

786 INVESTMENTS LIMITED

POLICY ON INVESTMENT AND DISINVESTMENT OF FUNDS

1. PURPOSE

The purpose of this Policy is to establish a prudent and controlled framework for the **investment and disinvestment of funds** by 786 Investments Limited ("the Company") and for investments made by the Company in its capacity as an **Asset Management Company (AMC)** on behalf of Collective Investment Schemes ("CIS") under its management.

The Policy aims to ensure:

- Prudent investment decisions;
 - Protection of investors' interests;
 - Compliance with approved investment objectives and restrictions;
 - Effective management of investment, liquidity, market, credit, and operational risks;
 - Appropriate authorization and segregation of duties;
 - Transparent and fair execution of transactions; and
 - Proper monitoring, valuation, recording, and reporting of investments.
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2. SCOPE

This Policy applies to:

1. Investment and disinvestment of the Company's own surplus funds, where applicable; and
2. Investment and disinvestment of assets of CIS managed by the Company.

Investment decisions for each CIS shall be made strictly in accordance with its **Trust Deed, Offering Document, stated investment objective and policy, applicable SECP requirements, and approved internal investment limits**. SECP regulations require the investment policy of a CIS to be clearly stated and the CIS to comply with its applicable investment policy.

3. REGULATORY FRAMEWORK

All investments and disinvestments shall comply with applicable:

- Companies Act, 2017;
- SECP laws, rules, regulations, circulars, directions, and master circulars applicable to AMCs and CIS;
- Relevant Trust Deed and Offering Document;
- Applicable investment restrictions and exposure limits;
- Shariah requirements for Shariah-compliant schemes;
- Tax laws;
- Accounting standards; and
- Company's approved risk management and investment procedures.

The latest applicable SECP requirements shall be incorporated into the Company's investment framework from time to time. SECP's updated 2026 Master Circular consolidates applicable regulatory requirements for mutual funds, CIS and investment advisory services through June 30, 2026.

4. KEY INVESTMENT PRINCIPLES

All investment decisions shall be guided by:

1. Safety of capital;
2. Liquidity requirements;
3. Risk-adjusted return;
4. Diversification;
5. Compliance with investment objectives and limits;
6. Fair and transparent execution;
7. Best interests of investors/unitholders;
8. Independent risk assessment; and
9. Avoidance and management of conflicts of interest.

No investment shall be made solely to maximize return where it would result in unacceptable risk or breach of applicable limits.

5. INVESTMENT OBJECTIVE AND STRATEGY

For each CIS, the Investment Committee/authorized investment management function shall maintain an approved investment strategy consistent with:

- Fund objective;
- Risk profile;
- Asset class;
- Benchmark;
- Liquidity requirements;
- Investment horizon;
- Regulatory restrictions;
- Diversification requirements; and
- Market conditions.

Investment decisions shall remain within the approved strategic and regulatory limits.

6. ELIGIBLE INVESTMENTS

Investments may be made only in instruments and asset classes permitted by applicable regulations and the relevant CIS documents, which may include, as applicable:

- Government securities;
- Treasury bills and government bonds;
- Sukuk and other Shariah-compliant instruments;
- Listed equity securities;
- Corporate debt securities;
- Bank deposits and eligible money market instruments;
- Certificates of deposits and other approved instruments;
- Units of eligible mutual funds/ETFs;
- Approved pre-IPO or other permitted investments;
- Foreign securities/instruments, where permitted; and
- Other investments specifically permitted by applicable regulations and the relevant fund documents.

The Investment Committee shall ensure that the proposed investment is eligible for the relevant scheme before execution.

7. INVESTMENT LIMITS AND RESTRICTIONS

No investment shall be made if it would result in breach of:

- Regulatory exposure limits;

- Issuer/sector concentration limits;
- Asset-class limits;
- Credit-rating requirements;
- Liquidity requirements;
- Related-party restrictions;
- Internal risk limits;
- Fund-specific limits; or
- Any restriction contained in the Trust Deed or Offering Document.

Where regulatory or internal limits are more restrictive than general market practice, the more restrictive applicable limit shall be followed.

8. INVESTMENT DECISION PROCESS

The investment process shall generally follow:

Investment Research → Risk Assessment → Compliance Check → Investment Committee/Authorized Approval → Trade Execution → Confirmation → Settlement → Valuation → Monitoring

Before execution, the responsible investment function shall confirm:

- Instrument eligibility;
 - Available exposure limit;
 - Pricing/market conditions;
 - Liquidity;
 - Counterparty eligibility;
 - Credit quality, where relevant; and
 - Compliance with the fund's investment mandate.
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9. INVESTMENT COMMITTEE

The Company shall maintain an Investment Committee or other duly authorized investment decision-making structure.

The Investment Committee shall:

- Approve/oversee investment strategies;
- Review market and economic conditions;
- Monitor portfolio risks;

- Ensure compliance with approved investment policies;
- Review significant investment decisions;
- Monitor concentration and liquidity;
- Review breaches and corrective actions; and
- Periodically review portfolio performance.

The composition, quorum, authority, and frequency of meetings shall be approved by the Board or relevant governance framework.

10. DUE DILIGENCE

Before making material investments, appropriate due diligence shall be undertaken, considering:

- Financial position of the issuer/counterparty;
- Credit rating, where applicable;
- Business and industry risk;
- Historical performance;
- Liquidity;
- Market conditions;
- Legal and regulatory considerations;
- Valuation;
- Expected return; and
- Downside/risk factors.

The level of due diligence shall be proportionate to the nature and risk of the investment.

11. DISINVESTMENT POLICY

Disinvestment may be undertaken where:

- The investment objective or target return has been achieved;
- Risk has increased beyond the acceptable level;
- Investment limits are approaching or have been breached;
- Liquidity is required;
- Better risk-adjusted opportunities are available;
- The investment no longer meets the approved strategy;
- Credit quality deteriorates;
- Market or economic conditions materially change;
- Regulatory requirements require reduction of exposure; or

- Other circumstances make disinvestment appropriate in the best interests of the fund/investors.

Disinvestment decisions shall be based on documented investment rationale and applicable regulatory requirements.

12. EMERGENCY OR LIMIT-BREACH DISINVESTMENT

Where an investment limit is breached due to market movement, corporate action, redemption pressure, or other circumstances beyond the Company's control, the matter shall be immediately reported to the relevant authority.

A corrective action plan shall be prepared, which may include:

- Partial or full disinvestment;
- Rebalancing;
- Suspension of further investment; or
- Other permissible corrective measures.

All breaches shall be documented and reported in accordance with applicable regulatory and internal requirements.

13. LIQUIDITY MANAGEMENT

Investment decisions shall consider the expected liquidity requirements of each CIS.

The Company shall maintain sufficient liquidity to meet:

- Expected redemptions;
- Operating requirements;
- Settlement obligations;
- Regulatory requirements; and
- Other foreseeable cash requirements.

Large or concentrated investments shall be assessed for their potential impact on portfolio liquidity.

14. VALUATION OF INVESTMENTS

Investments shall be valued in accordance with:

- Applicable SECP requirements;
- Relevant accounting standards;
- Approved valuation policies;
- Fund constitutive documents; and
- Applicable market valuation sources.

Where market prices are unavailable or unreliable, the Company shall apply the approved valuation methodology and maintain adequate supporting documentation.

15. TRADE EXECUTION AND SETTLEMENT

All investment and disinvestment transactions shall be executed through approved brokers, banks, financial institutions, counterparties, or other authorized channels.

The Company shall maintain appropriate segregation between:

- Investment decision-making;
- Trade execution;
- Confirmation;
- Settlement;
- Custody;
- Accounting; and
- Reconciliation.

No employee shall have unrestricted control over the complete transaction lifecycle.

16. BEST EXECUTION

The Company shall seek to obtain the best reasonably available execution terms considering:

- Price;
- Liquidity;
- Transaction cost;

- Execution speed;
- Counterparty reliability;
- Settlement certainty; and
- Other relevant factors.

Where the lowest price is not the sole determining factor, the rationale shall be appropriately documented.

17. CONFLICT OF INTEREST

The Company shall identify, disclose, manage, and where necessary avoid conflicts of interest.

Employees and decision-makers shall not use confidential information or their position for personal benefit.

Investment decisions involving:

- Directors;
- Employees;
- Sponsors;
- Associated companies;
- Related parties; or
- Connected persons

shall be subject to applicable regulatory requirements and enhanced controls.

18. PROHIBITED INVESTMENT PRACTICES

The following practices are prohibited:

- Investments outside the approved mandate;
- Deliberate breach of regulatory limits;
- Unauthorized personal trading using fund information;
- Front-running;
- Insider trading;
- Price manipulation;
- Preferential allocation of investment opportunities;
- Transactions designed primarily for personal or related-party benefit; and

- Any transaction intended to conceal losses or circumvent investment restrictions.
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19. MONITORING AND RISK MANAGEMENT

The Risk/Compliance function shall independently monitor:

- Regulatory limits;
- Internal investment limits;
- Issuer and sector concentration;
- Credit exposure;
- Market risk;
- Liquidity risk;
- Counterparty risk;
- Investment breaches; and
- Compliance with fund objectives.

SECP has specifically emphasized risk management and control frameworks for AMCs managing CIS.

Any material breach shall be escalated promptly to management and the relevant governance committee.

20. INVESTMENT PERFORMANCE MONITORING

The Company shall periodically monitor:

- Portfolio performance;
- Benchmark performance;
- Risk-adjusted returns;
- Asset allocation;
- Concentration;
- Liquidity;
- Significant gains/losses; and
- Performance against the approved investment objective.

Significant deviations shall be analyzed and corrective action considered.

21. RECORDS AND DOCUMENTATION

The Company shall maintain adequate records of investment and disinvestment transactions, including:

- Investment proposal/recommendation;
- Investment Committee approval;
- Compliance confirmation;
- Trade order and execution details;
- Counterparty/broker information;
- Settlement documentation;
- Valuation records;
- Investment rationale; and
- Disinvestment rationale.

Records shall be retained in accordance with applicable laws and the Company's record-retention policy.

22. REPORTING

The Chief Investment Officer/Head of Investments and CFO shall provide periodic reports to the Investment Committee and management covering:

- Portfolio composition;
- Investments and disinvestments;
- Performance;
- Regulatory/internal limit utilization;
- Significant exposures;
- Liquidity position;
- Breaches/exceptions; and
- Material investment risks.

Where required, relevant information shall be reported to the Board, Trustee, SECP, and investors through prescribed reporting channels.

SECP's recent framework also emphasizes enhanced disclosure and transparency in Fund Manager Reports.

23. INTERNAL AUDIT

Internal Audit shall periodically assess the effectiveness of investment controls, including:

- Compliance with approved investment policies;
- Investment Committee approvals;
- Regulatory limits;
- Trade execution;
- Valuation;
- Settlement and reconciliation;
- Conflict-of-interest controls; and
- Disinvestment procedures.

Material findings shall be reported to the Audit Committee/Board.

24. RESPONSIBILITIES

Board of Directors

The Board shall:

- Approve the Investment and Disinvestment Policy;
- Approve the investment governance framework;
- Oversee material investment risks; and
- Review significant breaches and exceptions.

Investment Committee

The Investment Committee shall:

- Oversee investment strategy;
- Approve investments within delegated authority;
- Monitor portfolio risks and performance; and
- Ensure compliance with approved investment mandates.

Chief Investment Officer/Head of Investments

Responsible for:

- Investment research and recommendations;
- Portfolio management;
- Execution oversight;

- Investment/disinvestment decisions within delegated authority; and
- Portfolio monitoring.

Risk/Compliance

Responsible for:

- Independent compliance monitoring;
- Limit monitoring;
- Risk assessment;
- Breach reporting; and
- Regulatory compliance.

CFO

Responsible for:

- Accounting and financial reporting;
- Investment-related financial controls;
- Reconciliation oversight; and
- Coordination with auditors and regulators where required.

Internal Audit

Responsible for independent review of investment controls and compliance.

25. POLICY BREACHES

Any actual or suspected breach shall be reported immediately to the Head of Investments, Compliance, CFO, and CEO, as appropriate.

The breach shall be:

1. Documented;
2. Assessed for financial and regulatory impact;
3. Corrected within the permitted timeframe;
4. Reported to the relevant authority; and
5. Reviewed to prevent recurrence.

Regulatory reporting shall be made wherever required.

26. POLICY REVIEW

This Policy shall be reviewed **at least annually** or earlier where required due to:

- Changes in SECP regulations;
- Changes in investment products;
- Changes in market or risk conditions;
- Changes in the Company's business model; or
- Recommendations of Internal/External Audit or Compliance.

Material amendments shall require approval of the Board of Directors.

Approval Date: April 09, 2026