

OFFERING DOCUMENT

RELIANCE INCOME FUND

(Open-Ended Fund)

**Managed by NOMAN ABID INVESTMENT
MANAGEMENT LIMITED (NAIML)**

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

Date of Publication of Offering Document: XXXXXXXX

Initial Offering Period: DATE TO BE DECIDED

**Units Offered for Sale without Sales Load.
From *******

**THE INVESTORS ARE ADVISED IN THEIR OWN
INTEREST TO CAREFULLY READ THE CONTENTS
OF THE OFFERING DOCUMENT IN PARTICULAR
THE RISKS MENTIONED IN PARAGRAPH 5.14 &
5.15 AND WARNINGS IN PART 15 BEFORE
MAKING ANY INVESTMENT DECISION**

MISSION STATEMENT

NAIML is committed to delivering quality financial products and services, that create value and enrich the lives of its customers, employees, shareholders, and communities it serves. NAIML's aim is to develop competitive advantage on a sustained basis by anticipating environmental changes and adapting it self to.

VISION

At NAIML we aim to be the leading asset management company in terms of, Performance, Innovation, Customer Perception and Social Responsibility.

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**OFFERING DOCUMENT OF
RELIANCE INCOME FUND (RIF)
Date of Publication of Offering Document**

PART 01-INTRODUCTION

- a. Reliance Income Fund (RIF) has been established in Pakistan by a Trust Deed, dated March 24, 2006 under the Trust Act 1882 entered into between Noman Abid Investment Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (the Trustee) and is authorized under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).
- b. If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser. Investors must recognize that all investments involve varying levels of risk. The portfolio of (RIF) consists of market based investments and is subject to market fluctuations and risks inherent in all such investments. The value of units in RIF may appreciate as well as depreciate, and consequently the return, including the dividend declared by RIF may get affected to that extent. Investors are requested to read the Risk Disclosures and Disclaimer statement contained in paragraph 5.14 and 5.15 of this Offering Document.**

**PART 02-REGULATORY APPROVAL AND
CONSENT**

2.1 Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of RIF under Rule 67 of the Rules. The SECP has approved this Offering Document, under Rule 70 of the Rules.

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

This Offering Document is governed by the provisions of the Trust Deed. It sets forth information about RIF that a prospective investor should know before investing in Units of RIF. **Prospective investors should consult one or more from amongst their stockbroker,**

bank manager, legal adviser. Please refer to sub paragraphs 5.14 and 5.15 of this Offering Document.

2.2 Filing of the Offering Document

The Management Company has filed a copy of this Offering Document signed by the Chief Executive Officer and Chief Financial Officer & Company Secretary along with the documents (1) to (8) below with the SECP. Certified copies of these documents can be inspected at the registered office of the Management Company or the place of business of the Trustee, at the addresses provided in the paragraph 4.1 of this Offering Document.

1. Certificate of incorporation dated 16th of May 2005;
2. License for undertaking Asset Management Services issued by SECP under its letter No. NBFC-II/52/NAIML/AMC/15/2005 dated December 27,2005 under NBFC Rules;
3. The SECP letter No.NBFC-II/52/NAIML/AMC/15/2005,allowing the Management Company to launch Money Market Fund.
4. The SECP letter No. SEC/NBFC-JD-II/154/2006 dated March 15, 2006, approving the appointment of Central Depository Company of Pakistan Limited as the trustee of RIF.
5. Trust Deed (Deed) of RIF dated March 24,2006 between Noman Abid Investment Management Limited (the Management Company), as the establisher and Central Depository Company of Pakistan Limited, as the Trustee;
6. The SECP letter no. NBFC-II/JD-II/RIF/424 dated June 27, 2006 authorizing RIF;
7. Letter dated March 07, 2006 from A.F. Ferguson & Company Chartered Accountants, auditors of RIF, consenting to the issue of statements and reports appearing in Part 17 of this Offering Document.
8. The SECP letter no. _____ approving this Offering Document.

PART 03- DEFINITIONS

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

- 3.1 "Accounting Date" means the date 31st December in each year and any interim dates at which the financial statements of the Trust are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.
- 3.2 "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 is registered and in any other case from the end of the preceding Accounting Period.
- 3.3 "Auditors" means a firm of chartered accountants that is appointed by the Management Company, with the consent of Trustee, as the auditor for the Scheme, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Rules
- 3.4 "Authorized Branch or Branches" means those branches of the Distributors whose addresses shall be given in this Offering Document.
- 3.5 "Authorized Investment" means Pakistan origin investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:
 - 3.5.1 Treasury bills and other Government Securities;
 - 3.5.2 Money Market Instruments, Certificates of Deposit and Bankers' Acceptances;
 - 3.5.3 Deposits with Banks or financial institutions (subject to an appropriate investment grade rating, or as per the criteria that may be laid down by the SECP);
 - 3.5.4 Securities, bonds, debentures, warrants, participation term certificates, musharika certificates issued by modaraba, term finance certificates, participation term 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; such transactions to be carried out simultaneously so as to avoid any risk emanating from the movements in the prices of the underlying securities
 - 3.5.5 Units in any other money market scheme;
 - 3.5.6 Any other debt security (subject to an appropriate investment grade rating, or as per the criteria that may be laid down by the SECP) in respect of which permission to deal on a Stock Exchange is effective;

- 3.5.7 Repurchase transactions (REPOs) and reverse REPOs. Purchase or sale of a security for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement;
- 3.5.8 Investment on profit and loss sharing basis in institutions, ventures and securities traded or to be traded Over-The-Counter (OTC) Markets; and
- 3.5.9 Continuous Funding System (CFS); or any such replacements subject to relevant SECP approvals, however investments in CFS shall be restricted up to a maximum of 50% of Net Asset Value of the Scheme with not more than 20% of CFS in any one security at the time of investment. Derivative instruments permitted by SECP, the investment in this asset class will be for hedging purpose only and subject to such other terms and conditions as may be notified by the SECP.
- 3.5.10 Spread Transactions. The Scheme may enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between settlements. The Scheme may for this purpose purchase or sale a security, for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement; these transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities;
- 3.5.11 Investment in any debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
- 3.5.12 Any other security and / or instruments that may be allowed by the SECP, the NBFC Rules or any other regulatory authority from time to time.
- 3.5.13 Subject to SECP and other regulatory approvals the Fund may seek to invest in foreign securities issued, listed and traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank from time to time.
- 3.6 "Back-end Load" means a Processing Charge, not exceeding two percent of the Redemption Price, deducted by the Management Company from the Net Asset Value in determining the Redemption Price.
- 3.7 "Bank" means any Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a Scheduled Bank.
- 3.8 "Bank Accounts" means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holders.

- 3.9 "Business Day" means a day (such business hours thereof) when offices of the Management Company are open for business in Pakistan.
- 3.10 "Certificate" means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holders issued at the request of the Unit Holders pursuant to the provisions of the Trust Deed.
- 3.11 "Connected Person" shall have the same meaning as assigned in the Rules.
- 3.12 "Constitutive Document" means the principal documents governing the formation of an open-ended scheme and all related material agreements.
- 3.13 "Core Investors" of the Scheme shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of Clause 67(2) (f) of the Rules. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in this Offering Document that shall be issued for this Trust.
- 3.14 "Core Units" shall mean such Units of the Trust that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of close of First Offer period. Such Units are transferable with this condition, but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 3.15 "Custodian" means a bank, a Central Depository Company, or any other depository for the time being appointed by the Trustee with the approval of the Management Company and the SECP, to hold and protect the assets of the Trust or any part thereof as custodian on behalf of the Trustee and shall also include the Trustee itself, if it provides custodial services for the Fund in accordance with Clause 5.B.5 of the Trust Deed.
- 3.16 "Discount Rate" means the rate at which the State Bank of Pakistan makes funds available to banks for short periods against the collateral of government bonds; and if no longer published then the substitute thereof.
- 3.17 "Distribution Account" means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund Property for the benefit of the Unit Holders.
- 3.18 "Distributor(s)" means Company (ies), Firm(s) or Bank(s)

appointed by the Management Company for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions;

- 3.19 "Distribution Functions" means the functions with regard to:
 - 3.19.1 Receiving applications for purchase of Units together with aggregate Offer Price for Units applied for by the applicants;
 - 3.19.2 Interfacing with and providing services to the Unit Holders including receiving redemption, transfer and pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
 - 3.19.3 Acknowledging receipt by delivering customer copy in respect of 3.19.1 and 3.19.2 of the above.
 - 3.19.4 Accounting to the Management Company for (i) monies received from the applicants when they purchase Fund's Units; (ii) payments made to the Unit Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
- 3.20 "Duties and Charges" means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, redemption or purchase of Units or in respect of the issue, sale, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distributor or any Front-end or Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 3.21 "First Offer" means the price of Rs:50/- per Unit during the initial offering period determined by the Management Company, which shall not exceed a period of ten days (provided that this period may be extended with the prior approval of SECP).
- 3.22 "Formation Cost" means all preliminary and floatation expenses of the Scheme including expenses in connection with authorization of the Scheme and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of this Offering Document, announcements describing the Fund, and inviting investment therein and all expenses incurred during the period leading up to the First Offer.

- 3.23 "Front-end Load" means the sales and processing charges, also described as Sales Load in Clause 3.44 of this Offering Document, payable to the Management Company, which are included in the Offer Price of Units.
- 3.24 "Fund's Auditors" means the Auditors.
- 3.25 "Fund Property" means the aggregate proceeds of the sale of all Units at Purchase (Offer) Price and any Transaction Costs recovered in the Purchase (Offer) or Redemption (Repurchase) prices after deducting there from or providing there against the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Purchase <Offer> Price or Redemption <Repurchase> Price) applicable to the purchase or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profits, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other movable or immovable assets and properties of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed and shall include the income, profit, interest, etc., earned on the amount credited to the Distribution Account but shall not include any amount standing to the credit of the Distribution Account and the income earned on the seed capital upto the date of First Offer, which shall not form part of the Fund Property.
- 3.26 "Holder" or "Unit Holders" means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investor jointly so registered pursuant to the provisions of this Deed.
- 3.27 "Initial Offering Period" means the period during which First Offer of Units shall be made, which shall be indicated in this Offering Document.
- 3.28 "Investment" means any Authorized Investment forming part of the Fund Property.
- 3.29 "Investment Facilitator" (Facilitator) means an individual, firm, corporate or other entity appointed by the Management Company, at its sole responsibility, to identify solicit and assist investors in investing in the Scheme. The Management Company shall compensate the Facilitators out of the Sales Load collected by it in this Offer Price.
- 3.30 "Net Assets" means the excess of assets over liabilities of the Fund, such excess being computed in the manner as specified under the NBFC Rules.
- 3.31 "Net Asset Value" means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 3.32 "Offer Price (Purchase Price)" means the sum to be paid to

the Trustee for issuance / purchase one Unit by the investor, such price to be determined pursuant to Clause 7.1 of the Trust Deed and to be stated in the Offering Document.

- 3.33 "Offering Document" means the prospectus, advertisements or other documents (approved by the SECP), which contain the investment and distribution policy and all other information in respect of the Scheme, as required by the Rules and is circulated to invite offers by the public to invest in the Scheme.
- 3.34 "Ordinance" means Companies Ordinance 1984.
- 3.35 "Par Value" means the First Offer Price of a Unit that shall be Fifty Rupees.
- 3.36 "Personal Law" means the law of inheritance and succession as applicable to the individual Unit Holders.
- 3.37 "Redemption Price (Repurchase Price)" means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Clause 7.3 of the Trust Deed and to be stated in this Offering Document.
- 3.38 "Redemption Request Form" means the prescribed form, which is to be stated in this Offering Document.
- 3.39 "Register" means the Register of the Holders kept pursuant to the Rules and the Trust Deed.
- 3.40 "Registrar" means an organization that the Management Company may appoint for performing the Registrar Functions and may include a department of the Management Company. The term and definition of "Transfer Agent" is also covered within the definition of a Registrar.
- 3.41 "Registrar Functions" means the functions with regard to:
 - 3.41.1 Maintaining the Register;
 - 3.41.2 Processing requests for purchase (offer), redemption (repurchase), transfer and transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holders.
 - 3.41.3 Issuing account statement to the Unit Holders;
 - 3.41.4 Issuing Certificates to the Unit Holders if required;
 - 3.41.5 Canceling old Certificates on redemption or replacement.
- 3.42 "Reliance Income Fund ", "The Scheme", "Trust", "Unit Trust" or "Fund" means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.

- 3.43 "Rules" means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended from time to time.
- 3.44 "Sales Load" means the sales and processing charge or commission (excluding Duties and Charges) not exceeding five percent (5%) of the Offering Price. The Management Company may, at its discretion, charge different levels of the load to different investors, which will be specified in this Offering Document.
- 3.45 "SECP" means the Securities and Exchange Commission of Pakistan.
- 3.46 "Stock Exchange" means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.
- 3.47 "Service Request Form" means the prescribed form, which is to be stated in this Offering Document.
- 3.48 "Transaction Costs" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Fund's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Purchase (Offer) Price of Units or be deducted from the NAV in determining the Redemption (Repurchase) Price. The Transaction Costs shall not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may with intimation to the Trustee, apply such charge either to the Offer or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Purchase (Offer) or Redemption (Repurchase) prices, without intimating the Trustee provided the difference between the Purchase (Offer) Price and the Redemption (Repurchase) Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.
- 3.49 "Unit" means one undivided share in the Scheme and where the context so indicates a fraction thereof.

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

PART 04 –CONSTITUTION OF THE SCHEME

4.1 Constitution

The RIF has been constituted by a Deed entered into at Karachi on 24th of March, 2006 between:

Noman Abid Investment Management Limited (NAIML), a non-banking finance company incorporated under the Companies Ordinance 1984, and licensed by SECP with its registered office at Plot No 253, First Floor, PCG Plaza, Sarwar Shaheed Road, Karachi.

&

Central Depository Company of Pakistan Limited, (CDC) a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, having its registered office at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74000, Pakistan, as the trustee.

4.2 Duration

The duration of RIF is perpetual. However the SECP or the Management Company may, on the occurrence of certain events, wind it up as stated in Part 19 of this Offering Document under the heading "Termination of RIF".

PART 05- INVESTMENT OBJECTIVES AND RESTRICTIONS

The purpose of introducing RIF is to provide investors a one-window facility to invest in a portfolio that enhances returns and/or reduces the risk of loss in market value of the investment as the result of any major upward movement in lending rates.

5.1 Investment Objectives

The objective of RIF would be to earn consistent returns which are higher than other instruments of fixed income. i.e. it will aim to outperform other fixed income/ money market funds, bank deposits, govt. bonds, corporate bonds & saving certificates issued by National Savings Centre Directorate. RIF would be able to achieve the same by being pro-active and timely and efficiently varying portfolio allocations.

5.2 Investment Policy

The Fund shall invest in a mix of spread transactions, Continuous Funding System (CFS) transactions, Derivatives/ Hedging Instruments, investment grade debt securities; money market instruments and short maturity reverse repurchase transactions subject to such other terms and conditions as specified by the SECP. The debt securities shall be those issued by corporate entities, federal, provincial, district governments, their agencies and municipalities. The Management Company shall manage weightages of the investment mix of the portfolio in a manner that enhances returns and/or reduces the risk of loss in market value of the investments as the result of any major upward movement in lending rates. During periods where the Management Company is of the view that there is economic uncertainty, the weightages of the portfolio shall be structured in favor of short-term debt securities, debt

securities with short remaining life, money market instruments and short maturity repurchase arrangements including spread transactions, Continuous Funding System (CFS), Option & Derivatives / Hedging Instruments. The average duration of the Fund's investment portfolio under such circumstances shall normally be under two years.

5.3 Investment Restrictions and Exposure Limits

The purchase or acquisition of Units in other money market schemes shall not exceed in the aggregate ten (10) percent of the Net Assets Value immediately after such investment has been made.

- If and so long as the value of the holding in a particular company shall exceed the limit imposed by the Rules, the Management Company shall not purchase any further Investments in such company.
- The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company or any of their Connected Persons owns more than five per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company or any of their Connected Persons own more than ten per cent of those securities.
- The Trust shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, save in the case of such party acting as a intermediary.
- The scheme shall not affect a short sale in a security whether listed or unlisted.
- The scheme shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- Borrowing shall not be resorted to except for meeting redemption request and such borrowing shall not exceed fifteen per cent of the total net asset value of a scheme at any time and shall be repayable within a period of ninety days.
- The scheme shall not 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 nominal amount of the securities issued, or, collectively the directors and officers of the management company own more than ten per cent of those securities:

The Trust will not at any time:

Purchase or sell:

- Bearer securities.
- Securities on margin, except for purchase of securities against margin financing and futures market as approved by the SECP and NBFC Rules.
- Securities which result in assumption of unlimited liability (actual or contingent).
- Anything other than Authorized Investments as defined herein;
- Participate in a joint account with others in any transaction;
- Make short sales of any security or maintain a short position in securities.

5.4 Exception to Investment Restrictions

In the event the weightages of securities exceed the limits laid down in this Offering Document or the Rules as a result of the relative movement in the market prices of the investments or through any disinvestments, the Management Company shall make its best endeavors to bring the exposure within the prescribed limits within three months of the event. But in any case the Management Company shall not invest further in such or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares.

5.5 Transactions with Connected Persons

- i. The Fund Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.
- ii. The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.
- iii. For the purpose of sub-paragraphs (i) and (ii) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- iv. All transactions carried out by or on behalf of the Scheme shall be made as provided in the constitutive documents and shall be disclosed in the Scheme's annual report.
- v. Cash forming part of the property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits
- vi. Money can be borrowed from the Trustee or any other institution provided that the charges are not higher than normal bank charges.
- vii. Subject to the NBFC Rules, any transaction between the Fund and the Management Company or any of their connected person(s) as principal may only be made with the prior written consent of the Trustee.

5.6 Trust Deed

1. The Deed shall be subject to and be governed by the Ordinance, the Rules and all other applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained

in a trust deed by the Rules are incorporated in the provisions required to be contained in a trust deed by the Rules, the latter shall supercede and prevail over the provisions contained in the Deed.

2. The terms and conditions of the Trust Deed and any deed supplemental thereto shall be binding on each Holder as if he had been a party to the Deed and so to be bound by the Deed's provisions and each Holder authorized and requires the Trustee and the Management Company to do so as required of them by the terms of the Trust Deed.
3. The Trustee and the Management Company acting together shall be entitled by a deed supplemental thereto to modify, amend, alter or add to the provisions of the Trust Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the Commission. Provided that, the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Ordinance or the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of the Deed to be more conveniently or economically managed or to enable the Units to be dealt in or quoted on the Stock Exchange or other wise for the benefit of the Holders and that it does not prejudice the interest of the Holders, and does not alter the fundamental objects of the Unit Trust or any of them or operate to release the Trustee or the Management Company from any responsibility to the Holders.

5.7 Open- Ended Fund

RIF is an open-ended Fund. It is divided into Units having par value of Rupees Fifty Rs. 50/ per unit. All Units and fractions thereof represent an undivided share in RIF and rank pari passu as to their rights in the net assets, earnings, and receipt of dividend and distributions.

5.8 Units

RIF shall offer and redeem Units to investors on a continuing basis. There is no lower or upper limits set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. The Units shall be fully paid before they are issued. The liability of Unit Holders shall be limited to the extent of unpaid amount (if any) on Units. Units or fractions thereof may be redeemed for cash by redeeming to RIF. Units are also transferable. Units will be issued in registered un-certificated form and will be confirmed to investors by means of an Account Statement issued by the Transfer Agent/Registrar. Certificate will be issued, only if so requested by Unit Holder on payment of a fee not exceeding Rs. 100/- per certificate, subject to revision of this fee from time to time by the Management Company.

5.9 Initial Offer

The Initial Offer is made during the Initial Period, which will be _____ Business Days and starts at the start of banking hours on _ and shall close at the close of banking hours on _____. During the Initial Period, Units will be offered at the Initial Price of Rs. 50/- per unit and will not include any Sales Load. During the Initial Period the Units will not be redeemed.

5.10 Transaction in Units after Initial Period

After the Initial Period, the public sale of Units at Initial Price will be discontinued; the Units can then be purchased at their respective Offer Price and redeemed at their respective Redemption Price (Please refer to paragraph 7.3 of this Offering Document for details). The Management Company shall announce the Offer and Redemption Price on all business days.

5.11 Extraordinary Circumstances

The sale and redemption of Units may be suspended during extraordinary circumstances including closure of one or more stock exchange on which any of the securities traded by RIF are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of RIF or of the Units Holders, or a breakdown in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption in such cases. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the RIF (Please refer to paragraph 7.4 of this Offering Document for details).

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

5.12 Offering Document

The provisions of the Deed govern this Offering Document. It sets forth information about RIF that a prospective investor should know before investing in any Unit. Prospective investors should consult from one or more of their stock broker, bank manager, legal adviser or other financial adviser.

5.13 Borrowing Policy

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

The charges payable to any bank or financial institution against borrowings on account of the Trust as permissible under above para shall not be higher than the normal prevailing bank charges or normal market rates. Borrowings may be resorted to only for meeting redemption requests. The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Assets Value of the Scheme or such other limit as may be provided in the Rules, and shall be repayable within a period of 90 days... If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

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

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

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

5.14 Risk

Investors are advised that all investments in mutual funds and securities are subject to market risks. A targeted return/dividend range cannot be guaranteed. It should be clearly understood that the portfolio of Reliance Income Fund is subject to market fluctuations and risk inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

- a) **Credit Risk** – Comprises settlement risk and downgrade risk. Each can have negative impact on the value of the fixed income securities including money market instruments;
 - i. **Default risk-** The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
 - ii. **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 these 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.
 - iii. **Downgrade Risk** is the risk that a credit rating agency such as PACRA, or JCRVIS, will reduce the rating of an issuer's securities. Downgrades in credit rating will decrease the value of those fixed income securities including money market instruments.
- b) **Derivative Risk** - Derivatives may be used to limit or hedge potential losses associated with investment. This process is called "hedging". The hedging strategy may not be effective. There is no guarantee that a market will exist when a Fund wants to buy or sell the derivatives contract. There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract. Additionally, the counterparty to the derivative contract may not be able to meet its obligations.
- c) **Return/Markup Rate Risk-** Fixed income securities including money market instruments, which include treasury bills and commercial papers, 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.
- d) **Government Regulation Risk** - Government policies and the law regulate different sectors of the economy to varying extent. Funds that invest in these sectors may be affected due

to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows. Additionally, governmental or court orders may restrain payment of capital, principal or income.

- e) **Voluminous Issue/Redemption Risk** - Any significant transaction made by such an investor could significantly impact a Fund's cash flow. If the third party buys large amounts of units of a Fund, the Fund could temporarily have a high cash balance. Conversely, if the third party redeems large amounts of units of a Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment.
- f) **Repurchase, Reverse Repurchase Transactions and Securities Lending Risk**-The risks with these types of transactions are that the other party under the agreement may default or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/mark-up, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the Fund could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held in the event of a default.
- g) **Other Risks Involved**- Other risks may include breakdown of law and order, war natural disasters and any other unavoidable circumstances.

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

Under exceptional (extraordinary) circumstance, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding up –in such events the investor is likely to have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the redemption request is lodged.

5.15 Disclaimer

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

Investors must be aware that all investments involve risk. It should be clearly understood that the portfolio of RIF is subject to the risks mentioned above. The value of the investments and the income from them can fall as well as rise and is not guaranteed. Past performance is not necessarily an indicator of future performance.

PART 06- OPERATORS AND PRINCIPALS

6.1 Management Company:

a) Organization:

Noman Abid Investment Management Limited was incorporated in Pakistan on May 16, 2005 as a public limited company under the Companies Ordinance, 1984 and commenced its business on July 11, 2005. It obtained licenses to undertake Investment Advisory Services and Asset Management Services under the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 on July 01, 2005 and December 27, 2005. The paid up capital of the Management Company is Rs. 50,025,000. (Plot No 253, First Floor, PCG Plaza, Sarwar Shaheed Road, Karachi).

NAME	Number of Shares	Amount (Pak Rs)
Noman Abid & Company Limited	3,000,000	30,000,000
Noman Abid Holdings Limited	2,000,000	20,000,000
Mr. Adnan Abid	500	5,000
Mr. Ahmad Ali Khan	500	5,000
Mr. Sardar Azmat Babar	500	5,000
Azizullah Memon	500	5,000
Dr. Manzoor Anwar Khalidi	500	5,000
Total		50,025,000

b) The Board Of Directors And Management

Name and Address

Other Directorship

Mr. Adnan Abid
(Chairman/ Director)
F-8 Block 5, Clifton Karachi

Noman Abid & Company Ltd
Noman Abid Holdings Limited

Mr. Ahmed Ali Khan
(Director)
H.No. P- 14/11, 9th East Street, Phase I.DHA Karachi.

Mr. Sardar Azmat Babar
(Chief Executive Officer /Director)
K-2,4th Gizri Lane, Phase IV, DHA, Karachi

Particulars of the Directors

Mr. Adnan Abid – Chairman / Director

Belonging to a respectable business family of the country and possessing varied business experience and is also a Master's degree holder. After the group's acquisition of Platinum Commercial Bank Limited, he largely moved into Banking and Investments profession from Business, though also continuing his business activities. His business experience and expertise mixed with finance, banking & Investments experience and expertise gives him a strong edge of controlling the affairs of Noman Abid & Company Limited in the most professional manner. He has been managing the group's construction businesses & finances. In the areas of Banking and Investments, he headed almost all key divisions at Platinum Commercial Bank, as Head of Credits, Marketing, International, Treasury & Investments, Systems & Operations which included I.T. at different intervals. He also remained member / chairman of various committees like Central Executive Committee, Head Office Management and Credit Committee, Board's Review and Execution Committee, Audit Committee, Asset and Liability Management Committee, Executive Committee of the Board, Pakistan Bank's Association, New Private Bank's Association during his career and later on also remained as Executive Chairman of the Board of Directors of the Bank. He has attended various seminars and certificate courses in the fields of Information Technology and Banking.

Mr. Ahmad Ali Khan – Director

Mr. Ahmad Ali Khan has been associated with the National Bank of Pakistan as Executive Vice President and has around 40 yrs of experience in Banking. He also holds a diploma from the institute of bankers of Pakistan. He attended training courses from NIPA, SBP and Documentary credit. He headed the trustee division of NIT. He has vast experience to dealing with the Equity Market and Portfolio Management.

Mr. Sardar Azmat Babar Chief Executive Officer / Director

Mr. Babar is an investment banker by training, having worked with Deutsche Morgan Grenfell, as a member of the Asian M&A team, and subsequently as Head of Local Corporate and Corporate Advisory at Deutsche Bank A.G. Mr. Babar, has also headed the Corporate Finance Business at MCB Bank Ltd, and prior to joining NAIML, he was CEO of MCB Asset Management Company Limited. Mr. Babar has extensive experience of privatizations, merger and acquisitions, and joint ventures, having advised a number of clients domestically and internationally on prominent projects. He has to his credit a number of large debt and equity capital market transactions, along with both domestic and international underwriting and syndications. He has also been a member of the team managing the equity portfolio of MCB Bank Ltd. Mr. Babar has an MBA from the Lahore University of Management Sciences, and is adjunct faculty at SZABIST University, and has been a guest lecturer at a number of prominent universities.

Particulars of Management

Mr. Kashif Ahmed – Chief Financial Officer & Company Secretary:

Mr. Kashif Ahmed is a Fellow member of the Institute of Chartered Accountants of Pakistan, and has received his training from Khalid Majid Husain Rahman Chartered Accountants (a member firm of Deloitte & Touché). He remained with Khalid Majid Husain Rahman and its successor firms for a period of 9 years, where he eventually

climbed to the post of Partner. He enjoys extensive experience in the areas of audit, management consultancy, internal audit and advisory services, including mergers and acquisitions of Mutual Fund, Modarabas and Commercial Banks. Mr. Ahmed's international experience includes working for Deloitte & Touché Bermuda and Deloitte & Touche Bahrain offices. Immediately prior to joining NAIML, Mr. Ahmed was the Financial Controller and Company Secretary (Senior Vice President) of Crescent Commercial Bank Ltd. He is also a member of Income Tax Bar Association Karachi.

Dr. Ali Akhtar Ali, Fund Manager (Money Market Portfolios):

Dr Ali is Master in Business Administration (Finance), from PAF – KIET and Bachelor of Medicine & Bachelor of Surgery from Baqai Medical College. He was previously associated with Jehangir Siddiqui as Senior Manager, with responsibilities for handling transaction of clients (Commercial Banks, Non-Banking Financial Institutions, and Corporates) including call & clean funds placement, repurchase agreements, outright transactions of Treasury Bills, government bonds and TFCs; training new traders and drafting various research reports. He experience also includes working for BMA Capital as Money Market Dealer.

Mr. Shahabullah Mushtaq, Fund Manager (Equity Portfolios):

Mr. Mushtaq has over 15 years of experience in the financial markets. Mr. Mushtaq started his career in the financial sector by learning Technical Analysis and Charting in the Research Department of H.Topworth. Subsequently, he joined AKD Securities, where he worked directly with Mr. Dhedi, hence gaining from his experience and knowledge of the equity markets. Mr. Mushtaq, was responsible for managing a Rs. 200 million fund for Orix Investment Bank Pakistan Limited immediately before joining NAIML, where he was working as a Senior Institutional Broker/ Fund Manager. Over the years, Mr. Mushtaq has gained a reputation of uncanny accuracy in forecasting markets, and a disciplined approach to developing and managing portfolios.

Mr. M. Hanif Wadiwala, Head of Operations:

Mr. M. Hanif Wadiwala possesses over thirty years of rich and valuable experience and in-depth understanding of general banking, treasury/money market investments and operations. Mr. Wadiwala has a bachelor in commerce followed by DAIBP, LLB and LCC Higher Accounts Examination UK. He has served at various positions at MCB Bank Ltd before joining NAIML where he was the Senior Vice President, Treasury & FX Group. At NAIML he is heading the Operations Department and his valuable experience will enable NAIML to further carry out efficient operations in a smooth manner.

Mr. Talha Anwar (Marketing Manager):

Mr. Talha Anwar is an MBA (Marketing) and M.Com (Major in Finance) and he has 9 years experience and strong marketing background along with hands-on experience of Advertising, Public Relations and Product Management for major financial institutions. He started his career with The Circuit FCB (leading Advertising agencies) as a client service executive. Then he moved to Gravity Communications (Interflow Group) as a client's service manager. He handled advertising activities of **National Bank of Pakistan, PICIC Commercial Bank & MCB Bank Limited**. Before joining NAIML he was working for Argus Advertising where he was heading the client's service division and his areas of expertise includes building

an integrated marketing communication plan for financial institutions.

Mr. Shahzaib K. Hashmi, Unit Head- Sales & Marketing:

Mr. Hashmi was previously based in Florida with Smith Barney as the Protocol Officer. He acted as liaison between Smith Barney and Primerica, both subsidiaries of Citigroup. Mr Hashmi holds an MBA in Finance from Creighton University and MS in Economics from University of Nebraska. Mr. Hashmi has attended several courses and seminars on various fund management techniques, strategies and trends at Citigroup Head Office, New York as well as Wall Street.

Mr. Faisal Amin, Manager Operations:

Mr. Faisal Amin Manager Operations has recently joined NAIML as Manager Operations and was previously working for MCB Bank Ltd in the same position where he excelled at total settlement transactions through NCSS. He has gained valuable experience as an audit assistant at Tariq Abdul Ghani & Co, Chartered Accountants and also serving as a supervising senior at the same company. He is an MBA (Finance) from Hamdard Institute of Management Sciences.

6.1.1 Duties and Responsibilities of The Management Company

- 6.1.1 The duties and responsibilities of the Management Company are to promote the sale of Units in the Fund, invest and manage the assets of the Fund according to the provisions of the Deed and the Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any Connected Persons or its officers.
- 6.1.2 The Management Company shall maintain proper accounts and records of the Fund to enable a complete and accurate view of assets and liabilities, income and expenditure and amounts received in respect of Units and paid out on redemption of Units and by way of distribution of profits, as required under the Rules.
- 6.1.3 The Management Company shall prepare and transmit to Unit holders, the SECP and the Trustee, annual report together with balance sheet and income and expenditure account and auditors report. The Management Company shall also prepare and transmit to Unit holders, the SECP and the Trustee, the balance sheet and income and expenditure account of the Fund on quarterly basis, in accordance with the Rules.
- 6.1.4 In the unlikely event of its occurrence, the Management Company shall account to the Trustee for any loss in value of the assets of the Fund caused by its negligence, reckless or willful act or omission.
- 6.1.5 The Management Company shall instruct the Trustee on purchase, including placement of cash, and sale of investments.

- 6.1.6 The Management Company shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its duties, as if they were its own acts and omissions.
- 6.1.7 The Management Company shall not be under any liability except such liability as may be expressly assumed under the Rules and the Deed, nor shall the Management Company (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything else except its own negligence or willful breach of duty.
- 6.1.8 The Management Company shall if it considers necessary request the Trustee in writing, for the protection of Fund Property or safeguarding the interest of the Unit holders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof.

The Management Company shall abide with roles and responsibilities as mentioned in the Trust Deed. For further guidance kindly refer to Trust Deed.

6.2 Trustee

Central Depository Company of Pakistan Limited (CDC) was incorporated in 1993. It was formed inter alia, for facilitating efficient, risk free and cost effective settlement of securities transactions in accordance with the International standards to cope up with the ever-rising volume of trading in securities at the Stock Exchanges in Pakistan. Given CDC's significance, the legislature enacted a special law, known as Central Depositories Act, 1997 and the Government has also approved the rules and regulations relating to the operational aspects of the Central Depository System. The Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003 allows a Central Depository Company to act as the Trustee of unit trust schemes set up under these Rules.

6.2.1 Basic Role of the Trustee

The Trustee will take into custody and under its control all the property of the Fund and hold it in trust for the Unit Holders in accordance with the law and the provision of the Constitutive Documents and the cash and registrable assets shall be registered in the name of or to the order of the Trustee. The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Fund Property, unless they are in conflict with the Deed and this Offering Documents or applicable laws. The Trustee shall ensure that all sales, issues, repurchase, redemptions and cancellations of Units of the Fund and the method adopted by the Management Company in valuing Units for the purposes of determining the Offer and Redemption Prices are adequate and are

carried out in accordance with the provisions of the Constitutive Document.

The Trustee shall issue a report to the Unit holders to be included in the annual report, as to whether in its opinion, the Management Company has in all material respect managed the Fund Property in accordance with the provisions of the Rules and the Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof. The Trustee shall institute or defend any suit, proceedings, arbitration or inquiry or any corporate or shareholders action in respect of the Fund Property or any part thereof if so requested in writing by the Management Company. It is clarified that the Trustee shall be entitled to be reimbursed, out of the Fund Property, for all reasonable costs and expenses incurred in taking the aforesaid actions.

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

The Trustee shall however not be under any liability on account of anything done or suffered by the Fund in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provision of the Deed or the Rules.

The Trustee shall ensure that the investment and borrowing limitations set out in the rules and the constitutive documents and the conditions under which RIF was authorized are complied with.

6.2 CORE/PRE-IPO INVESTORS

Name of Investors	Number of Units	Amount in Rupees
Noman Abid & Company Limited	2,100,000	105,000,000/-
Noman Abid Holdings Limited	1,000,000	50,000,000/-
Noman Abid Investment Management Limited	800,000	40,000,000/-
Saudi Pak Industrial and Agricultural Investment Co. (Pvt.) Ltd	500,000	25,000,000/-
Institute of Business & Technology	400,000	20,000,000/-
Soneri Bank Limited	200,000	10,000,000/-
Total	5,000,000	250,000,000/-

The above core investors have subscribed an aggregate sum of Rs.250,000,000/- towards the purchase of 5,000,000 Units of Rs. 50 each. These core units are not redeemable for a period of first two years from the date of the closure Initial Offer Period. However, such Units are transferable with the condition that they will not be redeemed for a period of two years. The Transfer Agent will mark the Unit as such. The above Core Investors will be eligible income, profit, interest, etc. earned on the seed capital upto the close of the First Offer, shall be paid to the Core Investors and shall not form part of the Fund Property.

Pre- IPO Investors

Pre- IPO investors have committed an amount of over Rs. 100 million in the Reliance Income Fund.

Name of the major Investors are provided below:

S.No.	Name of Investors	Amount in Rupees
1.	Allied Bank Limited	25,000,000
2.	National Bank of Pakistan Limited	15,000,000
3.	Saudi Pak Commercial Bank Limited	15,000,000
4.	The Bank of Punjab	25,000,000
5.	JS ABAMCO Limited	10,000,000
6.	Security Leasing Corporation Limited	5,000,000
7.	Atlas Asset Management Limited	5,000,000
8.	Pakistan Kuwait Investment Company (Private) Limited	5,000,000
9.	AL- Hoqani Securities & Investment Corporation (Private) Limited	5,000,000
Total		110,000,000

6.4 DISTRIBUTORS AND INVESTMENT FACILITATORS

Noman Abid Investment Management Limited
Plot No 253, First Floor, PCG Plaza, Sarwar Shaheed Road, Karachi

Faysal Bank Limited
Faysal House, ST-02, Shakra-e-Faisal, Karachi

The Distributors will be responsible for receiving applications for Purchase of Units and Redemption/Transfer applications and Pledge applications. They will be interfacing with and providing service to Unit Holders, including receiving applications for change of address and other particulars or application for issuance of duplicate certificates, requests for income tax exemption/Zakat exemption, etc. for immediate transmission to the Management Company or Transfer Agent as appropriate for further action.

6.5 AUDITORS

First Auditor has been appointed in consent with the Trustee.

The auditors of the Fund are
A.F. Ferguson & Co., Chartered Accountants,
State Life Building 1- C Building, I.I. Chundrigar Road
Karachi, Pakistan

- a). They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to December 31, 2006 and will be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for up to three consecutive terms. Thereafter, that auditor may only be appointed after a break in appointment.
- b). The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent/Registrar, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- c). The Auditors shall carry out a continuous compliance audit with such scope and frequency as is agreed between the Trustee and the Management Company. Copies of the Auditor's reports shall be sent directly to the Trustee.
- d). The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- e). The Auditors shall prepare a written report to the Unit holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.

The contents of the Auditors report shall be as required in the Rules.

6.6 TRANSFER AGENT/REGISTRAR

Technology Trade Private Limited
Dagia House, 241-C, Block -2
P.E.C.H.S., Off: Shahrah-e-Quaideen
Karachi.

6.7 LEGAL ADVISORS

The legal advisors of the Fund are:

Bawaney & Partners
Advocates & investment & corporate advisers
Room No. 404, 4th Floor, Beaumont Plaza,
Beaumont Road
Karachi, Pakistan

Mohsin Tayebaly & Co.
Barristers & Advocates
2nd Floor Dime Centre, BC-4 Block 9
KDA Scheme 5, Clifton

Karachi.

6.8 BANKERS

MCB Bank Limited
Karachi Stock Exchange Branch
Karachi Stock Exchange Building
Karachi.

Bank Alfalah Limited
Karachi Stock Exchange Branch
Karachi Stock Exchange Building
Karachi.

Saudi Pak Commercial Bank Limited
Main Branch
I.I.Chundrigar Road
Karachi

PART 07 –PRINCIPAL FEATURES

7.1 Characteristics of Units to be offered

The Management Company reserves the right to alter the minimum amounts stated below. In the event the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, conversion, transfer or transmission, the Management Company may instruct the Transfer Agent/Registrar to close such account by redeeming the Units in such accounts at the close of any accounting period at the price applicable to redemption on such date. The Management Company may, with the consent of the Trustee and after obtaining prior approval of the SECP, introduce and offer other classes of Units vide supplemental or additional Offering Document(s) from time to time.

a) Types of Units

- a.) Class "A" (Restricted / Core Units)
Units issued to the Core Investors with no Sales Load. These Units cannot be redeemed for a period of two (2) years from the date of closure of First Offer. However such Units are transferable with the condition that they will not be redeemed for a period of two years.
- b.) Class "A" Units being offered and issued during the Pre-IPO (Private Placement) and Initial Offering Period (IPO) with no Sales Load.
- c.) Class "B" Units, which shall be offered and issued after the Initial Offering Period with Sales Load not exceeding five percent (5%) of the Offering Price. Since classification is being accorded, it is technically necessary to put the classification of the Units.

b) All Units shall rank *pari passu*.

- c) The Par value of Units is Rs. 50/- and the minimum investment shall be of Rs.5,000/- per application.
- d) 5,000,000 Units of the value of Rupees 250,000,000 million have been subscribed by the Core Investors at Par value. These Units cannot be redeemed for a period of two years from the date of investments. For this period they will be marked in the Register as Category “A ” Units. (Please refer to paragraph 6.3 of this Offering Document).
- e) The Units can be purchased at their respective Offer Price and redeemed at their respective Redemption Price, which shall be calculated on the basis of the NAV of the closing of the Business day. RIF shall announce the Offer and Redemption prices on a daily basis (Monday to Friday).
- f) During the initial period, Units will be issued at par value. No redemption will be allowed during the Initial Period.
- g) After the Initial Period, Units issued will carry a Front end Load not exceeding five percent (5) of the Net Asset Value (NAV), which shall be added to the Net Asset Value to calculate the Offer Price. Units will be redeemed at NAV from which shall be deducted any zakat applicable on these units and any amount as the Management Company may consider to be an appropriate provision of Duties and charges and such sum to be adjusted downwards to the nearest two decimal places.
- h) Sales Load is intended to cover costs of issue, including sales promotion, transfer and redemption of Units.
- i) Unit Holders will have the option to convert the dividend amount into Units, which will rank pari-passu with other Units from the date of issue of these Units. Please refer to paragraph 11.4 of this Offering Document.
- j) The distributable income may be distributed in the form of Bonus Units, which will rank pari passu with other Units from the date of issue of these Units. Please refer to paragraph 11.5 of this Offering Document.

7.2 Purchase and Redemption of Units

- a) Units can be purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices on any Business Day, which will be from Monday to Friday of each week in accordance with the

procedure set out in Parts 08 and 09 of this Offering Document.

- b) During the period the Register is closed, as mentioned in paragraphs 5.11 and 10.4 of this Offering Document, the sale and redemption of Units will be suspended.
- c) The Management Company may decline to issue Units to any applicant, if it is of the opinion that it will not be possible to invest substantial inflow of funds or to meet any regulatory requirement.

7.3 Offer and Redemption Prices

- a) For the Offer Prices during the Initial Period, please refer to paragraph 5.9 of this Offering Document.
- b) The Offer Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Business Day, and will carry Front- end Load at the rate of not exceeding 5% percent of NAV (subject to revisions by the Management Company from time to time, with prior approval of the SECP) and such amount as the Management Company may consider to be an appropriate provision of Duties and Charges and transaction cost and such sum to be adjusted upwards to the nearest two decimal places.
- c) The Redemption Price shall be equal to NAV as of the close of the Business Day, less an amount as the Management Company may consider to be an appropriate provision of Duties and Charges and such sum to be adjusted downwards to the nearest two decimal places.
- d) In the event the amount recovered as provision for payment of Duties and Charges pursuant to sub paragraph 7.3 (b) and 7.3 (c) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of the provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Deposited Property).
- e) In the event the amount recovered as provision for payment of Duties and Charges pursuant to sub paragraphs 7.3 (b) and 7.3 (c) above exceeds the relevant amount of such Duties and Charges, the Trustee shall refund such excess amount to the relevant Holders along

with the next income distribution or if instructed by the Management Company, at any time earlier.

- f) After the First Offer, the Purchase (Offer) Price for the Unit Holder shall be determined from time to time pursuant to Clause 7.2.3 of the Trust Deed hereafter and Rule 80 of the Rules and shall be calculated and announced by the Scheme on daily basis.

7.4 Suspension of Dealing, Queue System and Winding Up

Under the extraordinary circumstances mentioned in paragraph 5.11 of the Offering Document, the Management Company may announce a change in the method of dealing in Units.

- a) **Queue System-**In the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for upto ten percent (10%) of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of all Unit holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on basis proportionate to the size of the requests. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed ten-percent of the Units in issue, these shall once again be treated on first-come first- served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.
- b) **Winding up in view of major redemptions-** In the event the Management Company is of the view that the quantum of redemption requests that have built up are likely to result in the Fund being run down to an unsustainable level or it is of the view that the sell-off of assets is likely to result in a significant loss in the value for the Unit holders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit holders shall be paid after selling the assets and determining the Final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible.

PART 08 - PROCEDURE FOR PURCHASE OF UNITS

8.1 Who Can Apply

The onus for being qualified lies with the investor, and neither the Management Company, nor the Trustee, nor the Transfer Agent/Registrar nor the Distributors nor the Facilitators accept any responsibility in this regard. Applications for the issues of Units in RIF may be made by any investor or any related group of investors qualified or authorized to purchase the Units pursuant to the procedures described in paragraph 8.2 of this Offering Documents, including but not limited to:

1. Citizens of Pakistan resident in Pakistan (in respect of minors below 18 years of age, applications should be made by their guardians).
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 associations and /or bye-laws.
3. Pakistani resident abroad, foreign nationals and companies incorporated outside Pakistan, subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulation laws. Any person making an application for the issue of Units in RIF shall warrant that he is duly authorized to purchase such Units.
4. Provident funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time by S.R.O.
5. Provident, pension and gratuity funds constituted by organizations other than companies under section 20(h) of the Trusts Act 1882.
6. Insurance companies under the Insurance Ordinance, 2000.
7. Non Profit Organizations under section 213(i) of the Income Tax Rules 2002.

8.2 Application Procedure

1. Fully completed application form for purchase of Units, accompanied by the full amount of purchaser's payment, as specified in paragraph 8.3 and copies of the documents mentioned in subparagraphs (2) (3) and (4) of this paragraph should be delivered at any of the Authorized Branches of the Distribution Offices. Only Authorized Distribution Officers are authorized to collect applications and payment for issue of Units.

2. In case of individual applicants a photocopy of the National Identity Card of the applicant or any other form of identification acceptable to the Management Company.
3. In case of a body corporate or a registered society or a trust, attested copies of the following documents:
 - a). Copy of the memorandum and articles of association/ Charter/ Byelaws or rules and regulations;
 - b). Copy of the relevant resolution of the board of directors approving the investment
 - c). Copy of power of attorney and/or relevant resolution of the board of directors delegating any of its officers to invest the funds and/ or to realize the investment and;
 - d). Copy of Computerized National Identity Card (CNIC) of the officer to whom the authority has been delegated.
4. In case of existing account holders, if any of the documents have previously been deposited, fresh submission of documents will not be required provided that the deposited documents are acceptable to the Management Company.
5. If the applicant is incomplete or incorrect in any way the Distribution Office will advise the applicant in writing to remove the discrepancy within a period of fifteen days, failing which the application will be rejected and the amount will be refunded without any interest or mark-up.
6. The Distribution Company will be entitled to verify the particulars given in the application form. In case of any incorrect information the application may be rejected.

The applicant will receive a note confirming the receipt of the application from the Authorized Branch of the relevant Distribution Office, where application for purchase of Units was submitted.

8.3 Payment

Payment for Units can be made by cheque or bank draft or pay order, made payable to "CDC - Trustee Reliance Income Fund " and crossed "Account Payee only" and must be drawn on a Bank in the same town as the Authorized Branch of the relevant Distribution Company to which the application form has been submitted is located. **Payment for Units in cash will not be accepted.** It is reiterated that only Authorized Branches of Distribution Offices are

authorized to collect applications and payment in the form, as stated above, for issue of Units.

8.4 Joint Application

Joint application can be made by up to four related groups of applicants. Such persons shall be deemed to hold Units on first holder basis; however, each person must sign the application form and submit a copy of their National Identity Card or other identification document.

The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge by the Trustee of its obligations.

In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the application form shall be the only person recognized by the Trustee to receive all notices and correspondences with regards to the accounts, as well as proceeds of any redemption requests or dividend. Such person's acknowledgement of receipt of proceeds shall be considered as the valid discharge by the Trustee of its obligations. Provided however the Trustee and/or the Management Company may at their discretion request the production of a Succession Certificate from an appropriate Court before releasing of redemption requests or dividends in cases of doubts or disputes among the Joint Unit Holders and/or the legal heirs or legal representatives of the deceased.

Where Units are registered in the name of Joint Unit holders and subsequently additional Units are purchased by the same Joint Unit holders but the application is made in different order, such additional Units will be registered under a different account.

8.5 Allotment (Issue of Units)

If an application duly delivered at or posted to the Authorized Branch of any of the Distribution Companies is accompanied by the payment as prescribed hereinabove, Units applied for will be allotted (issued) on the date of receipt if it is a Subscription Day, or if not a Subscription Day, then on the next following Subscription Day provided the cheque or bank draft accompanying the application is realized. If the cheque or bank draft has been returned unpaid, the application will be rejected.

PART 09 -PROCEDURE FOR REDEMPTION OF UNITS

9.1 Application Procedure

- Request for redemption can be made by completing the prescribed application form and endorsing the relevant Certificate, if issued, on the Certificate and submitting the same to any Authorized Branch of the relevant Distribution Office on any Subscription Day. In case the Certificate is not issued, the applicant has only to complete the prescribed application form. The request for redemption would be

honored after verifying the signature and other particulars of the Unit Holder from the Register

- The Unit Holders will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- Class "A" (Restricted / Core Units) Units issued to the Core Investors. These Units cannot be redeemed for a period of two (2) years from the date of closure of First Offer.

9.2 Payment of Redemption Proceeds

- a) Unless otherwise instructed, payment of the redemption proceeds will be made by a crossed cheque, in favor of the Unit Holder's registered name, or in favor of the first-named Joint Holder in the event of Joint Holder, and will be sent at the registered address of the Unit Holder or first-named joint Holder or if so authorized by all the Joint Holders, at the address of the Joint Holder who has signed the application for redemption, as provided, within six business days after the receipt of a properly documented request for redemption of Units, provided that the redemption is not suspended (Please refer to paragraph 7.4 of this Offering Documents).
- b) However, if so instructed by the Unit Holder, payment of the redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first-named Joint Holder in the event of joint Holder, within six Business days after the receipt of a properly documented request for redemption of Units, provided that the redemption is not suspended.
- c) In the event of Units that are pledged, are redeemed for any reason whatsoever, the proceeds shall be paid to the order of the lien holder's designated bank account or posted to the registered address mentioned in the pledge/lien application form submitted.
- d) No money shall be paid to any intermediary except the Holder/Joint Holders or his/ their authorized representatives.

9.3 Joint Unit holders

Unless the Joint Unit holders of Units have specified otherwise, all the Joint Unit holders shall sign request for redemption of such Units.

9.4 Partial Redemption

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

9.5 Verification of Redemption Application Form

At the request of the Unit holder, the Transfer Agent/Registrar will verify

- (1) The holding stated on the Application for Redemption Form and
- (2) Signature of the Holder.

Where the redemption application form has been verified, the verified redemption application form will be the only instrument accepted by Management Company/Transfer Agent/Registrar for redemption of Units.

9.6 Redemption Requests in Excess of 10% of Units in Issue

Refer to Paragraph 7.4 (a) of this Offering Document.

9.7 Suspension of Issue or Redemption of Units

The Management Company may upon information to the Trustee suspend the issue or redemption of Units at any time during extraordinary circumstances mentioned in paragraph 5.11 of this Offering Document.

PART 10- TRANSFER OF UNITS

10.1 Application Procedure

The procedure herein below is designed for paper-based transactions. The Management Company may at a later date introduce electronic/ Internet based alternatives for the transactions.

- A Unit holder can transfer Units held by him by:
 - a. Completing a prescribed Transfer Application form to be signed by the transferor and transferee; and Paying any applicable Duties and Charges; and submitting to any of the Authorized Branches of the relevant Distribution Company the Transfer Application Form and relevant Certificate, if issued.
 - b. Any person becoming entitled to hold the Units in consequence of the death, insolvency or winding up of any sole Holder or the survivors of Joint Holder shall be registered as the Holder or Joint Holder, as the case may be, upon:
 - i. Paying any applicable Duties and Charges; and
 - ii. Submitting to any of the Authorized Branches of the relevant Distribution Office or Transfer Agent/Registrar or Management Company, the duly completed prescribed Transfer Application Form and relevant Certificate, if issued, with such

evidence, which may prove his entitlement to the Units.

- c) Application for transfer can be submitted on any Business Day during banking hours. The transferor shall be deemed to remain Holder of the Units transferred until the name of the transferee is entered in the register.

10.2 Partial Transfer

Partial transfer of Units covered by a single Certificate is permitted. Provided that in case of physical certificates issued the Unit holder must apply for splitting of the unit certificate representing the partial amount and then the new certificate shall be applied for transfer.

10.3 Verification of Transfer Application Form

At the request of the Unit holder, the Transfer Agent/Registrar will verify

- (1) The holding stated on the Transfer Application Form and
- (2) Signature of the Holder.

Where the transfer application form has been verified, the verified, the verified transfer application form will be the only instrument accepted by Management Company/Transfer Agent/Registrar for transfer of Units.

10.4 Closure of Register

The Management Company may close the Register by giving at least fourteen days notice to Holders and for a period not exceeding forty-five days in a calendar year. During the period the Register is closed, transfer applications will not be received.

PART 11. INCOME DISTRIBUTION

11.1 Accounting Period

The Accounting period will commence from the date of registration of RIF for the first year and from January 01, for all following years to December 31.

11.2 Declaration of Dividend

The Management Company shall decide not later than four months after the end of the Accounting Period whether to distribute profits, if any, available for distribution in the form of dividends or bonus Units(if in the interest of the Holder) to the Unit Holders. The balance of the net income will be retained for re-investment in the Fund. The Management Company may pay the Unit Holders interim dividend, if it considers that the income for the Accounting Period would justify such distribution.

11.3 Determination of Distributable Income

The amount available for distribution in respect of any Accounting Period shall be the sum of all income and net realized appreciation, from which shall be deducted; (i) the expenses, as stated in paragraph 12.1 of this Offering Document and (ii) any taxes on the Fund.

The income qualifying for distribution shall be adjusted as under:

- By additions of a sum representing amounts included in the Offer Price of Units for income accrued prior to the date of issue;
- By deduction of a sum representing all participation in income distributed upon redemption of Units; and
- By deduction of a sum representing diminution in the value of Deposited Property.

11.4 Reinvestment of Dividend

- a) Unit Holders may instruct the Management Company or the Transfer Agent/Registrar in writing to reinvest the future dividends to which he will be entitled on the total number of Units held by him, in the acquisition of Units with No Load. The Units purchased under one account folio cannot be split for receiving part cash dividend and part reinvestment of dividend. The applicants are advised to maintain two account folios under these circumstances. Such request will remain effective until it is countermanded in writing.
- b) The Offer Price for the Units to be issued under paragraph 11.4 (a) above will be the NAV on the close of the period for which the dividend is being distributed, as certified by the Auditors, after appropriation of the income of that year.
- c) Fractions of a Unit will be issued up to four decimal places of a whole Unit, and any amount remaining (if any) may be distributed to the Unit Holder. Certificates will not be issued for fraction of Units.
- d) Encashment of Bonus Units in the event a dividend is declared in the form of bonus Units, such Units shall be added to the holding of the Unit holders. A Unit holder may elect to receive the cash value of the bonus Units provided such Unit holder opts for such an arrangement at the time of applying for the Units or requests the Registrar in writing prior to the dividend declaration for any relevant period.

11.5 Payment of Dividend

- a) All payments for dividend shall be made by cheque/ warrant by the Trustee in favor of the Unit

Holder or to the first named joint Holder and sent through the registered post at their registered address. Every cheque/warrant shall be made payable to the order of the person to whom it is delivered.

- b) The Management Company may decide to distribute, wholly or in part the distribution income in the form of the stock dividend if it is in the interest of the Holder, which would comprise of the Bonus Units of the Trust. The Bonus Units would rank pari-passu as to their rights in the Net Assets, earning and the receipt of dividend and distribution with the existing Units from the date of issue of these Units. The Bonus Units will be issued at the Offer Price, as laid down in paragraph 11.4 (b) above.
- c) For the purpose of paragraph (b) above, the Bonus Units are defined as “Units issued on distribution of the distributable income in the form of stock dividend”.

11.6 Payment through Bank of Dividend/ Redemption Proceeds

Where an instruction has been received in such form as the Management Company shall consider sufficient, payment of dividend of the total number of Units held by the Unit holder can be arranged through bank account. For payment of redemption proceeds through bank account, instruction to this effect shall be given at the time of redemption application by indicating in the Application for Redemption Form.

11.7 Dispatch of Cheque/Dividend Warrants

Dividend warrants/advice shall be dispatched to the Unit holder's or the charge-holder registered address within 45 days after the declaration of dividend.

11.8 Stock Dividend

The Management Company may decide to distribute, wholly or in part the distribution income in the form of the stock dividend if it is in the interest of the Holder, which would comprise of the Bonus Units of the Trust. The Bonus Units would rank pari-passu as to their rights in the Net Assets, earning and the receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The Account Statement or Unit Certificate shall be dispatched to the Holders within the period (i.e. twenty one business days), as stated in Paragraphs 16.5 and 16.6 of this Offering Document. The Unit Holders have the option to en-cash the Bonus Unit at ex-dividend Net Asset Value as on December 31 of the relevant Accounting Period.

Bonus Units are hereby defined as the Units issued on distribution of distributable income, in the form of stock dividend.

PART 12- FEE AND CHARGES

12.1 Expenses of Reliance Income Fund

These should include but not limited to the following:

- Brokerage and Transaction Costs related to investing and disinvesting of the Fund Property.
- Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders.
- Bank charges and borrowing/financial costs; provided that the charges payable to any bank or financial institution against borrowings on account of the Scheme as permissible under Clause 6.4 of the Deed, shall not be higher than the normal prevailing bank charges or normal market rates.
- Auditors' Fees and expenses
- Listing Fee payable to the Stock Exchange(s) on which Units may be listed.
- Annual fee payable to the SECP under Rule 79 of the Rules; and
- Taxes, if any, applicable to the Scheme and its income and/or its properties.
- Mutual Funds Association fee and other expenses directly related to or arising out of the activities of the Fund.
- Marketing expenses specifically related to the Fund, subject to a maximum of 1% per annum, which shall be applied to the average daily Net Assets during such calendar month.
- Charges and levies of stock exchanges, national clearing and settlement company, SECP charges, CDC charges, CVT, Laga and such other levies and charges.
- Such expenses shall be paid to the Management Company at actual within thirty days of the incurring of such expense.
- Formation Cost
All preliminary and floatation expenses of the Trust including expenses incurred in connection with the authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation and publication of the Offering Document and all expenses incurred during the Initial Period, shall be borne by RIF and amortized over a period not exceeding five years. Formation Cost shall not exceed 1% of the subscription amount of the Core Investors (seed capital).

12.2 The Management Company shall be entitled to receive:

Remuneration during the first five years of the Scheme's existence of an amount not exceeding three per cent (3%) of the average annual Net Assets of the Scheme and thereafter of an amount equal to two per cent (2%) of such assets.

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

The Management Company shall be entitled to draw advance remuneration on monthly basis from the Fund Property out of its accrued remuneration.

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

The Management Company shall however not make any further material charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules and the Deed to be payable out of Fund Property.

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

12.3 The Trustee shall be entitled to receive:

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

TARIFF STRUCTURE

NET ASSETS

(Rupees in million)

From	To	Tariff
Rs. 1	Rs.1,000	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher
Rs>1,000	& ABOVE	Rs. 2.0 million plus 0.10% p.a. of NAV, exceeding Rs. 1,000 million

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

In consideration of the foregoing and save as aforesaid and as given above charges structure, the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Scheme. The Trustee shall not make any charge against the Unit Holders or against the

Fund Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Rules and the Deed.

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

The Trustee shall however not make any further material charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules and the Deed to be payable out of Fund Property.

12.4 Sales and Processing Charges (Front-end Load)

The Unit Sale Price includes sales and processing charges of a maximum of five percent (5%) of the Offering Price. The issue price applicable to Bonus Units issued by way of dividend distribution or issue of units in lieu of cash distribution shall not include any sales or processing charge. Transfer of Units from one owner to another shall be subject to a processing charge of an actual amount, which shall be recovered from the transferee.

12.5 Redemption Processing Charge (Back-end Load)

The Unit Redemption Price is calculated after deducting a processing charge not exceeding two percent (2%) from the Net Asset Value of the Unit.

PART 13- TAXATION

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

13.1 Taxation on the Income of RIF

The following is a brief description of the Income Tax Law (Income Tax Ordinance 2001) applicable in respect of RIF.

a) Liability for Income Tax

Under the Tax Law in Pakistan, RIF is regarded as a public company for tax purposes. The income of RIF is taxable at the rates applicable to a public company, which are as under:

- i. Dividend income received from a Pakistani Company shall be taxed at the income tax rate of 5%.
- ii. Capital gains arising on sale of securities listed on any stock exchange in Pakistan-exempt from tax up to Tax Year 2007.
- iii. Return from term finance certificates or corporate papers, profit on Government securities, return on deposits /certificates of investments with banks/financial institutions, profits from money market transactions, profit from profit or loss

sharing accounts with banks is taxable at the rate of 35% applicable to a public company (as per Income Tax Ordinance 2001).

b) Liability for income tax, if not less than 90% of income, as reduced by capital gains, realized or un-realized is paid as dividend or bonus.

Notwithstanding the tax rates stated under (a) above, the income of RIF will be exempt from Income Tax, if not less than 90% of the income of the year, as reduced by realized and un-realized capital gains is distributed amongst the Unit Holders as dividend or Bonus Units.

c) Withholding Tax

All Income, namely dividend return from term finance certificates or corporate papers, profit on Government Securities, return on deposit/certificate of investment with Bank/Financial institutions, profit from money market transactions, profit from profit or loss sharing accounts with banks of RIF will not be subjected to any withholding tax.

d) Capital Value Tax

Under Finance Act, 1989(V of 1989) as amended by Finance Act, 2004 (II of 2004) and subsequent changes in Finance Act, a Capital Value Tax at the rate of 0.02% of the purchase value of modaraba certificate or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (xlvii of 1984) or shares of a public company listed on a registered stock exchange in Pakistan shall be charged on purchase of the same. This tax will be collected by the stock exchange concerned.

13.2 Taxation on Unit holders and liability of Zakat

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

Holders of RIF will be subject to Income Tax on Dividend Income (excluding the amount of dividend paid out of capital gains on listed securities) as under:

	Rate
Public companies, insurance companies and any other resident companies	5%
Others	10%

The rate of tax so specified will be the final tax and the payer (Trustee) will also be required to withhold the amount of tax at source.

Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax

and on the basis of the exemption certificate, income tax will not be withheld.

Every banking company or non-banking finance company shall be chargeable to tax under the Head "Income from Business" on the portion of profit on debt, if any, included in Dividend, distributed by Reliance Income Fund, out of its income.

Capital Gains on disposition of Units in the Fund will be subject to capital gains tax at the applicable tax rate. The Units of the Fund are listed on the stock exchange in Pakistan in due course. Consequently, after such listing, the gain on disposal of Units shall be exempt from tax up to Tax Year ending on thirtieth day of June 2007.

Subject to listing at a stock exchange, Unit Holders of RIF, other than a company, shall be entitled to a tax credit under section 62 of the Income Tax Ordinance 2001 on purchases of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested in purchase of new Units, (b) ten percent of the taxable income of the Unit Holder, and (c) Rupees Two hundred thousand, and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within twelve months, the amount of tax payable for the tax year in which the Units are disposed shall be increased by the amount of credit allowed.

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

13.3 Disclaimer

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

PART 14- REPORTS AND ACCOUNTS

14.1 Accounting Period

The Accounting period will commence from the date on which the Fund is registered and in any other case from the end of the preceding Accounting Period.

14.2 Financial Reporting

The following reports will be sent to the Unit Holders:

- a) Annual audited financial statements, together with the auditors report, the report by the Management Company and the report by the Trustee within four months of the close of each Accounting Period. The Management Company shall be responsible for sending the Trustee's report to Unit Holders along with other reports. However, in the event the Trustee's report is not available for dispatch within the prescribed time period, the Management Company shall inform the Unit Holder of the fact, in writing.
- b) Un-audited financial statements (subject to limited scope review by Auditors), together with the report by the Management Company within two months of the close of the second quarter of each Accounting Period.
- c) Un-audited financial statement, together with the report by the Management Company within a month of the close of the first and third quarter of each Accounting Period.

The regularity of reporting will change if so required under the Rules and the Companies Ordinance and the regulation of The Stock Exchange, where the RIF is listed.

PART 15- WARNINGS

- a) **If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal adviser, stockbroker, bank manager, or other financial adviser. Investors must recognize that all investments involve varying levels of risk. The portfolio of RIF consists of market-based investments and is subject to market fluctuations and risks inherent in all such investments. The value of Units in RIF may appreciate as well as depreciate, and consequently the level of dividend declared by RIF may get affected to that extent. Investors are requested to read the Risk Disclosure**

contained in paragraph 5.15 of this Offering Document.

Disclaimer

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

- b) Prices of Units and income from them may go down as well as up.**

PART 16- SERVICE TO UNIT HOLDERS

16.1 Availability of Forms

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

16.2 Transfer of Account

- a) Once a Unit Holder has purchased a Unit from an Authorized Branch of the Distribution Office, all his records/forms will be kept and maintained at that Authorized Branch, however, for the convenience of the Unit Holder, the Account may be transferred to another Authorized Branch or another Distribution Office on application by the Unit Holder for transfer of account. In case the relevant Distribution Office does not continue as the Distribution Office, the Management Company and the Trustee will make arrangements for the Unit Holder's account to be transferred to another Distribution Office's Authorized Branch at the nearest location.**

- b) Notwithstanding the provision in sub-paragraph 16.2 (a), any Unit Holder may submit the application for redemption or transfer or any other requests for change in Register at any Authorized Branch of the relevant Distribution Office or the Management Company or Transfer**

Agent/Registrar and the requests will be processed.

16.3 Register of Unit Holders

- a) A Register of Unit Holders shall be maintained by the Management Company at its place of business stated at paragraph 6.4 above.
- b) Every Units Holder will have a separate account folio. Such account will reflect all the transactions in that account held by such Unit Holder.
- c) The Holder will be entitled to inspect his record in the Register and request copies thereof on any Business Day from 10: 00 A.M. to 1:00 P.M., except during the days when the Register is closed in accordance with the provision of the Deed, with the prior arrangement with the Management Company or the Transfer Agent/Registrar.
- d) The Register shall be conclusive evidence as to the Units held by each Holder.

16.4 Information in the Register: The Register will normally contain the following information:

16.4.1 About Unit Holders

- a.) Name of Unit Holder/ Joint Unit Holders;
- b.) Address of Unit Holder/first named Joint Holders;
- c.) National Identity Card Number(s) of Unit Holder/ Joint Holders;
- d.) Father's/ Husband's name of Unit Holder/ Joint Holders;
- e.) Occupation of Unit Holder/ Joint Unit Holders; and
- f.) Tax/zakat status of Unit Holder/ Joint Holders;
- g.) Record of signature of Holder/Joint Holder; and
- h.) Such other information as the management company may require

16.4.2 About Units

- a.) Distinctive numbers;
- b.) Certificate number, if applicable;
- c.) Dates of purchase/ redemption/ transfer and the reference number, if any;
- d.) Number of Units held
- e.) Record of verification of Transfer forms/ Redemption form; and
- f.) Such other information as the management company may require

16.4.3 Instructions

- a) Particulars of bank account if payment of dividend is to be made to credit of a bank account, or if payment is to be made to the Holder's registered address;
- b) Instruction about reinvestment of dividend in Units/encashment of Bonus Units;
- c) In case of joint Holders, any Holder may sign the application for redemption, if so authorized by all the joint Holders;
- d) Information and instruction about pledge/charge/lien of Units; and
- e) Information and instruction about nominees in case of death of the Unit holder;

The Unit holders may notify in writing any change of name or address or any other particular to the relevant Authorized Branch of the Distribution office, or to the Transfer Agent/Registrar. The Distribution office or Management Company will forward such application to the Transfer Agent/Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate if required to such Holder.

16.5 Account Statement

Upon written confirmation from the Trustee that the Offer Price for each Unit has been received in full from the applicant, the Transfer Agent/Registrar shall issue an Account Statement that will constitute evidence of the number of Units registered in the name of the Holder.

The Transfer Agent/Registrar will send directly to each Unit Holder a non-transferable Account Statement each time there is a transaction in the folio, i.e., Units are

- (a) Issued/Subscribed,
- (b) Redeemed
- (c) Transferred in favor of third person
- (d) Transferred from third person
- (e) Consolidated/ split;
- (f) Additional Units are issued against bonus issue or re-investment of dividend; and
- g) Bonus Units are issued.

An account statement will be posted within 21 Business Days after each relevant transaction.

16.6 Certificate(s)

- a) Unit Certificate(s) will be issued only if requested by the Unit Holders.
- b) Certificate(s) will not be issued for fractional Units.
- c) Unit Holders can apply for the issue of Certificate(s) by completing the prescribed application form and submitting it to the relevant Distribution Office or Transfer Agent/Registrar together with a fee at the rate specified in Trust Deed.
- d) Certificate(s) shall only be issued for Units that have been fully paid, in such denomination as may be required by the Holder.
- e) Certificate(s) where requested shall be issued as herein provided not later than twenty one Business Days after the date of such request. The Certificate(s) may be sent to the Holder or his duly authorized nominee at his own risk by registered post or by delivery.
- f) In the case of Units held jointly the Transfer Agent/Registrar shall not issue more than one Certificate for the Units held by such joint Holders and delivery of such Certificate to the Holder named first therein shall constitute sufficient delivery to all joint Holders or if so authorized by all the joint Holders, to any joint Holder so nominated. All payments required under the Trust Deed (i.e. redemption and dividend) will be made to first name joint Holder.
- g) Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive and serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- h) Units shall not be represented by more than one Certificate at any one time.

16.7 Replacement of Certificates

- a) Subject to the provisions of the Trust Deed and in particular to the limitations of the denomination of Certificate(s) as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Holder shall be

entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as the Holder may require representing the same aggregate number of Units.

- b) In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Transfer Agent/Registrar with the approval of the Management Company may issue to the person entitled new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

I. Returned the mutilated or defaced Certificate (s) or furnished to the Distribution Office/ Transfer Agent/Registrar satisfactory evidence to the Management Company of the loss, theft or destruction of the original Certificate(s);

II. Paid all expenses incurred in connection with the investigation of the facts and any notice to be issued in newspaper inviting any claim (if any) against the lost Certificate(s) to be notified to the Management Company, Trustee or Transfer Agent/Registrar; and

III. Furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Office/Transfer Agent/Registrar shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.

- c) Before the issuing of any Certificate under the provisions of this sub-clause the Distribution Office/ Transfer Agent/Registrar may require from the applicant for the Certificate the payment to it of a fee of fifty Rupees for each certificate, subject to revisions of fee form time to time by the Management Company together with a sum sufficient (if any) in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

16.8 Pledge/Lien of Units/Charge

Any Unit Holder may pledge/charge/lien all or any of his Units as security for debt to any third party. The Transfer Agent/Registrar shall take a note of the Pledge/charge/lien in his record, whether the

Certificate has been issued or not, provided sufficient evidence of pledge to the satisfaction of the Trustee and/ or the Transfer Agent/Registrar along with a joint request from the Unit Holder and the pledge is submitted on the standard application form, which is available at request. None of these parties, the Trustee, the Management Company, Distribution Office nor the Transfer Agent/Registrar, shall be liable for ensuring the validity of any such pledge/charge/lien. The disbursement of any loan against the constitution of such pledge/charge/lien shall be at the entire discretion of the lender and neither the Trustee nor the Management Company nor the Distribution Office and the Transfer Agent/Registrar take any responsibility in this matter.

Partial Pledge/lien of Units covered by a single Certificate is not permitted. However, Holders may apply for a splitting of the Certificate before applying for such partial pledge/lien.

Save any legal bar or court order requiring otherwise, any dividends that are declared on the pledged Unit including re-investment for Units and Bonus Units shall be made to the order of the Unit Holder. However, in the event the pledged Units are redeemed for any reason whatsoever, the proceeds shall be paid to the order of the lien holder/first named pledge holder.

The lien on the pledged Units shall continue until such time it is released by the lien holder in writing.

16.9 Nomination

A single Unit Holder can nominate a successor to receive the Units upon his death by completing the prescribed section of the application form for sale of Units and submitting the same to the Authorized Branch of the relevant Distribution Office.

PART 17- FINANCIAL INFORMATION

17.1 Auditors Certificate on Core Investors' Investment in the Units of the Fund

17.2 Auditors Certificate on Net Asset Value of Units in the Fund

17.3 Formation Cost

All preliminary and floatation expenses of the Trust including expenses incurred in connection with the authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation and publication of the Offering Document and all expenses incurred during the Initial Period, shall be borne by RIF and amortized over a period not exceeding five years. Formation Cost shall not exceed 1% of the subscription amount of the Core Investors (seed capital).

PART 18-GENERAL INFORMATION

The copies of constitutive documents i.e. Trust Deed and Offering Documents can be inspected free of charge or purchased from the addresses given below:

Noman Abid Investment Management Limited
Plot No 253, First Floor, PCG Plaza, Sarwar Shaheed Road, Karachi.

Central Depository Company of Pakistan
8th Floor, Karachi Stock Exchange Building
I.I.Chundrigar Road, Karachi.

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

PART 19- TERMINATION OF RIF

19.1 By the Management Company

The Management Company may terminate the Fund, if the Net Assets at any time fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit holders and SECP; and shall disclose the grounds of its decision. The Management Company may announce winding up of the Fund without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund property to meet such redemption would jeopardize the interests of the remaining Unit holders and that it would be in the best interest of the Unit holders that the Fund be wound up.

19.2 By the Securities and Exchange Commission of Pakistan

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

19.3 Winding up

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

PART 20- ARBITRATION

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

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

PART 21-SIGNATORIES TO THE OFFERING DOCUMENT

Names	Designation	Signature
Mr. Sardar Azmat Babar	Chief Executive Officer/ Director	
Mr. Kashif Ahmed	Chief Financial Officer & Company Secretary	

Dated : September _____, 2006

Place : Karachi

PART 22

AUTHORIZED BRANCHES OF THE DISTRIBUTION OFFICES

LIST OF DISTRIBUTION OFFICE

Faysal Bank Limited

KARACHI

1. Clifton Branch
Phone No: 021-5863771-73
2. Main Branch
Phone No: 21-2795200 111-747-747
3. D.H.A. Phase IV Branch
Phone No: 021-5802422
4. Gulshan Branch
Phone No: 021-4994261-63
5. Shahrah-e-Faisal Branch
Phone No: 021-4315634-36
6. North Nazimabad Branch
Phone No: 021-6625517-18

ISLAMABAD

1. Jinnah Avenue Branch
Phone No: 051-2275096-99

LAHORE

1. Mall Branch
Phone No: 042-7314051-54 111-747-747
2. Z-Block, DHA, Branch
Phone No: 042-5743741-43
3. Main Boulevard, Gulberg Branch
Phone No: 042-5872811-14

RAWALPINDI

1. Haider Road Branch
Phone No: 051-5525871-4

PESHAWAR

1. Peshawar Branch
Phone No: 091-270176-78

FAISALABAD

1. Bilal Road Branch
Phone No: 041-644481-84

MULTAN

1. Bosan Road Branch
Phone No: 061-6214902

PART 23
FORMS