



**POLICIES AND PROCEDURES
(BASED ON 'ASSET MANAGER CODE OF
PROFESSIONAL CONDUCT')**

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PREFACE:

The Policies and Procedures based on the 'Asset Manager Code of Professional Conduct' have been formed to promote high standards of ethics and professional conduct among the employees, increase ethical awareness within the Organization, maintain and improve employees competence, and preserve goodwill of our clients. As honesty and integrity are critical to maintain clients trust and confidence and upholding our pledge of loyalty, prudence and care, we are committed to implement these Policies and Procedures which will be applicable to all the employees hereon.

A. LOYALTY TO CLIENTS:

1. Place client interests before their own.

Employees have a duty to put the interests of the clients, the interests of the Fund, and the integrity of the investment profession over and above their own self-interest. They must conduct the investment activities by exercising good judgment to achieve and maintain independence and objectivity that is unaffected by any potential conflict of interest or circumstance that may adversely affect their judgment and institute operational safeguards to protect client interest.

2. Preserve the confidentiality of information communicated by clients within the scope of the Company-client relationship.

All employees must hold information communicated to them by the clients or other sources strictly confidential and must take all reasonable measures to preserve that confidentiality. Confidential client information are kept in a lock-n-key with access to authorized staff only. All employees are prohibited from conveying such information of the client with anyone except as required under the laws and regulations.

3. Refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity or loyalty to clients.

Gifts, business entertainment or other benefits from a customer or a supplier / vendor, which appear or may appear to compromise commercial relationships must not be accepted by the employees. Employees may, however, accept normal business entertainment or promotional items appropriate to the circumstances with intimation to the supervisor or the Manager.

In the event that a gift must be accepted for reason of customer's insistence and sensitivity of relationship, such gifts must be surrendered to the Head of Personnel along with reasons of acceptance.

Acceptance of cash gifts of any value is strictly prohibited.

B. INVESTMENT PROCESS AND ACTIONS:

1. Use reasonable care and prudent judgment when managing client assets.

Fund Manager (s) must follow the investment mandate as prescribed under the Funds Constitutive Document. Moreover, it is a fiduciary responsibility of the Fund Manager (s) to use prudent judgment and reasonable care while selecting securities for the Fund as well as balancing risk and return characteristics.

2. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.

Fund Manager (s) shall take exposure in stocks with the consensual decision of Investment Committee. It is prohibited to trade in illiquid stocks at the end of a measurement period in order to drive up the price and improve the Fund's performance, or secure a large position with the intent to exploit and manipulate the price of an asset and/or a related derivative by spreading knowingly false rumors to induce trading by others in such a way that benefits the Company/ Fund.

3. Deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action.

Fund Manager (s) must not give preferential treatment to favored clients to the detriment of other clients. In some cases, clients may pay for a higher level of service or certain services and certain products may only be made available to certain qualifying clients (e.g. certain Funds may only be open to clients over a certain asset level). These practices are permitted as long as they are disclosed and made available to all clients. Furthermore, new information is to be disseminated to all the clients simultaneously.

4. Have a reasonable and adequate basis for investment decisions.

Fund Manager (s) must analyze the investment opportunities in question and should act only after performing due diligence to ensure there is sufficient knowledge about specific investments or strategies. Research personnel, while performing research and valuation, must ensure the thoroughness of the analysis performed, timeliness of information input, and objectivity and independence of the source. Complete understanding of the securities in which Fund Manager (s) is investing and the strategy being used is a prerequisite.

5. When managing a portfolio or pooled fund according to a specific mandate, strategy or style:

- a. only take investment actions that are consistent with the stated objectives and constraints of that portfolio or fund;**

Fund Manager (s) must follow the specific mandate or strategy of the Fund while managing a Pooled Fund. Deviations, if any, are to be reported to the client in the course of normal client reporting.

- b. provide adequate disclosures and information so investors can consider whether any proposed changes in the investment style or strategy meet their investment needs.**

Adequate information are disseminated to the clients about any proposed material changes in the investment strategies or styles, well in advance of such changes. Clients should be given adequate time specified as per the regulatory laws, to consider the proposed changes and take action/s that may be necessary. If the Management decides to make a material change in the investment strategy or style, clients should be permitted to redeem their investment if desired, without incurring undue penalties.

C. TRADING:

- 1. Not act, or cause others to act, on material non-public information that could affect the value of a publicly traded investment.**

Members of the research and investment must keep information relating to the investment strategy of each Fund confidential unless it is requested by the law or a regulatory authority. If disclosure of information is required to a unitholder, it should be disseminated to all the unitholders instead of just one. Portfolio of each Fund must be kept confidential so that persons who are not authorized do not have access to the information. It is prohibited in our jurisdiction to make trade on the basis of any material non-public information.

- 2. Give priority to investments made on behalf of the client over those that benefit their own interests.**

Officials of below mentioned departments/ committees and their dependents are not allowed to trade in listed shares and TFCs.

- All members of Investment Committee
- Fund Management
- Traders
- Research Department
- Risk Management Department
- Compliance Department
- Internal Audit Department
- Settlement Department

Eligible employees are discouraged to trade for speculative purposes. For this purpose, the shares purchased by an employees are to be held for a period of at least 180 days from the date of purchase before they are to be liquidated. In this way, investments of clients are always prioritized over the interests of the investment managers.

Reporting requirements:

- All new employees of NIT shall within 5 working days of his/her appointment, disclose securities held by him/her, his/her spouse and / or dependent children along with details of their broker accounts to the Compliance Department as per the defined format.

- All employees shall disclose securities held by them, their spouse and dependent children on quarterly basis by submitting their personal, spouse and dependent children's CDC-Account / Sub-Account Statement (or in case of physical shares, declaration of same), latest by 10th of the month following the quarter to the Compliance Department.
 - All employees shall disclose actual investment / disinvestment transactions along with volume, date and price on a same day basis to the Compliance Department as per the defined format.
- 3. Use commissions generated from client trades only to pay for investment-related products or services that directly assist the Manager in its investment decision-making process and not in the management of the firm.**

Allocation of business to brokers should be done in the best interest of the client's portfolio. Commission generated from client trades should only be used to pay for trading done on behalf of the client, research reports and market research.

- 4. Maximize client portfolio value by seeking best execution for all client transactions.**
- Maximizing value of the client is the key objective. In trade execution, the trader shall seek favorable terms for client trades in considering; transaction circumstances, transaction size, market characteristics, and liquidity of security.
 - Selecting appropriate broker for each trade that would imply considering following factors; commission rates, timeliness, minimizing market impact, and maintaining anonymity.
- 5. Establish policies to ensure fair and equitable trade allocation among client accounts.**

Relevant employee must allocate trades fairly so that some client accounts are not routinely traded first or receive preferential treatment. Where possible, shares should be allocated on a pro-rata basis using an average price or some other method that ensures fair and equitable allocations.

D. RISK MANAGEMENT, COMPLIANCE AND SUPPORT:

- 1. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.**

The Asset Management Industry is governed by Securities & Exchange Commission of Pakistan which has its prescribed regulatory framework. The company will ensure that it will follow all the legal and regulatory requirements in a timely manner. Alongside, the company has adopted a firm wide Employees Code of Ethics and Employees Personal Investment Policy following the international best practices.

- 2. Appointment of a Compliance Officer responsible for administering the policies and procedures and for investigating complaints regarding the conduct of the Manager or its personnel.**

Head of Compliance is appointed as the Compliance Officer who is independent from the operations and would report directly to the MD. The Compliance Officer is to regularly convey to all employees that adherence to these policies and procedures is crucial and that anyone who violates them will be held liable. Any suspected violations of the policies and procedures are to be reported to the Compliance Officer.

The Compliance Officer should document and act expeditiously to address any compliance breaches and work with the management to take appropriate disciplinary action.

- 3. Ensure that portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.**

The Internal Audit Department review the accounts of all the Funds. Furthermore, the financial statements of Funds will be subject to review by an independent third party at least once a year.

- 4. Maintain records for an appropriate period of time in an easily accessible format.**

Fund Managers must retain records that substantiate their investment activities, the scope of their research, the basis for their conclusions, and the reasons for actions taken. Compliance Department must retain copies of records that support and substantiate the implementation of the policies and procedures, as well as records of any violations and resulting actions taken. All records must be kept either in hard copy or electronic form and should be kept for a period of at least 10 years.

5. Employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.

To safeguard the client relationship, the management needs to allocate all the resources necessary to ensure that client interests are not compromised. Managers are also required to ensure that adequate internal controls are in place to prevent fraudulent behavior.

The management must ensure that client assets are invested, administered, and protected by qualified and experienced staff. Employing qualified staff reflects a client-first attitude and helps ensure that they are provided value for their money.

6. Establish a business-continuity plan to address disaster recovery or periodic disruptions of the financial markets.

In order to safeguard the client's interests, handle their accounts and inquiries in situations of national, regional, or local emergency or market disruption, the Company must have:

- adequate backup, preferably off-site, for all account information
- alternative plans for monitoring, analyzing, and trading investments if primary systems become unavailable
- plans for employee communication and coverage of critical business functions in the event of a facility or communication disruption
- plans for contacting and communicating with clients during a period of extended disruption

The above should be tested at periodic intervals to promote employees understanding and to identify any needed adjustments.

7. Establish a firm wide risk management process that identifies, measures, and manages the risk position of the Manager and its investments, including the sources, nature, and degree of risk exposure.

- The company shall have a separate Risk Management department which oversees all the risks faced by Investment managers include, but are not limited to, market risk, credit risk, liquidity risk, counterparty risk, concentration risk, and various types of operational risk.
- Risk managers should perform stress tests, scenario tests, and back tests as part of developing risk models that comprehensively capture the full range of their actual and contingent risk exposures.

E. PERFORMANCE AND VALUATION:

- 1. Present performance information that is fair, accurate, relevant, timely and complete and must not misrepresent the performance of the Fund.**

The company shall present performance information that is a fair representation of their record and includes all relevant factors. It should not misrepresent their track record by taking credit for performance that is not their own, or by selectively presenting certain time periods or investments. Any hypothetical performance must be clearly identified as such. The company should also provide as much additional portfolio transparency as feasibly possible. Any forward-looking information provided to the clients must also be fair, accurate and complete.

- 2. Use fair market prices to value client holdings and apply, in good faith, methods to determine the fair value of any securities for which no readily available, independent, third-party market quotation is available.**

Fund Manager (s) should use fair value methodology to value firm's assets and portfolios consistently. The pricing hierarchy should be well aligned to the international recommended standards. The below provided policy is recommended for asset valuation

- For assets and liabilities that are traded in active exchange or dealer markets, closing exchange prices shall be used for securities traded in exchange markets. Prices published by the independent third parties shall be used for securities trading in dealer markets if available.
- For securities which are in the process of listing, shall be valued at cost.
- Accrual accounting is used for all securities that accrue interest income. However, for defaulted TFC/Sukuk's the interest income is recorded on receipt basis.

F. DISCLOSURES:

1. Communicate with clients on an ongoing and timely basis.

The company must maintain clear, frequent and thorough communication practices to provide high quality financial services to its clients. Communication would include dissemination of NAV on daily basis, monthly Fund Manager's report and periodic financial statements.

2. Ensure that disclosures are truthful, accurate, complete, and understandable and are presented in a format that communicates the information effectively.

The company shall ensure that it does not misrepresent any aspect of its services or activities, including (but not limited to) their qualifications or credentials, the services they provide, their performance records, and characteristics of the investments or strategies they use. A misrepresentation is any untrue statement or omission of fact or any statement that is otherwise false or misleading. Managers must ensure that misrepresentation does not occur in oral representations, marketing (whether through mass media or printed brochures), electronic communications, or written materials (whether publicly disseminated or not).

3. Include any material facts when making disclosures or providing information to clients regarding themselves, their personnel, investments, or the investment process.

Clients must have full and complete information to judge the abilities of Managers and their actions in investing client assets. "Material" information is information that reasonable investors would want to know relative to whether or not they would choose to use or continue to use the Manager.

4. Disclosure of the following to the clients:

- a) Conflict of interests generated by any relationship with brokers or other entities are adequately disclosed in the Fund's annual accounts.
- b) Regulatory or disciplinary action taken against any manager related to violation of conduct of the company's standards and other standards reflecting on the integrity, ethics, or competence of the employees are disclosed on the Company's website.
- c) Investment Policy, Investment Restrictions, Risk Factors and Warnings are

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specifically mentioned in the Offering Document of each Fund for client review.

- d) Details and methodology of Management Fee charged by the company to each Funds are mentioned in the Fund's Offering Document. Management Fee, Total Expense Ratio and Selling Marketing Expense charged to the Fund (s) are disclosed on the Company's website.
- e) Details of commission paid on transactions to the top ten brokers are disclosed in the Funds annual accounts.
- f) Valuation methods used by the company for Funds under its management are in accordance with the guidelines issued by SECP.
- g) Proxy Voting Policy of the company is available on its website.
- h) The Trade allocation policy and risk management process of the company can be disclosed upon request.
- i) Results of the review or audit of the Fund are disclosed in the Funds' financial statements.
- j) Significant personnel or organizational changes are updated on the company's website.