to offer. Following procedure will be adopted for the transaction:
  - Investor will complete the Investment Application Form for the purchase of certificates providing the relevant particulars of the investor.
  - The investor will submit the Form along with the payment instrument (in favor of Market Maker) based on the price applicable at the time of application at the designated counter.
  - Officer at the counter will provide the receipt of the payment instrument and the acknowledgement of his application form.
  - After the realization of the payment instrument, the Registrar will issue an account statement that will constitute evidence of the number of certificates registered in the name of the Certificate Holder.
- Applications from the existing certificate holders will only be accepted if the Market Maker has enough limits available for the buy back of the certificates. Following procedure will be adopted for the transaction:
  - Investor will complete the Encashment Form for the sale of certificates providing desired quantity to offer for sale in the space provided for this purpose in the form.
  - The certificate holder will provide details of the custody of his certificates. (The custody should be with the Registrar or in sub account of the Market Maker with CDC).
  - Officer at the counter will verify the details of the custody of his holding of the certificates.
  - After verification the officer will write the applicable price for buy back of the certificates, sign the form and put the rubber stamp at the space meant for this purpose on the application form.
  - Copy of the form will be handed over to the investor as an acknowledgment.
  - Payment for the buy back of certificates will be released to the applicant within 5 working days.
  - “First Come First Served” basis to apply.

## 5.6. INVESTOR ELIGIBILITY

Any investor or any group of investors qualified or authorized to subscribe for purchase of the Certificates may make applications for the issue of Certificates in UCPF-I. The onus for being so qualified lies with the investor. Neither the Management Company, nor the Trustee, nor the Registrar accepts any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph below including but not limited to:

5.6.1 Citizens of Pakistan resident in Pakistan.

5.6.2 Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan so long as such investment is permitted under their respective



Memorandum and Articles of Association and/or bye-laws. In respect of trusts the trustees of such trusts may make an application to subscribe to the Certificates.

5.6.3 Pakistanis resident abroad, foreign nationals and companies/banks incorporated outside Pakistan can apply for Certificates through the domestic bankers to the issue, subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. These applicants shall be treated equal to domestic applicants in the allotment of Certificates and their Certificates, when issued, shall also rank pari-passu with all other Certificates for all distribution subject to the relevant taxation and exchange regulations/laws. Any person making an application for the issue of Certificates in UCPF-I shall be deemed to have warranted that he is duly authorized to purchase such Certificates.

## **5.7. BASIS OF ALLOTMENT OF CERTIFICATES**

The basis and conditions of allotment shall be as follows:

5.7.1 Application for the Certificates below the total value of Rs. 5,000/- shall not be entertained.

5.7.2 Application for subscription in the Fund must be made for 500 or in the multiples of 500 Certificates only.

5.7.3 If the Certificates to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.

5.7.4 If the issue is oversubscribed in terms of number of applications only, the distribution will be made by computer balloting on pro-rata basis to all the applicants

5.7.5 If the issue is oversubscribed in terms of amount only, than all applications will be accommodated initially with 500 Certificates and the balance shall be allocated on pro-rata basis to applicants who applied for Certificates in multiples of 500 certificates

## **5.8. REFUND OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS**

The Management Company shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted and refund the money in cases of unaccepted applications within ten (10) days of the date of such decision as required under the provisions of section 71 of the Companies Ordinance, 1984. As per sub section (2) of section 71 of the said Ordinance, if the refund is not made within ten days as required by sub section (1) of section 71 of the Companies Ordinance, 1984, the Management Company of the Fund shall be jointly and severally liable to repay the money with surcharge at the rate of one and a half percent, for every month or part thereof from the expiration of the 15<sup>th</sup> day and in addition, to a fine not exceeding Rs. 5,000/- and in case of a continuing offence to a further fine not exceeding Rs.100/- for every day after the said 15<sup>th</sup> day on which the default continues.

Provided that the Management Company shall not be liable if he proves that the default in making the refund was not due to any misconduct or negligence on his part.

## 5.9. ISSUE OF CERTIFICATES

The Fund will credit the respective CDS account or the Registrar shall issue an account statement that will constitute evidence of the number of Certificates registered in the name of the Certificate Holder within thirty (30) days of the date of subscription. Certificates will be issued either in scrip-less form (in the Central Depository System) or the Registrar will issue an account statement that will constitute evidence of the number of Certificates registered in the name of the Certificate Holder on the basis of option exercised by the successful applicants. The scrip-less certificates shall be directly credited through book entries into the respective CDS accounts of the successful applicants maintained with the Central Depository Company of Pakistan Limited (CDC) or an account statement shall be dispatched to the respective applicant at their address in the application form. The applicants who opt for the issuance of certificates in scrip-less form in the CDS/Registrar should fill in the relevant columns of the Application form. In order to exercise the scrip-less option in CDS, the applicant must also have a CDS account at the time of subscription date. In case an investor desires for physical certificate he shall apply to the Registrar at a later stage.

## 5.10. TRANSFER OF CERTIFICATES

### *(a) Transfer under book entry system in CDS:*

The Certificates maintained within the Central Depository System (the “CDS”) in the book entry form shall be transferred in accordance with the provisions of the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations.

### *(b) Transfer under book entry system with Registrar:*

The Certificates maintained within the Registrar in the book entry form shall be transferred in accordance with the provisions of the Trust Deed of the Fund.

### *(c) Physical scrip:*

The Management Company of the Fund shall not refuse to transfer any fully paid certificates unless the transfer deed for any reason is defective or invalid under the provisions of Section 77 of the Companies Ordinance, 1984. Provided that the Management Company shall within 30 days from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity be entitled to re-lodge the transfer deed with the Fund.

## 5.11. PRINCIPAL PURPOSE FOR ISSUANCE OF CERTIFICATES

The purpose of this offering is to invite the general public to participate in the ownership of the Fund so that the general public can earn a return from the capital market along with an objective to provide capital protection to the investors with certain conditions, and also to avail the benefit of lower income tax rate.

## 5.12. INTEREST OF CERTIFICATE HOLDERS

None of the holders of the issued certificates of the Fund have any special or other interest in the property or profit of the Fund other than that as holders of Certificates in the capital of the Fund except for the following:

5.12.1 Management Company to the scheme interested in remuneration of the Management Company: UBL Fund Managers.

5.12.2 Underwriter of the Issue interested in underwriting commission: UBL Fund Managers.

5.12.3 Bankers to the Issue interested in banking commission: United Bank Limited

**5.13. CONVERSION OF FUND IN TO OPEN-END FUND**

The life of UCPF – I is only three years and will cease to operate at maturity. The Management Company may convert the Fund in to an open-end fund with the approval of Certificate holders, Trustee and the SECP, after complying with the provisions of the Rules.

**6. SAFEGUARD OF MONEY**

NO MONEY SHALL BE PAID TO ANY INTERMEDIARY EXCEPT THE CERTIFICATE HOLDER OR HIS AUTHORIZED REPRESENTATIVE.

## 7. DISTRIBUTION POLICY

At least 90% of the income from investment segment, excluding realized and unrealized capital gains, received by the Fund reduced by such expenses as are chargeable to the Fund under the Rules shall be distributed annually. The Management Company may also include realized capital gains in the amount available for distribution. The entire amount available for distribution may be distributed as cash dividend or in any other form acceptable to the Commission and that may qualify under the tax laws. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly. The income accrued by Capital Protection Segment will not be available for distribution except as required by the law.

The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date whether to distribute among Certificate Holders, profits, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Certificate. The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditors and shall be the sum total of:

- a) The total income earned on the Fund Property during such Accounting Period including all amounts accrued in respect of dividend, mark-up, profit, interest and fee;
- b) Whole or part of the net realized and/or unrealized appreciation, at the option of the Management Company.
- c) From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine in consultation with the Auditors.

The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditors to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company after consulting the Auditors to be in the nature of the net realized appreciation may be distributable to the Certificate Holders by the Trustee and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account. The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting all such expenses and costs as mentioned in clause 8 of the Trust Deed. The income qualifying for distribution in respect of the relevant period may be adjusted as under:

- a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit or mark-up;
- b) adjustment if considered necessary by the Management Company to reflect the diminution in value of Fund Property in consultation with the Trustee.
- c) deduction of amount earned on the investment on Capital Protected Segment of the Fund

### 7.1. FRACTIONAL CERTIFICATES/ LESS THAN MARKETABLE HOLDING

At the end of every financial year the Management Company may review and may offer to buy all certificates that are less than the marketable lots at the price announced by the Management Company through their website. However, if buy back of fractional certificates has exhausted the

Management Company's maximum limits (currently 20%) of investment in the Closed-end Scheme, the Management Company shall sell excess holding of Certificates within six months of acquiring such Certificates.

#### **7.2. ELIGIBILITY FOR DIVIDEND**

The bonus Certificates shall rank pari-passu with the then issued Certificates of the Fund in all matter.

#### **7.3. WITHHOLDING TAX ON DIVIDENDS**

Unless exempt from such taxation be applicable in terms of the provisions of section 150 as specified in the Division III of part I of the First Schedule to the Income Tax Ordinance 2001, applicable law or double taxation treaties, the withholding tax on profit distribution by the Fund will be as under:

Public companies including Insurance Company / 5 % of the gross any other Resident Company in Pakistan amount of dividend; others 10 % of the gross amount of dividend. In terms of the provisions of section 5 read with section 8 the Income Tax Ordinance, 2001, the withholding tax deducted at source on dividend would be final tax in respect of such income. However, under the provisions of sub section 4 of Section 18 of the Income Tax Ordinance, 2001 any amount received by a banking company or a non banking company, where such amount represents distribution by a mutual fund out of its income from profit on debt, shall be chargeable to tax at normal tax rates.

#### **7.4. DEDUCTION OF ZAKAT**

Income distribution will be subject to deduction of Zakat at source pursuant to the provisions of Zakat and Usher Ordinance, 1980 (XVIII of 1980).

#### **7.5. CHANGES IN TAX LAWS**

The laws, rules and regulations relating to Income Tax, Withholding Tax and Zakat may change from time to time.

## 8. FEES AND CHARGES

### 8.1. EXPENSES BORNE BY THE FUND

The following expenses will be borne by the Fund:

- (a) remuneration of the asset management company ;
- (b) remuneration of both local and international trustee or custodian ;
- (c) in case of an investment company, directors' fee and remuneration for attending meetings;
- (d) listing fee payable to the stock exchange including renewals;
- (e) charges and levies of stock exchange, national clearing and settlement company and central depository company;
- (f) rating fee of collective investment scheme payable to approved rating agency;
- (g) auditors' fees and related expenses;
- (h) any fees payable to the Commission;
- (i) formation cost not exceeding one per cent of the pre-initial public offering capital in case of an open-end scheme and one percent of the paid-up capital in case of a closed-end fund or five million rupees whichever is lower;
- (j) brokerage and transaction costs related to investing and disinvesting of the assets of the collective investment schemes;
- (k) expenses incurred by trustee in effecting registration of all registerable assets in the name of the trustee;
- (l) legal and related costs incurred in protecting or enhancing the interests of the unit or certificate holders of the collective investment scheme;
- (m) bank charges and borrowing and financial costs;
- (n) hedging costs including forward cover, forward purchase or option purchase costs;
- (o) any printing costs and related expenses for issuing the collective investment scheme's quarterly, half-yearly and annual reports, etc.;
- (p) taxes, fees, cess, duties and other charges applicable to the collective investment scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investments outside Pakistan; and
- (q) any other expense or charge as may be permitted by the Commission.

### 8.2. MANAGEMENT COMPANY REMUNERATION

The Management Company shall be entitled to receive a remuneration of 1.25% per annum of the average daily Net Assets of the Fund during the life of the Fund as detailed below. The remuneration shall begin to accrue from the date of close of Public Offer. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days accrued in the Accounting Period concerned. The remuneration due to the Management Company shall be calculated and accrued on a daily basis but paid on the following basis:

- A fee upto 1.0% of the average daily NAV of the Fund shall be paid annually after the accounts of the Fund have been audited, provided that the Management Company may from time to time draw as advance out of the accrued remuneration a sum that the Trustee shall consider reasonable and if such payment is permissible under the Rules.
- The remaining fee (0.25%) of the Management Company will continue to accrue and will be paid on termination of the Fund and will attract a cost equal to the average six-month KIBOR offer rate from the date it should have been paid calculated bi-annually. Provided that the net amount to be paid to Certificate Holders after termination of the Fund

completes the capital protection given in this Offering Document of the Fund. In case the net amount is not sufficient to complete the capital protection, the fee plus interest cost accruing to the Management Company will be reduced to the extent such amount becomes so sufficient.

- In case the annual return of the fund exceeds 12% per annum on initial investment over the 3 year period or cumulative 36% return at the end of the 3 year period, performance fee of 20% of return over and above the return of 12% per annum over the 3 year period or 36% cumulative return on initial investment at the end of the 3 year period would be paid to the Management Company at the end of the 3 year period.

Explanation: As per normal practice, return would be calculated as Follows:

(Final NAV per Unit at the end of 3 years) plus dividends minus (Initial Price per Unit (Rs. 10) paid during the 3 year period) \* 100 / Initial Price (Rs. 10 per Unit)

### 8.3. TRUSTEE FEE

The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on tariff of charges annexed hereto (Annexure 'D'), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the date of payment in full by the Management Company in respect of the subscription of the initial Certificates of the Fund. Any costs incurred by the Trustee such as legal and related costs incurred in protecting or enhancing the interests of the fund or the collective interest of the Certificate holders, are reimbursable at actual.

### 8.4. EXPENSES OF THE MANAGEMENT COMPANY AND THE TRUSTEE

The Management Company and Trustee shall bear all expenditure in respect of their respective secretarial and office space and professional management including all accounting and administrative services provided in accordance with the Trust Deed. Neither the Management Company nor the Trustee shall make any charge against the certificate holders or the Fund except such expenses or fees as are expressly authorized under the provisions of the Rules and the Deed, payable out of Fund property.

### 8.5. PRELIMINARY AND FLOATATION EXPENSES (FORMATION COST)

The expenses of this Issue inclusive of underwriting commission, commission to the bankers to the issue and brokerage to the members of the stock exchanges are estimated not to exceed (1%) percent of the paid-up capital will be borne by the Management Company and shall be reimbursable by the Fund in equal amounts paid annually over a period not exceeding three years.

Break-up of these expenses is as follows:

<b>Estimated Expenses</b>	<b><i>Rupees</i></b>
CDC Issuer Fee	67,500
Legal & Professional Charges	180,000
Exchange Fee	200,000
Bankers to the Issue Commission	1,000,000
Fund Management System for Closed End Fund	1,000,000
SECP Fee	1,000,000
Other expenses of the issue including Advertising, Publication, Printing of Offering Document etc.	6,000,000
<b>Total</b>	<b>9,447,500</b>



Note: Estimates of expenses may be adjusted under one head or another; however, the total expenses shall not exceed one (1%) percent of the paid-up capital at the time of closing of the Initial Public Offer.

## **8.6. UNDERWRITING**

UBL Fund Managers Limited will underwrite the Initial Public Offering.

## **8.7. COMMISSION TO THE BANKER TO THE ISSUE**

A commission at the rate of 0.1% of the amount collected on allotment in respect of successful applicants plus out of pocket expenses will be paid by the Management Company on account of the Fund to the bankers to the issue for services to be rendered by them in connection with this issue. No commission shall be paid to the bankers in respect of Certificates taken up by the Underwriters by virtue of their underwriting commitments.

## **9. DETAILS OF EXEMPTIONS, TAXES LEVIED ON UCPF-I**

The information herein below is accurate as of the date of printing of this document. The taxability and tax rates are subject to change from time to time, as may be announced by the Government:

### **9.1. TAXATION**

Provision for current taxation may be based on taxable income at current tax rates after taking into account tax rebates and tax credit available, if any.

### **9.2. TAXATION ON THE INCOME OF THE FUND**

Under the Tax Law in Pakistan, the definition of a public company includes a trust whose units are widely available to the public and any other trust as defined in the Trusts Act, 1882 (II of 1882). Accordingly, the Fund will be liable to tax rate applicable to a public fund. The income of the Fund would accordingly be taxed at the following rates:

1. Dividend income is taxable at the rate of 5% for public companies on gross income basis.
2. Capital gains on sale of shares listed on any Stock Exchange in Pakistan are exempted from tax till Income Year 2007-08.
3. All other income, if not otherwise exempt shall be taxed at the rate of tax applicable for public company in the respective year when income accrued. Current tax rate is 35% of net income.

Notwithstanding the tax rates given above, the income of the Fund will be exempted from tax if not less than 90% of its accounting income of that year, as reduced by capital gains whether realized or unrealized, is distributed amongst the certificate holders. Further, under the provisions of clause 47 (b) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 the Fund's income from dividend, profit on debt and commission is exempt from deduction of withholding tax under relevant provisions of law. It is the policy of the Fund to comply with this law so as to obtain tax exemption.

### **9.3. CAPITAL VALUE TAX**

Capital Value Tax on sale/purchase of share/certificate

The amendment made through Finance Act 2006, in to the Provision of section 233-A of the Income Tax Ordinance 2001 and Capital Value Tax (Finance Act 1989) the following changes will be effective from July 01, 2006.

1 0.02% Capital Value Tax will be charged on purchase of all shares, Modaraba Certificates, any instruments of redeemable capital as defined in Companies Ordinance 1984.

2 0.01% Withholding Tax will be charged on purchase of all shares, Modaraba Certificates, any instruments of redeemable capital as defined in section 233 of the Income Tax Ordinance 2001.

#### **9.4. TAXATION ON CERTIFICATE HOLDERS AND LIABILITY FOR ZAKAT**

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

#### **9.5. TAX CREDIT ON INVESTMENT**

Under clause 62 of the Income Tax Ordinance, 2001, individuals (not companies) receive a tax credit on investments in new shares offered to the public by a public company listed on a stock exchange in Pakistan where the individual is the original allottee of the shares. The amount on which tax credit will be allowed shall be lower of (a) amount invested, (b) ten percent of the taxable income of the Unit Holder, and (c) Rupees three hundred thousand, and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year shall be increased by the amount of the credit allowed.

#### **9.6. WITHHOLDING TAX ON DIVIDEND**

Unless exempt from such taxation by applicable terms of the provisions of section 150 as specified in the division III of Part I of the First Schedule to the Income Tax Ordinance 2001 or double taxation treaties, the withholding tax on profit distribution by the Fund will be as under:

- Public companies including Insurance Company / any other Resident Company in Pakistan 5%
- Others: 10%

In terms of the provisions of section 5 read with section 8 of the Income Tax Ordinance, 2001, the withholding tax deducted at source on dividend would be final tax in respect of such income. However, under the provisions of sub section 4 of Section 18 of the Income Tax Ordinance, 2001, any amount received by a banking company or a non banking finance company, where such amount represents distribution by a mutual fund out of its income from profit on debt (such as profits on Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates, Commercial Paper and Carry Over Transactions), shall be chargeable to tax at normal tax rates.

#### **9.7. ZAKAT**

Under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except for certain categories of investors, Certificates held by resident Pakistani Certificate holders are subject to Zakat at 2.5% of the value of Certificates held on the Zakat Valuation Date. Except for those Certificate Holders exempted under the said Ordinance, Zakat will be collected from the dividend payment and paid in to the government treasury.

#### **9.8. EXEMPTION FROM CAPITAL GAINS**

Capital gains derived from the sale of listed securities are presently not liable to Income tax pursuant to clause (116) of part 1 of the Second Schedule of the Income Tax Ordinance, 2001. This exemption is presently available up to income year ending June 30, 2008.

**Disclaimer: – The Tax and Zakat information given above is based on the Management Company’s tax Advisers interpretation of the law, which, to the best of the Management**

**Company's understanding, is correct but Investors are expected to seek independent advice so as to determine the tax liability arising from their investment in the Certificates of the Fund.**

## **10. REPORTS AND ACCOUNTS**

### **10.1. DATE OF UCPF-I FINANCIAL YEAR**

Financial Year date for the Closed-end Scheme is 30 June.

### **10.2. REVENUE RECOGNITION**

#### **a) Realized Gain/Losses on Investments**

Sales and purchases of marketable securities may be recognized on the date of contract. Capital gains and losses on the sale of marketable securities may be recognized in the year in which these arise.

#### **b) Dividend/Return**

Dividend income shall be recognized at the time of closure of shares transfer books of the company declaring dividend and return on securities, other than shares, may be recognized on accrual basis.

#### **c) Brokerage and Underwriting Commission**

Brokerage and underwriting commission may be accrued as and when due.

### **10.3. VALUATION OF PROPERTY METHOD**

(a) a security listed on a stock exchange, local or foreign as the case may be, shall be valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such date the security shall be valued at an amount neither higher than the closing asked price nor lower than the closing bid price;

(b) a debt security listed but not traded regularly on a stock exchange shall be valued at the average rate, notified by the Mutual Funds Association of Pakistan based on the average rates quoted by top three brokers, in terms of volume traded during last three months in that debt security, and record of such rates shall be maintained by the respective Management Company or asset management company and Mutual Funds Association of Pakistan for a period of at least [3] three years and shall be posted on website of the Association;

(c) an investment purchased and awaiting payment against delivery shall be included for valuation purposes;

(d) an investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;

(e) the value of any dividends, bonus shares or rights which may have been declared on securities in the portfolio but not received by the collective investment scheme as of the close of business on the valuation date shall be included as assets of the collective investment scheme if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;

- (f) mark-up accrued on any mark-up-bearing security in the portfolio shall be included as an asset of the collective investment scheme if such accrued mark-up is not otherwise included in the valuation of the security;
- (g) any other income accrued upto the date on which computation was made shall also be included in the assets;
- (h) all liabilities, expenses and other charges due or accrued up to the date of computation which are chargeable under these regulations and taxes shall be deducted from the value of the assets;
- (i) the remuneration accrued up to the date of computation payable to the Management Company or asset management company, as the case may be, for providing management and other services shall be included as an expense;
- (j) a security not listed or quoted on a stock exchange, other than a government or debt security, shall be valued at investment price or its break up value as per last audited accounts, whichever is lower;
- (k) a government security not listed on a stock exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security; and
- (l) any such method of valuation of assets and liabilities as may be specified or modified by the Commission from time to time;

#### **10.4. ACCOUNTING METHOD**

The accounts will be prepared in accordance with the International Accounting Standard issued by the International Accounting Standards Committee (IASC) as adopted in Pakistan and the requirements of the Companies Ordinance, 1984 and NBFC Rules.

##### **10.4.1 Marketable Securities**

The Fund will adopt International Accounting Standards (IAS) through which Investments will be classified as held for trading, held to maturity and available for sale. These Investments will be measured at fair value, being their market value at balance sheet date. The resulting gain or loss may be included in profit and loss for the period whereas cost may be calculated on moving average basis. Classification of investments may be made based on the intended purpose of holding such investments, which are as follows:

1. **Securities held for trading:** These are investments securities, which are acquired principally for the purpose of generating profit from short-term fluctuations in price.
2. **Securities held to maturity:** These are investments securities with fixed or determinable payments and fixed maturity.
3. **Securities available for sale:** These are investments, which do not fall under the “held for trading” or “held to maturity” categories.

#### **10.5. FOREIGN CURRENCIES**

Foreign currencies transactions may be translated into Pak rupees at the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in foreign currencies may be translated into Pak rupee at the rate of exchange ruling on the balance sheet date. Exchange differences may be included in income currently.

## 11. REPORTS TO THE CERTIFICATE HOLDERS

The Management Company shall transmit (electronic or in physical form) to its Certificate Holders and the SECP:

1. an annual report, together with a copy of the balance sheet and income and expenditure account along with a trustee report and the auditor's report, within three months of closing of the accounting period;
2. a half yearly report along with a limited scope audit review by the auditors of the Fund within two months after the close of first half of its year of account; and
3. a quarterly report, within thirty days of the close of first and third quarter of the year of account of the Fund.

Such report, so far as may be applicable, shall be in accordance with requirements laid down in clauses (e), (f) and (h) of rule 34 of the Rules and shall contain a statement showing the shares/securities certificates owned at the beginning of the relevant period, shares purchased or sold during such period, and the shares/securities held at the end of such period together with the value (at cost and at market), and the percentage in relation to its own assets and the paid-up capital of the company whose certificates shares/securities are owned. The statement of income and expenditure of the Closed-end Scheme shall include a statement of income and expenditure of the Management Company in relation to the Fund.

4. The Management Company shall disclose the Net Asset Value (NAV) of the Fund on daily basis by posting such information on its website or by providing such information to the Stock Exchange (s) where the Fund is listed.

## **12. WARNINGS**

a) Prospective investors should consult one or more from amongst their Management Companies, legal advisers, bank managers, stockbrokers, or other financial advisers.

b) Investors must recognize that all investments involve varying levels of risk. UCPF-I invests in traded securities or contracts covering debt, equity and money market transactions (such as CFS contracts or inter-bank placements, etc. subject to the approval of the Commission). Such securities are subject to market fluctuations and risks inherent in all such investments. The prices of the Certificates in UCPF-I are not assured. The level of dividends declared by the Fund cannot be assured. Investors are requested to read the Risk Disclosure statement and Disclaimer contained in Section 2.6 and 2.7 herein above.

### **13. LIST OF DOCUMENTS AND WHERE THEY CAN BE INSPECTED**

All documents concerning the Closed-end scheme, as given in 1.5 above, may be inspected at the registered office of UBL Fund Managers or at any other address which may be notified by the Management Company to the general public through news papers.

#### **UBL Fund Managers Limited**

- **Corporate Office:**  
11<sup>th</sup> Floor, Executive Tower, Dolmen City  
Block 4, Clifton  
Karachi  
Pakistan
  
- **Operations Office:**  
5<sup>th</sup> Floor, Office Tower, Techno City  
Hasrat Mohani Road,  
Off I.I.Chundrigar Road  
Karachi  
Pakistan

**14. DATE OF PUBLICATION OF PROSPECTUS**

The date of publication of the offering document is February 23, 2008.



## **15. MANAGEMENT COMPANY RESPONSIBILITY FOR INFORMATION**

UBL Fund Managers, as the Management Company for the Fund, accepts responsibility for the information contained in this Offering Document as being accurate at the date of publication.

## **16. TERMINATION OF CLOSED-END SCHEME**

### **16.1. BY THE MANAGEMENT COMPANY**

a) The minimum life of the Fund is 3 years. The Fund shall cease to operate at Maturity. The Fund shall stand completely extinguished and shall be cease to exist on the date which shall not later than 3 months from the date of Maturity. The Management Company shall give a notice to Certificate Holders, the Trustee and the Commission on termination of the Fund and wind-up the affairs of the Fund within three months of such notice including repayment of capital.

b) The Management Company may terminate UCPF-I at any time by giving at least three months notice to Certificate holders and shall disclose the grounds of its decision.

### **16.2. THE TRUST MAY ALSO BE TERMINATED BY THE COMMISSION ON THE GROUNDS GIVEN IN THE RULES.**

UCPF-I may be terminated in accordance with the conditions specified in the Rules, if SECP considers that further continuation of the authorization of UCPF-I will not be in the interest of Certificate Holders, or there is any breach of the provisions of the Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Scheme.

### **16.3 DISTRIBUTION OF LIQUIDATION PROCEEDS**

a) Upon the Fund being terminated, the Management Company shall within 30 days of the date of Maturity proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property to repay the Principal amount invested by the investors as adjusted for the dividends paid during the 3 year period to those whose names appear on the register of members with the registrar and or beneficial ownership as per CDC statements. UCPF-I will pay investors, with certain conditions, whole of their initial investment i.e. Rs. 10 per Certificate back over the term of its life in form of dividend or return of capital on its termination.

b) The Trustee on the recommendation of the Management Company shall from time to time distribute to the Certificate Holders part proceeds pro rata to the number of Certificates held by them respectively. No application for registration of transfer of Certificate shall be entertained after the date of maturity.

c) All net cash proceeds derived from the realization of the Fund Property after making payment as mentioned in sub-clause 16.2.1 of the Trust Deed and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands, shall be distributed pro rata to the Certificate Holders

d) The liquidation proceeds shall be distributed through bank transfer / crossed cheques which shall be mailed to the addresses of the Certificate Holders as appearing in the register of Certificate Holders as on the date of the Maturity.

e) If the cheque (s) relating to liquidation proceeds is/are not encashed by the Certificate Holders within 120 days of Maturity, such unencashed amount shall be transferred to a bank account maintained by the Management Company. The funds shall be held in trust for the benefits of the Certificate Holders. The Management Company shall pay the respective share holder upon the Certificate Holders providing satisfactory evidence for eligibility. The Certificate Holders shall not be entitled to any profit/mark-up on the funds held in trust in this account. The Management Company shall also be entitled an administration charge of upto 0.5% at the beginning of every month. After

the completion of 36 months from the date of Maturity, Management Company may pay the balance in the account to a charity determined by the Management Company. Certificate Holders shall have no claim against the Management Company, the Trust and the Trustee.

f) In case the Trust is being terminated by the Commission on the grounds given in the Rules, the Commission may appoint a liquidator in consultation with the Trustee.

## 17. APPLICATION AND ALLOTMENT INSTRUCTIONS

17.1 Name(s) and address(es) must be written in full, in block letters, in English and should not be abbreviated. All applications must bear the signature and address corresponding with that recorded with the bank in that account. In case of difference of signature with the bank and the National Identity Card/Power of Attorney (as the case may be), both signatures should be affixed on the application form.

17.2 APPLICATION MUST BE MADE ON THE FUND'S PRINTED FORM OR A LEGIBLE PHOTOCOPY THEREOF

17.3 The applicants opting for scrip-less form of security are required to complete the relevant sections of the application. In case of discrepancy between the information provided in the application form and the information already held by CDS, the Offerer reserves the right to issue Certificates in physical form.

**All applicants are cautioned that credit to a CDS account will only take place if their name/(s) appears as one of the owners of the CDS account or the CDS account is a group account of a member of the stock exchange. In case of joint applications that require credit to an investor account or sub-account, the name of the person whose name appears first in the application form must be one of the holders of the investor account or joint account.**

### 17.4 Individual Pakistani National Resident in Pakistan:

In case of individual investors, an attested copy of Computerized National Identity Card should invariably be enclosed and the number indicated against the name(s) of applicant(s). Copy of the Computerized National Identity Card can be attested by any Federal / Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner or Head Master of High School etc. Original Computerized National Identity Card, along with one attested photocopy, must be produced for verification to the branch at the time of presenting an application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

### 17.5 Individual Pakistani National Resident in a Country in which Bankers have been Appointed:

An attested copy of the passport, showing the first two pages, should invariably be enclosed and the passport number indicated against the name(s) of applicant(s). Copy of the Passport can be attested by the Pakistani Embassy/Consulate in the country, Head Master of the Pakistani School, Notary Public or by the Bank Manager concerned.

### 17.6 Corporate Bodies Resident in Pakistan or with Branch Resident in Pakistan:

Applications made by corporate bodies including companies, pension/gratuity funds/trusts, branches of companies and other legal entities must be accompanied by an attested copy of their Memorandum and Articles of Association, registration in Pakistan or equivalent instrument/document. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copy of such documents can be attested by any Federal / Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner or Head Master of High School etc.

### 17.7 Foreign Investors with Special Convertible Rupee Account (SCRA) in Pakistan:

Application by foreign nationals and non-resident companies will be accepted in Pakistan provided they are made through a cheque drawn on as SCRA. The application must be accompanied by an attested copy of the Passport for individuals or a copy of their Memorandum and Articles of Association or equivalent instrument/document in case of a legal entity. Where applications are

made by virtue of Power of Attorney, the same must be lodged with the application. Copy of such document(s) should be attested by the branch manager of the bank in which the SCRA is opened.

**17.8 Corporate Bodies Resident in a Country in which Bankers have been appointed:**

Applications made by corporate bodies including companies, pension/gratuity funds/trusts, branches of companies and other legal entities must be accompanied by an attested copy of their Memorandum and Articles of Association or equivalent instrument/document. Copy of the document can be attested by the Pakistani Embassy/Consulate in the country, a local Chamber of Commerce, Notary Public or by the Bank Manager concerned.

17.9 An applicant who does not have a bank account in one of the Bankers to the Issue but has a bank account in another bank can apply through any of the branches of the Bankers to the Issue that are in the town in which the applicant has his account. The amount of the application must be tendered in form of a bank draft/pay order drawn on the applicant's bank and payable to **"TRUSTEE UBL CAPITAL PROTECTED FUND -I"**. In addition, the branch manager of the applicant's bank must attest the signature of the applicant in the specimen signature(s) block on the application form, sign the disclosure regarding loan and attest the document(s) submitted with the application.

a) Application for certificates must be for 500 Certificates or in multiples of 500 Certificates only. An applicant will be entitled to apply in one category only.

b) Application of certificates below the value of Rs. 5,000 shall not be entertained.

c) Fictitious and multiple applications are prohibited and such application money shall be liable to confiscation under section 18A of the Securities and Exchange Ordinance, 1969.

d) Subscription money must be paid by cheque/pay order/draft drawn on applicant's own account.

e) Remittance for the full amount of Certificates at Rs. 10/- per Certificate must accompany each application and must be forwarded to any one of the bankers to the issue named in the Offering Document. Payments should be in the form of cheque, pay orders or drafts drawn payable to **"TRUSTEE UBL CAPITAL PROTECTED FUND-I"** and crossed, **"A/C PAYEES ONLY"** and must be drawn on a bank in the same town as the bank to which the application has been sent.

g) All applications must bear the signature and address corresponding with that recorded with the bank in the applicant's account.

e) Only one application will be accepted against each account. In case of joint accounts, one application will be accepted in the name of each of the joint account holders. No application will be accepted in the name of a person shown as minor in the records of the bank.

17.10 Copies of the Offering Document and Application Forms can be obtained from members of the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited, the Bankers to the issue and their branches and the registered office of the Management Company (UBL Fund Managers Limited). In addition, the Offering Document and Application Forms are also available on the website of the Management Company ([www.ublfunds.com](http://www.ublfunds.com)).

17.11 Applications are not to be made by minors and persons of unsound mind.

17.12 Joint applications from more than four persons will not be accepted. In case of joint applications each party must sign the application form and submit copies of attested Computerized National Identity Card/Passport (in case of overseas Pakistanis & foreign nationals). The Certificates will be dispatched to the person whose name appears first on the application form. In case of credit to a CDS investor account or sub-account, the name of the person who appears first in the application form must also be contained in the title of the CDS account. The certificates will be credited to the respective CDS account. Where any amount is refundable, in whole or in part, the same will be refunded by cheque, by post, or through the bank where the application was lodged, to the person named first on the application form, without interest, profit or return.

17.13 Banks/member of the stock exchanges are not allowed to make applications for certificates of the value of Rs.5,000/- on account of their clients/depositors except in the case of overseas Pakistanis. Such applications will be made by the subscriber himself, complete in all respects and shall be certified by the Bank Manager as provided in the application form. Certificates in respect of such applications shall be issued in the name of the applicant and sent to the postal address stated in the application or the address of the bank through which the application was tendered, while in the case of CDS, it will be credited to the respective CDS account. These will not be issued in the name of aforesaid bank/member of stock exchange.

17.14 Applications for certificates above the total value of Rs. 5,000/- may be made by banks/members of the stock exchanges on behalf of their clients/depositors but must contain all the information in respect of each client/depositor on the application form. All such applications made by banks/members of the stock exchanges must also be certified by the Bank Manager concerned as provided in the application form. Certificates in respect of such applications will be made in the name of banks/member of the stock exchanges on account of the client/depositor and the relevant Certificates and advice for refunds will be sent to the bank/stock exchange member concerned.

17.15 No receipt will be issued for payment made with the application but an acknowledgement will be forwarded in due course either by issuance of Certificates in whole or in part or by return of the money paid with the application. The Bankers to the issue will issue provisional acknowledgement for applications lodged with them. No interest or profit will be payable in respect of the refunded amount.

17.16 It would be permissible for a bank to refund subscription money to unsuccessful applicants having an account in their bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants, should therefore, not fail to give their bank account numbers.

17.17 Allotment shall be made in accordance with the instructions of the Securities & Exchange Commission of Pakistan.

17.18 Applications shall be subject to pre-ballot as well as post-ballot scrutiny. Applications that do not meet with the above requirements or applications that are incomplete will be rejected. Subscription money in respect of rejected applications shall not be refunded without the approval of the Securities & Exchange Commission of Pakistan.

17.19 In case of an application made by a banker or Stock Exchange member, the banker or Stock Exchange member shall obtain the certificate from the applicant(s) in terms of paragraph 3 of the Application Form and forward the same in original to the company with the application.

17.20 Making of any false statement in the application or willfully embodying incorrect information therein will make the applicant or the bank liable to legal action.

17.21 Fictitious and multiple applications are prohibited and such application money shall be liable to confiscation under section 18A of the Securities and Exchange Ordinance, 1969.

17.22 The basis of allotment shall be as follows:

- a) Application for shares by the general public, including individuals and institutions, must be made for 500 Certificates or multiples thereof.
- b) Application for certificates below total value of Rs. 5,000/- shall not be entertained
- c) If the Certificates to be issued to the general public are sufficient for the purpose and the applications are in order, all applications shall be accommodated upto the extent of upper limit of 150 million certificates

### 17.23 LOCAL BANKERS TO THE ISSUE

United Bank of Pakistan

#### **CODE OF OCCUPATION**

01 Business	02 Business Executives
03 Service	04 Housewives
05 Household	06 Professional
07 Student	08 Agriculturist
09 Industrialist	10 Others

## 18. DEFINITIONS

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

18.1. "Accounting Date" means the date 30th June in each year and any interim dates at which the financial statements of the Trust are drawn up. Provided, however, that the Investment Advisor may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.

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

18.3. "Auditors" means, such audit firm that is appointed by the Investment Advisor with the consent of the Trustee as the auditor of the Scheme/Fund in accordance with the provisions of this Deed and the NBFC Rules;

18.4. "Authorized Investment" means any of the following:

For the Capital Protection Segment(s):

- (a) Pakistan Investment Bonds and other Government Securities;
- (b) Bank instruments including certificate of deposits or term deposits provided the bank concerned has at least an AA rating;
- (c) TFCs and other fixed rate instruments having at least an AA rating;
- (d) Structured zero coupon bonds based on Pakistan Investment Bonds or TFCs and other redeemable capital having at least an AA rating;
- (e) Money market instruments including, government T-bills, certificates of deposit and bankers' acceptances, inter-bank transactions, spread transactions, reverse REPOs transactions against money market and fixed income securities including CFS Transactions subject to relevant Commission approvals. Spread transactions are transactions in which the Fund simultaneously buys a security on the ready market and sells it on the future market to earn a spread.

For the Investment Segment(s):

(f) Securities, bonds, debentures, warrants (subject to Commission approval), options (subject to Commission approval), participation term certificates, modaraba certificates, musharika certificates, term finance certificates, convertible bonds and other asset backed or mortgage backed securities. Such investments shall include those for ready settlement as well as those for future settlement.

(g) Index options traded on exchanges outside Pakistan as specifically and separately approved by the concerned regulatory authority;

(h) Over-the-counter derivatives issued by financial institutions in respect of stock indexes outside Pakistan provided that the total possible loss on these derivatives is equal to the derivative price or deposit and the Fund is not exposed to additional loss;

(i) Mutual funds, whether domestic or international, having an appropriate risk/return profile subject to approval of the Commission.

(j) Money market instruments including, government T-bills, certificates of deposit and bankers' acceptances, inter-bank transactions, spread transactions, reverse REPOs transactions against money market and fixed income securities including CFS Transactions subject to relevant Commission



approvals. Spread transactions are transactions in which the Fund simultaneously buys a security on the ready market and sells it on the future market to earn a spread;

(k) Deposits with banks or financial institutions, including deposits in currencies other than the Pakistan Rupee, as approved by the concerned regulators;

(l) Futures and commodities after obtaining separate written approval of the Commission.

(m) Any other equity or debt security in respect of which permission to deal on a stock exchange is effective subject to any appropriate investment grading or as per the criteria that may be laid down by SECP;

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

18.6. "Bank Accounts" means those accounts opened and maintained with Bank(s) in the name of Trustee of the Fund, the beneficial ownership in which shall vest in the Certificate Holders.

18.7. "Certificate" means one undivided share in UCPF I.

18.8. "Certificate of holding" means the definitive certificate acknowledging the number of Certificates of the par value of Rs.10/ registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed.

18.9. "Certificate Holder" means a Holder of one or more Certificates in the Fund whether or not definitive Certificates have been issued representing such Certificates, acknowledging the number of Certificates registered in the name of the Holder with Registrar or CDC.

18.10. "Commission" or "SECP" means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.

18.11. "Connected Person" shall have the same meaning as in the Rules.

18.12. "Constitutive Document" means this Trust Deed which is the principal Document governing the formation management or operation of the Fund and all related material agreements.

18.13. "Custodian" means a bank, the central depository company, or any other depository for the time being appointed by the Trustee with the approval of the Investment Advisor to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund with the approval of the Investment Advisor at competitive terms, as part of the normal line of its business.

18.14. "Distributor" means Company (ies), Firms or Bank(s) appointed by the Investment Advisor to assist it in placement of Certificates through private placement and/or Initial Offer. The name of the Distributor can be joined with the name of the Fund to fully identify it.

18.15. "Distribution Account" means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank (having an investment grade rating, or in the absence of a rating, with the approval of the Commission) as directed by the Investment Advisor in which the amount required for distribution of income to the Unit Holders shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred

to the main account of the Fund from time to time, as part of the Fund Property for the benefit of the Unit Holders.

18.16. "Duties and Charges" means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the offer, issue, sale, transfer, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable.

18.17. "Formation Costs" means all preliminary and floatation expenses of UCPF I including expenses in connection with authorization of the Scheme and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund inviting investments therein and all expenses incurred during the period leading up to the initial issue of Certificates; provided, however that the formation costs will not exceed the amount to be specified in the Offering Document of the Fund Any income earned from Fund Property before the finalization of the Initial Offer will be paid-out to the Investment Advisor and deducted from Formation Cost.

18.18. "Fund Property" means the aggregate proceeds of the offer and sale of Certificates of the Fund, all after deducting there from or providing there against any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising there from and all cash and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Certificate Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.

18.19. "Initial Offering" means the offering of Certificates to the general public by the Investment Advisor/Distributor

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

18.21. "Maturity" means the period ending three (3) years after the last day of the Public Offering;

18.22. "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified in this Deed and the Rules.

18.23. "Net Asset Value" means per Certificate Value of the Fund arrived at by dividing the Net Assets by the number of Certificates outstanding.

18.24. "Nominal Exposure" means, with respect to a derivative the amount of investment that would need to be made by the Fund so that the gain/loss on the investment equals the gain/loss on the derivative.

18.25. "Offering Document" means the prospectus, advertisements or other documents (approved by the Commission) for the Fund, which contain the investment and all other information in respect of UCPF I, as required by the Rules and is calculated to invite the public to invest in UCPF I.

18.26. "Ordinance" means Companies Ordinance, 1984.

18.27. "Pre-IPO Investor(s)" means the investor(s) that have subscribed to the Certificates of the Fund before the Initial Offering of the Fund.

18.28. "Par Value" means the initial offer price of a Certificate that shall be Rs. 10/- (Rupees Ten Only).

18.29. "Personal Law" means the law of inheritance and succession as applicable to the individual Certificate holder.

18.30. "Register" means the Register of the Holders kept pursuant to the Rules and the Trust Deed.

18.31. "Registrar" means an organization that the Investment Advisor shall appoint for performing the Registrar Functions and may include a department of the Investment Advisor.

18.32. "Registrar Functions" means the functions in respect of the Fund, with regard to:

- (a) Maintaining the Register;
- (b) Processing requests for issue, transfer and transmission of Certificates and requests for recording of lien or for recording of changes in data with regard to the Certificate Holders
- (c) Dispatching income distribution warrants and bank transfer intimations;
- (d) Maintaining record of Lien/Pledge/Charge; and
- (e) (Keeping record of change of the addresses/other particulars of the Certificate Holders.

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

18.34. "Segment(s)" means a part of the Scheme that has a different investment objective and is thus kept separate and includes given limited liability and means Capital Protection Segment whose objective is to provide the Certificate Holders with a minimum protection of capital given in the Offering Document and Investment Segment whose objective is to provide Certificate Holders with a return, if any, over the capital protection and will be invested in high risk/return investments as provided in the Offering Document.

18.35. "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.

18.36. "Trust" means closed-end scheme, Scheme, or Fund.

18.37. "UBL Capital Protected Fund", "Fund", "UCPF I", "Trust" or "Scheme" or "Closed-end Scheme" means the Trust constituted by this Trust Deed.

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

**19. SIGNATORIES TO THE OFFERING DOCUMENT**

<b>Name</b>	<b>Position on the Board of the Management Company</b>	<b>Signature</b>
<b>Mr. Atif R. Bokhari</b>	Chairman	-sd-
<b>Mir Muhammad Ali, CFA</b>	Chief Executive Officer	-sd-
<b>Mr. Aameer Karachiwalla</b>	Director	-sd-
<b>Mr. Mohammad Asghar</b>	Director	-sd-
<b>Mr. Ali Sameer Farooqui</b>	Director	-sd-
<b>Mr. Hassan Raza</b>	Director	-sd-
<b>Mr. Saeed Iqbal</b>	Director	-sd-
<b>Mr. Asif Javed Khawaja</b>	Director	-sd-

**Dated** January 22, 2008  
**Place** Karachi Pakistan  
**Witness** Mr. Obbad Fazal – CFO & Company Secretary  
**Address** 11<sup>th</sup> Floor, Executive Tower, Dolmen City, Block IV, Clifton

**Offering Document**

**Annexure “A”**

Approval of Offering Document of UBL Capital Protected Fund –I from Securities & Exchange Commission of Pakistan.

**Annexure “B”**

**List of Material Contract**

**Trust Deed:**

Trust Deed signed between UBL Fund Managers Limited (as Management Company) and Muslim Commercial Financial Services (Pvt.) Ltd (as Trustee) dated 16 November 2007 to form the UBL Capital Protected Fund -1. The Management Company shall manage the investment of the Funds under certain conditions and will receive a fee as disclosed in this Offering Document. The Trustee will hold the fund assets under trust and will receive remuneration as disclosed in this Offering Document.

List of Seed Capital Investors

<b>Core Capital Investor</b>	<b>No. of Certificates</b>	<b>Rupees</b>
UBL Fund Managers Limited	7,500,000	75,000,000
Allied Bank Limited	7,500,000	75,000,000
UBL Staff General Provident Fund	10,000,000	100,000,000
		<b>250,000,000</b>

## Annexure “D”

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

<b><u>MUSLIM COMMERCIAL FINANCIAL SERVICES</u></b>	
<b><u>[PVT] LIMITED</u></b>	
<b><u>Schedule of Charges for UBL Capital Guarantee Product Fund</u></b>	
<b>Trustee Charges</b>	
● On Net Assets up to Rs. 250 million	0.20% per annum of the Net Assets.
● On Net Asset exceeding Rs. 250 million to Rs. 500 million	Rs. 0.5 million plus 0.15% per annum of the Net Asset exceeding Rs.250 million
● On Net Asset exceeding Rs. 500 million to Rs. 2,000 million	Rs. 0.875 million plus 0.08% per annum of the amount exceeding Rs.500 million
● On Net Asset exceeding Rs. 2,000 million to Rs. 5,000 million	Rs. 2.075 million plus 0.06% per annum of the amount exceeding Rs.2,000 million
● Over Net Asset Rs. 5,000 million	Rs. 3.875 million plus 0.05% per annum of the amount exceeding Rs.5,000 million
<b>CDC Eligible and Physical Securities</b>	
● Initial Deposit Fee (One time charge)	<b>Actual CDC Charges [ On pass through basis ]</b>
● Transaction / Settlement Fee [Shares, TFC, Wapda Bonds, Units]	
● Custody / Position Fee. [Shares, TFC, Wapda Bonds, Units]	
● Withdrawal Fee.	
● Participation Fee. (One time charge)	Rs. 25,000.00
● Documentation Fee.(One time charge)	At Actual
● Stamp Duty	At Actual
<b><u>All charges to be billed on a monthly basis.</u></b>	