

**ALL INVESTMENTS IN MUTUAL FUNDS ARE SUBJECT TO MARKET RISKS. THE NAV OF UNITS MAY GO UP OR DOWN BASED ON THE MARKET CONDITIONS. INVESTORS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE OFFERING DOCUMENT, IN PARTICULAR INVESTMENT POLICY, RISK DISCLOSURE, DISCLAIMERS AND WARNINGS MENTIONED IN CLAUSES 2.2, 2.7, 2.9, 9.3 & 11 RESPECTIVELY, BEFORE MAKING ANY INVESTMENT DECISION**

## Offering Document

# NIT Government Bond Fund

An Open End Fund

Managed by:  
National Investment Trust Limited



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**NIT GOVERNMENT BOND FUND**

**OFFERING DOCUMENT OF**

**NIT GOVERNMENT BOND FUND**

**MANAGED BY**

**NATIONAL INVESTMENT TRUST LIMITED**

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

**Date of Publication of Offering Document: November 6, 2009**

**Initial Offer: November 16, 17 & 18, 2009**

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The NIT Government Bond Fund (the Fund/the Scheme/the Trust/the Unit Trust/NIT GBF) has been established through a Trust Deed (the Deed) dated September 04, 2009, entered into and between National Investment Trust Limited (NITL), the Management Company, having registered Office at 6<sup>th</sup> Floor, NBP Building, I.I. Chundrigar Road, Karachi and Central Depository Company of Pakistan Limited (CDC), the Trustee, having registered Office CDC House, 99-B, Block ‘B’, S.M.C.H.S, Main Shakra-e-Faisal, Karachi and is registered under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (“Regulations”). The Trust Deed has been registered under the Trusts Act, 1882.

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**If you have any doubt about the contents of this Offering Document, you should consult one or more from amongst your legal advisors, stock brokers, bank managers, or other financial advisors.**

**Investors must recognize that all investments carry varying levels of risk. The portfolio of NIT Government Bond Fund consists of investments, which are subject to market fluctuations and risks inherent in all such investments.**

**The value of units of NIT Government Bond Fund may appreciate as well as depreciate, and consequently the level of dividend declared by NIT Government Bond Fund may get affected to that extent. Neither the value of the Units of the Fund nor the dividend declared by the Fund is, or can be, assured/guaranteed.**

**Investors are requested to read the, investment objective, Risk Disclosure and Disclaimer Statements and Warnings contained in Clauses 2.2, 2.7, 2.9, 9.3 & 11 respectively of this Offering Document.**

**REGULATORY APPROVAL & CONSENTS:**

**Approval of the Securities and Exchange Commission of Pakistan:**

The Securities and Exchange Commission of Pakistan (“**Commission**”) has registered the Scheme under Regulation 44 of the Regulations vide letter No. NBFC-II/NITL/896/2009 dated 24<sup>th</sup> September 2009 and has approved this Offering Document authorizing the offer of Units of the Scheme under Regulation 54 of the Regulations vide letter No. NBFC-II/NITL/987/2009, dated November 04, 2009.

It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of the Scheme 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, Rules & Regulations. It sets forth information about NIT Government Bond Fund that a prospective investor should know before investing in units of NIT Government Bond Fund.

**Filing of the Offering Document:**

The Management Company has filed a copy of the Offering Document signed by the Chairman & Managing Director along with the Trust Deed with the SECP. Copies of the following 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 this offering document:

- (1) License No. NBFC-II/10/NITL/AMS/07/2008 dated April 24, 2009 granted by SECP to NITL to carry out Asset Management Services;
- (2) SECP’s Letter No. NBFC-II/NITL/824/2009 dated August 31, 2009 approving the appointment of CDC as the Trustee of NIT Government Bond Fund;
- (3) Duly Registered Trust Deed (Deed) of NIT Government Bond Fund dated September 4, 2009 executed between National Investment Trust Limited (NITL) as the establisher and the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee;
- (4) SECP’s Letter No. NBFC-II/NITL/896/2009 dated 24<sup>th</sup> September 2009 registering NIT GOVERNMENT BOND FUND as notified entity in terms of Regulation 44 of the Non Banking Finance Companies and Notified Entities Regulations 2008
- (5) Letter dated August 06, 2009 from A. F. Ferguson & Co., Chartered Accountants, Auditors of NIT Government Bond Fund, consenting to act as the first auditors of NIT Government Bond Fund;
- (6) SECP’s letter No. NBFC-II/NITL/987/2009 dated November 4, 2009 approving this Offering Document.
- (7) SECP’s Certificate of Incorporation registering National Investment Trust Limited as an Asset Management Company under new number 0001573/11677 dated 20<sup>th</sup> July 2007 (old No. 1268/1962 dated 23<sup>rd</sup> October 1962).

**1. CONSTITUTION OF THE OPEN END SCHEME:**

**1.1 Name:**

NIT Government Bond Fund

The Fund is an open-end scheme and has been constituted by a Trust Deed entered into at Karachi on September 04, 2009 between:

**National Investment Trust Limited (NITL)**, a Non-Banking Finance Company incorporated under the Companies Ordinance 1984 and licensed by SECP to undertake asset management services, with its principal office at 6<sup>th</sup> Floor, NBP Building, I.I. Chundrigar Road, Karachi and

**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 Shahra-e-Faisal, Karachi, Pakistan, as the Trustee.

**1.2 Registered Address, Place & Date of Creation:**

The Registered Address of National Investment Trust Limited (NITL) as Management Company of NIT – Government Bond Fund is 6<sup>th</sup> Floor, NBP Building, I.I. Chundrigar Road, Karachi. The Scheme has been established by the Trust Deed executed herein Karachi between National Investment Trust Limited (NITL) being Management Company and Central Depository Company of Pakistan (CDC) being Trustee to the Fund on September 4, 2009. The official website address of National Investment Trust Limited is [www.nit.com.pk](http://www.nit.com.pk)

**1.3 Trust Deed:**

The Deed is subject to and governed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, Securities and Exchange Ordinance 1969, Companies Ordinance 1984 and all other applicable laws and regulations. The terms and conditions in the Deed and any supplemental deed(s) shall be binding on each Unit Holder. In the event of any conflict between the Offering Document and the Trust Deed the latter shall supersede and prevail over the provisions contained in this Offering Document. In the event of any conflict between the Trust Deed and the Rules or Regulations, the latter shall supersede and prevail over the provisions contained in the Trust Deed.

**1.4 Modification of Trust Deed:**

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

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1. To such extent as may be required to ensure compliance with any applicable laws, Rules and Regulations or any amendment of such laws, Rules and Regulations;
2. To enable the provisions of the Deed to be more conveniently and efficiently implemented;
3. To enable the Units to be listed on a Stock Exchange or any other Exchange; or
4. Otherwise to the benefit of the Unit Holders.

Provided that in case of (2), (3) and (4) above, such alteration or addition shall not prejudice the interest of the Unit Holders; and that, in any event, it shall not release the Trustee or the Management Company of their responsibilities.

Where the Deed has been altered or supplemented, the Management Company shall notify the Unit Holders at their respective registered addresses and the dispatch of such notices to the Unit Holders will be announced in one daily newspaper having its primary circulation in Pakistan.

However, if the Commission (SECP) modifies the Rules or Regulations for all the collective investment schemes, these will be deemed to have been included in the Constitutive Documents without requiring any modification as such.

### **1.5 Duration:**

The Duration of NIT Government Fund is perpetual. However, it can be wound up by the Commission or by the Management Company or the Trustee on the occurrence of certain events as stated in clause 13 of this Offering Document under the heading “Revocation of Open End Scheme”

### **1.6 Units**

- 1.6.1** The Fund is divided into Units having Par Value of Rs.10/- (Rupees Ten only) each. This price is applicable to such Units that are issued before or during the Initial Period. Thereafter, the Units shall be issued and redeemed on the basis of the Net Asset Value (NAV) of NIT GBF, which shall form the base for determining the Offer and Repurchase Prices.
- 1.6.2** All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in NIT GBF proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time.



**1.6.3 The Management Company may issue the following Classes of Units:**

- i. Class A Units would represent growth Units.
- ii. Class B Units would represent Income units.

Further information available in Clause 6.2 of this Offering Document

**1.7 Open-end Fund**

The Fund shall be an '**Income Fund**' and it shall offer and redeem Units on a continuing basis subject to terms contained herein and the Rules and Regulations. There is no upper limit set on the Units to be issued to a single Unit Holder or on the total number of Units to be issued to the public. However, the Management Company may impose, from time to time, certain amounts of minimum monetary investment limits to facilitate economical and efficient management of investors' accounts. Fractional Units up-to four decimal places will be issued to enhance economical and efficient handling. 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. Certificates representing the Growth Units will be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of a fee not exceeding Rs. 25/- per certificate, subject to revision of this fee from time to time by the Management Company.

**Initial Offer**

Initial Offer shall be made during the Initial Period which will be three Business Days and begins at the start of the banking hours on 16 November 2009 and shall end at the close of the banking hours on 18t November 2009. During Initial Period, Units will be issued at Par Value. During the Initial Period, Units will not be redeemed.

**1.8 Transaction in Units after Initial Period**

Subsequent to the Initial Period, the sale of Units at Par Value will be discontinued. Afterwards, the Units can be purchased at the Offer Price and redeemed at the Redemption Price. The Management Company will announce the Offer (Purchase) and Redemption (Repurchase) Prices on every Dealing Day on the basis of the Net Asset Value (NAV) of the Units after the close of the money market/ scheduled banks Business Hours but not later than the time period specified by the SECP. In the event there are closed days, for any reason, following a Dealing Day, the NAV determined for the next Dealing Day shall be adjusted for the accrual of income or losses if any for such closed day(s). The NAV based Offer/Redemption prices per unit shall be fixed after adjusting for the Front-end Load or the Back-end Load as the case may be and any Transaction Costs that may be applicable. Except for circumstances elaborated in Clause 6.8 of this Offering Document, such prices shall be applicable to Purchase and Redemption requests, complete in all respects, received before Cut-Off Time on the Dealing Day.

**2. INVESTMENT OBJECTIVES AND RESTRICTIONS:**

**2.1 OBJECTIVE OF THE FUND:**

The objective of NIT Government Bond Fund is to generate best possible return with minimum risk, for its Unit Holders, by investing primarily in the Government Securities.

**2.2 INVESTMENT POLICY:**

NIT Government Bond Fund inline with its investment objective would invest in following asset classes

- a. Securities issued by Government of Pakistan
- b. Reverse Repo in Government Securities
- c. Placement with Banks having investment grade rating and above.

At least 70% of the net assets shall remain invested in securities issued by GOP and reverse repo in securities issued by GOP, during the year based on quarterly average investment to be calculated on a daily basis or as permissible under the relevant regulations.

However, weighted average time to maturity of the net assets shall not exceed 7.5 years<sup>1</sup>.

The investment in above asset classes shall be subject to such exposure limits and minimum ratings, where applicable, as specified in this Offering Document, SECP directives, the Rules and the Regulations unless relaxed by the Commission.

All Fund Property, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution Account or to be kept for meeting the redemption requirements, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject to the provisions of Constitutive Documents, and the Regulations) be directed by the Management Company.

Any Investment may at any time be disinvested at the discretion of the Management Company to provide funds required for the purpose of any provision of the Constitutive Document or in order to retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid.

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<sup>1</sup> Amended vide 2<sup>nd</sup> Supplemental Offering Document dated January 09, 2014. The phrase “**shall be over 90 days but**” was deleted. This sentence was previously read as follows; “**However, weighted average time to maturity of the net assets shall be over 90 days but shall not exceed 7.5 years**”

## NIT GOVERNMENT BOND FUND

NIT Government Bond Fund plans to mitigate the following key risks in the Fund through Investment Policy parameters:

### 1. **Credit Risk:**

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

A) Default risk is the risk that the issuer of a fixed income security will not be able to pay the obligation, either on time or at all. Since at least 70% of net assets shall remain invested in government therefore to the extent of 70% of net Assets, this risk would be mitigated by investing in only securities issued by Government of Pakistan. Furthermore, as the scheme may take exposure upto 100% of Net Assets in government securities, the risk above 70% of net assets would be mitigated to the extent exposure is increased in government securities.

B) **Credit Spread risk** is the risk that there may be an increase in the difference between the return/mark-up rate of an issuers bond and the return/mark-up rate of a bond that is considered to have little associated risk (such as government bond or treasury bill). The difference between this and return/mark up rates is called credit spread. **Since NIT GBP would invest in Government Securities the risk to the extent of investment in Government Securities is mitigated.**

C) **Downgrade risk** is the risk that a credit rating agency may reduce the credit rating of an issuer of securities. Downgrades in credit rating will decrease the value of those fixed income securities. **Again this risk is mitigated by investing in securities issued by Government of Pakistan rather than investment in securities issued by corporate sector. This risk will be applicable only in case of downgrading of country rating.**

2. **Liquidity Risk:** **Mitigation of this risk is through Investment Policy parameters whereby** (i) NITGBF would invest only in securities issued by Government of Pakistan which are liquid to great extent. However, amount invested in PIBs of longer maturity (e.g. above 10 years maturity) might be considered slightly less liquid but overall effect of such instruments would be mitigated through weighted average time to maturity. The weighted average time to maturity will not be over 7.5 years. Furthermore, 25% to 30% of net assets shall be invested in cash and near cash instruments.

## NIT GOVERNMENT BOND FUND

### Changes in Investment Policy:

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

### 2.3 NIT GOVERNMENT BOND FUND – AUTHORIZED INVESTMENTS

NIT Government Bond Fund is an Income Fund and its “Authorized Investments” would comprise of specified portfolio of Government Securities and other cash & near cash Instruments. The allocation between various investments will be subject to i) regulatory constraints as an Income Fund ii) minimum rating and maximum maturity constraints as specified in this Offering Documents and SECP directives iii) minimum and maximum exposure limits as specified in this Offering Documents, SECP directives and the Regulations and iv) prevailing market conditions and opportunities. NITGBF will comprise the following investments<sup>2</sup>:

Sr. No.	Description	Entity* Rating	Maximum exposure limit	Minimum exposure limit
1.	Government Securities with maximum maturity of 30 years including “Reverse REPO” in Government Securities. (It includes Treasury Bills not exceeding 90 days maturity)	Not Applicable	100%	70%
2.	“Reverse REPO” in Government Securities	Not Applicable	15%	0%
3.	Cash in Bank Accounts (Excluding TDR)	BBB & Above	30%	25%
	Treasury Bills not exceeding 90 days maturity	Not Applicable	100%	
4.	Any investment, which may be authorized by the commission	As per Directives of SECP	As per Directives of SECP	As per Directives of SECP

<sup>2</sup> Amended vide 2<sup>nd</sup> Supplemental Offering Document dated January 09, 2014. The table was previously read as follows;

Sr. No.	Description	Entity* Rating	Maximum exposure limit	Minimum exposure limit
1.	Government Securities with maximum maturity of 30 years including “Reverse REPO” in Government Securities	Not Applicable	100%	70%
2.	“Reverse REPO” in Government Securities	Not Applicable	15%	0%
3.	Placement/Cash in Bank Accounts (Excluding TDR) and other near cash instruments like T-Bills with maturity not exceeding 90 days	BBB & Above	30%	25%
4.	Any investment, which may be authorized by the commission	As per Directives of SECP	As per Directives of SECP	As per Directives of SECP

## NIT GOVERNMENT BOND FUND

Since Investment would be in Government Securities which are backed by government sovereign guarantee, therefore, minimum rating requirement will not be applicable.

The Fund's Investment Process will be based on fundamental analysis of economic environment not limited to interest rates, inflation, monetary and fiscal policies, market liquidity including that of banking sector and strict adherence to Investment Policy, the risks identified therein and risk parameters established.

### 2.4 INVESTMENT RESTRICTIONS & EXPOSURE LIMITS

2.4.1 The Fund Property shall be subject to such exposure limits as are provided in the Regulations/circulars/directives (subject to any exemptions that may be specifically given to the Fund by the SECP). In the event exposure limits are exceeded owing to appreciation or depreciation in value of any investment, disposal of investment or redemption of unit, the Management Company shall not purchase such further security and the excess exposure shall be regularized in such manner and within such time as specified in the Regulations and prescribed by SECP.

2.4.2 The Management Company shall not on behalf of the Fund:

- a. affect a short sale in a security whether listed or unlisted,
- b. purchase any security in a forward contract;
- c. purchase any security on margin;
- d. apply any part of its assets to real estate, commodities or commodity contracts;
- e. invest in securities of the Management Company;
- f. issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness;
- g. apply for de-listing from Stock Exchange, unless it has obtained prior approval of the Commission in writing to the scheme of de-listing;
- h. lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person; provided that reverse repo transactions involving Government Securities shall not be attracted by this clause provided risk management parameters are disclosed in this Offering Document of the Scheme;
- i. Sell Units for consideration other than cash unless permitted by the Commission.

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- j. Without obtaining prior approval of the Commission merge the Scheme with another Collective Investment Scheme or take over any other Collective Investment Scheme.
- k. Take exposure in any other Collective Investment Scheme

2.4.3 In case of redemptions requests are pending for more than the period as stipulated in the Regulations, the Management Company shall not make any investment or rollover of any investment without consent of the Trustee.

2.4.4 The Management Company shall not net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.

### **2.5 BORROWING RESTRICTIONS**

Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained the Management Company may arrange borrowing with the approval of the Trustee, from Banks or Financial Institutions for the account(s) of the Scheme, provided that such arrangement shall not be resorted to, except for meeting the redemption request and the charges payable to such Bank or Financial Institution are not higher than the prevailing market rates. Provided further that the borrowing for the account of the Trust shall be arranged as per the manner and limitations prescribed under the Regulations from time to time but 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 instruction 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 limit provided in the Regulations.

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

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### **Benchmark:**

The performance of the scheme will be compared against a benchmark based on 70% average of weighted average yield of 6 months T-Bills auctions held during the period and 30% average most recently published 1 month deposit rates of “A” and above rated schedule banks.

The scheme will invest primarily in securities where the issuer is Government of Pakistan. It will also place funds with banks having investment grade rating & above. The weighted average time to maturity of the scheme will be over 90 days but shall not exceed 7.5 years. Thus, the selected benchmark shall act as a good mechanism for performance measure.

If the Fund Manager makes correct decisions on timing and selection of investments, the Scheme will out-perform the Benchmark, and vice versa.

### **2.6 TRANSACTIONS WITH CONNECTED PERSONS**

- a. The Management Company in relation to 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 amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively.
- b. The Management Company on behalf of the Scheme shall purchase from, or sell to, any security to Connected Person or employee of the Management Company as per Regulations and SECP directives.
- c. For the purpose of sub-paragraphs (a) and (b) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- d. All transactions carried out by or on behalf of the Scheme with Connected Person(s) shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme’s annual reports.

### **2.7 RISK DISCLOSURE**

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

**(1) Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in

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extreme cases a governmental or court order could restrain payment of capital, principal or income.

**(2) Reinvestment Rate Risk** – NIT Government Bond Fund will maintain portfolio with weighted average time to maturity not exceeding 7.5 years. In a declining interest rate economic environment, there is a risk that maturing securities/coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding months.

**(3) Price Risk** – The Fund bears price risk because of its long duration. Fixed income Government Securities, which include treasury bills, Pakistan Investment Bonds, Federal investment Bonds etc, pay fixed rate of return. The value of the fund, due to its holdings in such securities will rise and fall as interest rates change. For example, when interest rates rise, the value of an existing fixed income security may fall.

**(4) Credit Risk** - The Fund bears minimal credit risk because of its mandate to invest mainly in Government Securities. To the extent that NIT GBF will allocate a part of its portfolio in non-Government Securities i.e. deposits with scheduled banks with a minimum credit rating of ‘BBB’ & above from a duly approved Credit rating Agency, the Fund is exposed to some credit risk.

**(5) Liquidity Risk** - NITGBF would invest only in securities issued by Government of Pakistan. Some of which like T-Bills are liquid to great extent. However, government securities of longer maturity (e.g. above 10 years) are less liquid, whereas some Government Securities may also be less liquid than others in certain circumstances. In certain market environments, supply of Government Securities in comparison to their demand may increase with a negative impact on their valuations if they are to be sold in a short span of time.

**(6) Counter Party Risk:** The risk with reverse repo/money market placements transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/mark up, if the market value of the security has dropped.

**(7) Volumetric Purchase/Redemption of Units Risk:** Any significant transaction made by any investor could significantly impact a Fund’s cash flow. If the third party buys a large amounts of units of the 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 the securities at an inappropriate/inopportune time. This unexpected sale may have a negative impact on the performance of the Fund.



**(8) Other Risks Involved:**

- a. Third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud, etc., in the security in which an investment is made.
- b. Break down of law and order, war, terrorist activity, natural disasters, etc.
- c. Prices of Units of the Fund and income from them may go up or down.
- d. Failure of financial market, the settlement system, the clearing system or the depository.
- e. Volatility in prices resulting from their dependence on market sentiment, speculative activities, supply and demand for the securities and liquidity in the market.

**2.8 EXTRA ORDINARY CIRCUMSTANCES**

Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of issuance and redemptions, invoke a queue system or announce winding-up in such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request was lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

**2.9 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.

**3. OPERATORS AND PRINCIPALS:**

**3.1 Management Company:**

National Investment Trust Limited is a Non-Banking Finance Company with a license to perform Asset Management Services as per NBFC Rules 2003. The paid up capital of National Investment Trust Limited is Rs. 63.36 million, held by:

## NIT GOVERNMENT BOND FUND

Sr. No.	Names	% of Holding	Number of Shares	Amount (Rs)
01	Mian Tajammal Hussain	8.33 %	52,800	5,280,000
02	Mr. Ahmed Dawood (Late)	8.33%	52,800	5,280,000
03	Adamjee Foundation	8.33%	52,800	5,280,000
04	Industrial Development Bank of Pakistan	8.33%	52,800	5,280,000
05	Industrial Development Bank of Pakistan – (Formerly ICP)	8.33%	52,800	5,280,000
06	NIB Bank Limited (Formerly PICIC)	8.33%	52,800	5,280,000
07	MCB Bank Limited	8.33%	52,800	5,280,000
08	United Bank Limited	8.33%	52,800	5,280,000
09	Habib Bank Limited	8.33%	52,800	5,280,000
10	Pakistan Reinsurance Company Ltd. (Formerly PIC)	8.33%	52,800	5,280,000
11	National Bank of Pakistan	8.33%	52,800	5,280,000
12	Government of Pakistan	8.33%	52,800	5,280,000
<b>TOTAL</b>		<b>100.00%</b>	<b>633,600</b>	<b>63,360,000</b>

### **ADAMJEE FOUNDATION**

- One of the oldest business groups of the region, Adamjee today symbolizes the "Business House" of the yester years, which is traditionally passed down from generation to generation of family members.
- The group is a well diversified conglomerate comprising of over twenty companies strategically divided into sub groups with cross holdings.
- Most prominent companies of the group are: Adamjee Insurance Ltd, Adamjee Industries, Adamjee Engineering (Pvt) Ltd and Adamjee Pharmaceuticals (Pvt.) Ltd.
- Adamjee Group is also accredited with setting up MCB, which was nationalized in 1974 followed by its privatization in 1991. MCB is currently one of the country's largest private banks.
- Adamjee Insurance Ltd is the largest insurance company of Pakistan with total assets of Rs18.5 billion (as on December 31, 2008).
- Adamjee Insurance received the Best Insurance Company Award for the Year 2008 by Consumer Association of Pakistan.

### **INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN**

- IDBP is one of Pakistan's oldest development financing institutions created with the primary objective of extending term finance for investment in the manufacturing sector of the economy.

## **NIT GOVERNMENT BOND FUND**

- IDBP has also become an important component of the financial sector of Pakistan and is playing an active role in money and capital market of the country.
- The Bank provides medium and long term finance in local and foreign currencies for the creation of fixed assets to new industrial projects as well as for expansion, balancing, modernization or replacement of existing projects.
- IDBP is wholly owned by Government of Pakistan with 57% of its shares held by Federal Government, 36% by State Bank of Pakistan and 7% by Provincial Governments and other Public sector corporations.
- A unique feature of IDBP is that besides Development Financing Institution, it is also a scheduled bank and an authorized dealer of foreign exchange.

### **NIB BANK LIMITED**

- NIB was incorporated in March 2003, following the merger of NDLC and IFIC Bank Limited. In 2004 it acquired the operations of Credit Agricole Indosuez. In June 2007, NIB Bank acquired majority shareholding of PICIC DFI and PICIC Commercial Bank Limited.
- The major sponsor of NIB is Temasek Holding Singapore with a stake of 74.08%. NIB is a subsidiary of Bugis Investment (Mauritius) Ptd. Limited which is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Limited which in turn is a wholly owned subsidiary of Temasek Holdings, an investment arm of Government of Singapore.
- Through its acquisition of a controlling stake in PICIC and PICIC Commercial Bank, the NIB Group as of December 31, 2008 had a network of 244 branches, total assets of Rs 179 billion and total deposits of Rs 105 billion.
- The total equity of NIB Bank stood at Rs 39.7 billion as of December 31, 2008.
- NIB is one of fastest growing commercial banks in Pakistan.
- NIB was rated AA- (Long term)/A1+ (Short Term) by Pakistan Credit Rating Agency Limited (PACRA) as of June, 2009.

### **MCB BANK LIMITED**

- MCB Bank is the third largest bank of Pakistan in terms of number of branches with a network of 1,040 branches across Pakistan.
- The bank's ordinary shares are listed on the all stock exchanges in Pakistan whereas its Global Depository Receipt (GDR) are listed on London Stock Exchange.
- In 2008, MCB was given the award as the Best Bank in Asia by Euro Money.
- Malayan Banking Berhad, the largest financial institution in Malaysia, acquired 20% shareholding in MCB in 2008.

## **NIT GOVERNMENT BOND FUND**

- Total assets of the bank increased to Rs444 billion in 2008 from Rs272 billion in 2003.
- Profit after tax increased to Rs 15.3 billion in 2008 from Rs 2.2 billion in 2003.
- The bank has been rated AA+ (Long Term) and A1+ (Short Term) by PACRA as of June 2009.

### **UNITED BANK LIMITED:**

- UBL has assets of over Rs. 550 billion and a solid track record of fifty years - in addition to the convenience of over 1,112 branches located throughout the country. It also has several overseas locations.
- Total assets have grown by Rs 74 billion (up 13%) to Rs 620 billion in 2008 with net advances increasing by 23% to Rs 378 billion and deposits by 20% to Rs 492 billion.
- International operations lent support to the bank's overall results in spite of tough economic conditions, contributing 30% of total profitability and 23% of total assets.
- UBL is continuously improving its risk management systems by upgrading existing systems and implementing new systems like Symbols (Treasury & Capital Markets), SAS (Basel II). Implementation of these systems will allow greater insights and better management of the bank's portfolio as well as enhance risk management capabilities.
- The bank has been rated AA+ (Long Term) and A1+ (Short Term) by PACRA as of June 2009.

### **HABIB BANK LTD:**

- HBL was the first commercial bank to be established in Pakistan in 1947. Over the years, HBL has grown its branch network and has become the largest private sector bank with over 1,450 branches across the country and a customer base exceeding five million relationships.
- HBL is currently rated AA+ (Long term) and A-1+ (Short term) by JCR-VIS as of June, 2009 and has a balance sheet size of over USD 11 billion. It is the first Pakistani bank to raise Tier II Capital from external sources.
- HBL received the 'Most Innovative GTFP (Global Trade Finance Program)' award. The award was received at the International Finance Corporation Annual Trade Conference in Paris where 126 issuing and 145 confirming multinational banks that were present.
- In October 2008, HBL received the 'Best Bank in Pakistan' award in recognition for its continuous efforts in providing world class products and services to customers.
- Global Finance magazine has named the "Best Emerging Market Banks in Asia" in an exclusive survey to be published in the May 2009 issue.

## **NIT GOVERNMENT BOND FUND**

- HBL has been rated as the top banking brand in Pakistan by The Banker. The Banker is the world's premier banking and finance magazine.

### **PAKISTAN REINSURANCE COMPANY:**

- Pakistan Reinsurance Company Limited (PRCL) was established in 1952 as Pakistan Insurance Corporation under PIC Act 1952 in order to support local insurance industry.
- PRCL is a public sector company under the administrative control of the Ministry of Commerce. The Company is headed by a Chairman with a nine member Board of Directors. Seven members of this Board are nominated by the Federal Government while others are elected from the business community enjoying excellent business credentials.
- PRCL is a state of the art reinsurer with the distinction of being the only reinsurer operating in Pakistan. PRCL is providing reinsurance support to the local insurance industry in respect of treaty & facultative business as well as managing specialized insurance schemes assigned by the Federal Government of Pakistan.
- Apart from administrative measures the financial restructuring is also a record milestone. The authorized Capital, which was Rs.1 billion in 2006 and Rs.4 billion in 2007, has now been enhanced to Rs.25 billion in 2008.

### **NATIONAL BANK OF PAKISTAN:**

- National Bank of Pakistan is the largest commercial bank operating in Pakistan. Its balance sheet size surpasses that of any of the other banks functioning locally. It has redefined its role and has moved from a public sector organization into a modern commercial bank.
- In Year 2008, NBP increased its number of overseas branches from 18 to 22.
- It was awarded “Best Foreign Exchange Bank 2008” by the world's leading financial journal “Global Finance.
- It has a AAA/A-1+ (Triple A/A-One Plus) rating on standalone basis by JCR-VIS as of June, 2009.
- NBP was awarded Best Return on Capital for 2006 amongst all Banks in Asia. - “Banker Magazine” in July 2007.
- Its standalone AAA rating (the highest in the industry), ROE, which is amongst the highest in the Asian Banking industry, and the comfortable capital adequacy ratios, position the bank well in front of its competitors for future growth.
- World's leading financial journal, “Global Finance” has named NBP as the Best Emerging Market Bank from Pakistan for the year 2006.
- Mr. S. Ali Raza, Chairman & President, NBP was awarded “The Asian Banker Leadership Achievement Award 2007” by Asian Banker (an internationally reputed Financial Journal) in its issue of June 2007.

**NIT GOVERNMENT BOND FUND**

**3.2 Board of Directors of Management Company**

**Board of Directors of National Investment Trust Limited**

<b>Name, Occupation &amp; Address</b>	<b>Position</b>	<b>Other Directorships</b>
<p>Mr. Tariq Iqbal Khan Chairman &amp; Managing Director – NITL House No. 69, Street 6, Phase V, Khayaban-e-Badban, DHA, Near Sultan Masjid, Karachi</p>	<p>Chairman &amp; Managing Director</p>	<ol style="list-style-type: none"> <li>1. Attock Refinery Limited.</li> <li>2. Askari Bank Limited.</li> <li>3. Bank Al-Habib Limited.</li> <li>4. Fauji Fertilizer Company Limited.</li> <li>5. Faysal Bank Limited.</li> <li>6. Glaxo Smithkline Pakistan Limited</li> <li>7. ICI Pakistan Limited</li> <li>8. Oil &amp; Gas Development Company Limited</li> <li>9. Packages Limited.</li> <li>10. Sanofi-aventis Pakistan Limited.</li> <li>11. Sui Northern Gas Pipeline Co. Limited.</li> <li>12. House Building Finance Corporation.</li> <li>13. -Inter Gas System (Pvt.) Limited.</li> <li>14. Industrial Development Bank Limited.</li> <li>15. Pakistan Telecommunication Mobile Limited.</li> <li>16. The Pakistan Electric Agencies (Pvt.) Limited.</li> </ol>
<p>Mr. Mian Tajammal Hussain Industrialist 23-F/2, Gulberg – III, Lahore.</p>	<p>Director</p>	<p>Chenab Textile Mills Limited.</p>
<p>Syed Ali Raza Banker National Bank Building, I.I. Chundrigar Road, Karachi.</p>	<p>Nominee Director of NBP</p>	<ol style="list-style-type: none"> <li>1. United National Bank (U.K) Ltd. London.</li> <li>2. Khushhali Bank.</li> <li>3. NBP Capital Limited.</li> <li>4. NBP Exchange Company Ltd.</li> </ol>

**NIT GOVERNMENT BOND FUND**

		<ol style="list-style-type: none"> <li>5. NBP Modaraba Management Co. Ltd.</li> <li>6. CJSC Subsidiary Bank of NBP Kazakhstan.</li> <li>7. Pakistan Industrial Development Corporation (Pvt.) Limited.</li> <li>8. The Institute of Bankers Pakistan.</li> <li>9. National Institute of Banking &amp; Finance Guarantee Limited.</li> <li>10. First Women Bank Limited.</li> </ol>
<p>Mrs. Rukhsana Saleem. Chairperson – Pakistan Reinsurance Company Limited (PRIC) F/63-II, Block-4, Clifton, Karachi.</p>	<p>Nominee Director of PRIC</p>	<p>Pakistan National Shipping Corporation (PNSC)</p>
<p>Mr. Jamal Nasim Banker House No. 313, Block 66, DHA Lahore.</p>	<p>Nominee Director of IDBP</p>	<ol style="list-style-type: none"> <li>1. Crescent Sugar Mills &amp; Distillery Limited</li> <li>2. Azam Textile Mills Limited</li> <li>3. Al-Asif Sugar Mills Limited.</li> <li>4. Mitchell’s Fruit Farms Limited</li> <li>5. Ellcot Spinning Mills Limited</li> <li>6. Lahore University of Management Sciences</li> <li>7. Lahore School of Economics</li> </ol>
<p>Mr. Aftab Ahmad Khan Banker 53-A, Nishat House, Lahore.</p>	<p>Nominee Director of MCB</p>	<ol style="list-style-type: none"> <li>1. MCB Bank Limited.</li> <li>2. Nishat (Chunian) Limited.</li> <li>3. Nishat Paper Products Limited.</li> <li>4. Nishat Power Limited.</li> </ol>

## NIT GOVERNMENT BOND FUND

		5. Nishat Chunian Power Limited. 6. Nishat Hotel & Properties Limited.
Ms. Nazrat Bashir Bureaucrat Islamabad	Nominee Director of Ministry of Finance.	1. Allied Bank of Pakistan Limited 2. NADRA Technology
Mr. Bahauddin Khan. Banker House No. 89/1, 27th Street, Phase 6, Khayaban-e-Hilal, DHA, Karachi.	Nominee Director of UBL	National Institutional Facilitation Technologies Limited. (NIFT)

### PROFILE OF DIRECTORS:

#### **Mr. Tariq Iqbal Khan, Chairman & Managing Director**

Mr. Tariq Iqbal Khan is the Chairman / Managing Director of the Company. He has more than 40 years of experience in the areas of Finance, Accounts, Capital Markets, investment management, Corporate Sector, Company Law, Tax, etc. He is a founder Director of Islamabad Stock Exchange and has also been its President from 1995 to 1998. He has also served as Member, Tax policy and Co-ordination in Central Board of Revenue and later joined Securities and Exchange Commission of Pakistan as a Commissioner and officiated as acting Chairman in 2000. He has a vast and diversified Board Room experience of Banks, Financial sector, Fertilizer, Chemical, Paper & Board and Energy sectors etc. Mr. Khan is a Fellow Chartered Accountant of Institute of Chartered Accountants, Pakistan.

#### **Mian Tajammal Hussain – Director**

Mian Tajammal Hussain is one of the founder members of the Board of Directors of NITL. He is the Chairman, Chenab Group, which is involved in integrated manufacturing and export of Textile goods as well as in Agricultural products. Mr. Hussain has qualified as a graduate in “Advance Management Course” at Harvard Business School, USA, along-with acquiring specialization in Industrialization from NUFFICE, Netherland. He has had a vast experience as a member on Board of State Bank of Pakistan, President – Lahore Chamber of Commerce & Industry, President – Lahore Stock Exchange (G) Ltd, Chairman – APTMA and Senior V.P., FPCCI. Also he is the Patron President of Pakistan Industrial Employers Federation, Chairman Skill Development Council Lahore, and President of Tajammal Foundation. Moreover he is the Honorary Counsel General of the Republic of Turkey.



## NIT GOVERNMENT BOND FUND

### **Syed Ali Raza, Nominee Director – National Bank of Pakistan**

Mr. S. Ali Raza is the Chairman and President, National Bank of Pakistan; the largest Commercial Bank in the Country. He has more than 36 years of Banking experience as well as a vast Board room experience of different Banks, Financial Institutions, Pakistan Banks Association, Multinational Companies, Sport Bodies, Academia etc. He is also the recipient of a numbers of awards, including Sitara-e-Imtiaz, Asian Banker Leadership Award etc. Mr. Raza is a graduate of London School of Economics and also holds Masters Degree in Administrative Sciences from Graduate Business Centre, London – UK.

### **Mrs. Rukhsana Saleem, Nominee Director – Pakistan Reinsurance Company Limited (PRIC)**

Ms. Rukhsana Saleem, Chairperson, Pakistan Reinsurance Company Limited is a Senior Civil Servant, having 32 years of diversified experience. She has served at various important positions with Government of Pakistan, which includes, Export Processing Zones Authority, Karachi Port Trust, Trading Corporation of Pakistan, Secretary – Department of Finance, Health, Local Government and Rural Development, Population Welfare and Women Development etc. She holds a Masters Degree in International Relations from Karachi University and another Masters Degree in Public Administration from Harvard University, USA. Mrs. Rukhsana Saleem is also director of Pakistan National Shipping Corporation (PNSC).

### **Mr. Jamal Nasim, Nominee Director – Industrial Development Bank of Pakistan**

Mr. Jamal Nasim, Managing Director, Industrial Development Bank of Pakistan, has more than 33 years of professional experience with NDFC and IDBP, which includes Commercial Banking, Project Management, Operation, Treasury, Risk Management, Internal Audit and Compliance etc. He also has substantial experience of serving on the Board of Directors of different companies in Textile, Sugar and Food sectors. He has also held the position of Executive Director, Equity Participation Fund. He holds a Masters degree, in Business Administration from Asian Institute of Management, Manila – Philippines.

### **Mr. Aftab Ahmed Khan, Nominee Director – MCB Bank Limited**

Mr. Aftab Ahmad Khan is the Group Director, Finance & Accounts, Nishat Group of Companies, which involves financial planning, strategic decision, and investment appraisals for the Group. Mr. Khan has over 46 years of diversified professional experience in various sectors; presently involved in Boards of Commercial Bank, Sugar, Paper, Energy, and hotel & tourism sectors, in associated companies of the Group. He also has served in Public Sector Organization dealing with Ghee and Rice milling sectors as well as Industrial Development Board, Punjab. Mr. Khan is a Fellow Chartered Accountant of Institute of Chartered Accountants, Pakistan and also practiced with Chartered Accountant Firms at various positions.

## **NIT GOVERNMENT BOND FUND**

### **Ms. Nazrat Bashir, Nominee Director – Ministry of Finance**

Ms. Nazrat Bashir represents Government of Pakistan on the Board of NITL. Ms. Nazrat Bashir is currently serving as Joint Secretary – Investment Wing, Finance Division, Government of Pakistan. She has more than 29 years of professional experience of working in various senior positions with the Government including Government of Punjab, Ministries of Defense, Industries, Finance, and Board of Investment. She holds a Masters Degree in Psychology from Peshawar University and another Masters Degree in Economics from New York University, New York, USA. She has also attended various local and international training courses of repute which included Executive Development Program (University of Harvard), Challenges and opportunities in modern International Finance, Instruments of Financial Markets etc.

### **Mr. Bahauddin Khan, Nominee Director – United Bank Limited**

Mr. Bahauddin Khan is a well reputed, experienced Bankers, currently serving as the Group Executive – Global Operations Services (SEVP), UBL. He is mainly responsible for planning and developing efficient Corporate, Retail and Consumer Operations, assuring high quality and delivery, maintenance of administrative services along with initiation and supervision of bank wide projects. Additionally he leads and directs the Business Continuity Planning framework. He also contributes to strategic planning, decision making and policy review for the Bank. He comes with a diversified professional background of more than 29 years acumen, with different Multinationals and Local Banks in various fields of Banking. He is also serving as the Chairman for National Institutional Facilitation Technologies (Pvt.) Limited (NIFT). He holds Master in Business Administration from Quaid-e-Azam University, Islamabad.

### **PROFILE OF THE MANAGEMENT:**

Mr. Tariq Iqbal Khan, Chairman & Managing Director

Mr. Manzoor Ahmed, Head of Asset Management

Mr. Amir Amin, Head of Finance

Mrs. Neelofar Hameed, Head of Corporate Affairs & Company Secretary

Mr. Asim Rafiq, Head of Internal Audit

Mr. Shahid Anwar, Head of Personnel

Mr. Firasat Ali, Head of Marketing

Mr. Kaleem N. Ahmad – Head of Legal

Mr. Saqib Mukhtar, Head of Institutional Sales

Mr. Latif A. Bawanay, Head of Brand & Media

Mr. Iqbal Ahmed, Head of Administration

Mr. Imran Rafiq, Head of Research

Mr. Raza Abbas Jaffery, Head of Trading

Mr. Shoaib A. Khan, AVP Fixed Income

## **NIT GOVERNMENT BOND FUND**

### **Mr. Tariq Iqbal Khan**

Mr. Tariq Iqbal Khan is the Chairman / Managing Director of the Company. He has more than 40 years of experience in the areas of Finance, Accounts, Capital Markets, investment management, Corporate Sector, Company Law, Tax, etc. He is a founder Director of Islamabad Stock Exchange and has also been its President from 1995 to 1998. He has also served as Member, Tax policy and Co-ordination in Central Board of Revenue and later joined Securities and Exchange Commission of Pakistan as a Commissioner and officiated as acting Chairman in 2000. He has a vast and diversified Board Room experience of Banks, Financial sector, Fertilizer, Chemical, Paper & Board and Energy sectors etc. Mr. Khan is a Fellow Chartered Accountant of Institute of Chartered Accountants, Pakistan.

### **Mr. Manzoor Ahmed**

Mr. Manzoor Ahmed is Head of Asset Management (SEVP) and currently managing investment portfolio of NIT worth over Rs. 90 bn. He has experience of over 20 years of the mutual fund industry and has been placed at many key positions within NIT which includes capital market operations, investments, research and liaising with the regulatory authorities. He is Masters in Business Administration from Bahauddin Zakariya University – Multan and D.A.I.B.P from Institute of Bankers of Pakistan. At present, he is also a candidate of CFA Level III. Mr. Ahmed has attended various training courses organized locally and internationally. He has a vast experience of serving on the Board of various listed companies of different sectors.

### **Mr. Firasat Ali**

Mr. Firasat Ali heads the Marketing Division and looks after a network of 19 Branches spread all over the country. His professional career of 34 years includes working with NIT for the last 9 years, and the rest with UNDP, USAID, Investment Advisory Centre of Pakistan, World Bank, Asian Development Bank, Aga Khan Rural Support Program and Board of Investment and Trade Punjab. Mr. Firasat Ali has done M.A. Economics from Government College Lahore and M.A. Agriculture Economics from Leeds University, England.

### **Mr. Shahid Anwar**

Presently, he is Head of Personnel Department and the MD's Secretariat. Mr. Anwar has been associated with NIT for the last 6 years, having an overall corporate experience of over 32 years including a long association with Investment Corporation of Pakistan at key positions. He holds Masters Degree in Business Administration and D.A.I.B.P from Institute of Bankers of Pakistan. Mr. Anwar also represents NIT as Nominee Director in a number of companies.

### **Mr. Aamir Amin**

He is the Chief Financial Officer of NITL, since 2008 with over 12 years of total work experience. Mr. Amin is a Chartered Accountant by profession from Institute of Chartered Accountants of Pakistan with training from Ernst & Young- Pakistan and also a Certified Information Systems Auditor. Mr. Amin is also representing NIT as Nominee Director on various Boards.

## NIT GOVERNMENT BOND FUND

### **Mr. Kaleem N. Ahmad**

He is the Head of the Legal Affairs Department of NITL, with over 14 years of corporate experience, primarily with Orr, Dignam & Co. and Hafeez Pirzada Law Associates, and was in independent practice for a few years before joining NITL. Mr. Ahmad's focus has been on corporate, commercial, regulatory, and enforcement issues as well as the project financing documents. He holds a Law Degree from the University of Punjab, prior to which he read Mechanical Engineering at the University of London. He also represents NITL on the board of various listed companies.

### **Mr. Saqib Mukhtar**

Mr. Saqib Mukhtar is the Head of Institutional Sales at NITL. An MBA, having more than 37 years of diversified experience with leading international banks and local financial institutions including senior (general) management positions in the Country as well as abroad. He has also attended various courses and conferences within and outside Pakistan including a short course on managerial skills at Ashridge Management College, U.K.

### **Mr. Asim Rafiq**

Mr. Asim Rafiq is presently working as Head of Internal Audit at NITL. He is a qualified Chartered Accountant from Institute of Chartered Accountants of Pakistan, with training from A.F. Ferguson & Co. Chartered Accountants and also a Certified Internal Auditor from the Institute of Internal Auditors, USA. He has a work experience of over a decade, substantially in financial services sector. In addition to his responsibilities as Head of Internal Audit, Mr. Rafiq is also representing NITL as a Nominee Director in different companies.

### **Ms. Neelofar Hameed**

Ms. Neelofar Hameed is the Company Secretary of NITL and is also holding the position of Head of Corporate Governance & Corporate Affairs Department. Ms. Hameed has 25 years of working experience including Industrial Development Bank of Pakistan and Pakistan Institute of Corporate Governance. She is a Mechanical Engineer, from NED University, as well as a Certified Chartered Secretary. She is also a qualified Mediator & Master trainer (CEDR, UK-IFC) on Alternate Dispute Resolution as well as a Certified Director (Risk Metrics, USA-IFC).

### **Mr. S. Iqbal Ahmed**

Mr. Iqbal Ahmed is currently working as "Head of Administration". He has long association of 21 years with NIT working in different areas. He is an active member of various committees of NIT. Mr. Iqbal holds Bachelor degree in Commerce from Karachi University.

### **Mr. Latif A. Bawany**

Head of Brand and Media at NIT, Latif Bawany has over 13 years of diverse media experience including advertising, brand management, electronic media and media

## NIT GOVERNMENT BOND FUND

planning. His work exposure has been strongly influenced by working with global institutions such as Mc Cann-Ericsson, J. Walter Thomson, MindShare and CNBC Pakistan. Mr. Bawany holds a Marketing degree specializing in marketing management from Southeastern University.

### **Mohammed Imran Rafiq**

He is presently the Head of Research with almost 4 years of experience in the financial services sector and 3 years of experience in textile manufacturing operations. Mr. Rafiq is an MBA from the University of Manchester, UK, a MS and BSc in Textiles Chemistry from USA and is a CFA Charter candidate. He is also serving as NIT nominee Director on the Board of 2 listed companies.

### **Raza Abbas Jaffery**

Raza Abbas Jaffery is working with NIT since 2001 in the Asset Management Division. Currently he is heading the Trading Department of NIT. He is also a fund manager of NIT-Equity Market Opportunity Fund. Mr. Jaffery is an MBA in Finance. Mr. Jaffery also has four years work experience in the money market. He is also serving as NIT nominee director on various boards.

### **Shoaib Ahmad Khan**

Mr. Shoaib A. Khan has been associated with NIT for the last 14 years. Presently, he is working as AVP – Fixed Income looking after Fixed Income Portfolio and Product Development. He is an MBA in Finance from Philippines and also holds D.A.I.B.P from Institute of Bankers, Pakistan. Mr. Shoaib also represents NIT as Nominee Director on the Board of a listed Textile Company.

## **3.3 DUTIES AND RESPONSIBILITIES OF THE MANAGEMENT COMPANY**

- The Management Company shall establish, manage, operate and administer the Fund in accordance with the Rules, the Regulations, the Trust Deed and this Offering Document
- The Management Company has the primary responsibility for all record keeping, regular determination of announcement of prices and for producing financial reports from time to time. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.
- The responsibilities of the Management Company are to invest and manage the assets of the Fund in the interest of the Unit Holders, according to the provisions of the Deed, this Offering Document, the Rules and the Regulations in good faith, to the best of its ability, and without gaining any undue advantage for itself or any of its related parties including Connected Persons and group companies or its officers.

## NIT GOVERNMENT BOND FUND

- The Management Company shall appoint a qualified fund manager and constitute an investment committee in accordance with the provisions of the Regulations to invest and manage assets of the Fund. The investment committee shall be responsible to the Chief Executive of the Asset Management Company and the Chief Executive shall ensure that Committee functions effectively.
- The Management Company shall comply with the provisions of the Rules, the Regulations, the Deed and Offering Documents for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of the Deed to be the act of the Management Company.
- The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker.
- The Management Company shall be liable to the Trustee for any loss in value of the Fund Property where such loss has been caused by its negligence or reckless or willful act and/or omission or by its officers or agents.
- Any purchase or sale of Investments made under any of the provisions of the Deed shall be made by the Trustee according to the instructions of the Management Company, unless such instructions are in conflict with the provisions of the Deed or the Rules or the Regulations. The Management Company shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issues of Units and paid out by the Scheme on redemption of Units and by way of distributions and pay out at the termination of the Scheme;
- The Management Company shall prepare and transmit the annual report (physically or subject to SECP approval through electronic means or on the web) in such form and manner as set out in Regulations as amended or substituted from time to time.
- The Management Company shall prepare and transmit quarterly reports (physically or subject to SECP approval through electronic means or on the web) in such form and manner as set out in Regulations as amended or substituted from time to time.

## NIT GOVERNMENT BOND FUND

- The Management Company shall maintain a record of Unit Holders of the Scheme and inform the Trustee and the Commission of the address where the Register is kept. However, the Management Company may appoint a Registrar, as its agent, to maintain the register and may, from time to time, (with the intimation to the Trustee and the Commission) remove or replace the Registrar.
- The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Trust.
- The Management Company shall with the consent of the Trustee appoint at the establishment of the Scheme and upon any vacancy, the Auditor, who shall be independent of the auditors of the Management Company and of the Trustee. The appointment of Auditor and contents of the Auditor's report shall be in accordance with the provisions of the Rules and Regulations.
- The Management Company shall not be under any liability, except such liability as may be expressly assumed by the Deed or liability imposed under the Rules and the Regulations, nor shall the Management Company (save as herein otherwise provided) be liable neither for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty hereunder. The Management Company shall also not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control. If for any reason it becomes impossible or impracticable to carry out the provisions of the Deed, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- The Management Company shall, under intimation to the Trustee, from time to time appoint, remove or replace one or more Distribution Company (ies) for carrying out the Distribution Function(s) at one or more locations locally or internationally. Provided the Management Company and its affiliates may also perform Distribution Function(s) and act as a Distribution Company (ies). The Management Company shall ensure, where it delegates the Distribution Function, that the Distributors to whom it delegates, have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the commission and are abiding by the code of conduct prescribed by the association(s) and the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.
- The Management Company shall obtain rating of the Fund, once it becomes eligible for rating as per the rating criteria of the rating agency, and such rating shall be updated once every year and shall be disclosed in the annual and

## NIT GOVERNMENT BOND FUND

quarterly reports.

- The Management Company shall designate and disclose the location of its official points for acceptance of applications for issuance, redemption, conversion, etc of units in this Offering Document of the Scheme and its website. The Management Company shall receive the said applications only at such designated points. The current list of designated points is disclosed in Annexure “C” of this Offering Document.
- The Management Company shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc of units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.
- The Management Company shall announce the Net Asset Value (NAV) of the Scheme as per Regulations or direction of SECP.
- The Management Company shall clearly specify Cut-Off Timings (for acceptance of application forms of issuance, redemption, conversion etc of units of the Scheme) in this Offering Document, on its web site and at designated points. Such Cut-Off Timing shall uniformly apply on all Unit Holders. The current Cut-Off Timing/Business Hours are mentioned in Annexure “B” of this Offering Document.
- The Management Company shall ensure that no entry and exit from the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than the following manners, unless permitted otherwise by the Commission under the Regulations:
  - a. cash settled transaction based on the formal issuance and redemption requests
  - b. net off issuance and redemption transaction at same net asset value when redemption request is ready to disburse and rank at the top in the list of pending redemption requests (if any)

### 3.4 DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

- Take under its control all the property of the Scheme and hold it in trust for the Unit Holders in accordance with the Rules, Regulations and the Constitutive Documents and the cash and registerable assets shall be registered in the name of, or to the order of the Trustee.
- The Trustee shall comply with the provisions of the Deed, the Rules and the Regulations, for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any



## NIT GOVERNMENT BOND FUND

- officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company. Provided that the Trustee shall be responsible for the willful acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Fund Property where such loss has been caused by willful act and/or omission of the Trustee or any of its officers, nominees or agents in relation to any custody of assets or investments forming part of the Fund property.
- The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Management Company, provided these are not in conflict with the provisions of the Deed or the Rules and the Regulations or this Offering Document. Whenever, pursuant to any provision of the Deed any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:
    - (a) a document signed or purporting to be signed on behalf of the Management Company, by any person whose signature the Trustee, is for the time being, authorized in writing by the Management Company to accept.
    - (b) Any instruction received online through the software solution adopted by the Management Company or the Trustee for managing and keeping records of the Fund to the satisfaction of the Trustee or the Management Company, as the case may be.
  - The Trustee shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
  - The Trustee shall ensure that the purchase, issue, repurchase, redemption, transfer and cancellation of Units effected by the Scheme are carried out in accordance with the provisions of the Constitutive Documents and the Regulations;
  - The Trustee shall ensure that the methodology and procedures adopted by the Management Company in calculating the value of Units are adequate and the pricing and valuation for sale, issue, repurchase, redemption and cancellation are carried out in accordance with the provisions of the Constitutive Documents and the Regulations;
  - The Trustee shall carry out the instructions of the Management Company in all matters including investment and disinvestment and disposition of the Fund

## NIT GOVERNMENT BOND FUND

Property, unless such instructions are in conflict with the provisions set out in the Constitutive Documents, the Rules, and the Regulations.

- The Trustee shall ensure that the investment and borrowing limitations set out in the Constitutive Documents and the Regulations and the conditions under which the Scheme was registered are complied with;
- The Trustee shall report to the Unit Holders in accordance with the Regulations and the Trust Deed including such report(s) to be included in the annual and quarterly reports of financial statements of the Fund
- The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money. The Management Company will provide the Trustee with the detail of issuance of Units on regular basis.
- The Trustee shall, in consultation with the Management Company, from time to time, appoint, remove or replace one or more Custodian(s) for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company.
- The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require, from time to time, in respect of the Fund Property and all other matters relating to the Trust.
- The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules and the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible. The Trustee shall be entitled to receive copies of financial statements on quarterly, half yearly and annual basis.
- The Trustee shall, if advised by Management Company, may if it considers necessary for the protection of Fund Property or safeguarding the interest of Unit Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized persons. All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses, provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of fiduciary duties in

## NIT GOVERNMENT BOND FUND

connection with its duties as the Trustee under the Deed or the Regulations. For the avoidance of doubt it is clarified that, notwithstanding anything contained in the Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities, whatsoever, suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise, howsoever, and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Fund.

- The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers at the time of this offering of the Scheme or for any subsequent change and shall ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration with any Broker.
- The Trustee shall not be under any liability, except such liability as may be expressly assumed by it under the Regulations and the Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company nor for anything except its own gross negligence or willful breach of duty hereunder. If, for any reason, it becomes impossible or impracticable to carry out the provisions of the Deed, the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- Trustee shall not invest in the Units of the Fund.
- Trustee shall immediately inform the Commission if any action of the Management Company contravenes the Ordinance, the Rules, these Regulations, Constitutive Documents, guidelines, codes, circulars, directives or any other applicable laws and comply with the directions of the Commission given in the interest of the Unit Holders.

### 3.5 CORE INVESTORS

National Investment Trust Limited is the Core Investor and has subscribed the amount stated below:

<b>Name</b>	<b>No. of Units</b>	<b>Rupees</b>
National Investment Trust Ltd	10,000,000	100,000,000
<b>Total</b>	<b>10,000,000</b>	<b>100,000,000</b>

The above core investor(s) has (have) subscribed a sum of Rs. 100 million towards the purchase of 10 million Core Units of Rs.10 each. As per Regulation

## **NIT GOVERNMENT BOND FUND**

44 (3) (e) (ii), the Core Investor has agreed to hold its investment to the extent of Rs. 50 million for a minimum period of two years, from the date of close of Initial Period. However, these Units are transferable with the same terms and conditions during the unexpired period.

### **3.6 TRANSFER AGENT**

The Management Company will perform duties as the Transfer Agent/Registrar of the Fund until any further notice and intimation to the Trustee. The Management Company will be responsible for performing the Registrar Functions including maintaining the Unit Holder's Register, preparing and issuing account statements, Unit Certificates and dividend warrants/advice and providing related services to the Unit Holders.

### **3.7 CUSTODIAN**

The Central Depository Company of Pakistan Limited (CDC) will also be performing the functions of the custodian of the Fund property. The salient features of the custodial function are:

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

The Trustee may, if it considers necessary, appoint additional custodians with the approval of the Management Company and at such terms and conditions approved by the Management Company, for the safekeeping of any portion of the Fund Property.

### **3.8 DISTRIBUTORS/FACILITATORS/SALES AGENTS**

Initially the management company would be performing the functions of distributors/facilitators.

The Management Company may, at its sole discretion, from time to time, appoint distribution companies, Investment Facilitators (Facilitators)/Sales Agents. The Facilitators'/Sales Agents' function is to identify, solicit and assist investors in investing in the Fund. The Management Company shall remunerate the Facilitators/Sales Agents out of its resources and/or from Front-End Load.

### **3.9 AUDITORS**

**A. F. Ferguson & Co.**  
**Chartered Accountants**

## NIT GOVERNMENT BOND FUND

(A member firm of PricewaterhouseCoopers)  
State Life Building No. 1-C  
I.I. Chundrigar Road, P. O. Box 4716  
Karachi-74000, Pakistan

**3.9.1** They will hold office until the transmission of the reports and accounts, which will cover the period from commencement of the Trust up to the end of the Accounting Period and will, afterwards, be eligible for reappointment by the Management Company with the concurrence of the Trustee. However, an auditor may be reappointed for up to five consecutive terms or such other terms as stipulated by the Regulations and/or the Ordinance, as amended from time to time. Thereafter, that auditor may only be appointed after a break in appointment.

**3.9.2** 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 or elsewhere and shall be entitled to require from the Management Company, Trustee and their Directors, Officers and Agents such information and explanations as considered necessary for the performance of audit.

**3.9.3** The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations.

**3.9.4** 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, profit and loss account, cash flow statement and statement of movement in Unit Holders' funds and on every other document forming part of the balance sheet and profit and loss account, including notes, statements or schedules appended thereto.

**3.9.5** The contents of the Auditors report shall be as mentioned in the Regulations

### **3.10 LEGAL ADVISORS**

An in-house legal advisor

**Address:**

Head of Legal Affairs Department  
National Investment Trust Limited  
6<sup>th</sup> floor, NBP Building  
I.I. Chundrigar Road  
Karachi

## NIT GOVERNMENT BOND FUND

### 3.11 BANKERS

The bankers to the Fund are National Bank of Pakistan and Bank Al Habib Limited. In addition, the Management Company may appoint any other Bank. The Trustee shall operate the account on instructions from the Management Company.

### 3.12 BANK ACCOUNTS

**3.12.1** The Trustee, at the request of the Management Company, shall open Bank Accounts titled “**CDC -Trustee NIT Government Bond Fund**” at designated Bank(s) in Pakistan and outside Pakistan as per the Rules, the Regulations and directives issued by the Commission and after obtaining all necessary approvals from the relevant regulatory authorities.

**3.12.2** The Management Company may also require the Trustee to open Bank Accounts as per Distribution Account for dividend distribution out of the Fund.

**3.12.3** Notwithstanding any thing in the Deed the beneficial ownership of the balances in the Accounts vests in the Unit Holders of the Fund.

#### **3.12.4 Investment of Core Investors and Pre-IPO**

The amounts received from the Core Investors and other Pre-IPO Investors would be deposited in Bank Account(s) titled “**CDC - Trustee NIT Government Bond Fund**”. The Management Company shall deposit/ invest this amount in Bank Account of a Bank having investment grade rating.

Income, profit etc. earned on the investments by the Core Investors and other Pre-IPO Investors up to immediately before the start of the Initial Period, shall after deducting all expenses that may be incurred by the Management Company, be paid (upon receipt of such income/profit) to the Core Investors and other Pre-IPO Investors in proportion to their respective investments. The remaining amount, after payment of Income, Profit etc. to Core Investors and other Pre-IPO Investors, will be transferred to the main Bank Account of the Fund upon the close of the Initial Period.

## **4. DETAILS AND NOTE ON THE PERFORMANCE OF THE COLLECTIVE INVESTMENT SCHEMES UNDER THE MANAGEMENT OF THE ASSET MANAGEMENT COMPANY:**

### **4.1 Performance of the Funds under the Management of National Investment Trust Limited**

As of June 30, 2009, National Investment Trust Limited was managing three funds with total funds under management of Rs. 65.44 billion as on June 30, 2009. PACRA assigned a rating of “AM2-” on the basis of results of FY08, which reflects the company’s very strong capacity to manage the risk inherent in asset management and asset manager meets very high investment management industry standards and benchmarks.

## NIT GOVERNMENT BOND FUND

1. National Investment (Unit)Trust – NI(U)T
2. NI(U)T – Loc Holders Fund
3. NIT – State Enterprise Fund

Another Open End Equity Fund namely NIT – Equity Market Opportunity Fund was registered as notified entity after June 30, 2009.

### **National Investment (Unit) Trust**

National Investment (Unit) Trust is the oldest mutual fund of the country with Rs. 27.731 billion assets under management as on June 30, 2009. National Investment (Unit) Trust was established under a Trust Deed executed between National Investment Trust Limited (NITL) as the Management Company and National Bank of Pakistan (NBP) as the Trustee. The Trust Deed was executed on November 12th, 1962, and was amended vide Supplemental Trust Deed dated June 26th, 1968, June 07th, 1981, November 27th, 1998, November 12th, 2002, December 31st, 2003 and January 18th, 2007. Pakistan Credit Rating Agency Limited (PACRA) has assigned a "2-star" rating (short term) and "3 star" (long term) to the Fund based on the performance for the period ended June 30, 2009.

### **Fund Information NI(U)T:**

• Launch date	12th November 1962
• Type	Open End Equity Fund
• Fund Size as on June 30, 2009	Rs. 27.731 Billion
• Par Value	Rs. 10
• NAV/unit	Rs. 27.14
• Benchmark	KSE 100 Index

### **5 Year Performance of Fund**

	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>
<b>NI(U)T (%)</b>	35.7%	28.2%	44.8%	-5.76%	-41.48%
<b>KSE 100 (%)</b>	41.1%	34.1%	37.9%	-10.8%	-41.72%
<b>Dividend Per Unit (Rs.)</b>	3.30	5.80	6.20	6.50	3.25

**Note: FY 05, 06, & 07 returns are based on consolidated information of NI(U)T & LOC Funds**

## NIT GOVERNMENT BOND FUND

### National Investment (Unit) Trust – LOC Holder’s Fund

National Investment (Unit) Trust LOC Holder’s Fund is the oldest mutual fund of the country with Rs. 22.462 billion assets under management as on June 30, 2009. The National Investment (Unit) Trust-LOC Holders' Fund was created as a result of scheme of unbundling/ splitting of National Investment (Unit) Trust [NI(U)T]. The scheme was prepared in accordance with the sixth supplemental Trust Deed dated January 18th, 2007 and signed by both the Management Company and Trustee on July 10th, 2008. Consequently, NI(U)T has been split into LOC and Non LOC Holders Funds. Pakistan Credit Rating Agency Limited (PACRA) has assigned a "2-star" rating (short term) to the Fund based on the performance for the period ended June 30, 2009.

#### **Fund Information (NI(U)T LOC:**

• Launch date	12th November 1962
• Type	Open End Equity Fund
• Fund Size as on June 30, 2009	Rs. 22.462 Billion
• Par Value	Rs. 10
• NAV/unit	Rs. 24.82
• Benchmark	KSE 100 Index

#### **5 Year Performance of Fund**

	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>
<b>NI(U)T-LOC (%)</b>	35.7%	28.2%	44.8%	-7.16%	-45.72%
<b>KSE 100 (%)</b>	41.1%	34.1%	37.9%	-10.8%	-41.72%
<b>Dividend Per Unit (Rs.)</b>	3.30	5.80	6.20	6.50	3.05

**Note: FY 05, 06, & 07 returns are based on consolidated information of NI(U)T & LOC Funds**

### NIT – STATE ENTERPRISE FUND

NIT-State Enterprise Fund was established under a Trust Deed executed between National Investment Trust Limited (NITL) as the Management Company and Central Depository Company of Pakistan Ltd. (CDC) as Trustee. The Trust Deed was executed



## NIT GOVERNMENT BOND FUND

on 24<sup>th</sup> October 2008. In order to ward off the systemic risk created in the equity market by forced sales and margin calls, the Government of Pakistan decided to launch the State Enterprises Fund under the management of NIT for the specific purpose of buying stocks of eight companies in which the GOP has a sizeable shareholding and thereby providing necessary liquidity in the market. NIT State Enterprise Fund launched its operations on 13<sup>th</sup> January 2009.

### Fund Information NIT-State Enterprise Fund:

• Launch date	13 <sup>th</sup> January 2009
• Type	Open End Equity Fund
• Fund Size as on June 30, 2009	Rs. 15.246 Billion
• Par Value	Rs. 10
• NAV/unit	Rs. 77.40
• Benchmark	KSE 100 Index

### Performance of the Fund since inception i.e. 13<sup>th</sup> Jan 2009

	Return since inception
<b>NIT-SEF (%) since Jan. 13, 2009</b>	54.80%
<b>KSE 100 (%) since Jan. 13, 2009</b>	18.55%
<b>Dividend Per Unit (Rs.)</b>	5.90

## 5. PERFORMANCE OF LISTED COMPANIES WHERE THE DIRECTORS ARE HOLDING SIMILAR OFFICE:

### 5.1 Financial Summary of Listed Associated Companies for Last Five Years

Fauji Fertilizer Co. Limited					
December	2004	2005	2006	2007	2008
Shareholder's Equity (Rs. in Mn)	12,294.90	12,440.90	12,956.50	12,730.10	12,285.20
Total Assets (Rs. in Mn)	26,443.10	28,449.10	27,430.30	29,241.20	31,919.00
EPS (Rs.)	8.1	9.9	9.4	10.9	13.2
Cash Dividend (%)	150%	120%	100%	110%	138%
Stock Dividend (%)	30%	40%	-	-	25%

## NIT GOVERNMENT BOND FUND

<b>Azam Textile Mills Limited</b>					
<b>June</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	-93.2	-83.9	-67.5	-51.5	-65.2
Total Assets (Rs. In Mn)	544.6	580.2	593.5	605.1	627
EPS (Rs.)	-1.4	-0.1	0.3	0.3	-1.8
Cash Dividend (%)	-	-	-	5%	-
Stock Dividend (%)	-	-	-	-	-

<b>Ellcot Spinning Mills Limited</b>					
<b>June</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	324.7	398.9	393.6	441.1	484.3
Total Assets (Rs. In Mn)	1,279.90	1,357.80	1,318.60	1,689.00	1,808.40
EPS (Rs.)	7.4	6.9	1.5	5.8	5.9
Cash Dividend (%)	20%	20%	15%	20%	15%
Stock Dividend (%)	-	-	-	-	-

<b>Nishat (Chunian) Limited</b>					
<b>June</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	2,009.20	2,676.20	2,788.80	2,686.20	2,600.20
Total Assets (Rs. In Mn)	5,075.60	8,247.60	9,465.20	9,753.90	10,626.30
EPS (Rs.)	8.5	9.6	3.3	0.1	0.2
Cash Dividend (%)	25%	20%	15%	15%	-
Stock Dividend (%)	-	60%	-	-	10%

<b>Askari Bank</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	6,016.10	8,587.40	11,053.20	12,266.00	12,971.40
Total Assets (Rs. In Mn)	107,168.00	145,100.00	166,034.00	182,171.90	206,191.10
EPS (Rs.)	15.3	13.4	7.5	8.9	1
Cash Dividend (%)	20%	15%	10%	15%	-
Stock Dividend (%)	20%	33%	50%	35%	25%

<b>Bank Al Habib</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	3,524.40	5,246.10	6,522.40	8,325.30	11,633.00
Total Assets (Rs. In Mn)	77,435.60	91,501.50	114,998.00	141,234.30	177,323.50
EPS (Rs.)	2.5	6.7	6.7	6	5.1

## NIT GOVERNMENT BOND FUND

Cash Dividend (%)	-	2%	2%	2%	0.0125
Stock Dividend (%)	35%	40%	40%	30%	28%

<b>Faysal Bank</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	10,214.00	14,260.00	13,796.00	16,156.50	10,772.10
Total Assets (Rs. In Mn)	78,538.00	110,281.00	115,470.00	141,277.40	138,241.50
EPS (Rs.)	6	8.3	6.7	4.3	2.1
Cash Dividend (%)	45%	35%	50%	25%	-
Stock Dividend (%)	10%	30%	0%	25%	15%

<b>Packages</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	4,191.90	7,736.50	13,673.00	18,171.00	16,272.80
Total Assets (Rs. In Mn)	6,474.50	11,611.70	22,679.20	33,438.40	35,034.90
EPS (Rs.)	19.7	16.2	83.2	59	-2.3
Cash Dividend (%)	85%	60%	60%	-	-
Stock Dividend (%)	-	-	5%	15%	-

<b>Crescent Sugar</b>					
<b>September</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	467.257	530.837	424.19	617.718	358.45
Total Assets (Rs. In Mn)	1316.187	1170.601	1208.852	1451.919	1300.736
EPS (Rs.)	-2.23	2.85	-2.77	-2.41	-2.08
Cash Dividend (%)	-	-	-	-	-
Stock Dividend (%)	-	-	12.50%	-	-

<b>Mitchell's Fruit</b>					
<b>September</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	237.1	247.7	236.9	262.6	260.8
Total Assets (Rs. In Mn)	446.4	478.5	483.4	578.4	721.4
EPS (Rs.)	4.2	4.1	-0.1	5.1	1.7
Cash Dividend (%)	20%	20%	-	20%	10%
Stock Dividend (%)	-	-	-	-	-

<b>Al Asif Sugar</b>					
<b>September</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	-762.4	-764.8	-773	-792.6	-647.5
Total Assets (Rs. In Mn)	438.8	550.5	509.7	459.2	486.4

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EPS (Rs.)	-0.7	3.6	-1.1	-1.7	9.6
Cash Dividend (%)	-	-	-	-	-
Stock Dividend (%)	-	-	-	-	-

<b>MCB Bank</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	14553	23734.3	40844.3	55119.7	58436.1
Total Assets (Rs. In Mn)	259174	298780.8	342108.2	410485.5	443615.9
EPS (Rs.)	7.2	21.4	23.4	24.3	24.5
Cash Dividend (%)	25%	40.2%	725.%	125%	115%
Stock Dividend (%)	10%	20%	15%	-	10%

<b>Allied Bank</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	10,256.00	14,550.00	17,688.00	19,878.00	22,355.60
Total Assets (Rs. In Mn)	154,926.00	192,574.00	252,027.00	320,109.70	366,680.20
EPS (Rs.)	0.4	4.8	6.8	6.3	6.4
Cash Dividend (%)	-	25%	25%	30%	25%
Stock Dividend (%)	-	-	20%	20%	10%

<b>Sui Northern Gas Pipelines Ltd</b>					
<b>June</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	9,605.90	12,884.00	15,108.70	16,289.50	17,138.80
Total Assets (Rs. In Mn)	56,924.80	65,014.00	77,236.60	83,684.60	97,647.60
EPS (Rs.)	4.6	5.5	7.5	4.9	4.5
Cash Dividend (%)	25%	30%	30%	30%	30%
Stock Dividend (%)	-	-	10%	-	-

<b>Hub Power Company Limited</b>					
<b>June</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Shareholder's Equity (Rs. In Mn)	31,671.80	29,985.20	29,052.30	28,470.70	29,532.40
Total Assets (Rs. In Mn)	46,635.70	43,515.40	44,993.50	62,696.70	90,185.70
EPS (Rs.)	4.7	2.4	2.3	2.2	3.3
Cash Dividend (%)	39%	31%	29%	22%	34%
Stock Dividend (%)	-	-	-	-	-

<b>Attock Refinery</b>					
<b>June</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>

## NIT GOVERNMENT BOND FUND

Shareholder's Equity (Rs. In Mn)	1,503.40	2,864.10	3,029.70	3,778.70	9,699.00
Total Assets (Rs. In Mn)	12,354.20	18,367.80	29,096.20	32,187.90	50,081.10
EPS (Rs.)	13.4	34.9	6.7	13.2	86.5
Cash Dividend (%)	50%	-	-	40%	80%
Stock Dividend (%)	-	50%	25%	25%	20%

<b>Glaxo Smithkline</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	5,548.20	6,738.00	7,536.90	8,117.60	8,354.90
Total Assets (Rs. In Mn)	6,865.20	8,266.40	9,443.80	10,164.50	10,625.60
EPS (Rs.)	16.8	16.6	12.2	9.8	11.5
Cash Dividend (%)	70%	80%	80%	75%	95%
Stock Dividend (%)	20%	25%	25%	25%	-

<b>ICI Pakistan</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	8,054.00	9,493.10	10,265.00	11,398.50	12,683.90
Total Assets (Rs. In Mn)	13,928.70	15,969.90	16,929.60	18,780.40	18,667.70
EPS (Rs.)	20.5	16.2	10.5	12.9	14.9
Cash Dividend (%)	40%	50%	55%	60%	65%
Stock Dividend (%)	-	-	-	-	-

<b>Oil and Gas Development</b>					
<b>June</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Shareholder's Equity (Rs. In Mn)	83,210.00	94,770.30	100,616.70	109,371.40	126,170.00
Total Assets (Rs. In Mn)	114,578.90	121,314.70	129,338.20	150,568.40	177,990.00
EPS (Rs.)	7.7	10.7	10.6	11.5	12.9
Cash Dividend (%)	98%	84%	85%	82%	64%
Stock Dividend (%)	-	-	-	-	-

<b>Sanofi Aventis</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	668.4	940.7	1,116.10	1,114.10	1,116.60
Total Assets (Rs. In Mn)	1,483.90	2,167.00	1,988.00	2,428.10	2,984.40
EPS (Rs.)	25.4	28.6	23.5	7.8	4
Cash Dividend (%)	75%	87%	71%	44%	14%
Stock Dividend (%)	-	-	-	-	-

## NIT GOVERNMENT BOND FUND

<b>Adamjee Insurance</b>					
<b>December</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Shareholder's Equity (Rs. In Mn)	1,387.00	2,426.00	3,788.00	7,652.00	8,444.00
Total Assets (Rs. In Mn)	8,005.00	9,182.00	11,139.00	18,766.00	18,545.00
EPS (Rs.)	4	11.4	15.4	41.1	10.8
Cash Dividend (%)	-	15%	21%	33%	30%
Stock Dividend (%)	-	-	19%	-	-

### NATIONAL INVESTMENT TRUST LIMITED:

(Rs in Million)

<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Profit Before Tax	572	878	972	734	-727
Profit After Tax	396	771	771	496	-796
Paid-up Capital	63	63	63	63	63
Shareholders' Equity	1,605	2,192	3,211	2,864	6,460
Total Assets	3732	3425	4698	3,844	22,365
Earning Per Share (Rs.)	625	1,217	1,217	783	-1,256
Cash Dividend (%)	130	300	500	500	200
Bonus (%)	-	-	-	-	50

## 6. CHARACTERISTICS OF UNITS:

### 6.1 Classes of Units

The Management Company shall issue following classes of Units:

Class A Units would represent growth Units.

Class B Units would represent Income units.

Front End Load and Back End Load would be as per annexure "B". However, no Front End or Back End Load would be charged to Core, Pre IPO and IPO Investors.

### 6.2 Details of Classes of Units

**6.2.1** An investor shall, at the time of opening an account, select the type(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Unit and/ or Income Unit.

**6.2.2** The minimum amount of investment to open an account is Rs. 5,000/- for Growth Units and Rs.100,000/- for Income Units. The minimum amount required to maintain an account of growth units is Rs. 4,500/-. The Management Company reserves the right to alter the minimum amounts stated hereinabove. If the investment in any investor's account falls below the minimum level as a result of

## NIT GOVERNMENT BOND FUND

revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Transfer Agent, under intimation to that investor, to close the account by redeeming the Units at the close of any accounting period at the price applicable to redemptions on such date. For Income Units, in case the amount falls below Rs.50,000/- Units would automatically be transferred to Growth Units without giving any notice to unit holders and his instructions for redemption at regular intervals would cease.

After the initial investment, Unit Holders of NIT Government Bond Fund may add a minimum of Rs.1,000/- per transaction in case of Growth Units and Rs. 2,500 in case of Income Units at their convenience. Units of NITGBF (including fractions thereof) shall be issued against the amount received from the Unit Holder(s) in accordance with the procedure laid down in this Offering Document. The Management Company may alter the minimum amount required for opening, maintaining or adding to the account. Provided that in case of an upward change in the minimum amount required for maintaining the account or adding funds, the Management Company shall give 14 days notice to Unit Holders.

- (i) **Growth Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders shall receive distribution income in the form of Cash Dividend or Bonus Units<sup>3</sup>. The Unit Holders shall choose one of the following two options:
  - a) Growth Units with the option of receiving Cash Dividend.<sup>4</sup>
  - b) Growth Units with the option of receiving Bonus Units.<sup>5</sup>
  
- (ii) **Income Units:** The Unit Holders, based on their own consent & instructions and with prior intimation to the Management Company, may exercise the option of redeeming a certain number of Units for fulfilling their requirement of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi-annually or annually). Such instructions shall be given in writing at the beginning of any Regular Interval or at the time of purchase of Units. Such units will be entitled to receive Bonus Units<sup>6</sup> if such units were outstanding at the time of declaration and no redemption request has been lodged there against or redemptions were not pending as per schedule instructed by the investors.

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<sup>3</sup> Amended vide 1<sup>st</sup> Supplemental Offering Document dated June 24, 2010. The phrase “**as declared by Management Company**” has been deleted.

<sup>4</sup> Amended vide 1<sup>st</sup> Supplemental Offering Document dated June 24, 2010. Previously, this clause was read as “**Growth Units with the option of receiving cash in case of Cash Dividend at the time of distribution.**”

<sup>5</sup> Amended vide 1<sup>st</sup> Supplemental Offering Document dated June 24, 2010. This clause was previously read as “**Growth Units with the option of receiving additional Units against Cash Dividend at the time of distribution.**” Furthermore, the following paragraph after clause no. 6.2.1(i)(b) “**However in the case the Management Company declares Bonus Units the same would be applicable for all Unit Holders including the Unit Holders who have opted for Cash Dividend.**” has been deleted.

<sup>6</sup> Amended vide 1<sup>st</sup> Supplemental Offering Document dated June 24, 2010. The following phrase in clause no. 6.2.2(ii) “**dividends in the form of additional Units against Cash Dividend**” was replaced with “*bonus units*”

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However in the case the Management Company declares Bonus Units the same would be applicable for all Unit Holders including the Unit Holders of Income Units.

**6.2.3** The Management Company shall, on the 25<sup>th</sup> of the last month of every Regular Interval, calculate the redemption value to be paid to the Income Unit Holder(s) based on the Redemption Price of that day. Provided that if 25<sup>th</sup> of the last month of a certain Regular Interval is not a Dealing Day the redemption arrangements of Income Units would be transferred to the next Dealing Day.

**6.2.4** Depending upon the instructions given by the Income-Unit Holders, the Income Units are further classified into two types:

(a) **Flexible Income Units** – The Flexible Income Unit Holders shall, at the time of purchase or beginning of a Regular Interval, authorize the Management Company to decide the quantum of part redemption of their unit holdings at the end of every Regular Interval based on the performance (NAV growth) of the Fund during that Regular Interval.

- If the value of investment increases (due to growth in NAV) during an interval, the Management Company will calculate the number of units to be redeemed in such a manner that the total redemption value of such units is equal to the increase in the value of investment during that interval.
- If the value of investment falls (due to fall in NAV) during an interval, the Management Company will not redeem any units at the end of that interval.

The amount so redeemed shall be made through payment instruments or transferred to the designated bank account within six (6) working days of the redemption.

(b) **Fixed Income Units** – The Fixed Income Unit Holders shall, at the time of purchase or beginning of a Regular Interval, specify a fixed cash amount required by them at Regular Intervals and authorize the Management Company to redeem (at the prevailing NAV) such number of units from their holding that in rupee terms is equivalent to the specified fixed amount required at the end of every Regular Interval.

The amount so redeemed shall be made through payment instruments or transferred to the designated bank account within six (6) working days of the redemption. As a result of operation of this Clause, the capital invested may deplete in case sufficient returns are not earned to cover the amount required by the Unit Holder.

**6.2.5** The Transfer Agent shall send an account statement to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by



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- electronic means or ordinary mail to the Unit Holder's address recorded in the register.
- 6.2.6** In case the Management Company announces a suspension of further issue of Units of NITGBF, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared on Units held under this option.
- 6.2.7** The Unit Holder may withdraw funds from the option at any stage by filling out and submitting the prescribed form to the Authorized Branches of the Distribution Companies/Distributor. If the value of the account goes below the prescribed amount as a result of loss in valuation or as a result of application of Clauses 6.2.4(a) & 6.2.4(b) above, the minimum value requirement shall not apply to that extent. In such an event, the Unit Holder is free to discontinue the option or convert the remaining Units into Growth Units.
- 6.2.8** Certificates representing Income Units shall not be issued. However, the Transfer Agent shall send directly to each Unit Holder an account statement each time there is a transaction in the account.
- 6.2.9** All Units and fractions thereof (up to four or more decimal places) represent an undivided share in the Scheme and rank *pari passu* as to their rights in net assets, earnings and receipt of dividends and distributions. Each Unit Holder has a beneficial interest in NIT GBF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's *pari passu* rights, the Management Company may, for the convenience of investors, issue Units with different features from time to time.
- 6.2.10** Unit Holders may obtain certificates representing the Growth Units they hold by paying a nominal fee of Rs.25/- per certificate. This fee may be revised from time to time by the Management Company. Requests for redemption, transfer or transmission of Units shall be processed only on the production of the certificate(s) if issued earlier. In the event of loss or defacing of certificates, the verification process shall be carried out to the satisfaction of the Management Company / Trustee / Transfer Agent and the associated costs, if any, will be borne by the Unit Holder.
- 6.2.11** The Transfer Agent may register a pledge / lien on any Units in favor of any third party with the specific authority of the Management Company. However, the pledge / lien shall be valid only if evidenced by a statement or letter issued by the Transfer Agent indicating the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien. (Please see Clause 6.7 for details).

### 6.3 Purchase and Redemption of Units

- (a) Units are purchased at the Offer Price and redeemed at the Redemption Price at any of the Authorized Distribution Offices on any Dealing Day in accordance with the procedure set out in Clauses 6.4 and 6.5 of this Offering Document.
- (b) Investors will be allotted and issued units based on the offer price of the Fund as announced by the Management Company on the day the payment is realized against duly completed application forms<sup>7</sup>.
- (c) During the period the register is closed, as mentioned in Clauses 6.8 and 7.8 of this Offering Document, the sale and redemption of Units will be suspended.
- (d) The Management Company may decline the issue of Units to any applicant if it is of the opinion that it will not be possible to invest the substantial inflow of funds or to meet any regulatory requirements.
- (e) The current Cut-Off Timing/Business Hours are mentioned in Annexure “B” of this Offering Document.

### 6.4 Procedure for Purchase of Units

#### 6.4.1 Who Can Apply?

Any investor or any related group of investors qualified or authorized to purchase the Units may make applications for the Purchase of Units in the Fund. The onus for being so qualified lies with the investor itself and neither the Management Company, nor the Trustee, nor the Transfer Agent, nor the Distributors nor the Investment Facilitators carry any responsibility in this regard. Application may be made pursuant to the procedures described in paragraph 6.4.2 below by any qualified or authorized investor(s) including, but not limited to, the following:

- Citizens of Pakistan resident in Pakistan. In respect of minors below 18 years of age, applications may only be made by their guardians.
- Companies, corporate bodies, financial institutions, banks, partners of a firm and societies incorporated in Pakistan provided such investment is permitted under their respective memorandum and articles of association and / or by-laws.

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<sup>7</sup>Amended vide 3<sup>rd</sup> Supplemental Offering Document dated August 21, 2014. The following phrase written in sub clause (b) of Clause 6.3, “**Units are issued after realization of subscription money; however, these are allocated upon receipt of application**” is deleted and replaced with “*Investors will be allotted and issued units based on the offer price of the Fund as announced by the Management Company on the day the payment is realized against duly completed application form*”

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- Pakistanis resident abroad, foreign nationals and companies incorporated outside Pakistan can apply for Units subject to the regulations of the State Bank of Pakistan and the Government of Pakistan and any such regulations and laws that may apply to their place of residence, domicile and citizenship. The payment of dividends and redemption proceeds to such investors shall be subject to the relevant taxation and exchange regulations / laws. Any person making an application for the Purchase of Units in the Fund shall warrant that he/she is duly authorized to purchase such Units.
- Provident Funds constituted by companies registered under the Companies Ordinance, 1984, subject to conditions and investment limits as laid down in Employees Provident Fund (Investment in Listed Securities) Rules, 1996, as amended from time to time, including by SROs.
- Provident, Pension and Gratuity Funds constituted by organizations other than companies under Section 20 (h) of the Trusts Act 1882, (11 of 1882).
- Insurance companies under the Insurance Ordinance, 2000.
- Non Profit Organization under Rule 213 (i) of the Income Tax Rules, 2002.

### 6.4.2 Account Opening Application Procedure

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

- A. Before purchasing Units of the Fund an investor must open an account with Management Company using the Registration Form (Annexure D) attached to this Offering Document.
- B. Once the Investor Account has been opened, the Investor will be allotted a specific Registration/Folio No./NITL Account No. which can be used for all future transactions to facilitate reference and linking.
- C. After opening an account, Unit Holder may purchase Units of the Fund using the Investment Form (Annexure E) attached to this Offering Document.
- D. Fully completed Investment Form for purchase of Units, accompanied with the full amount for the investment and copies of the documents mentioned in the subparagraphs below should be delivered at any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company during the Cut-Off Time/Business Hours on each Dealing Day as announced by the Management Company from time to time. Currently only the Authorized Branches of the Distribution Companies as mentioned in Annexure "C" of this Offering Document are authorized to

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collect application and payment for the issue of Units as laid down in Clause 6.4.4 of this Offering Document.

- E. In case of individuals, a photocopy of the Computerized National Identity Card (CNIC) of the applicant or any other form of identification acceptable to the Management Company needs to be furnished.
- F. In case of corporate bodies, registered societies, institutions, companies or trusts etc., the following documents/details (with attested copies – where applicable) should be submitted:
  - i. Investor's name
  - ii. List of Authorized Signatories along with copies of CNIC and their specimen signatures.
  - iii. Instructions for Redemption.
  - iv. Bank details.
  - v. Instructions for Dividend mandate, Zakat and Tax status.
  - vi. Memorandum and Articles/ charter / bye-laws or rules and regulation.
  - vii. Power of attorney and / or relevant resolutions of the board of directors delegating any of its officers to invest in the fund and / or to realize the investments and
  - viii. Other relevant documents as may be required by the Transfer Agent.
- G. In case of existing Unit Holders, if any of the documents have previously been deposited with the Management Company and/or Transfer Agent, fresh submission of documents will not be required provided that deposited documents are acceptable to Management Company. However, the account number must be provided to facilitate linking.
- H. The applicant will receive a note confirming the receipt of the Investment Form from Authorized Officer of the Distributor or Management Company. Payment of Units can be made by cheque, pay order or demand draft. Cash would be acceptable to the extent of Rs. 25,000/- or any other limit amended from time to time, by the management provided that it is in compliance with the regulatory requirements. The management company reserves the right to alter the limit for acceptance of cash.
- I. The Distribution Company and/or Management Company will be entitled to verify the particulars given in the Account Opening Form and Investment Form. In case of any incorrect information, the application may be rejected if the applicant fails to rectify the discrepancy.
- J. If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy. In the

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mean while the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any markup.

- K. However, in the event Units have been issued and a material discrepancy is discovered subsequent to that, the Transfer Agent or the Distributor will advise the applicant in writing to remove the discrepancy within fifteen days. If the investor, in the opinion of the Transfer Agent, fails to remove the discrepancy without good cause, the Units shall be redeemed at the Redemption Price fixed on the date the Units are so redeemed. The Unit Holder shall not be entitled to any payment beyond the redemption value so determined.
- L. Investors will be allotted and issued Units based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, on the day the payment is realized against duly completed Investment Forms submitted to the Distributor (please refer to Clause 3.8 above) and/or Management Company before Cut-off Time. However, the Investor will be provided the account statement within seven (7) Business Days after the said purchase amount of the Units purchased have been credited to the Fund Account<sup>8</sup>.

In the event a cheque is returned unpaid, the Management Company will assume the application for subscription as void and the Units allotted will be cancelled and the investor informed accordingly. The investor will be asked to submit new investment form along with fresh payment. Units will then be allotted based on the Offer (Purchase) Price, announced by the Management Company, of the Dealing Day on which the new Investment Form together with the payment is received by the Distributor and/or Management Company before Cut-off Time.

### 6.4.3 Joint Application

- A. Joint application can be made by up to four applicants. Such persons shall be deemed to hold Units on first holder basis. However, each person must sign the Account Opening Form and submit a copy of Computerized National Identity Card or other identification document.

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<sup>8</sup> Amended vide 3<sup>rd</sup> Supplemental Offering Document dated August 21, 2014. The Sub Clause (L) of Clause 6.4.2, was previously read as follows;

**“Investors will be allotted Units based on the Offer (Purchase) Price of the Fund, as announced by the Management Company, of the Dealing Day on which duly completed Investment Forms is submitted to the Distributor (please refer to Clause 3.8 above) and/or Management Company before Cut-off Time. However, the Investor will be provided the account statement within seven (7) Business Days after the said purchase amount of the Units purchased have been credited to the Fund Account”**

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- B. The first named Holder shall receive all notices and correspondence with respect to the account, as well as proceeds of any redemption, or dividend payments. Such person's receipt or payment into the person's designated bank account shall be considered as a valid discharge of obligation by the Trustee and the management company.
- C. In the event of death of the first Holder, the person first in the order of survivor(s) as stated in the Account Opening Form, shall be the only person recognized by the Trustee to receive all notices and correspondences with regard 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 of obligation by the Trustee and the management company.

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.

### 6.4.4 Purchase of Units

An application for purchase of Units may be lodged with any Authorized Branch of Distributor or presented to the Management Company directly. The application shall be in the form prescribed by the Management Company. Account Opening Forms/Investment Forms are available with Distributors or Investment Facilitators (Facilitators) or may be obtained from the Management Company or its web site. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 6.10.3.

Payment for the Fund Units can be made in the form of:

- Demand draft or Pay order in favor of **CDC-Trustee NIT Government Bond Fund**
- Online transfer to Bank Account(s) of **CDC-Trustee NIT Government Bond Fund**
- Cheque (account payee only marked in favor of **CDC-Trustee NIT Government Bond Fund**)
- Cash to the extent of Rs. 25,000/- or any other limit prescribed by the management company provided that it is within the regulatory limits.

The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it.

The aforesaid payments must be handed over to a Distributor who will acknowledge the receipt on the Investment Form. Such payments will only be deposited in the Bank Account of the Fund titled "**CDC – Trustee NIT**

**Government Bond Fund**” maintained with the designated banks and their branches.

Investors will be allotted and issued units based on the offer price of the Fund as announced by the Management Company on the day the payment is realized against duly completed application forms<sup>9</sup>.

## **6.5 Procedure for Redemption of Units**

### **6.5.1 Who Can Apply?**

All Unit Holders, other than the holders of Restricted/Core Units are eligible to redeem the said Units. Holders of Restricted/Core Units will be eligible for redemption after the expiry of the period of two years from the date of the closure of the Initial Period; however such units are eligible for transfer subject to the condition that the new transferee of such unit(s) agrees to the same condition for the balance period, if any.

### **6.5.2 Redemption Application Procedure**

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

- A. Request for redemption can be made by completing the prescribed Redemption Form (Annexure F) and endorsing the relevant Certificate, if issued and submitting the same to any of the Authorized Branches of the Distribution Companies or to the Management Company directly within Cut-Off Time/Business Hours on a Dealing Day. In case the Certificate is not issued, the applicant has only to complete the prescribed redemption form. The request for redemption would be honored after verifying the signature and other particulars of the Unit Holder from the Unit Holders’ Register.
- B. The Unit Holder will receive a note confirming the receipt of the application for redemption from the relevant Distribution Office.
- C. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Redemption Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.

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<sup>9</sup>Amended vide 3<sup>rd</sup> Supplemental Offering Document dated August 21, 2014. The following paragraph at the end of clause 6.4.4, “**Units are issued after realization of subscription money; however, these are allocated upon receipt of application**” is deleted and replaced with “*Investors will be allotted and issued units based on the offer price of the Fund as announced by the Management Company on the day the payment is realized against duly completed application forms.*”

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- D. If subsequent to receipt of the redemption application by the Distributor, but prior to the redemption of the Units, the application is found by the Transfer Agent or the Distributor to be incomplete or incorrect in any material manner, the Transfer Agent or the Distributor will advise the applicant to remove the discrepancy. In the meanwhile, the application will be held in abeyance for fifteen days. In the event the discrepancy is not removed in the said fifteen days, the application for redemption will be cancelled treating the same as null and void. The Unit Holder will then have to submit a fresh application for Redemption of Units.
- E. Units will be redeemed on the basis of daily Net Asset Value (NAV) announced as of the close of the Dealing Day on which a correctly filled Redemption Form is submitted before Cut-off Time.
- F. Unless otherwise instructed, payment of the redemption proceeds will be made by a cross cheque, in favor of Unit Holder's registered name or first named joint Holder in the event of Joint Holders, and will be sent to registered address of the Unit Holder or first named joint Holder, or if so authorized by all the joint holders, at the address of the Joint Holder who has signed the redemption form as provided, within six (6) Business Days of the receipt of a properly documented request for redemption of Units. However, if so authorized by the Unit Holder, payment of redemption proceeds will be made by transfer to the bank account number of the Unit Holder or first named joint holder in the event of Joint Holders. No money shall be paid to any intermediary except the Unit Holder/Joint Holder or his/their authorized representative(s).
- G. In case the investor has requested encashment of bonus Units then such bonus Units will be redeemed at the Redemption Price.
- H. Redemption of Fund Units may be suspended or put in queue due to exceptional circumstances. For detailed information about this please refer to Clause 6.8.2 and Clause 6.8.3 below.
- I. Partial Redemption of Units covered by a single Certificate is not permitted. However, Fund Unit Holders may apply for a splitting of the Certificate before applying for redemption.

### **6.5.3 Joint Unit Holder(s)**

Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Redemption Form for such Units.



## **6.6 Procedure for Requesting Change in Unit Holder Particulars**

### **6.6.1 Who Can Request Change?**

All existing Unit Holders or those who have purchased Fund Units as per Clause 6.4 above are eligible to change their Unit Holder details if they so desire. Such change in particulars and requests can be made via the Special Instructions Forms. These Forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site.

### **6.6.2 Application Procedure for Change in Particulars**

- A. The information submitted at the time of purchase of Units can be changed through the Special Instructions Form.
- B. Some of the key information which the Unit Holder can change is as follows:
  - i. Change in address
  - ii. Joint Holder details
- C. The Unit Holder can also issue the following instructions:
  - i. Change in Bank Account details
  - ii. Account Operating instructions
  - iii. Frequency of payments (in case of Income Units)
- D. Fully completed Special Instructions Form has to be submitted by both Individuals and/or Institutional Investor(s). This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company within Business Hours on a Dealing Day.
- E. The applicant must obtain a copy of the Special Instructions Form signed and duly verified by an Authorized Officer of the Distributor or Management Company.
- F. The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Special Instructions Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- G. The Unit Holder will be liable for any taxes, charges or duties that may be levied on any of the above changes that the Unit Holder may request via the Special Instructions Form. These taxes, charges or duties may either be recovered by redemption of Unit Holder equivalent Units at the time of the service request or the Management Company may require separate payment for such services.

**6.6.3 Joint Unit Holder(s)**

Unless the Joint Unit Holder(s) of Units have specified otherwise, all the Joint Unit Holder(s) shall sign the Special Instructions Form for such Units.

**6.6.4 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.

**6.7 Procedure for Pledge / Lien / Charge of Units**

**6.7.1 Who Can Apply?**

All existing Unit Holders or those who have purchased Fund Units as per Clause 6.4 above are eligible to apply for pledge / lien / charge of Units if they so desire. Such Pledge / Lien / Charge can be made via the Pledge of Units Form as attached in Annexure "G" of this Offering Document. These forms may be obtained from Distributors or Investment Facilitators or from the Management Company or through its web site. However, no pledge shall be entertained in case of Income Units.

**6.7.2** Any Unit Holder and / or Joint Unit Holder(s) may request the Transfer Agent to record a pledge / lien of all or any of his / her Units in favor of any third party legally entitled to invest in such Units in its own right. The Transfer Agent shall register a lien on any Units in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Transfer Agent with the Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.

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

**6.7.4** Payments of cash dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under lien /charge / pledge shall be paid to the order of the lien / charge / pledge holder's bank account or posted to the registered address mentioned in the Pledge Form and/or Account Opening Form submitted.

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- 6.7.5** The Distribution Company and /or Management Company will be entitled to verify the particulars given in the Pledge Form. In case of any incorrect information the application may be rejected if the applicant does not rectify the discrepancy.
- 6.7.6** Fully completed Pledge of Units Form has to be submitted by both Individuals and/or Institutional Unit Holders. This Form should be delivered to any of the Authorized Branches of the Distribution Companies or may be submitted to the Management Company directly within Business Hours on a Dealing Day.
- 6.7.7** All risks and rewards, including the right to redeem such units and operate such account, shall vest with the pledge / lien / charge holder. This will remain the case until such time as the pledge / lien / charge holder in writing to the Management Company instructs otherwise.

### **6.8 Suspension of Dealing, Queue System and Winding Up**

Under the circumstances mentioned in Clause 6.9 below, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units

#### **6.8.1 Suspension of Fresh Issue of Units**

The Management Company may, under certain circumstances, suspend issue of fresh Units. These circumstances may include

- A situation in which the Management Company has decided to terminate the Fund, subject to regulatory approval;
- A situation in which it is not possible to invest the amount received against issuance of fresh units e.g. closure of money markets and/ or scheduled banks etc.; or
- Any other situation in which issuance of fresh units is, in Management Company's opinion, against the interests of the existing/remaining unit holders.

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

#### **6.8.2 Suspension of Dealing in Units**

In the event of extraordinary circumstances as mentioned in Clause 6.9 of this Offering Document, the Management Company may suspend or defer dealing in Units. Suspension of redemption of units has to be carried out simultaneously with suspension in issuance of units. The circumstances under which the Management Company may suspend redemption shall be the event of war

(declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, terrorist threat and / or activities, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company, Transfer Agent, Trustee or the Distributors unable to function or any other conditions mentioned in the Regulations.

The Management shall ensure that in case of suspension of redemption of Units of the Scheme due to extra ordinary circumstances, the issuance of fresh Units shall also be kept suspended until and unless redemption of Units is resumed.

### **6.8.3 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 up to 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. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system. The requests in excess of ten percent (10%) shall be treated as redemption requests qualifying for being processed on the next Dealing 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 Dealing Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the redemption price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

### **6.8.4 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 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.

### **6.9 Issue and redemption of Units in extraordinary circumstances**

The Management Company may, at any stage, suspend dealing in Units and for such periods as it may so decide provided that issuance and redemption may only be suspended simultaneously during extraordinary circumstances. The issue and

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redemption of Units may be suspended during extraordinary circumstances including closure of the money market and scheduled banks on which any of the securities invested in by the Fund 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 the Fund or of the Unit Holders, a break down in the means of communication normally employed in determining the price of any investment or when remittance of money cannot 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. 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 (10%) of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 6.8 herein above. Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or Queue System, shall in the opinion of the Management Company, have ceased to exist and no other condition under which suspension or Queue System is authorized under the Deed exists. In case of suspension and invoking of a Queue System and end of suspension and Queue System, the Management Company shall immediately notify the SECP and publish the same in the newspaper in which the Fund's prices are normally published.

The Management shall ensure that in case of suspension of redemption of Units of the Scheme due to extra ordinary circumstances, the issuance of fresh Units shall also be kept suspended until and unless redemption of Units is resumed.

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

**6.10.1** The valuation of the property method for determining the value of the assets and liabilities and the net asset value would be as mentioned in the Regulations and Trust Deed.

For the Classes of Units and the Initial Period (Purchase) Prices, please refer to Clause 1.6 and Clause 1.8 of this Document.

**6.10.2** Subsequent to the Initial Period, the Management Company shall announce the Purchase (Offer) and Redemption (Repurchase) Prices for every Dealing Day by PST **1830 hours**, calculated on the basis of the NAV and adjusted for such load, transaction costs, charges and duties as are described herein. The method of calculation shall be such that the Trustee is satisfied regarding the accurate calculation of prices.

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**6.10.3** The Purchase (Offer) Price shall be equal to the sum of the Net Asset Value (NAV) as of the close of the Dealing Day, Transaction Cost, any Front-End Load (Load) not exceeding 5% of the Net Asset Value (Please refer to Annexure “B” for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Purchase (Offer) Price so determined for a Dealing Day shall apply to purchase requests, complete in all respects, received by the Distributor and / or Management Company before Cut-Off Time on that Dealing Day. However, the Front-end Load may not be added to the NAV for such units that are being converted from another scheme being run by the Management Company.

**6.10.4** The Redemption Price shall be equal to the Net Asset Value (NAV) as of the close of the Dealing Day less Transaction Cost, any Back-End Load (Load) not exceeding 5% of the Net Asset Value (Please refer to Annexure “B” for the current level of load) and such amount as the Management Company may consider appropriate provision for Duties and Charges. The Redemption Price so determined for a Dealing Day shall apply to redemption requests, complete in all respects, received by the Distributor and / or Management Company before Cut-Off Time on that Dealing Day. However, the Back-end Load may not be deducted from the NAV for such units that are being converted from this scheme to another scheme being run by the Management Company.

6.10.5 However, in case of conversion-in or conversion-out of units from other schemes being run by the Management Company, the front end load or back end load would be charged to unit holders as applicable in such other schemes.

**6.10.6** The Management Company shall, at such frequencies as may be prescribed in this Offering Document or under the Regulations, determine and announce the Net Asset Value based prices of the Units. Under certain circumstances as provided in this Offering Document, the Management Company may suspend the announcement of the prices.

**6.10.7** The Management Company may publish the Purchase (Offer) and Redemption (Repurchase) Prices in at least one daily newspaper widely circulated in Pakistan.

**6.10.8** The prices determined, as described hereinabove shall be subject to adjustment for any taxes payable in the jurisdiction of the transaction.

### **6.11 PURCHASE (OFFER) AND REDEMPTION (REPURCHASE) OF UNITS OUTSIDE PAKISTAN**

A. Subject to exchange control and other applicable laws, Rules and Regulations, in the event of arrangements being made by the Management Company for the Purchase (Offer) of Units to persons not residing in Pakistan or for

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delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the Purchase (Offer) Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.

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

### **6.12 TRANSFER, TRANSMISSION AND CONVERSION PROCEDURE**

- a) Unit Holder may, subject to the law, transfer any Units held by them to any other account holder. The transfer shall be carried out after the Transfer Agent has been satisfied that all the requisite formalities including the payment of any taxes and duties have been complied with. A Unit shall be transferable only in its entirety.
- b) Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register. Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificates if the Certificates have been lost or destroyed, subject to compliance by the transferor with like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Offering Document or the Trust Deed. The Transfer Agent shall retain all instruments of transfer.

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- c) The Transfer Agent shall, with the prior approval of the Management Company be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered at any time after the expiration of twelve years from the date of registration thereof and all the Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from transmission to the Trust. The Trustee or the Management Company or the Transfer Agent shall be under no liability, whatsoever, in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Transfer Agent that every Unit of Transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled, provided that (i) this provision shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall impose upon the Trustee or the Management Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled. Reference herein to the destruction of any document includes reference to the disposal thereof in any manner.
- d) Transmission of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent after satisfying as to all legal requirements. The legal costs and taxes, if any, shall be borne and paid by the transferees. However, the processing fee shall not be payable by successors or the beneficiaries of the estate in the case of transmission. The Management Company shall pay the relevant processing fee to the Transfer Agent.
- e) A Unit Holder may convert the Units in a Unit Trust Scheme managed by the Management Company into Units of another Unit Trust Scheme managed by the Management Company. The Transfer Agent shall carry out the conversion after satisfying that all the requisite formalities have been fulfilled and payment of the applicable taxes, fees and/or load, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.
- f) A Unit Holder may merge the Units when he/she has invested with two folio/registration numbers and wishes to merge both the Units into one Registration No./Folio No./NITL Account No. The Transfer Agent shall carry out the merger after satisfying that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, has been received.
- g) The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee to the extent practically



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possible, permitted by and in accordance with applicable law.

### **7. DISTRIBUTION POLICY:**

#### **7.1 DISTRIBUTION POLICY:**

The net amount available for distribution at the end of the Financial Year (or such interim period as may be decided by the Management Company), shall comprise of the revenues earned by the Fund including the net impact of the revenue collected and paid out in the NAV calculation through Purchase (Offer) and Redemption (Repurchase) of Units, less all expenses incurred or accrued attributable to the Fund.

The Fund shall distribute 90% of the amount available for distribution or any other payout ratio as bonus Units or cash dividends in order to avail tax exemption or any other benefits in the interest of the Unit Holders.

#### **7.2 DECLARATION OF DIVIDEND:**

The Management Company shall decide from time to time the Accounting Period and whether to distribute among unit Holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash, bonus units, or a combination of both.

#### **7.3 DETERMINATION OF DISTRIBUTABLE INCOME:**

The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:

a) The total income earned on the Fund Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit etc.

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

c) Net realized appreciation as set out in (b) above from which shall be deducted expenses as set out in Clause 8.2 below and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Rules and the Regulations and the provisions of the Income Tax Ordinance.

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### **7.4 REINVESTMENT OF CASH DIVIDEND:**

**7.4.1** A Unit Holder may in writing at the time of purchase of Units or at a later date instruct the Management Company to reinvest the future cash dividends to which Unit Holder will be entitled into the Fund Units.

**7.4.2** The Purchase (Offer) Price for the Units to be issued under Clause 7.4.1 above will be the NAV at the Distribution Date after the adjustment of the announced dividend.

Dividends shall be automatically reinvested in additional Units, however a Unit Holder may instruct the Management Company in writing by completing the prescribed form not to reinvest the future dividends to which he/she will be entitled. In such an event, future dividends shall be paid by way of transfer to his designated bank account or paid through a payment instrument. Unit Holders may opt to receive the amount equivalent to their share of the annual cash distribution in the form of additional Units. In such an event, the Management Company shall at the end of the Financial Year (or the relevant period in the event of an interim distribution) cause to issue such number of Units to the Unit Holder that approximately equates the value of the Cash Dividend for the period. The issue price shall be determined on the basis of the NAV of June 30 or Profit distribution Date after appropriation of income of that year / relevant period, but without any charge of the front-load normally deducted from the offer price. The issuance of the such Units shall be made, net of any taxes, charges and duties that the Management Company or the Trustee is obliged to recover from the Unit Holder.

### **7.5 BONUS UNITS:**

The Management Company may decide to distribute, wholly or in part, the distributable income in the form of stock dividend (which would comprise of the Bonus Units of the Trust) if it is in the interest of Unit Holders. The Bonus Units would rank pari passu as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units. The account statement shall be dispatched to the Unit Holder within forty-five days of the announcement of Bonus Units.

### **7.6 PAYMENT OF DIVIDEND:**

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

### **7.7 DISPATCH OF DIVIDEND WARRANTS/ADVICE:**

Dividend warrants/advice/payment instruments and/or Account Statements shall be dispatched to the Unit Holders or the charge-holders at their registered addresses.

**7.8 CLOSURE OF REGISTER:**

The Management Company may close the Register by giving at least seven (07) days notice to Unit Holder provided that the time period for closure of register for dividend declaration shall not exceed six (6) working days at a time and whole forty five days in a Financial Year. During the closure period, the sale, redemption or transfer of units will be suspended.

**8. FEES AND CHARGES:**

**8.1 FEES AND CHARGES PAYABLE BY AN INVESTOR**

**8.1.1 FRONT-END LOAD**

The Current Level of Front-end Load is disclosed in **Annexure “B”**. The issue Price applicable to bonus units issued by way of dividend distribution or issue of units in lieu of cash dividend shall not include any Front-end Load.

**8.1.2 PROCESSING CHARGES**

Transfer of units from one owner to another shall be subject to processing charges of an amount not exceeding one percent (1%) of net asset value at the date the request is lodged before Cut-Off Time on Business Day to the Management Company, Authorized Branches of Distribution Companies/Distributors, which shall be recovered from the Transferee. The taxes, charges or duties may be recovered by redemption of equivalent Units at the time of the transfer or may be recovered separately. However, the processing charge shall not be payable by successors in the case of inheritance or distribution of the estate of a deceased Unit Holder.

**8.2 FEES AND CHARGES PAYABLE BY NIT GOVERNMENT BOND FUND**

**8.2.1 REMUNERATION OF THE MANAGEMENT COMPANY**

The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the Trustee during the first five years of the scheme's existence of an amount not exceeding three percent (3%) per annum of the average annual Net Assets of the Scheme and thereafter of an amount equal to two percent (2%) per annum of the average annual Net Assets or such other amount as may be specified by the Commission from time to time:

Provided that an asset management company may charge performance based or fixed fee or the combination of both as per the guidelines issued by the commission from time to time.

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The remuneration shall begin to accrue from the close of the Initial Period. In respect of any period other than an Annual 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 in the Annual Accounting Period concerned.

Current level Management Fee is disclosed in **Annexure “A”**.

### **8.2.2 REMUNERATION OF THE TRUSTEE**

A. The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with **Annexure “A”**. The remuneration shall begin to accrue following the expiry of the Initial 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.

B. Such remuneration shall be paid to the Trustee in arrears within thirty (30) Business Days after the end of each calendar month.

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

D. Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission. However, any decrease in remuneration of the Trustee shall not require such approval.

### **8.3 EXPENSES OF THE MANAGEMENT COMPANY & TRUSTEE**

The Management Company and Trustee shall bear all expenditures in respect of their respective secretarial and office space and professional management services provided in accordance with the provisions of the Deed. Neither the Management Company nor the Trustee shall make any charge against the Unit Holders nor against the Fund Property nor against the Distribution Account for their services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Fund Property

### **8.4 OTHER COST & EXPENSES TO BE CHARGED TO & BORNE BY THE FUND**

(a) Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property

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- (b) Legal and related costs incurred in protecting the interests of the Unit Holders of the Scheme
- (c) Bank charges, borrowing and financial costs
- (d) Auditors' fees and out of pocket expense billed by them
- (e) Fees payable to the Commission
- (f) Taxes, fees and duties if any, applicable to the Scheme and its income and/or its properties
- (g) Rating fees of the Scheme payable to the approved rating agency
- (h) Charges and levies of stock exchanges, national clearing and settlement company, Central Depository Company
- (i) Listing fee payable to the Stock Exchange including renewals
- (j) Expenses incurred by trustee in effecting registration of all registerable assets in the name of the trustee
- (k) Formation Cost shall be charged to the Scheme and shall not exceed one (1%) percent of Pre-IPO Capital or five million rupees, whichever is lower. The Formation Cost shall be amortized over a period of not less than five years.
- (l) Printing costs and related expenses for issuing the quarterly, half-yearly and annual reports etc of the Scheme
- (m) Any other expenses or charge as may be allowed by the Commission.

### **8.5 REMUNERATION OF DISTRIBUTION COMPANY /INVESTMENT AGENT/INVESTMENT FACILITATOR**

A. The Distribution Company or any Investment Facilitator / Sales Agent employed by the Management Company will be entitled to a remuneration payable by the Management Company out of its own resources and/or from Front-end Load on terms to be agreed between the Management Company and the Distribution Company / Investment Facilitator / Sales Agent.

B. Payments to the Distribution Company shall be made on instruction of Management Company and shall not be charged to the Trust Property. The remuneration due to the Distribution Company shall be paid within thirty (30) calendar days of the end of the calendar months.

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C. In the event that Distribution Function is to be performed by more than one Distribution Companies, the remuneration shall be distributed amongst the Distribution Companies in proportion to the Units sold during the relevant period.

D. Distributors/Investment Facilitators or Sales Agents located outside Pakistan may, if so authorized by Trustee and the Management Company, be entitled to remuneration (from Management Company's own resources) on terms to be agreed between them and the Management Company, subject to the law for the time being in force.

### **8.6 REDEMPTION PROCESSING CHARGE (BACK-END LOAD)**

The Unit Redemption Price is calculated after deducting a processing charge not exceeding 5% percent from the Net Asset Value of the Unit. The Current Level of Back End Load is disclosed in **Annexure "B"**. The Back-end load shall form part of Fund Property.

Cumulative Front end & back end load (excluding duties & levies) shall not exceed 5% of net asset value

## **9. TAXATION:**

### **9.1 TAXATION ON THE INCOME FUND**

#### **Liability for Income Tax:**

The following is the brief description of the Income Tax Ordinance 2001, applicable in respect of NIT Government Bond Fund. This section is for advice only and potential investors should consult their tax experts for their liability with respect to taxation on income from investment in the Fund. This part does not cover tax liability of non-Pakistani resident investors with respect to taxes in their own jurisdiction.

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

The Income of the Fund will accordingly be taxed at the following rate.

Dividend Income at applicable tax rates

Capital gains arising on sale of securities listed on any Stock Exchange in Pakistan are exempt from tax up to June 30, 2010.

Income from Government Securities, return on deposits/Certificates of Investment/deposits with banks/financial institutions, money market transactions, profit and loss sharing accounts with banks etc., is taxable at the rate applicable to a public company (as per Income Tax law).

**Liability for Income Tax If 90% of the Income is distributed:**

Notwithstanding of the tax rates stated under clause 9 above, the accounting income of the Fund will be exempted from tax if not less than 90% of the accounting income of the accounting period is distributed amongst the unit holders. The 90% of the accounting income shall be calculated after excluding capital gains whether realized or unrealized. NIT Government Bond intends to distribute 90% or more of its accounting income for the year calculated after excluding capital gains, amongst its unit holders as bonus and/or cash dividend in order to avail tax exemption in the interest of the unit holders.

**Zakat**

NITGBF is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings bank account, or similar account with a bank standing on the first day of Ramzan-ul-Mubarak will be subjected to Zakat deduction @ 2.5%.

**9.2 TAXATION ON UNIT HOLDERS**

**Disclaimer:** The information set forth below is included for general information purposes only. Each investor is advised to consult a tax advisor regarding the specific tax consequences to him/her of investing in the Fund.

**9.2.1** Unit Holders of the Fund will be subject to Income/withholding Tax @ 10% on dividend income.

The tax deducted on dividend at the rates specified above will be the final tax (except for companies) and the payer will be required to withhold the amount of tax at source from payment of dividend.

Unit Holders who are exempt from income tax may obtain exemption certificate from the Commissioner of Income Tax and provide the same to the Management Company and/or Transfer Agent and on the basis of Exemption Certificate income tax will not be withheld.

**9.2.2 Capital Gains**

Capital Gains on disposal of Units in the Fund will be subject to tax at the applicable tax rate.

Currently the capital gains, if any, on redemption of Units shall be exempt from capital gains tax up to the tax year ending on June 30, 2010. However, some investors like commercial Banks are not exempt from capital gains tax; therefore it is in interest of the Unit Holders to consult their respective tax advisor.

**9.2.3 Tax Credit**

Unit Holders other than a company shall be entitled to a tax credit under Section 62 of the Income Tax Ordinance, 2001, on purchase of new Units. The amount on which tax credit will be allowed shall be lower of (a) amount invested in purchase

## NIT GOVERNMENT BOND FUND

of new Units, (b) 10% of the taxable income of the Unit Holder or (c) Rupees three hundred thousand, and will be calculated by applying the average rate of tax of the Unit Holder for the tax year. If the Units so acquired are disposed within 12 months, the amount of tax payable for the tax year in which the Units are disposed shall be increased by the amount of tax credit.

### 9.2.4 Zakat

Units held by resident Pakistani Unit Holders 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.

### 9.3 Disclaimer:

The tax and Zakat information given above is based on the Management Company's interpretation of the law which, to the best of the Management Company's understanding, is correct. However, Investors are expected to seek independent advice prior to their investment so as to determine the tax and zakat consequences 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.

**The entire information in Clause 9 is based on the current taxation status as per Management Company's understanding. The exemptions and rates of taxation are subject to change from time to time.**

## 10. REPORT AND ACCOUNTS:

### 10.1 FINANCIAL YEAR OF FUND/TRUST

The Annual Accounting Period will commence from the date on which the fund property is first paid or transferred to the Trustee to June 30, and from July 01 to June 30 for all the following years.

### 10.2 FINANCIAL REPORTING TO THE UNIT HOLDERS:

The following reports will be sent to the Unit Holders as per Regulation 38

- a. The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issue of Units and paid out by the Scheme on redemption of the Units and by way of distributions. The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without prior written permission of SECP and the Trustee. The Management Company shall



## NIT GOVERNMENT BOND FUND

maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

- b. The Management Company shall prepare and transmit the annual report (physically or subject to SECP approval through electronic means or on the web) in such form and manner as set out in Regulations as amended or substituted from time to time.
- c. The Management Company shall prepare and transmit quarterly reports (physically or subject to SECP approval through electronic means or on the web) in such form and manner as set out in Regulations as amended or substituted from time to time.
- d. The Management Company shall maintain a Register of Unit Holder(s) of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- e. The Trustee shall report to the Unit Holders in accordance with the Regulations and the Trust Deed including such report(s) to be included in the annual and quarterly reports of financial statements of the Fund

### **Change in Periodicity of Reporting:**

The regularity of reporting will change if so required by the commission or under the NBFC Rules & Ordinance

## **11. WARNINGS:**

### **11.1 OFFERING DOCUMENT:**

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

### **11.2 FLUCTUATION IN PRICE AND INCOME**

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

### **11.3 DISCLAIMER**

The investors must recognize that all investments involve varying level of risk. Neither the value of the units in the Fund nor the dividend to be declared by the Fund can be assured. Investment in the Fund is suitable for investors who have the ability to understand and take the risks associated with financial and other market investments whether listed or otherwise. The historical performance of this Fund, financial and other markets or instruments or investments whether listed or otherwise included in the Fund's portfolio, does not necessarily indicate future performance.

## **NIT GOVERNMENT BOND FUND**

Investors are advised to read risk disclosure as mentioned in this Offering Document in Clause 2.7 above for more information concerning risk.

Units may be redeemed and the relationship with the unitholders may be terminated without giving any notice if know your- customer (KYC) information is not fully provided to NITL at the time of opening an account.

Information regarding unitholders may be disclosed to such authorized regulatory bodies / Government Organizations without the permission of the unit holders if NIT is bound to disclose under the prevailing laws.

### **12. GENERAL INFORMATION:**

#### **12.1 INSPECTION OF CONSTITUTIVE DOCUMENTS:**

The copies of Constitutive Documents, such as Trust Deed and Offering Document, can be inspected free of charge or purchased from the addresses given below:

**National Investment Trust Limited**

6<sup>th</sup> Floor, NBP Building  
I.I. Chundrigar Road  
Karachi,  
Pakistan.

**Central Depository Company of Pakistan Limited**

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

#### **12.2 DATE OF PUBLICATION OF OFFERING DOCUMENT:**

This Offering Document has been published on November 6, 2009. The Management Company accepts responsibility for the information contained in this Offering Document as being accurate at the date of publication.

### **13. REVOCATION OF OPEN-END SCHEME:**

#### **13.1 By the Management**

**13.1.1** The Management Company shall give at least three months notice to Unit Holders under prior intimation to the Commission and Trustee, and shall disclose the grounds of its decision to terminate the Fund. The Management Company may announce winding up of the Fund without any advance notice to the Unit

## NIT GOVERNMENT BOND FUND

Holders, but under intimation to the Trustee and the Commission in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Fund Property to meet such redemptions would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Fund be wound up. In case of shortfall, neither the Trustee nor the Management Company shall be liable to pay the same.

**13.1.2** In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund without any advance notice.

**13.1.3** Upon representation to the Commission, by three fourth in value of the total Unit Holders of the Scheme, or if in the opinion of the Commission further continuation of the registration of the Scheme will be detrimental to the interest of the Unit Holders or the market generally, the Commission may cancel the registration of the Scheme.

Provided that the registration of the Scheme shall not be cancelled without providing an opportunity of being heard to the Management Company and the Trustee.

In case of cancellation of registration, the Management Company shall revoke the Scheme and refund the proceeds to the Unit Holders in such manner and within such time as may be specified by the Commission.

**13.1.4** In the event of termination of the Scheme, other than due to reasons mentioned in Clauses 21.1.1, 21.1.2, and 21.1.4 of the Trust Deed, the Management Company shall notify the Unit Holders by issuing a public notice in at least two newspapers, one in English and one in Urdu, each having wide circulation in Pakistan.

### **13.2 By the Securities & Exchange Commission of Pakistan**

**13.2.1** The Deed may be terminated in accordance with the conditions specified in the Regulations if there is any breach of the provisions of the Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Trust.

**13.2.2** The Commission may cancel the registration of the Scheme before the Core investment and direct the Management Company and/or the Trustee to wind-up the Scheme. In such case, the terms so specified by the Commission shall be adhered to by both the parties individually and collectively.

**13.3 Winding Up**

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

**14. DISTRIBUTION OF PROCEEDS ON REVOCATION:**

Upon the Trust being revoked, the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid and the bank charges, if any.

The Trustee, on the instruction of the Management Company, shall from time to time, distribute to the Unit Holders pro rata to the number of Units held by them, respectively, all net cash proceeds derived from the realization of the Fund Property after making payment as mentioned in clause 22.1.1 of the Trust Deed and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case of any surplus, the same shall be distributed proportionately among the Unit Holders, provided neither the Trustee nor the Management Company shall be liable for any shortfall.

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

**15. DEFINITIONS**

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

- 15.1 “Accounting Date” means the date, 30th June, in each year and any interim date at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after intimation to the Commission and the Commissioner of Income Tax, change such date to any other date.
- 15.2 “Accounting Period” means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.
- 15.3 “Auditors” means such audit firms that are appointed as the auditors of the Scheme by the Management Company with the consent of the Trustee in accordance with the provisions of the Trust Deed and the Regulations;

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- 15.4 “Authorized Branch” means branches of the Management Company which are authorized from time to time to perform Distribution Functions;
- 15.5 “Authorized Investment” means investments transacted, issued, or traded inside Pakistan as mentioned in this Offering Document and Trust Deed of the Fund.
- 15.6 “Back-end Load” means processing charge not exceeding 5% of Net Asset Value deducted by the Management Company from the Net Asset Value in determining the Redemption Price. The Back-end Load shall form part of Fund Property;
- 15.7 “Bank” means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force or an institution providing banking services under the banking laws of Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 15.8 “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 Holder(s)
- 15.9 “Book Closure” means a period during which the Unit Holder register is closed and no transfer, issue, redemption, of Unit is allowed in that period under intimation to the Trustee.
- 15.10 “Bonus Units” means the Units issued, on distribution of the distributable income, in the form of stock dividend.
- 15.11 "Broker" means any person licensed by the Commission and engaged in the business of effecting transactions in securities for the account of others.
- 15.12 “Business Day” means any day of the week, but does not include any day which, as per gazette of Government of Pakistan, is a public holiday or on which day State Bank of Pakistan is closed for business in Pakistan.
- 15.13 “Certificate” means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed.
- 15.14 “Commission” or “SECP” means the Securities and Exchange Commission of Pakistan (SECP) set up under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor body.
- 15.15 “Connected Person” shall have the same meaning as in the Rules.

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- 15.16 “Constitutive Documents” means the Trust Deed, Offering Document(s) and other principal documents governing the formation, management or operation of the Fund including all related material agreements.
- 15.17 “Core Investors” of the Fund shall be such investors, including the Management Company whose subscription shall in aggregate be in compliance of the requirements of the Regulations. The Core Investors shall be issued Core Units representing their subscription.
- 15.18 “Core Units” shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition and shall rank pari passu as to their rights to the Net Assets with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be effected only on the receipt, by the Registrar, of a written acceptance of this condition by the transferee.
- 15.19 “Custodian” a Bank, a depository or an investment finance company which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; and shall also include the Trustee itself if it provides custodial services for the Fund.
- 15.20 “Cut-Off Time” or “Business Hours” means the day time for dealing in Units of the Fund. The current Cut-Off timing/Business Hours are mentioned in Annexure “B” of this Offering Document.
- 15.21 “Dealing Day/Subscription Day” means every Business Day, provided that the Management Company may, with the prior written consent of the Trustee, and upon giving not less than 7 (seven) days notice in the news papers, declare any particular Business Day not to be a Dealing Day;
- 15.22 “Deed” or “Trust Deed” means the Trust Deed which is the principal Document governing the formation, management and operation of the Fund.
- 15.23 “Distribution Account” means Bank Account(s) (which may be a current, deposit, or savings account) maintained by the Trustee with a Bank approved by the Management Company in which the amount required for distribution of income to Unit Holders shall be transferred. The amount standing to the credit of the Distribution Account shall not be treated as part of the Fund Property however any profit on the Distribution Account shall form part of the Fund Property.
- 15.24 “Distributor”, “Distribution Company”, “Distribution Companies” mean company(ies), firm(s), or bank(s) appointed by the Management Company,

## NIT GOVERNMENT BOND FUND

under intimation to the Trustee, for performing any or all of the Distribution Functions and shall include the Management Company, itself, if it performs the Distribution Functions.

15.25 “Distribution Functions” mean the functions with regard to:

- (a) Receiving applications for the issue of Units and the payment instruments for the aggregate Offer Price for Units applied for by such applications;
- (b) Issuing receipts in respect of (a) above;
- (c) Interfacing with and providing services to the Holders including receiving redemption, transfer applications, 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
- (d) Accounting to the Management Company for (i) payment instrument received from applicants for the issuance of Units; (ii) payments instruments delivered to the Unit Holders on redemption of Units; (iii) expenses incurred in relation to the Distribution Function.

15.26 “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 Distribution Company or any Front-end or commission payable to agents on redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

15.27 “Financial Institution” means

- (a) a company or an institution whether established under any special enactment and operating within or outside Pakistan which transacts the business of banking or any associated or ancillary business through its branches;
- (b) a modaraba, leasing company, investment bank, venture capital company, financing company, housing finance company, a non banking finance company; and
- (c) such other institution or company authorized by law to undertake any similar business, as the Federal Government may, by notification in the official Gazette, specify for the purpose

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15.28 “Formation Cost” means all expenses incurred in connection with the establishment and registration of the Fund including execution and

## NIT GOVERNMENT BOND FUND

registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of this Offering Document, announcements describing the Fund and expenses incurred during the Initial Period.

- 15.29 “Front-end Load” means the processing charge not exceeding 5% of Net Asset Value added by the Management Company in the Net Asset Value in determining the Offer Price.
- 15.30 “Fund Property” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer Price or any Transaction Costs and Back-end Load recovered in the Redemption Prices, after deducting there from or providing there against, the value of Redemption, Front-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising there from and all cash and other assets, movable or immovable, and property of every description, for the time being, held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account except profit on such accounts.
- 15.31 “Holder” or “Unit Holder” means the investor, for the time being, entered in the Register as owner of a Unit or part thereof, including investors jointly registered.
- 15.32 “Initial Offer” means issue of units to general public during Initial Period.
- 15.33 “Initial Period” means the period during which Units shall be offered at Initial Price. This period shall not exceed a period of ten days (provided that this period may be extended with the prior approval of the Commission).
- 15.34 “Initial Price” means the price of Rs. 10 per Unit during the Initial Period determined by the Management Company.
- 15.35 “IPO Investors” of the Fund shall be such investors, whose subscription shall be received during Initial Period
- 15.36 “Pre-IPO Investors” of the Fund shall be such investors, other than Core Investors, whose subscription shall be received before Initial Period.
- 15.37 “Par Value” means the price of Rs. 10 per Unit
- 15.38 “Investment” means any Authorized Investment forming part of the Fund Property.



## NIT GOVERNMENT BOND FUND

- 15.39 “Management Company” means National Investment Trust Limited.
- 15.40 “Net Assets” means the excess of assets over liabilities of the Fund.
- 15.41 “Net Asset Value” or “NAV” means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 15.42 “Offer Price” means the sum to be paid to the Trustee for issuance of one unit.
- 15.43 “Offering Document” means the prospectus, advertisements or other documents (approved by the Commission) that contain the investment and distribution policy and all other information in respect of the Fund and the plans offered under various administrative arrangements covered by the respective Supplementary Offering Documents, as required by the Regulations and is circulated to invite offers by the public to invest in the Fund.
- 15.44 “Ordinance” means the Companies Ordinance, 1984.
- 15.45 “NIT Government Bond Fund”, “Fund”, “Trust” or “Scheme”, or “NIT GBF”, or “Open-end Scheme” means the Trust constituted by the Trust Deed.
- 15.46 “Redemption Price” means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit.
- 15.47 “Redemption Form” means the redemption form as prescribed in this Offering Document.
- 15.48 “Register” means the Register of the Holders kept pursuant to the Regulations, the Trust Deed and this Offering Document.
- 15.49 “Registrar” means an organization that the Management Company shall appoint for performing the Registrar Functions.
- 15.50 “Registrar Functions” means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of lien/pledge or for recording of changes in data with regard to the Unit Holders
  - (c) Dispatching income distribution warrants and bank transfer intimations;
  - (d) Issuing statement of accounts to the Unit Holders; and
  - (e) Issuing, re-issuing and canceling Certificates.

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- 15.51 “Regulations” mean the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended or substituted from time to time.
- 15.52 “Rules” mean Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, as amended or substituted from time to time.
- 15.53 “Stock Exchange” means Karachi Stock Exchange, Lahore Stock Exchange or Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.
- 15.54 “Supplementary Offering Document” means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing amendments in this Offering Document or the special features of new type of Units and offering investment in the Scheme.
- 15.55 “Supplementary Trust Deed” means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, describing amendments in the Trust Deed.
- 15.56 “Transaction Costs” means the costs incurred or estimated by the Management Company to cover the costs (such as, but not limited to, brokerage, Trustee charges, taxes or levies on transaction, etc.) related to the investing or disinvesting activities of the Fund’s portfolio, necessitated by creation or cancellation of Units. Such cost may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Fund Property.
- 15.57 “Unit” means one undivided share in the Fund and, where the context so indicates, a fraction thereof.
- 15.58 “Zakat” has the same meaning as in the Zakat and Ushr Ordinance, 1980.

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

# NIT GOVERNMENT BOND FUND

## ANNEXURE "A"

### REMUNERATION OF THE TRUSTEE

As per mutual agreement between NIT & CDC

Current level of remuneration of the Trustee would be as follows:

<b>ON NET ASSETS (Rupees)</b>	<b>Trustee Tariff</b>
Up to 1 billion	0.15% p.a. of net assets subject to minimum of Rs. 0.7 million plus,
Over 1 billion to 10 billion	0.075% p.a. of net assets exceeding Rs. 1 billion plus,
Over 10 billion	0.05% p.a. of net assets exceeding Rs. 10 billion.

Any increase in the remuneration of the Trustee agreed by the Management Company shall require the approval of the Commission. However any decrease in the remuneration of the Trustee shall not require approval of the Commission.

Any change in the fee structure shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper.

### **CURRENT LEVEL OF MANAGEMENT FEE**

Current level of management fee is 1.25% per annum

However, as per Non Banking Finance Companies & Notified Entities Regulations, 2008 NITL is entitled to charge a management fee not exceeding 3% per annum during the first five years of existence and 2% thereafter.

Any change in the fee structure, provided it is within the maximum limit, shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, as and how the Commission may direct.

**NIT GOVERNMENT BOND FUND**

**ANNEXURE “B”**

**CURRENT LEVEL OF LOAD**

Effective from Close of Initial Period

Front-end Load	1% of Net Asset Value
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Back End Load	NIL
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Any change in the load structure, provided it is within the maximum limit, shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, as and how the Commission may direct.

However, management is entitled to charge a cumulative Front End Load and Back End Load not exceeding 5.0% of Net Asset Value.

**CURRENT CUT-OFF TIME / BUSINESS HOURS**

Current Business Hours are from 09:00am to 05:00pm and Cut-Off Time is 03:30pm

Any change in the business hours and cut off time would be updated through addendum to this annexure and/or through updation on the website of NITL.

# NIT GOVERNMENT BOND FUND

## ANNEXURE "C"

### AUTHORIZED BRANCHES

#### Karachi

**Branch Name:** NACON HOUSE  
**Address:** "270 Nacon House Din Muhammad Wafai Road Saddar" (Karachi)  
**Phone No.:** 021-99202789  
**Fax No.:** 021-99202784  
**Email:** [nacon@nit.com.pk](mailto:nacon@nit.com.pk)

**Branch Name:** TARIQ ROAD  
**Address:** "158-M PMC Building Opp. Shalimar Centre Tariq Road" (Karachi)  
**Phone No.:** 021-34540165  
**Fax No.:** 021-34549236  
**Email:** [tariqrd@nit.com.pk](mailto:tariqrd@nit.com.pk)

**Branch Name:** CLIFTON  
**Address:** "Yousuf grand square, shop # 6 near three swords, block # 8. (Karachi)  
**Phone No.:** 021-35867962  
**Fax No.:** 021-35375096  
**Email:** [clifton@nit.com.pk](mailto:clifton@nit.com.pk)

**Branch Name:** GULSHAN-E-IQBAL  
**Address:** "Civic centre KDA Building" (Karachi)  
**Phone No.:** 021-35448973 / 99230524  
**Fax No.:** 021-99230139  
**Email:** [civic@nit.com.pk](mailto:civic@nit.com.pk)

#### Lahore

**Branch Name:** GULBERG  
**Address:** "Raja Centre (First Floor) 1/A Main Boulevard Gulberg - II" (Lahore)  
**Phone No.:** 042-35754440 / 35875379  
**Fax No.:** 042-35710973  
**Email:** [gulberglhr@nit.com.pk](mailto:gulberglhr@nit.com.pk)

**Branch Name:** AL-FALAH  
**Address:** "Al- Falah Building Room No 211-212, 15 Shakra-e-Quaid-e-Azam" (Lahore)  
**Phone No.:** 042-36285210-11 UAN 111-648-648  
**Fax No.:** 042-36285212  
**Email:** [alfalahlhr@nit.com.pk](mailto:alfalahlhr@nit.com.pk)

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### Islamabad

**Branch Name:** ISLAMABAD  
**Address:** "Blue Area, Ground Floor, Kashmir Plaza, Jinnah Avenue" (Islamabad)  
**Phone No.:** 051-2828711 UAN 111-648-648  
**Fax No.:** 051-2825181  
**Email:** [islamabad@nit.com.pk](mailto:islamabad@nit.com.pk)

### Peshawar

**Branch Name:** PESHAWAR  
**Address:** "Sonehri Masjid Road, F C Trust Building, Ground Floor " (Peshawar)  
**Phone No.:** 091-5274848 UAN 111-648-648  
**Fax No.:** 091-5286987  
**Email:** [peshawar@nit.com.pk](mailto:peshawar@nit.com.pk)

### Rawalpindi

**Branch Name:** RAWALPINDI  
**Address:** " The Mall 13/4, Al-Amin Plaza, Opp. Cantonment Board Bldg." (Rawalpindi)  
**Phone No.:** 051-5701277  
**Fax No.:** 051-9270962  
**Email:** [rawalpindi@nit.com.pk](mailto:rawalpindi@nit.com.pk)

### Faisalabad

**Branch Name:** FAISALABAD  
**Address:** "Allama Iqbal Road, Platinum Centre 2<sup>nd</sup> Floor, " (Faisalabad)  
**Phone No.:** 041-2412495 UAN 111-648-648  
**Fax No.:** 041-2412496  
**Email:** [faisalabad@nit.com.pk](mailto:faisalabad@nit.com.pk)

### Multan

**Branch Name:** MULTAN  
**Address:** " Azmat Wasti Road, 3-Gold Crest Plaza Chowk Dera Adda " (Multan)  
**Phone No.:** 061- 4542914 UAN 111-648-648  
**Fax No.:** 061- 4784043  
**Email:** [multan@nit.com.pk](mailto:multan@nit.com.pk)

## NIT GOVERNMENT BOND FUND

### Gujranwala

**Branch Name:** GUJRANWALA  
**Address:** "G.T Road, 42-A/B Trust Plaza Ground Floor " (Gujranwala)  
**Phone No.:** 055-3255570 UAN 111-648-648  
**Fax No.:** 055-3255571  
**Email:** [gujranwala@nit.com.pk](mailto:gujranwala@nit.com.pk)

### Sialkot

**Branch Name:** SIALKOT  
**Address:** " Kutchery Road, 9 Kashmir Centre " (Sialkot)  
**Phone No.:** 052- 4266648 UAN 111-648-648  
**Fax No.:** 052- 4266649  
**Email:** [sialkot@nit.com.pk](mailto:sialkot@nit.com.pk)

### Sarghodha

**Branch Name:** SARGODHA  
**Address:** "Fatima Jinnah Road, 1st Floor, 16-A, Trust Plaza Fatima Jinnah Road" (Sarghodha)  
**Phone No.:** 048-3728200 UAN 111-648-648  
**Fax No.:** 048-3728201  
**Email:** [sargodha@nit.com.pk](mailto:sargodha@nit.com.pk)

### Hyderabad

**Branch Name:** HYDERABAD  
**Address:** "Thandi Sadak HDA Civic Centre" (Hyderabad)  
**Phone No.:** 022-2728899 UAN 111-648-648  
**Fax No.:** 022-2728734  
**Email:** [Hyderabad@nit.com.pk](mailto:Hyderabad@nit.com.pk)

### Sukkur

**Branch Name:** SUKKUR  
**Address:** "Queens Road, C-431/1A/1/2/1/3, Queens Paradise Building" (Sukkur)  
**Phone No.:** 071-5627084 UAN 111-648-648  
**Fax No.:** 071-5627085  
**Email:** [sukkur@nit.com.pk](mailto:sukkur@nit.com.pk)

## NIT GOVERNMENT BOND FUND

### Quetta

**Branch Name:** QUETTA  
**Address:** "2-13/7 M.A.Jinnah Road" (Quetta)  
**Phone No.:** 081-2865583 UAN 111-648-648  
**Fax No.:** 081-2832857  
**Email:** [quetta@nit.com.pk](mailto:quetta@nit.com.pk)

### Abbottabad

**Branch Name:** ABBOTTABAD  
**Address:** "Manshera Road 301, Supply Bazaar, Adj.UBL Building " (Abbottabad)  
**Phone No.:** 0992-343006 UAN 111-648-648  
**Fax No.:** 0992-343005  
**Email:** [abbottabad@nit.com.pk](mailto:abbottabad@nit.com.pk)

### Azad Kashmir

**Branch Name:** MIRPUR AZAD KASHMIR  
**Address:** "Mirpur, Allama Iqbal Road Bank Square" (Azad Kashmir)  
**Phone No.:** 05827- 442237  
**Fax No.:** 05827- 445237  
**Email:** [mirpur@nit.com.pk](mailto:mirpur@nit.com.pk)

Any change in the list shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper and/or website.



**NIT GOVERNMENT BOND FUND**

**ANNEXURE “D”  
REGISTRATION FORM**

**FORM IS AVAILABLE IN DOWNLOAD SECTION  
ON WEBSITE OF NIT [www.nit.com.pk](http://www.nit.com.pk)**

**NIT GOVERNMENT BOND FUND**

**ANNEXURE “E”  
INVESTMENT FORM**

**FORM IS AVAILABLE IN DOWNLOAD SECTION  
ON WEBSITE OF NIT [www.nit.com.pk](http://www.nit.com.pk)**

**NIT GOVERNMENT BOND FUND**

**ANNEXURE “F”  
REDEMPTION FORM**

**FORM IS AVAILABLE IN DOWNLOAD SECTION  
ON WEBSITE OF NIT [www.nit.com.pk](http://www.nit.com.pk)**

**NIT GOVERNMENT BOND FUND**

**ANNEXURE “G”**

**PLEDGE OF UNITS FORM**

**For Form contact any nearest NIT Branch**

**Or**

**Visit our WEBSITE [www.nit.com.pk](http://www.nit.com.pk)**