

Statement of Ethics and Business Practices



Dear Team Members, As part of BMA Fund's Vision to be a leader in the Asset Management industry in Pakistan, part of our responsibility is to lead the dissemination of knowledge and good practice in business ethics. By sharing in this responsibility, we will help BMA Funds to strengthen their ethics culture and encourage high standards of business behaviour based on ethical value. I would urge you to spend time to understand this note, as it is designed to provide guidance to you and help you build a relationship of trust with our principal stakeholders. I wish you success in helping to build BMA Funds an organisation based on strong ethics and business practices. Muddassar M. Malik January, 2008

Introduction to 'Statement of Ethics and Business Practices'

The 'Statement of Ethics and Business Practices' has 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. Since we seek a high standard of performance, and maintain a strong long-term and growing position in the competitive environment in which we operate, all employees are expected and directed to manage the business of BMA with complete honesty, candor and integrity.

Living by our principles

BMA's shared core values of honesty, integrity and respect for people, underpin all the work we do and are the foundation of our Ethics and Business Practices. The Ethics and Business Practices apply to all transactions, large or small, and drive the behavior expected of every employee in the conduct of its business at all times. We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Ethics and Business Practices. We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, contribute to the overall success of BMA. It is the responsibility of management to lead by example, to ensure that all employees are aware of these practices, and behave in accordance with the spirit as well as with the letter of this statement.

Responsibilities

BMA recognizes five areas of responsibility. It is the duty of the management continuously to assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

1. To Shareholders

To protect shareholders investment, and provide a long-term return competitive with those of other leading companies in the industry.

2. To Customers

To win and maintain customers by providing superior risk adjusted returns, while preserving capital, providing Investment solutions to meet their current and future needs and offer high quality service based on transparency.

3. To Employees

To respect the human rights of our employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment. To promote the development and best use of the talents of our employees; to create an inclusive work environment where every employee has an equal

opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns. We recognize that commercial success depends on the full commitment of all employees.

4. To those with whom we do business

To seek mutually beneficial relationships with various parties and to promote the application of these Ethics and Business Practices or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

5. To Society

To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

General Principles of conduct

All employees of BMA should adhere to the following principles:

1. Act in a professional and ethical manner at all times
2. Act for the benefit of clients
3. Act with independence and objectivity
4. Act with skill, competence and diligence
5. Communicate with clients in a timely and accurate manner
6. Uphold the rules governing capital markets

Ethics business practices 1 – business integrity

BMA insists on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. All business transactions on behalf of BMA must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and are subject to audit and disclosure.

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Ethics and business practices 2 – loyalty to clients

All employees must place the clients interest before their own, preserve the confidentiality of information communicated by clients within the scope of the employee-client relationship, and refuse to participate in any business relationship that could reasonably be expected to affect their independence, objectivity, or loyalty to clients.

Ethics and business practices 3 – political activities

1. of Companies

BMA must act in a socially responsible manner within the laws in pursuit of our legitimate commercial objectives. BMA must not make payments to political parties, organizations or their representatives. However, when dealing with governments, BMA has the right and the responsibility to make the Company's position known on any matters which affect us, our employees, our customers, our shareholders or local communities in a manner which is in accordance with our values and the Ethics and Business Principles.

2. of Employees

Where employees wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of circumstances.

Ethics and business practices 4 – Investment process and action

The Fund Managers of BMA must use reasonable care and prudent judgment when managing client's assets, should not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants, and deal fairly and objectively with Investment action. When managing a portfolio or pooled fund according to a specific mandate, strategy, or style, fund managers must only take investment actions that are consistent with the stated objectives and constraints of that portfolio or fund and provide adequate disclosures and information so investors can consider whether any proposed changes in the investment style or strategy meet their investment needs. While managing separate accounts and before providing investment advice or taking investment action on behalf of the client, the fund managers must evaluate and understand the client's investment objectives, tolerance for risk, time horizon, liquidity needs, financial constraints, and any other unique circumstances (including tax considerations, legal or regulatory constraints, etc.), and any other relevant information that would affect investment policy.

Ethics and business practices 5 – trading

Employees must not act, or cause others to act, on material nonpublic information that could affect the value of a publicly traded investment and must give priority to investments made on behalf of the client over those that benefit their own interests. Members of the research and investment team must keep information relating to the investment strategy confidential unless it is requisitioned by law or a regulatory authority.

Ethics and business practices 6 – performance and valuation

BMA must 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, and present performance information that is fair, accurate, relevant, timely, and complete.

Ethics and business practices 7 communication and engagement

BMA recognizes that regular dialogue and engagement with our stakeholders is essential. All employees must be committed to reporting our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality. In their interactions with other employees, business partners and local communities, they should seek to listen and respond honestly and responsibly.

Ethics and business practices 8 –competition

BMA supports free enterprise. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.