



**GLOSSARY  
& NOTES**



Section	Page Comment
Articles	The opinions expressed in these articles are the views of the author of the articles and not necessarily the views of MUFAP. The articles have been however reviewed by MUFAP to ensure appropriateness for this publication.
Statistics	All information is compiled from data provided by our member institutions. All categories mentioned are as per SECP's Circular 7 of 2009 & Circular 32 of 2012. While comparing returns, always compare relevant periods. Since Inception returns should be compared with funds with similar period of existence. Tabular representation of SECP's Circular 7 can be seen on Page 88 of the glossary.
Sharpe Ratio	A Geometric Sharpe Ratio has been used. Average of 1 year PKRV rate is used as risk free rate in the calculation of the Sharpe Ratio.
Total Net Assets	The figures are a total of Open-end, Closed-end and Pension Funds.
Return	Returns of Open-end Aggressive Income Funds, Income Funds, Money Market Funds and their Shariah-Compliant versions whose performance were for less than a financial year have been annualized using Simple Annualization. Returns of Closed-end Income Funds whose performance were for less than a financial year have been annualized using Simple Annualization. All returns have been calculated using the MUFAP's recommended return calculation methodology. Returns are a weighted average of their respective Net Assets. Since Inception Returns for all categories are absolute returns. Where period is less than 1 year, returns are annualized using simple annualization methodology. Where period is over 1 year, returns are annualized using compounded annualization methodology.
Sales/Redemptions	The table is compiled using the data available from our member institutions only.
Unit Holder's Pattern	The table is compiled using only the available information. Much data, especially from earlier years, are missing and understates the actual industry size. Therefore, there is a possibility that the Net Assets shown here are less than the industry net assets shown in earlier tables. The data for last three years has also been verified from the financial reports of the funds.



$$\text{Absolute Return} = \frac{\text{Ending NAV} - \text{Adjusted Starting NAV}}{\text{Adjusted Starting NAV}}$$

$$\text{Simple Annualized Return} = \text{Absolute Return} \times \frac{365}{\text{number of days}}$$

$$\text{Compounding Annualized Return} = (1 + \text{Absolute Return})^{\left(\frac{365}{\text{number of days}}\right)}$$

Where,

$$\text{NAV} = \frac{\text{Fund Assets} - \text{Fund Liabilities}}{\text{Outstanding Units}}$$

$$\text{Adjusted Starting NAV} = \frac{\text{Starting NAV}}{\text{Factor}}$$

$$\text{Factor} = \frac{\text{Cum-Dividend NAV}}{\text{Ex-Dividend NAV}}$$

Cum-Dividend NAV is the NAV at the time of the announcement of the dividend.

Ex-Dividend NAV is the NAV after the dividend is deducted from the fund.

In case the return period contain multiple dividends, the Adjusted Starting NAV is divided by factors for all dividends. Where there are no dividends the factor is one.

$$\text{Standard Deviation} = \sqrt{\frac{1}{N - 1} \sum_{i=1}^N (x_i - \bar{x})^2},$$

where,

- N = number of samples
- $x_i$  = Value of the sample
- $\bar{x}$  = average of the samples

$$\text{Sharpe Ratio} = \frac{r_p - r_f}{s}$$

where,

- $r_p$  = Geometric average of funds return
- $r_f$  = Risk Free Rate (PKRV)
- s = Fund's Standard deviation



## Abbreviations

AGM	Annual General Meeting
AMC	Asset Management Company
AUM	Assets Under Management
BATS	Bonds Automated Trading System
BoD	Board of Directors
CDC	Central Depository Company of Pakistan Limited
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CGT	Capital Gains Tax
CIS	Collective Investment Schemes
CPI	Consumer Price Index (Inflation)
DB	Defined Benefit
DC	Defined Contribution
EOGM	Extra Ordinary General Meeting
ETF	Exchange Traded Fund
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FPCCI	Federation of Pakistan Chamber of Commerce and Industries
FRM	Financial Risk Manager
FY	Financial Year
GDP	Gross Domestic Product
GIPS	Global Investment Performance Standards
GoP	Government of Pakistan
ICAP	Institute of Chartered Accountants of Pakistan
ICM	Institute of Capital Markets
ICP	Investment Corporation of Pakistan
IPS	Investment Policy Statement
ISE	Islamabad Stock Exchange
ITO	Income Tax Ordinance
KSE	Karachi Stock Exchange
LSE	Lahore Stock Exchange
MUFAP	Mutual Funds Association of Pakistan
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NCCPL	National Clearing Company of Pakistan Limited
NE	Notified Entities
NIT	National Investment Trust Limited
OD	Offering Document
OICCI	Overseas Investors Chamber of Commerce & Industry
PKR	Pakistani Rupee
PMEX	Pakistan Merchantile Exchange Limited
REIT	Real Estate Investment Trust
RSP	Registered Service Providers
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SME	Small and Medium Enterprise
TD	Trust Deed
TFC	Term Finance Certificates
USD	US Dollar
VPS	Voluntary Pension Schemes
WWF	Workers Welfare Fund
YTD	Year to Date (Return)



## Term

## Definition

Annual Report	An audited formal financial statement and report on its operations, distributed by a publicly held firm to its shareholders after its fiscal year-end.
Annualized Rate	The return an investment provides over a period of time, expressed as a time-weighted annual percentage. The rate of annual return is measured against the initial amount of the investment and represents a geometric mean rather than a simple arithmetic mean.
Asset Allocation	The process of selecting the optimal combination of securities from the different asset classes for an institutional or individual the case of an individual portfolio.
Asset Class	Three types of asset classes that can be held in a portfolio: cash or cash equivalents (treasury bills, commercial paper and other short-term promissory notes), fixed income investments (bonds, debentures and preferred shares) and equity securities (common shares).
Audit	An intensive examination of the accounting and financial procedures and practices of a company or mutual fund, and is carried out by auditors. See Auditors.
Auditors	Chartered accountant firm, responsible for conducting an independent audit. They are responsible for professionally examining and verifying a company's accounting documents and supporting data for the purpose of rendering an opinion as to their accuracy, consistency and fairness.
Balance Sheet	A financial statement showing a company's or fund's assets, liabilities and shareholder's equity.
Board Of Directors	A group of elected individuals, who are empowered and given the responsibility to manage the affairs of the company in a diligent and prudent manner. The directors are usually elected at the annual general meeting of the company.
Broker	Securities firm or duly registered individual employed by such a firm. A broker does not usually own the securities that are bought or sold, but rather acts as agent for the buyer or seller and charges a commission for its services.
Capital Gain (or Capital Appreciation or Capital Growth)	Results when a profit is realized from the difference between the purchase price of a capital asset (stocks, bonds, options, mutual funds, real estate and other property) and the selling price of that asset.
Capital Loss	Results when a loss is realized from the difference between the purchase price of a capital asset (stocks, bonds, options, mutual funds, real estate and other property) and the selling price of that asset.
Cash Equivalents	Assets that can be converted quickly into cash without a loss and include T-bills, commercial paper, short-term bonds and short-term paper.
Closed-End Fund	An investment fund that issues a specific number of shares; its capitalization is fixed. The shares are not redeemable, but are readily transferable and trade on either a stock exchange or the over-the-counter market.
Commercial Paper	Short-term promissory note, issued by well-established corporations to raise funds to meet short-term needs, traded in the money market.
Commission	A fee charged by a stock broker or financial advisor or mutual funds sales representative for buying or selling securities as agent on behalf of an investor.
Common Shares/Equity/Stocks	A class of stock that represents ownership in a company. They usually carry a voting privilege and entitle owners to share in the company's profits.
Compounding	Indicates that the return earned on an investment will increase, if the returns are reinvested, whether it be interest and/ or dividend income and/ or capital gains. The rate that is used to calculate the returns is based not only on the original investment, but also on the accumulated returns of prior terms.
Constitutive Document	Means the Trust Deed that is the principal document governing the formation, management or operation of the Trust.
Contribution	Means an amount as may be voluntarily paid by a Participant at any frequency to the Trustee for credit to the Individual Pension Account of a Participant, subject to any minimum limit as specified in the Offering Document.
Corporation/Company	A legal, taxable organization chartered under either provincial or federal law. Ownership of a corporation is held by its stockholders.
Coupon Rate	The annual rate of interest paid on a bond.
Custodian	A bank or a depository company that according to securities law holds the assets (cash and securities) of a mutual fund on behalf of the fund. This safekeeping of the assets serves to protect investors and helps facilitate easier transactions for the fund when securities are bought or sold.
Debt	Reference to amounts that are owing to be repaid in the future. Examples include bonds, debentures, mortgages and short-term notes.
Debt To Equity Ratio	Financial ratio, identifying the amount of debt incurred by a corporation to fund its growth, relative to its equity.
Default	The failure of a debtor (issuer) to make the coupon payments and/ or repayment of principal on the due date.
Disclaimer Clause	Regulators require that all prospectuses have a disclaimer clearly indicating that the regulators/ securities authorities have in no way passed upon the merits of the securities being offered for sale.
Distribution Company/Companies/ Registered Service Providers	Means individual(s), company(ies), firm(s), Bank(s) or other entity(ies) appointed by the Asset Management Company for performing any or all of the Distribution Functions and shall include the AMC itself, if it performs the Distribution Function.
Distributions	Payments made by a fund to its investors representing dividends, capital gains and interest income.
Diversification	Spreading investments among different asset classes; purchasing different securities in different companies, in different businesses, in various locations at different times. A method used to reduce and/ or eliminate unsystematic risk.
Dividend	Generally paid out of retained earnings and determined by the company's board of directors and paid out to its preferred and/or common shareholders. The dividend may be paid in cash or in additional shares. Common share dividends fluctuate with the profitability of a company, while its preferred share dividends are fixed. Dividend payments are not legal obligations.
Equity Fund	A mutual fund whose primary investment objective is growth. The fund would invest in growth oriented securities such as common shares, with growth potential.
Face/Par Value	The stated value of a common share/ unit used for accounting purposes only. The face value is no indication of the current market price of a security. Face value is also referred to as the par value, par, principal amount or denomination.
Fiduciary	An individual or organization placed in a position of trust, acting on behalf of another individual, responsible for holding and/or administering the assets owned by another individual. Examples of a fiduciary include salespersons, trustees, administrators and guardians.
Fiscal Policy	The federal government's use of expenditures and taxes to influence the growth of the economy. Broadly determined by the size of the annual budgetary deficit or surplus.
Floating Rate	Securities (usually bonds or debentures or preferred shares) which have rates that change with changes in the interest rate. The floating rate is generally based on the prime lending rate or the average treasury bill yield over a specific period.
Forward Pricing	The use of the next valuation date for purposes of pricing purchases and redemptions of a mutual fund.
Fund of Funds	The fund invests primarily in other closed end funds with the objective of capitalizing on the discount that the stated closed end funds are traded at.
Futures Contract	Exchange-traded contracts that obligates the buyer to buy and receive, or obligates the seller to sell and deliver, a specified amount of a commodity or asset at an agreed-upon price at a future date. Profits and losses are settled daily (mark-to-market) between the two parties rather than being settled when the contract is exercised. Also known as a future.



Ijarah	Ijarah means lease, rent or wage. Generally the Ijarah concept refers to selling the benefit of use or service for a fixed price or wage. Under this concept, the Bank makes available to the customer the use of service of assets/equipments such as plant, office automation, motor vehicle for a fixed period and price.
Income	Earnings made from an investment in the form of interest or dividend income.
Income Statement	A financial statement issued by a company showing its revenues and expenses over a given period of time, usually a year, resulting in either a profit or a loss.
Inflation	The general rise in the price of goods and services in the economy.
Initial Public Offering (IPO)	The first public issues of shares by a corporation that has not previously traded publicly in the financial markets.
Institutional Investor	An organization, often a collection of professional investors, whose primary objective is to invest its own capital (assets) or that of those whose interest it represents. It generally buys and sells in large volumes. Examples include pension funds, investment companies, banks and life insurance companies.
Instrument	A term used to describe securities or investments.
Interest	Payments made by a borrower to lenders for the use of their money for a period of time.
Interest Income	Income earned on fixed-income investments treated as ordinary earned income and taxed fully at an individual's marginal tax rate.
Investment Objective	The investment goal of an investor. The three primary investment objectives of an investor are safety, income and growth. Two secondary investment objectives are tax minimization and liquidity.
Investors	An individual whose principal concern is to invest in an asset or security or set of securities with minimal risk.
Leveraging	Refers to borrowing funds to purchase a security in order to magnify returns.
Liabilities	Claims made by creditors against a corporation. Liabilities include those due and payable within the year, known as current liabilities (including accounts payable, taxes payable) and those payable after one year, referred to as long-term liabilities (including bonds, bank loans and mortgages).
Liquidity	(1) The ease with which an investment can be sold or pledged for cash. (2) The ability of a given market to absorb a reasonable amount of buying and selling of securities at reasonable price changes. (3) A company's cash position: the amount of current assets in relation to its current liabilities.
Load/Sales Load/Fron-End Load/ Back-End Load	"The commission or cost of acquiring a mutual fund." The sales charge or commission not exceeding 5% of the net asset value, which may be included in the Offer Price (Front-end Load) of certain classes of Units or deducted from the Net Asset Value in order to determine the Redemption Price (Back-End Load) of certain classes of Units."
Management Fee	The amount paid by the fund directly to the management company for providing portfolio management, day-to-day and administrative services to a fund. The fee is calculated as a percentage of the average assets being managed annually.
Market Price	The last reported price at which a security was sold on an exchange.
Market Value	The current value of an asset if it were sold on the marketplace.
Maturity (or Maturity Date)	Date on which the principal amount of a note, acceptance paper, bond, debenture or other debt instrument becomes due and payable.
Net Asset Value (NAV)	The value of a mutual fund's holding less any liabilities. The NAV is calculated for most funds after the close of the exchanges and markets each day. It is calculated by taking the closing market value of all securities owned plus other assets such as cash, subtracting all liabilities and, then dividing by the total number of shares outstanding.
Offering Document	The prospectus, advertisement or other document, which contains the investment and distribution policy and all other information in respect of the Unit Trust, as, required by the Rules and is calculated to invite offers by the public to invest in the Unit Trust.
Open-End Fund	Commonly referred to as a mutual fund. These funds are in a continuous process of issuing shares/ units on demand and redeeming shares/ units on demand. Hence the term: open-end fund. The shares/ units do not trade on a market. The number of shares/ units outstanding varies each time the net asset valuation calculation is carried out, which is daily for most open-ended funds.
Participant	Means any person who makes Contributions or on whose behalf Contributions are made into the Pension Fund, and held in an identifiable Individual Pension Account managed by the Pension Fund Manager.
Portfolio	The combined holdings of more than one cash equivalent security, bond, stock, commodity, or any other assets by an individual investor or institutional investor
Profit	The amount remaining after all costs (direct and indirect) are deducted from the income of a business or from the amount realized on sale.
Proxy	(1) Generally, a person authorized to act or speak or substitute for another. (2) Written permission (or power of attorney) granted by a shareholder to someone else, to represent him/ her at a shareholders' meeting, and vote on his/ her behalf. (3) An alternate term for an attorney.
Rate of Return	The coupon rate (as in bond or debenture) or annual dividend (as in preferred or common share) divided by the purchase price.
Recession	Defined as two consecutive quarters of decline in real Gross Domestic Product. It may also be defined by several quarters of virtually zero net growth.
Redemption	(1) Repayment of a debt security or preferred share prior to or at maturity by an issuer, at a specified price (usually at a premium). (2) Mutual fund units are redeemed at the net asset value, when a unit holder's holdings are sold.
Regulations	A rule, principle or law for governing a procedure. "Regulations" here means the Non-Banking Finance Companies and Notified Entities Regulation, 2008 and the Schedules and Forms attached to it, as amended from time to time.
Reinvestment	Mutual funds provide a service that allows unit holders to purchase more units of the fund with the proceeds from interest and dividend income, usually at no additional cost (no sales charge).
Retained Earnings	A company's profit not paid out in the form of dividends. They are retained by the company to help finance future expansion and form part of shareholder's equity.
Return	The profit earned from an investment.
Risk	The potential of loss on an investment due to a number of factors, listed below: a) Credit Risk - Potential that an investment (specifically fixed-income securities) will go down when assigned a negative rating (downgraded) by a reputable credit rating service. b) Default Risk - Risk associated with an issuer of a debt instrument that may not have the financial ability to meet regular interest payments or is incapable of repaying the debt at maturity. c) Equity Investment Risk - Risk resulting from changes in a specific company or industry developments and prospects, as well as changes in interest rates, economic conditions and stock market news. d) Interest Rate Risk - Risk resulting from increased interest rates in the market place, that the income earned from an original investment will not be worth as much as the going market rates. e) Liquidity Risk - Inability to sell a security reasonably quickly at the prevailing market price or convert an asset into cash as quickly as possible. f) Political Risk - Potential for changes in government to impact the value of an investment. It may also include policy changes made by governments.



Retirement Age	Means any age between sixty and seventy years or such age as may be prescribed in the Rules from time to time, which the Participant selects for retirement, in accordance with the provisions of the Rules.
Rules	Means the NBFC Rules 2003, which governs the operation of the mutual funds.
SECP/commission	The Securities and Exchange Commission of Pakistan, established under section 3 of the Securities and Exchange commission of Pakistan Act, 1997.
Shareholders' equity	Ownership interest of common and preferred stockholders in a company. That is, it represents the difference between the assets and liabilities of a company.
Shariah Advisor	Means an Islamic Financial Institution, an Islamic scholar or a body of Islamic scholars, appointed in its place by the Pension Fund Manager with the approval of the Commission, having knowledge of Islamic finance, to supervise and monitor the activities of the Pension Fund to ensure that all its activities comply with Shariah.
Shariah Compliant	Shall mean any activity that is in accordance with the Islamic Shariah, as may be advised to the Pension Fund Manager by Shariah Advisor.
Shariah Compliant Fund	These funds invest in securities which are Shariah compliant.
Shariah or Islamic Shariah	Means divine guidance as given by the Holy Quran and the Sunnah of Prophet Muhammad (Peace Be Upon Him) and embodies all aspects of the Islamic faith.
Sharpe Ratio	This ratio measures risk-adjusted performance. It is calculated by subtracting the risk-free rate of return from the rate of return for an investment and dividing the result by the investment's standard deviation of its return. Usually Sharpe ratio is used for analyzing fund performance where the investor wants to see how much excess return is available while taking more risk than risk free rate. The Sharpe ratio tells investors whether an investment's returns are due to smart investment decisions or the result of excess risk. This measurement is very useful because although one portfolio or security can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater an investment's Sharpe ratio, the better its risk-adjusted performance.
Standard Deviation	It measures the dispersion of data from its mean. It measures the total risk associated with a fund (market and company specific). It measures the extent to which the fund return varies across its average return. The return of a fund is the percentage change in its NAV and it can be calculated on a daily, weekly, monthly or yearly basis. A high standard deviation implies that the periodic returns are fluctuating significantly from the average return and this signifies risk. On the other hand, a low standard deviation implies that the periodic returns are fluctuating close to the average return, which implies a low probability of loss.
Stock Exchange	Means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other stock exchange registered under section 5 of the Securities and Exchange Ordinance.
Sub-Fund	Means a collective investment sub-scheme of a specified investment class and/or investment policy set up within the overall Pension Fund. The Deposited Property shall be accounted for and segregated with respect to each Sub-Fund.
Sukuk	Suku are Islamic equivalent of bonds. However, fixed income interest bearing bonds are permissible in Islam. Hence, Sukuk are securities that which prohibit the charging or paying of interest. Financial assets that comply with Islamic law can be classified in accordance with their tradability and non-tradability in the secondary market.
Tax Credit	An amount subtracted from the federal tax payable, which will directly reduce the amount of tax payable.
Total Return	The annual return on an investment including interest income, dividend income and capital gains.
Treasury Bills	Short-term debt instruments issued by governments for a year or less. They are issued at a discount and mature at face value. The difference between the purchase price and the maturity value is considered interest income.
Trust Deed	Legal document that includes the conditions under which a fund is issued. It includes the face value, maturity date, coupon rate and any other terms and/ or features.
Trustee	In the case of a mutual fund established as a trust, an individual or person responsible for representing the interests of the unit holders.
Unit	Part of ownership in a mutual fund, when it is established as a trust.
Unit Holder	Owner of one or more units in a mutual fund.
Unlisted Security	A security not listed on a stock exchange
Volatility	Measures the amount of change in the price and the returns of a security over a period of time. A measure of the relative volatility of a stock to the overall market is its beta.
Withholding Tax	(1) Deductions by an employer from employees' salaries for the payment of federal and provincial income taxes. (2) Withholding by corporations and financial institutions of interest and dividend payments due to investors.
Yield	Also known as return. It is the amount of interest paid on a bond or dividend paid on the current market price of the security, expressed as a percentage.



## Asset Allocation Limits (As per SECP's Circular 07 of 2009)\*

	Money Market	Income	Aggressive Income	Capital Protected	Balanced	Asset Allocation	Funds of Funds	Equity	Index Tracker	Commodity
Cash/T-Bills less than 90 days maturity/Government of Pakistan (GOP) Ijarah Sukuk not exceeding 90days	0%-100%	10%-100% If atleast 70% of the net asset is invested in Government Securities	10%-100%	0%-100% (original amount of investment shall be protected)	10%-70%	0%-100%	Shall invest in other schemes only and not in its seed capital	0%-100%	0%-15%	10%-100%
Government Securities / TDRs / Money Market Placements including COD / COM / Reverse Repo, Commercial Paper	0%-100%	0%-75% not more than 15% of net assets of securities with over 6 months maturity	0%-90%		0%-70%	0%-100%		0%	0%	0%
Margin Financing	0%	0%-40%	0%-90%		0%-25%	0%-100%		0%	0%	0%
TFCs/ Sukuks	0%	0%-75%	0%-90%		0% - 70%	0%-100%		0%	0%	0%
Listed Equities	0%	0%	0%		30%-70%	0%-100%		At least 70% on quarterly average	More than 85% in securities covered in the index	0%
Commodity/ETFs	0%	0%	0%	0%	0%-60%	0%-100%	0%	0%	0%	At least 70% on quarterly average
Net Assets of the CIS in Commercial Papers of Corporate entities	0%-200%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Minimum Credit Rating of Instruments	AA & above	BBB & above	N/A	N/A	A- & above	N/A	N/A	N/A	N/A	N/A
Minimum Credit Rating of Banks /DFI	AA & above	BBB & above	N/A	AA- & above	AA- & above	AA & above (for earmarked cash)	N/A	N/A	N/A	AA & above
Minimum Credit Rating of NBFC/Modarba	AAA& above	No Limit	N/A	N/A	AA & above	N/A	N/A	N/A	N/A	N/A
Time to Maturity of a single assets	Max 6 months	No Limit	No Limit	N/A	N/A	N/A	N/A	N/A	N/A	max 90days
Weighted Average Time to Maturity of Fund	Max 90 days	Max 4 years, excluding Government Securities	Max 5 years, excluding Government Securities	N/A	Max 2 years (of non-equity assets)	N/A	N/A	N/A	N/A	N/A

Note : Shariah Compliant Scheme shall not invest in Shariah compliant Assets only keeping the assets allocation same as defined in the conventional category. The minimum credit rating of Instruments and bank/DFIs shall be A- and above

### \* SECP's Circulars as updated from time to time

Circular 7 of 2009  
 Circular 16 of 2010  
 Circular 4 of 2011  
 Circular 32 of 2012  
 Circular 9 of 2013  
 Circular 3 of 2015  
 Circular 36 of 2016  
 Circular 31 of 2020



## Suitability and Risk Categorization of Collective Investment Schemes (CIS) (as per Circular 2 & 32 of 2020)



Category of CIS/Plans based on Investment Policy	Risk Profile	Risk of Principle Erosion
Money Market Funds with no exposure in corporate commercial paper	Very Low	Principle at very low risk
Money Market Funds with investment in corporate commercial papers, Capital Protected Funds (non-equity), Income Funds with deposits/placement in AA or above rated banks/DFIs and investment in Government Securities or Government Sukuks. Weighted average duration of portfolio of securities shall not exceed six(6) months	Low	Principle at low risk
Income Funds with investment in A or above rated banks, AA rated corporate debt instruments, MTS and spread transactions. Weighted average duration of portfolio of securities shall not exceed two (2) years.	Moderate	Principle at moderate risk
CPPI Strategy Based Funds, Income Funds (Where Investment is made in fixed rate instruments or below A rated banks or corporate sukuks or bonds, spread transaction, Asset Allocation and Balanced Funds( with equity exposure up to 50% mandate)	Medium	Principle at medium risk
Equity Funds, Asset Allocation (with 0-100% Equity exposure mandate) and Balanced Funds (with 30%-70% Equity exposure mandate) Commodity Funds, Index Tracker Funds and Sector Specific Equity related Funds	High	Principle at high risk

**SECP's Circulars**

Circular 2 of 2020

Circular 32 of 2020