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## 1. NAME OF OPEN-END SCHEME

ATLAS ISLAMIC FUND

## 2. PARTICIPATING PARTIES AND DEED OF TRUST

### 2.1. PARTICIPATING PARTIES

This Trust Deed is made and entered into at Karachi, on this \_\_\_\_ day of \_\_\_\_\_  
2006 by and between:

- (A) Atlas Asset Management Limited, a company incorporated under the Companies Ordinance, 1984, with its registered office at Ground Floor, Federation House, Sharae Firdousi, Clifton, Karachi-75600 (hereinafter called the “**Management Company**”, which expression shall, where the context so permits, include its successors-in-interest and assigns) of the one part; and
- (B) Central Depository Company of Pakistan Limited, a company incorporated under the Companies Ordinance, 1984, and registered with the Securities & Exchange Commission of Pakistan (the “**Commission**”) as a Central Depository Company, with its registered office at CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, (hereinafter called the “**Trustee**”, which expression shall, where the context so permits, include its successors-in-interest and assigns) of the other part.

WHEREAS:

- (a) All conducts and acts of the Trust shall be Shariah Complaint;
- (b) The Management Company is a Non-Banking Finance Company licensed by the Commission under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (hereinafter referred to as the “**Rules**”, which expression shall include any amendments thereto) to, *inter-alia*, carry out asset management services, including investment schemes under trust deeds, and to establish and operate Shariah Compliant unit trusts (certificate attached thereto as Annexure “A”);
- (c) The Management Company has been authorized by the Commission vide its letter No. SEC/NBFC-II/JD/AISF/561/2006 dated August 18, 2006 appended hereto as Annexure “B” to constitute an Islamic open-end trust scheme under the name and title of Atlas Islamic Fund (hereinafter referred to as the “**Open-ended Scheme**”, the “**Scheme**”, or **AISF**, or the “**Fund**”, or the “**Trust**”) and to register this Trust Deed, pending authorization for the establishment and operation of the Scheme in accordance with the provisions of the Rules and this Trust Deed;
- (d) The Management Company has nominated and appointed the Trustee as trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions herein contained and tariff structure for Trusteeship as per Annexure “C” attached herewith;
- (e) The Commission has approved the appointment of the Trustee, vide letter No. SEC/NBFC-JD-II/AIF/569/2006 dated August 28, 2006, appended hereto as Annexure “D”;

- (f) The SECP has approved the appointment of Dr. Khalid Zaheer and Mr. Javed Ahmad Ghamidi as a member of the Shariah Advisory Council, vide letter Nos. NBFC-II/JD(R)/AAML/559 and NBFC-II/JD(R)/AAML/560 dated August 18, 2006. The letters are appended hereto as Annexures “E/1” and “E/2”;
- (g) The Shariah Advisory Council has confirmed that the provisions of this Deed are in compliance with Shariah vide their letters dated July 12, 2006, appended hereto as Annexures “F/1” and “F/2”;
- (h) Unless the context requires otherwise, the defined terms, words and expressions shall have the meaning respectively assigned to them in Section 5 hereof.

## NOW THIS DEED WITNESSETH:

### 2.2. DECLARATION OF TRUST

2.2.1 An Open-end Scheme is hereby constituted as a trust under the Trusts Act, 1882, under the name of *Atlas Islamic Fund*. The Management Company is hereby appointed to establish, manage, operate and administer the Scheme and the Trustee is hereby nominated, constituted and appointed as the trustee of the Scheme hereby created and the Trustee hereby accepts such appointment. The Trustee and the Management Company declare that:

- (a) The Trustee shall hold and stand possessed of the Deposited Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holders ranking *pari passu* inter se according to the number of Units held by each Unit Holder unless modified by this Deed;
- (b) The Management Company shall establish, manage, operate and administer the Scheme in terms of the provisions contained and conditions stipulated in this Deed, the Rules and any conditions which may be imposed by the Commission from time to time; and
- (c) The Deposited Property shall be invested from time to time by the Trustee at the direction of the Management Company, which shall manage, operate, and administer the Fund strictly in accordance with the provisions and conditions contained in this Deed, the Offering Document, the Rules, the conditions (if any) which may be imposed by the Commission from time to time, and in compliance with Islamic Shariah.
- (d) For attaining the aims and objectives, the Management Company shall handover to the Trustee an initial sum of Rs. 10,000/-.

2.2.2 The Trust shall have such minimum investment in compliance with the requirement of Rule 67(2)(f) of the Rules and the Management Company shall invest or arrange the investment of the required minimum amount by the Core Investors for a minimum period of two years, provided that the Management Company may seek a reduction of this requirement pursuant to the second proviso to Rule 67(2)(f), which provides for such relaxation where the Management Company has a good performance record of achieving and maintaining a better rate of return on the scheme managed by it during the previous three years, than the benchmark that the Commission may specify as a measure of performance of the scheme.

2.2.3 As soon as may be practicable, after receiving authorization from the Commission, the Management Company shall offer Units of the aggregate par value of Rs.500/- each to the general public, including banks and financial institutions through an Offering Document. The Offering Document shall be in

the form and substance as prescribed under the Rules, which shall be subject to the approval of the Commission and the Stock Exchanges. The Management Company may offer different types of units with different levels of front/back-end loads and management fees.

- 2.2.4 Where this Deed has been altered or supplemented, the Management Company shall notify the Unit Holders immediately.
- 2.2.5 The Management Company may from time to time, with the consent of the Trustee frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto, provided that, such rules or regulations are not inconsistent with the provisions of this Deed or the Offering Document, Supplemental Offering Documents or the Rules.

### **2.3. COMPLIANCE WITH SHARIAH**

- 2.3.1 All activities of the Scheme shall be undertaken in accordance with the Islamic Shariah. The Fund shall not invest in any instrument or investment that is not compliant with Shariah. These include, among others:
  - (a) Investment in riba based transactions, conventional insurance transactions, intoxicants, gambling, pornography, Haram meat; and
  - (b) Interest bearing deposits or raising interest-bearing loans.
- 2.3.2 The Management Company will appoint a Shariah Advisory Council (the “**Council**”) consisting of two or more Shariah Advisors, with the approval of the Commission, that will advise the Management Company regarding Shariah.
- 2.3.3 The Shariah Advisor or Shariah Advisors for the initial Council, as the case may be, will be appointed for a term of three years and may be reappointed after completing their term. The Management Company may, with the prior notice to the Trustee, terminate its agreement with the Shariah Advisor(s) and re-appoint Shariah Advisor(s) to fill the casual vacancy or appoint a new Shariah Advisor to the Council with prior approval of the SECP and/or as the case be under the relevant rules.
- 2.3.4 The Shariah Advisory Council will advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines consistent with the Shariah. Any verdict issued by the Shariah Council in respect of any Shariah related matter would be final and acceptable to the Trustee, the Management Company, the Unit Holders and other parties related with the matter, provided that the Shariah Advisory Council will recognize the opinion of the Shariah Advisors in respective jurisdictions as they deemed appropriate. Such cases shall deem to be Shariah compliant. The responsibilities of the Shariah Advisory Council (and members thereof) will be as under:
  - i. To co-ordinate with the Management Company in drawing up of this Deed and other related material documents constituting Constitutive Documents for the formation of the Unit Trust and shall further provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust into a riba free avenue of investment.
  - ii. To do the research as appropriate on the criteria followed by Islamic Unit Trusts all over the world for the purpose of screening of investments. The Shariah Advisory Council will then decide as to which criteria are relevant to be used in the context of Pakistan’s capital markets and the instruments available therein, and which need to be modified/added/deleted.

- iii. To certify that all the provisions of the Scheme and proposed Investments to be made on account of the Unit Trust on the instructions of the Management Company are Shariah compliant with the criteria established as per Clauses (i) and (ii) above.
- iv. To evaluate and advise upon all new financial instruments as and when introduced for their Shariah permissibility.
- v. To issue at the end of each Accounting Period, a certificate, to be included in the Scheme's financial reports, in respect of Shariah compliance of the preceding year's operations of the Scheme and the Shariah Advisory Council may, at the Management Company's costs, conduct such audits or other investigations as may be necessary for the issuance of the certificate.
- vi. To establish principles for calculating, where applicable, and to determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and to recommend to the Management Company the criteria for selecting the Charities to whom such sums shall be donated, subject to the Rules.

2.3.5 The Auditor to the Trust will report on the compliance of the investments of the Trust with the investment guidelines issued by the Shariah Council in their annual report to the Unit Holders.

### **3. GOVERNING LAW**

This Deed shall be subject to and be governed by the laws of Pakistan, including the Companies Ordinance, the NBFC Rules and all other applicable laws and regulations and shall be deemed for all purposes, whatsoever, to incorporate the provisions required to be contained in a trust deed by the Rules as a part and parcel hereof, and in the event of any conflict between this Deed and the provisions required to be contained in a trust deed by the Rules, the latter shall supersede and prevail over the provisions contained in this Deed. Furthermore, all investments of the Deposited Property shall be in accordance with the Islamic Shariah as advised by the Shariah Council. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investment made in the Fund from outside Pakistan in foreign currency.

### **4. FOR THE TRUST**

- (A) **Binding on Unit Holders:** The terms and conditions of this Deed and any deed supplemental hereto shall be binding on each Unit Holder, and each Unit Holder authorizes and requires the Trustee and the Management Company to do as required of them by the terms of this Deed.
- (B) **Limited Liability:** A Unit Holder is not liable to make any further payments to the Trustee or the Management Company after he has paid the purchase price of his Units and no further liability can be imposed on Unit Holders in respect of Units they hold.

- (C) **Unit Holders Ranking *Pari Passu***: The Trustee shall hold and stand possessed of the Deposited Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holders ranking *pari passu inter se*, according to the number of Units held by each Unit Holder except if different types of Units are issued with reduced levels of management fees those with a lower level of management fee may be entitled to additional bonus distributions as provided in this Trust Deed, be entitled to additional assets of the fund and/or be compensated in any other way as provided in the Offering Document.
- (D) **Trustee Reports to Unit Holders**: The Trustee shall include in the annual report to the Unit Holders, or at any frequency prescribed by the Commission, a statement as to whether, in its opinion, the Management Company has in all material respect managed the Deposited Property in accordance with the provisions of the Rules and this Deed and if, in the Trustee's opinion, the Management Company has not done so, the Trustee's report shall describe the respect in which the Management Company has not done so and the steps the Trustee has taken in respect thereof.
- (E) **Retirement of Trustee**: The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Management Company shall, by a deed supplemental hereto, within a period of six months of the Trustee's notice of intent to retire and with the prior written approval of the Commission, appoint a new trustee, under the provisions of the Rules, in place of the retiring Trustee and such supplemental deed shall provide for the automatic vesting of all the assets of the Trust in the name of the new trustee. In the event of the Management Company failing to appoint a new trustee as herein provided, the Trustee may by a deed supplemental hereto, immediately after the expiry of the above mentioned six month period, and, with the prior written approval of the Commission, appoint a new trustee and such supplemental deed shall provide for the automatic vesting of all the assets of the Trust in the name of the new trustee.

## 5. DEFINITIONS

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

- 5.1.1 **"Accounting Date"** means the date, 30th June, in each year and any interim dates 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 obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.
- 5.1.2 **"Accounting Period", "Accounting Year"** 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 Deposited Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 5.1.3 **"Auditors"** means such audit firms that are appointed as the auditors of this Scheme (auditor will be appointed for such consecutive terms of one year as may be permitted under the NBFC Rules), with the consent of Trustee, as the auditor for the Scheme, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the NBFC Rules;
- 5.1.4 **"Authorized Branch"** means those branches of the Distributors that have been authorized by the Management Company, from time to time, to perform Distribution Functions.



- 5.1.5 “**Authorized Dealer**” means a Scheduled Bank appointed by the Management Company under the Foreign Exchange Manual of the State Bank of Pakistan to manage receipts and transfers of payments for subscription and redemption of Units and distributions to offshore investors.
- 5.1.6 “**Authorized Investment**” means Shariah Complaint investments transacted, issued, traded or listed in Pakistan and abroad as defined in Sections 7.3 and 7.4 of this Deed.
- 5.1.7 “**Back-end Load**” means a processing charge or sales costs, not exceeding five percent (5%) of Net Asset Value, deducted by the Management Company from the Net Asset Value in determining the Redemption Price.
- 5.1.8 “**Bai Mu’ajjal**” means a contract in which the seller earns a profit margin on his purchase price and allows the buyer to pay the price at a future date in lump sum or in instalments.
- 5.1.9 “**Bai’ Salam**” means a contract in which advance payment is made for certain defined goods to be delivered later on a fixed date.
- 5.1.10 “**Bank**” means a Scheduled Bank, as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a scheduled bank.
- 5.1.11 “**Bank Accounts**” mean those accounts of the Trust opened and maintained by the Trustee with one or more Banks, the beneficial ownership of which shall vest in the Unit Holders.
- 5.1.12 “**Business Day/Dealing Day**” means a day (such business hours thereof) when Banks are open for business in Pakistan and such hours for which Management Company is open for business.
- 5.1.13 “**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.
- 5.1.14 “**the Commission**” means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997.
- 5.1.15 “**Connected Person**” shall have the same meaning as in the Rules.
- 5.1.16 “**Connected Broker**” means a broker that is a Connected Person.
- 5.1.17 “**Constitutive Document**” means this Trust Deed which is the principal Document governing the formation, management or operation of the Fund, the Offering Document, and all other material agreements in relation to the Trust.
- 5.1.18 “**Core Investors**” of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of Rule 67(2)(f) of the Rules. The Core Investors shall be issued Core Units representing their subscription. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 5.1.19 “**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 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 Transfer Agent, of a written acceptance of this condition by the transferee.
- 5.1.20 “**Custodian**” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), or a central depository as defined in the

Securities and Exchange Ordinance, 1969 or an investment finance company licensed under Rules, having such minimum credit rating as may be specified by the Commission being appointed by the Trustee in consultation with the Management Company and the Commission, to hold and protect the assets of the Trust 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.

- 5.1.21 **“Deed”** means this Trust Deed which is the principal Document governing the formation management or operation of the Fund.
- 5.1.22 **“Deposited Property”** means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices, after deducting therefrom or providing thereagainst, the value of Redemption, Front-end Load, Back-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, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising therefrom and all cash and other assets, movable or immovable, and property of every description, whether accrued or accruing, 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.
- 5.1.23 **“Distribution Account”** means the account (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.
- 5.1.24 **“Distributor”, “Distribution Company”, “Distribution Companies”** mean a company or companies, firm, or bank appointed by the Management Company, with the approval of the Trustee, for performing any or all of the Distribution Functions and shall include the Management Company, itself, if it performs the Distribution Function.
- 5.1.25 **“Distribution Function”** means the functions with regard to:
- (a) Receiving applications for the issue of Units and the aggregate Offer Price for Units applied for by such applications;
  - (b) Interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of address or issue of duplicate certificates for immediate transmission to the Management Company or the Transfer Agent, as appropriate;
  - (c) Issuing receipts in respect of (a) and (b) above; and
  - (d) Accounting to the Trustee for (i) money received from applicants for the issuance of units; (ii) payments made to the Unit Holders on redemption of Units; (iii) expenses incurred in relation to the Distribution Function.
- 5.1.26 **“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 Back-end Load or commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

- 5.1.27 **“Financial Institution”** means a scheduled bank or development finance institution, a company registered under the Rules, a member of a stock exchange registered with the Commission or an institution registered to provide financial services including banking or brokerage outside Pakistan.
- 5.1.28 **“Formation Cost”** means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Scheme and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund, inviting investment therein and all expenses incurred during the period leading up to the initial issue of Units.
- 5.1.29 **“Front-end Load”** means the sales and processing charges or commission (excluding duties and charges) not exceeding five percent (5%) of the NAV payable to the Management Company, which are included in the Offer Price of Units.
- 5.1.30 **“Fund’s Auditors”** mean the Auditors.
- 5.1.31 **“Halal”** means anything permitted by the Shariah.
- 5.1.32 **“Haram”** means anything prohibited by the Shariah.
- 5.1.33 **“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 pursuant to the provisions of this Deed.
- 5.1.34 **“Initial Offer Price”** means the price per Unit, during the Initial Period, determined by the Management Company.
- 5.1.35 **“Initial Period”** means a period as set out in the Offering Document during which the “Core Units” and other Units will be offered at the Initial Offer Price.
- 5.1.36 **“Investment”** means any Authorized Investment forming part of the Deposited Property.
- 5.1.37 **“Istisna’a”** means a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery.
- 5.1.38 **“Modaraba”** means a form of partnership where one partner provides funds, while another provides expertise and management.
- 5.1.39 **“Musharika”** means a relationship established under a contract by the mutual consent of the parties for sharing of profit and losses arising from a joint enterprise or venture. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions.
- 5.1.40 **“Net Assets”** means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified in Section 8.1 of this Deed.

- 5.1.41 “**Net Asset Value**” means per Unit Value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- 5.1.42 “**Offer Price**” means the sum to be paid by the investor for the purchase of one Unit, such price to be determined pursuant to Section 8.2 of this Trust Deed and to be stated in the Offering Documents.
- 5.1.43 “**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, as required by the Rules and is calculated to invite offers by the public to invest in the Fund.
- 5.1.44 “**Ordinance**” means Companies Ordinance, 1984.
- 5.1.45 “**Par Value**” means the face value of Unit that shall be Rupees five hundred (Rupees 500) or such other amount as may be determined by Management Company in consultation with the Trustee from time to time.
- 5.1.46 “**Atlas Islamic Fund**”, “**Fund**”, “**AISF**”, “**Trust**” or “**Scheme**” or “**Open-end Scheme**” means the Trust constituted by this Trust Deed.
- 5.1.47 “**Personal Law**” means the law of inheritance and succession as applicable to the individual Unit holder.
- 5.1.48 “**Redemption Price**” means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to Section 8.3 of the Trust Deed and to be stated in the Offering Documents.
- 5.1.49 “**Redemption Form**” means the redemption form as defined in the Offering Document.
- 5.1.50 “**Register**” means the Register of the Holders kept pursuant to the Rules and the Trust Deed.
- 5.1.51 “**Registrar Functions**” means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Receiving applications for issue, redemption and transfer/ transmission of Units directly from Unit Holders or legal representatives or through Distributors;
  - (c) Processing requests for issue, transfer and transmission of Units and requests for recording of lien or for recording of changes in data with regard to the Unit Holders;
  - (d) Dispatching income distribution advice and bank transfer intimations;
  - (e) Issuing statement of accounts to the Unit Holders;
  - (f) Issuing Certificates including Certificates in lieu of undistributed income to Unit Holders and, re-issuing;
  - (g) Cancelling Certificates on redemption or replacement;
  - (h) Maintaining record of lien/pledge/charge;
  - (i) Keeping record of change of addresses/other particulars of the Unit Holders; and
  - (j) Allocating Units to the Unit Holders for re-investments.
- 5.1.52 “**Rules or NBFC Rules**” means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended from time to time.
- 5.1.53 “**Sales Agent**” means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Fund. The Management Company shall compensate Sales Agents out of the Sales Load collected by it in the Offer Price.

- 5.1.54 “**Shariah**” or “**Islamic Shariah**” means divine guidance as given by the Holy Quran and the Sunnah of Prophet Muhammad (Peace Be Upon Him).
- 5.1.55 “**Shariah Advisor**” means an expert in Islamic Shariah appointed to the Shariah Council of the Fund with the approval of the Commission, having knowledge of Islamic finance, to supervise and monitor the activities of the Scheme and to ensure that all its activities comply with Shariah.
- 5.1.56 “**Shariah Council**” means the group of Shariah Advisors appointed by the Management Company, with the approval of Commission, to advise it regarding compliance with the principles of Islamic Shariah.
- 5.1.57 “**Shariah Compliant**” shall mean any activity that is approved by the Shariah Council to be in accordance with the Islamic Shariah.
- 5.1.58 “**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 and shall also include a Stock exchange in an offshore country at which Units of the Scheme are listed with the permission of the Commission, the State Bank of Pakistan and other appropriate authorities.
- 5.1.59 “**Subscription Day**” means every Business Day, on which stock exchanges are open in Pakistan, provided that the Management Company may, with the prior written consent of the Trustee, and upon giving not less than 7 days notice in at least two widely circulated newspapers, declare any particular Business Day not to be a Subscription Day.
- 5.1.60 “**Sukuk Islamic Bond**” means a type of Islamic bond that are backed by assets of the issuer that earn profit or rent.
- 5.1.61 “**Supplementary Offering Document**” means a document issued by the Management Company, in consultation with the Trustee after seeking approval of the Commission, including describing the special features of new type of Units and offering investment in the Scheme.
- 5.1.62 “**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 Deposited Property.
- 5.1.63 “**Transfer Agent**” means a company, including a Bank that the Management Company shall appoint for performing the Registrar Function. The Management Company may itself perform the Registrar Function.
- 5.1.64 “**Unit**” means one undivided share in the Fund and, where the context so indicates, a fraction thereof.
- 5.1.65 “**Trust**” means open-end scheme, scheme, or Fund constituted by this Trust Deed for continuous offers for sale of Units.
- 5.1.66 “**Zakat**” has the same meaning as in the Zakat and Ushr Ordinance (XVIII of 1980), 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. 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.

## **6. ROLE OF MANAGEMENT COMPANY**

### **6.1. DUTIES AND POWERS OF THE MANAGEMENT COMPANY**

- 6.1.1 The responsibilities of the Management Company are to invest and manage the assets of the Fund according to the provisions of this Deed, the Offering Document, the Rules and Islamic Shariah (as advised by the Shariah Council and in accordance with clause 2.3.4 of this Deed) in good faith, to the best of its ability, and without gaining any undue advantage for itself or any Connected Persons or its officers. The Management Company may appoint investment advisors to assist in investing and managing the assets of the Fund or to invest and manage part or whole of the assets of the Fund both locally and abroad, at its own cost and discretion.
- 6.1.2 The Management Company has the responsibility to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing applications in this regard.
- 6.1.3 The Management Company shall comply with the provisions of the Rules and this Deed 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 this Deed to be the act of the Management Company.
- 6.1.4 The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions.
- 6.1.5 The Management Company shall account to the Trustee for any loss in value of the Deposited Property where such loss has been caused by its negligence reckless or wilful act and/or omission or by its officers, officials or agents.
- 6.1.6 The Management Company shall manage the Deposited Property in the interest of the Unit Holders in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons and subject to the restrictions and limitations as provided in this Deed and the Rules. Any purchase or sale of Investments made under any of the provisions of this 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 this Deed or the Rules. The Management Company shall not be liable for any loss caused to the Fund or to the value of the Deposited Property due to any elements or circumstances beyond its reasonable control.
- 6.1.7 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.
- 6.1.8 The Management Company shall prepare and transmit the annual report, together with a copy of the balance sheet, income and expenditure account and the auditor's report of a scheme within four months of closing of the accounting period to the unit holders, and the balance sheet and income and expenditure account shall comply with requirements set out in Schedule IV of the Rules.

- 6.1.9 Within one month of the close of the first and the third quarter of its year of account, prepare and transmit, through its website with the permission of the Commission, to the unit holders and the Commission balance sheet as on the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise.
- 6.1.10 Within two months after the close of the first half of its year of account, prepare and transmit to the Unit Holders and the Commission a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules.
- 6.1.11 The Management Company shall maintain a register of unit holders of a scheme (either in physical or electronic form) and inform the Commission and the Trustee of the address where the register is kept. The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of the Commission and the Trustee. However, the Management Company may appoint a Transfer Agent, as its agent, to maintain the register and may from time to time remove or replace the Transfer Agent.
- 6.1.12 The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure account and the auditor's report of a scheme to the Commission within four months of the close of the accounting period together with a statement containing the following information, namely:-
- (i) total number of unit holders; and
  - (ii) particulars of the pertinent personnel (executive, research and other) of the asset management company;
- 6.1.13 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.
- 6.1.14 The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed 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 wilful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Management Company shall not be under any liability there for 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.
- 6.1.15 The Management Company shall, after obtaining approval of the Trustee, from time to time appoint, remove or replace one or more Distribution Company (ies) for carrying out the Distribution Function at one or more locations both locally and abroad, on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distribution Company (ies) and the Management Company. Provided the Management Company and its affiliates may also perform Distribution Function and act as a Distribution Company(ies).
- 6.1.16 The Management Company shall appoint with the consent of the Trustee, at the establishment of the Scheme and upon any vacancy, a Shariah Compliance auditor who shall be a chartered accountant and independent of the auditor of AAML and CDC and such auditor shall not be appointed for more than such consecutive terms of one year as specified under the NBFC Rules and contents of the auditor's report shall be in accordance with the provisions of the Rules.

- 6.1.17 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment / disinvestment transactions entered into by it on behalf of the Scheme. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure that the settlement instructions are given promptly after entering into the transactions so as to facilitate the timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with the dictates of the transaction.
- 6.1.18 The Management Company shall set a specific criteria to provide for a diverse panel of brokers at the time of offering of a scheme and shall also ensure that it has been diligent in appointing brokers to avoid undue concentration of business with any broker.

## **6.2. CHANGE OF MANAGEMENT COMPANY**

- 6.2.1 The Trustee may, with the prior approval of the Commission, remove the Management Company, by giving at least twenty-one days' notice in writing to the Management Company, on the happening of any of the following events:
- (a) The Management Company has contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within a reasonable period after the contravention has come to its notice;
  - (b) The Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
  - (c) A receiver is appointed over any of the assets of the Management Company.
- 6.2.2 The Management Company may retire at any time with the prior written consent of the Commission and the Trustee. Provided that until the new management company is appointed, the Management Company shall continue to perform its functions as the management company and shall be entitled to receive its usual remuneration.
- 6.2.3 The removal of the Management Company and appointment of a new management company shall always require the prior approval of the Commission and the Trustee.
- 6.2.4 If the Commission has cancelled the registration of the Management Company under the provisions of the Rules, the Trustee shall appoint another management company for the Scheme according to the provisions of this Deed and the Rules.
- 6.2.5 Upon a new management company being appointed, the Management Company will take immediate steps to deliver all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee.
- 6.2.6 Upon its appointment the new management company shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Management Company hereunder as fully as though such new management company had originally been a party hereto.
- 6.2.7 Furthermore, the Trustee may immediately upon the issuance of notice of removal of Management Company appoint auditors with the consent of the Commission from amongst the panel of auditors designated as "A" category by State Bank of Pakistan for the audit of financial institutions.
- 6.2.8 The Auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 6.2.9 The Auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Trustee or the Commission.



- 6.2.10 The Auditors shall submit the report for the audit to the Trustee not later than 30 Business Days from their appointment. A copy of the report shall also be provided to the Commission, outgoing Management Company and the new Management Company.
- 6.2.11 The cost of audit shall be shared equally by the outgoing Management Company, the new Management Company, and the Fund.

## **7. INVESTMENT OF THE DEPOSITED PROPERTY & RESTRICTIONS**

### **7.1. DEPOSITED PROPERTY**

- 7.1.1 The Deposited Property shall initially be constituted out of the proceeds of the Units issued (the “**Core Units**”) to initial investors (the “**Core Investors**”) and other Units issued during the Initial Period after deducting any applicable Duties and Charges therefrom.
- 7.1.2 The aggregate proceeds of all Units issued from time to time, after deducting Transaction Costs and any applicable Front-end Load, shall constitute part of the Deposited Property and the Distribution Company shall remit such proceeds to the Trustee in accordance with the instructions given by the Management Company from time to time.
- 7.1.3 The Fund may be marketed in conjunction with Shariah complaint group life insurance or any other Shariah compliant insurance scheme and the Trustee is authorized to deduct any insurance premiums from the payments and deposit them with the relevant insurance company.
- 7.1.4 If proceeds of the Units are paid in a currency other than Pakistani Rupees the currency will either be converted into Pakistani Rupees using an Authorized Dealer or, at the option of the Management Company, the foreign currency itself will become Deposited Property and Units will be issued in Pakistani Rupees based on the exchange rate quoted by the Authorized Dealer (for buying of the relevant currency) on the issue date of the Units. Cost of conversion into Pakistani Rupees (where applicable) will be borne by the Unit Holder and Units will be issued net of such costs.
- 7.1.5 The Trustee shall take the Deposited Property into its custody or under its control, either directly or through the Custodian and hold it in trust for the benefit of the Unit Holders in accordance with the provisions of the Rules and this Deed. The Deposited Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Fund. All registerable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed off pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Deposited Property.
- 7.1.6 All cash forming part of the Deposited Property shall be deposited by the Trustee in a separate account to be opened in the name of the Trustee, as a nominee of the Trust, with a Bank or financial institution of good standing approved by the Management Company. Such Bank or financial institution shall be required to allow profit thereon, based on Shariah, in accordance with the rules prescribed by such Bank or the financial institution for sharing of profits on deposits maintained in such Shariah based account or under any other arrangement approved by the Management Company that is not in violation of the principles of Shariah.
- 7.1.7 Save as herein expressly provided, the Deposited Property shall always be kept as separate property free from any mortgages, charges, liens, or any other encumbrances whatsoever and the Trustee, the Management Company, or the

Custodian shall not, except for the purpose of the Fund and as permissible under the Rules, create or purport to create any mortgages, charges, liens or any other encumbrances, whatsoever, to secure any loan, guarantee, or any other obligation, actual or contingent, on the Deposited Property.

- 7.1.8 The Trustee shall have the sole responsibility for the safekeeping of the Deposited Property. In the event of any loss, caused through negligence on the part of the Trustee, the Trustee shall have an obligation to replace the loss forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss.
- 7.1.9 Remuneration of the Management Company; remuneration of the Trustee; Transaction Costs related to investing and disinvesting of the Deposited Property; Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders; Bank charges and other costs including foreign exchange conversion commissions and buy-sell spreads; Audit Fees; Formation Costs; Annual Fee payable to the Commission, Listing Fee and Associate Membership Fee payable to the Stock Exchanges; fees of the Shariah Advisors; Custody charges including the Trustees charges in its capacity as the Central Depository Company and fee for custodial services for overseas investment; Hedging costs including cost of forward cover or forward or option purchase costs; taxes, fees, duties & other charges in foreign jurisdictions; and domestic taxes, duties & other charges if any applicable to the Trust shall be payable out of the Deposited Property, provided that all the Formation Costs shall be borne by the Fund and will be amortized in equal instalments over a period not exceeding five years.

## **7.2. INVESTMENT OBJECTIVE**

The Fund has been formed to enable Unit Holders to participate in a diversified portfolio of Shariah-Compliant securities, such as equities, profit bearing securities, and other Shariah-Compliant instruments including Shariah-Compliant securities available outside Pakistan. The Management Company will manage the Fund with the objective of maximizing Unit Holders' returns on their investments while at all times observing prudent investment practices, the highest professional standards, all applicable laws, and the Islamic Shariah as advised by the Shariah Council.

## **7.3. INVESTMENT POLICIES**

- 7.3.1 The Scheme is a purely Shariah-based Unit Trust which shall make investments only in Authorized Investments and shall thus offer Shariah-Compliant returns to investors in the Units of the Scheme. Hence, no Investments of the Deposited Property or any portion thereof shall be made in any security or instrument, or deposited in any account, that is inconsistent with Islamic Shariah as advised by the Shariah Council.
- 7.3.2 The Fund may be invested in the following asset classes:
- (a) Equity including depositary receipts such as Global Depositary Receipts and American Depositary Receipts;
  - (b) Participation Term Certificates;
  - (c) Modaraba Certificates;
  - (d) Musharika and Term Finance Certificates;
  - (e) Sukuk Islamic Bonds issued by the Government and other types of sovereign Islamic bonds;
  - (f) Any other non-riba based securities;

- (g) Contracts, securities, instruments issued by companies, organizations, and establishments issued on the principles of Bai'Mu'ajjal, Bai'Salam, Istisna'a, Modaraba and Musharika;
- (h) Mutual funds and other managed accounts and co-mingled accounts and schemes outside Pakistan;
- (i) Any other securities or instruments that may be permitted by the Commission and the Shariah Council;
- (j) The above and other Shariah-Compliant investments available outside Pakistan.

The Fund may also hold assets in the form of Riba-free cash deposits including deposits in foreign currencies with Banks and financial institutions offering Shariah-Compliant accounts.

- 7.3.3 During and prior to the commencement of the Initial Period, the Trustee shall hold the Deposited Property on deposit in a separate Shariah-Compliant account with a Bank of good standing (having an investment grade rating, or in the absence of a rating, with the approval of the Commission) approved by the Management Company, or in Shariah-Compliant money market investments as advised by the Management Company. After the Initial Period, all Deposited Property, except in so far as such cash may, in the opinion of the Management Company, be required for transfer to the Distribution Account, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of this Deed, the Offering Document, the Rules, and the Islamic Shariah as advised by the Shariah Council) be directed by the Management Company.
- 7.3.4 Any Investment may at any time be disinvested at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorized Investments or to provide cash required for the purpose of any provision of this Deed or in order to retain the proceeds of sale in a bank account with the Trustee or on deposit as aforesaid or any combination of the aforesaid. Any Investment, which ceases to be an Authorized Investment, shall be disinvested and the net proceeds of disinvestment shall be applied in accordance with this Section, provided that such disinvestment may, subject to the Rules, be postponed, for such period as the Management Company and the Trustee determine to be in the best interest of the Unit Holders.
- 7.3.5 The purchase or sale of any Investment in domestic listed securities for the account of the Trust shall be made on a stock exchange through a broker who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible and permissible under the Rules to make such purchase or sale more advantageously in some other manner. Save as allowed under the law, the Management Company shall not nominate, directly or indirectly, as a broker any of its directors, officers or employees or their family members (which term shall include their spouse, parents, children, brothers and sisters) or a person who beneficially owns, whether individually or in association with close relative(s), 10% (ten percent) or more of the equity or other securities with voting rights, if any, issued by the Management Company, without the prior approval of the Commission.
- 7.3.6 The Deposited Property shall be subject to such exposure limits as are provided in the Rules, provided that the Trustee and the Management Company will have a period of three months to bring the Fund into compliance with the exposure limits if the deviation is due to appreciation or depreciation of any Investment or disposal of any Investment.
- 7.3.7 If and, so long as the value of the holding in a particular company shall exceed the limit imposed by the Rules, the Trustee shall not make any further investments in

such company. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Unit Holders.

- 7.3.8 The Deposited Property shall not be invested in any security of a company if any director or officer of the Management Company or any of its Connected Persons owns more than five percent of the total nominal amount of the securities issued or if the directors and officers of the Management Company and any of its Connected Persons collectively own more than ten percent of those securities.
- 7.3.9 The Fund may engage in sale/repurchase transactions of sovereign risk securities and listed securities provided that the transactions are regulated by a Stock Exchange or take place with a Financial Institution as a counterparty or done through a Financial Institution acting as an intermediary. Such Shariah compliant investments will be subject to approval of the Commission/SBP/Shariah Advisory Council. The Fund will follow risk management parameters framed under clause 73(1) of the Rules with regard to such transactions:

***Risk Management with Regard to Securities under Sale/Repurchase***

- (a) There will be no limit with regard to repurchase of sovereign risk securities with a term of one year or less. Not more than 40% of the net assets of the Fund will be exposed at any one time to sovereign risk securities with a term of more than one year;
- (b) Not more than 10% of the net assets of the Fund will be exposed to any one issuer of securities;
- (c) Not more than 25% of the net assets of the Fund will be exposed to any one sector as defined by a Stock Exchange;

***Risk Management with Regard to Counterparty under Sale/Repurchase***

- (d) There will be no limit with regard to Fund exposure to counterparties if the sale/repurchase transactions are regulated and/or guaranteed by a stock exchange;
- (e) For repurchase transactions with a Financial Institution as counterparty, where the Financial Institution has an 'AA' rating or better (from a domestic rating agency licensed by the Commission), the maximum exposure of the Fund to such Financial Institution will not exceed 20% of the Net Assets of the Fund and where the Financial Institution has an 'A' rating, it will not exceed 10% of the Net Assets of the Fund. In all other cases, it will not exceed 2.5% of the Net Assets of the Fund. Transactions outside Pakistan will be limited to financial institutions having at least investment grade rating from Standard and Poors (or equivalent rating from reputable international rating agency) and in any case will not exceed 10% of the NAV with any one institution;

***Further Restrictions***

- (f) The Management Company, at its sole discretion, may impose additional risk management parameters/restrictions.
- 7.3.10 The Fund shall not purchase from or sell any security to the Management Company or to any director, officer or employee of the Management Company or to any person who beneficially owns ten per cent or more of the equity of the Management Company, save in the case of such party acting as an intermediary.

For the purposes of above sub-sections, the term director, officer or employee shall include their relatives including the spouse, parents, children, brothers and sisters.

#### **7.4. INVESTMENTS OUTSIDE PAKISTAN**

7.4.1 Investments outside Pakistan will enable the Fund to diversify risk as well as avail opportunities for higher returns in markets that are undervalued. The State Bank of Pakistan has allowed, vide FE Circular No. 11 of 2005 dated August 12, 2005, locally established mutual funds to invest abroad for the purposes of diversification of their asset classes/portfolio, subject to the limits specified below and as per the procedure specified in the said Circular, and the Commission has endorsed foreign investment by the Fund up to the following limits:

- (a) 30% of the Net Assets of the Fund;
- (b) The above percentage is subject to a cap of US\$ 15 million.

At some time in the future, the Management Company may expand this limit after seeking permission from the Commission and the State Bank of Pakistan.

The limit to international Investment will apply at the time of investment and it will not be necessary for the Trustee to sell any investment merely because, owing to appreciation or depreciation of any investment, change in foreign exchange parities, disposal of any investment, or change in limit due to increase or decrease in Units, such limit shall be exceeded.

In case, due to the relative movement of the value of foreign investment and/or change in the limit, the value of foreign investment exceeds the above limit, the Management Company will have six months to bring the Fund into compliance.

7.4.2 Deposited Property can be invested in international Investments including the following:

- (a) international equities;
- (b) international profit-bearing securities;
- (c) international money markets;
- (d) foreign currency Shariah compliant bank deposits & certificates of investments;
- (e) foreign currency Shariah compliant bank accounts in Pakistan;
- (f) mutual funds.

provided that the above investments are Shariah Complaint as per the Shariah Advisors of the respective jurisdiction and accepted by the Shariah Advisory Council.

7.4.3 While investing in international equities, international profit-bearing securities and international money markets, the Management Company will invest through its foreign counterpart unless it has built in-house capacity to manage international investments and provided evidence of the same to the Trustee. However, for jurisdiction where foreign counterpart does not have operations, the Management Company may invest through following agencies:

- (a) Mutual funds;
- (b) Index funds or securities that give exposure to international equity indices;
- (c) Individually managed accounts with a reputable international fund manager;  
or
- (d) After acquiring the services of a reputable international fund manager through a joint venture or a service agreement.

The Management Company may build-up its capacity to manage investments in a limited number of countries/markets and may start to manage investments directly in those countries/markets after providing evidence of the capacity to the Trustee while using the above means to manage investments in other countries/markets.

The fees directly charged by the international fund manager(s) on investments

outside Pakistan will be the responsibility of the Management Company and any fees paid out of Deposited Property will be netted-off from the fees paid to the Management Company. The Management Company will reduce its own fee by up to fifty percent on the Deposited Property invested in international mutual funds managed by third party.

- 7.4.4 While investing internationally, Deposited Property will not be placed in any investment that has the effect of leveraging the Fund and if any such instrument/security is used, it must be supported by investment in spot or money market such that the effect of leverage is cancelled out.
- 7.4.5 Associated companies and companies in parent-subsidary relationship shall be treated as group companies, even if registered/listed in different countries and any prescribed limit on group exposure shall apply to such companies.
- 7.4.6 Direct investments of the Fund in debt securities will only take place in 'investment grade' securities and 'sovereign risk' securities. Only up to 50% of the allowed limit of international investments shall be placed in sovereign risk securities of countries outside Pakistan and only up to 20% of the allowed limit of international investments in sovereign risk securities of any one country with the sovereign risk portion, if fully invested, divided among five different countries. The above limit will be applicable only to direct investments by the Fund.
- 7.4.7 Not more than 50% of the allowable limit of international investment will be placed in any one country.
- 7.4.8 The Management Company may use derivatives only to hedge existing exposure of the fund in foreign currencies, provided they are cleared by the Shariah Council. The derivatives used may also hedge the US Dollar, however, the Management Company will attempt to hedge, in all cases where hedging is desirable, to the Base Currency if cost-effective and practical. No other use of derivatives is permissible and only currency derivatives will be used and only up to the limit of the Fund's exposure to foreign currency.

## **7.5. RESTRICTIONS**

The Fund will not at any time:

- 7.5.1 Make any Investments that are not compliant with the Islamic Shariah as advised by the Shariah Council or which are not subject to Shariah compliance in other jurisdictions;
- 7.5.2 Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or take over;
- 7.5.3 Pledge any of the securities held or beneficially owned by it, except for its own benefit;
- 7.5.4 Make a loan or advance money to any person except in connection with the normal business of the Scheme, subject to the limits specified under the Rules;
- 7.5.5 Participate in a joint account with others in any transaction;
- 7.5.6 Apply any part of its assets to real estate (save and except that the Management Company may invest in securities secured by real estate or interest therein or equity securities issued by companies that invest in real estate or have interest therein);
- 7.5.7 Make an investment in a company which has the effect of vesting the management or control over the affairs of such company, in the Scheme;
- 7.5.8 Employ as a broker, directly or indirectly, any director, officer or employee of the Fund or its Management Company or any Connected Person or member of the

family of such person and enter into transactions with any Connected Broker, which shall equal or exceed 10% of the transactions of the Fund in any one Accounting Year of that Fund, subject, however, that such connected broker shall not have a common director or officer or employee with the investment adviser or asset management company or investment company; and

Provided that the Commission may, in each case on merits, permit the 10% limit to be exceeded if the connected broker offers advantages to the Fund not available elsewhere;

**Explanation:** For the purposes of this Section the term “family” includes spouse, lineal ascendants and descendants and brothers and sisters.

- 7.5.9 Invest in any company, at any time, in excess of an amount equal to 10% of the Net Asset Value of the Fund or an amount sufficient to acquire 10% of issued capital of the company. The limit of 10% of issued capital will apply individually to the various kinds of equity and debt instruments issued by the company and the Fund’s investment in any single type of security will not exceed 10% of the total issue of that type of security. The above limit does not apply to Pakistan Government securities and as such the Fund can invest more than 10% of its Net Asset Value in a particular Pakistan Government security or in Pakistan Government securities in general with Pakistan Government Securities defined to exclude securities issued by provincial, local or municipal government, government-owned corporations and government guaranteed securities issued by government sponsored agencies;
- 7.5.10 Invest more than 25% of the Net Asset Value of the Fund in securities of any one business sector as per classification of the stock exchange in which such security is listed;
- 7.5.11 The limits given in 7.5.9 and 7.5.10 above are based on the current limits defined in the Rules and may be modified based on any change in the Rules and any exemptions/clarifications given by the Commission;
- 7.5.12 Engage in short sale of a security, whether listed or unlisted;
- 7.5.13 Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. This provision shall not apply to sale and repurchase transactions of Government securities or those regulated by a stock exchange or those in which the counterparty is a Financial Institution or the transaction takes place through a Financial Institution;
- 7.5.14 Engage in leveraged transactions or borrow, except that the Fund may borrow as provided by the Rules to meet redemption requests, provided the borrowing complies with the Islamic Shariah as advised by the Shariah Council.

## **7.6. EXCEPTION TO INVESTMENT RESTRICTIONS**

- 7.6.1 In the event the weightage of shares exceeds the limits laid down in the Offering Document or the Rules as a result of the relative movement in the market prices of the Investments and corporate actions, including bonus shares and subscription to right shares, the Management Company shall make its best endeavours to bring the exposure within the prescribed limits within three months of the event. But, in any case, the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering if the Management Company is satisfied that accepting such offer is in the interest of the Trust.

## **8. VALUATION OF PROPERTY**

### **8.1. VALUATION OF ASSETS**

- 8.1.1 A security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of which it is valued or, if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and, if no sale is reported for such date, the security shall be valued at an amount not higher than the closing asked price nor lower than the closing bid price. Where prices of securities are quoted/available on a dealer system/electronic board such as NASDAQ or Reuters the quoted price shall be used.
- 8.1.2 An investment purchased, and awaiting payment against delivery shall be included for valuation purposes as security held and the account of the fund shall be adjusted to reflect the purchase price, including brokers' commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date.
- 8.1.3 An investment sold, but not delivered pending receipt of proceeds, shall be valued at the net sale price.
- 8.1.4 The value of any dividends, bonus shares or rights, which may have been declared on securities in the portfolio but not received by the Fund as of the close of business on the valuation date, shall be included as assets of the Fund if the security, upon which such dividends, bonuses or rights were declared, is included in the assets and is valued ex-dividend, ex-bonus or ex-rights, as the case may be.
- 8.1.5 A security bought or sold under a repurchase or reverse repurchase transaction, which has to be settled at a future date, shall be valued by taking the net effect of the complete transaction into account. The value or loss occurring shall be recognized taking into account the allocation of such value or loss over the period between the transaction date and the settlement date.
- 8.1.6 A security not listed or quoted on a stock exchange, and whose price does not appear on an electronic bulletin board/trading system, will be valued on basis of its investment value or break-up value as per last audited account whichever is later.
- 8.1.7 Profit accrued on any profit-bearing security in the portfolio shall be included as an asset of the fund if such accrued profit is not otherwise included in the valuation of the security.
- 8.1.8 A derivative shall be valued at current market price or, if it is an over-the-counter derivative, at the value quoted for it by a financial institution or the inferred value of the derivative based on the value of the commodity for which it has been written. The valuation of the derivative must be congruous to the valuation of the commodity for which it has been written.
- 8.1.9 The valuation shall be conducted as at the close of the Business Day in Pakistan. For international Investments, valuation will be carried-out one hour before the close of the Business Day in Pakistan according to the price of securities at or around that time or, if the price is not available, at the closing price of securities at the end of the last business day in the country in which the securities are quoted.
- 8.1.10 All amounts in foreign currencies will be converted into Pakistani Rupees based on the quotations by the National Bank of Pakistan or the Authorised Dealer(s). The conversion will take place at the average of the buy-sell rates.
- 8.1.11 Any other income accrued up to the date on which computation was made, shall also be included in the assets.



- 8.1.12 All liabilities, expenses, taxes and other charges, due or accrued up to the date of computation, which are chargeable under this Trust Deed, shall be deducted from the value of the assets.
- 8.1.13 The valuation methods prescribed in the Rules will be used unless the Rules are amended or a different valuation method is prescribed by the Commission. For any asset class, where no specific method of valuation is prescribed in the Rules, the guidance from the Commission shall be obtained and valuation shall be done accordingly.

## **8.2. DETERMINATION OF OFFER PRICE**

- 8.2.1 During the Initial Period the Offer Price will be the par value of the units.
- 8.2.2 After the Initial Period the Offer Price shall be calculated and announced by the Management Company on the following basis:

The Offer Price shall be equal to the sum of:

- (a) The Net Assets of the Fund as valued according to 8.1 above as of close of the Business Day;
- (b) Any Front-end Load;
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges;
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

The resulting sum will be divided by the number of Units outstanding in the Fund and the resulting value shall be adjusted upwards to the nearest Paisa.

- 8.2.3 The Offer Price will be calculated on each Subscription Day.
- 8.2.4 The Offer Price so determined shall apply to purchase requests, complete in all respects made in Pakistan, received by the Distributor during the business hours (as announced by the Management Company from time to time) on that Business Day. Provided that if a Business Day is not a Subscription Day, the Offer Price calculated on the next Subscription Day shall apply to the purchase request. The Management Company will make arrangements, from time to time, for receiving purchase requests from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan. In general, the Offer Price applicable to purchase requests received from outside Pakistan will be the Offer Price applicable on the date the Trustee receives the payments from international investors provided it is a Subscription Day, otherwise the Offer Price of the next Subscription Day will apply.
- 8.2.5 The Management Company may announce different types of Units with differing levels of Front-end load and Management Fees. Consequently, the Offer Price may differ for different types of Units issued and for different investors.
- 8.2.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-Section 8.2.2(c) is insufficient to pay, in full, such Duties and Charges, the Management Company shall be liable for the payment, in full, of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment, in which case such excess shall be recovered from the Deposited Property).
- 8.2.7 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-Section 8.2.2(c) exceeds the relevant amount of Duties and Charges, the Transfer Agent shall issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application.

8.2.8 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and, at the discretion of the Management Company, may also be published in at least one daily newspaper widely circulated in Karachi and be made available at its website.

### **8.3. DETERMINATION OF REDEMPTION PRICE**

8.3.1 During the Initial Period the Units shall not be redeemed.

8.3.2 After the Initial Period the Redemption Price shall be equal to the Net Assets of the Fund as calculated according to section 8.1 above as of close of the Business Day, less:

- (a) Any Back-end Load;
- (b) Any taxes imposed by the Government;
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and
- (d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

The resulting sum to be divided by the number of Units outstanding in the Fund and the resulting value to be adjusted downwards to the nearest Paisa.

8.3.3 The Redemption Price shall be calculated on each Subscription Day.

8.3.4 The Redemption Price so determined shall apply to redemption requests, complete in all respects made in Pakistan, received by the Distributor during the business hours (as announced by the Management Company from time to time) on that Business Day. Provided that if the Business Day is not a Subscription Day the Redemption Price calculated on the next Subscription Day will apply. The Management Company will make arrangements, from time to time, for receiving redemption request from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

8.3.5 The Management Company may announce different Units with differing levels of Back-end load and Management Fees. Consequently, the Redemption Price may differ for different types of Units issued and for different investors.

8.3.6 In the event that the amount deducted for payment of Duties and Charges pursuant to sub-Section 8.3.2(c) is insufficient to pay, in full, such Duties and Charges, the Management Company shall be liable for the payment, in full, of the amount of such Duties and Charges in excess of the provisions.

8.3.7 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-Section 8.3.2(c) exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders with the next income distribution, or if requested by the Unit Holder or instructed by the Management Company, at any time earlier.

8.3.8 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and, at the discretion of the Management Company, may also be published in at least one daily newspaper circulating in Karachi and make it available at its website.

## **9. DEALING, SUSPENSION, AND DEFERRAL OF DEALING**

9.1.1 **Deferral of fresh issue or redemption of Units due to lack of price discovery** – The Management Company may at any time, subject to the Rules, defer all or part of the issue or redemption of Units to the next Business Day if due to price caps

or floors, or for any other reason, if shares representing a significant part of the portfolio of the Fund were not available for trading during the Business Day. This deferral shall continue till the relevant shares become available for trading. Unit Holders on being informed that their issue/redemption requests have been deferred may elect to withdraw their requests. On deferral, all issue and/or redemption requests shall be placed in a queue based on time of receipt of the request at the Management Company and the issue/redemption shall take place on a first come first served basis as soon as trading starts to take place in the relevant shares. The Offer/Redemption requests that are honoured will be selected on a first come first served basis. In case only a partial number of offer/redemption requests are honoured during such a deferral, the Management Company can elect to only partially honour an offer/redemption request.

- 9.1.2 **Suspension of fresh issue of Units** - The Management Company may at any time, subject to the Rules, suspend issue of fresh Units. Such suspension may however not affect existing subscribers to any plans that may be offered by the Management Company under different administrative arrangements, the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in atleast two daily newspapers widely circulated in Pakistan in which the Fund's prices are normally published.
- 9.1.3 **Refusal to accept fresh issue request:** The Management Company or the Distribution Company may at any time refuse to accept a request for fresh issue of Units in any of the following cases:
- (a) In case the request for fresh issue of Units is contrary to the Know-Your-Customer rules or any other money laundering rules that the Fund may be subject to or that the Management Company may frame for self regulation;
  - (b) In case the request for fresh issue of Units is contrary to the rules of the foreign jurisdiction that the Fund or the investor may be subject to or if accepting the request for fresh issue of Units may subject the Fund or the Management Company to additional regulations under the foreign jurisdiction;
  - (c) If accepting the request for fresh issue of Units would in any case be contrary to the interests of the Management Company or the Fund.
- 9.1.4 **Deferral of request for fresh issue of Units:** The Management Company may at any time suspend or defer the issue of fresh Units if in its opinion the total number or any one request for fresh issue of Units is so large that investing the funds would take some time and be contrary to the interests of the present Unit Holders. In this case the Management Company may accept certain request for fresh issue of Units and may defer part or all of certain request for fresh issue of Units and issue only a limited number of fresh units. The Units that are issued on a deferred basis, some time after the request for fresh issue of Units has been received, will be issued at the Offer Price prevailing on the date of such issue.
- 9.1.5 **Circumstances of suspension of redemption** - The redemption of Units may be suspended or deferred during extraordinary circumstances, including war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of one or more Stock Exchanges on which any of the Securities invested in by the Fund are listed, closure of the banking system, computer breakdown, or strikes or other events that render the Management Company or the Distributors unable to function, or

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, or a break down in the means of communication normally employed in determining the price of any Investment, or when remittance of money can not 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. 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 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 Section 9.1.6 below.

- 9.1.6 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 Commission and publish the same in at least two daily newspapers each circulating at Karachi, Lahore and Islamabad.
- 9.1.7 **Queue System** - In the event redemption requests on any day exceed 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 10% of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing, as may be permissible under the Rules as it deems fit, in the best interest of the Unit Holders, and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis, proportionate to the size of the requests. The requests in excess of the 10% shall be treated as redemption requests qualifying for being processed on the next Business 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 Business Day still exceed 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.
- 9.1.8 **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 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 under intimation to the Commission and the Trustee. 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.

## **10. FEES AND CHARGES**

### **10.1. MANAGEMENT COMPANY REMUNERATION**

- 10.1.1 The Management Company shall be entitled to receive a remuneration of an amount not exceeding 3% per annum of the average annual Net Assets of the Fund during the first five years of the Scheme and 2% per annum of the average annual Net Assets thereafter.
- 10.1.2 The remuneration shall begin to accrue from the close of the initial offer period.
- 10.1.3 The remuneration due to the Management Company shall be calculated and accrued on a daily basis but paid monthly.
- 10.1.4 The Management Company may announce different Units with reduced levels of management fee. In such cases the difference between the normal management fee and the reduced management fee applicable to such Units will not be paid to the Management Company but will accrue in a special reserve account(s) to which only that class(es) of Units are entitled. On the dates the management fee is paid to Management Company the reserve account(s) will be capitalized as bonus Units at Net Asset Value and will be paid to the relevant classes of Units only notwithstanding the condition of overall income, reserves and retained earnings of the Fund. Notwithstanding the above, the Management Company may at its option prescribe another way of compensating such classes of Units through the Offering Document.
- 10.1.5 The management fees directly paid on international Investments managed by an international fund manager are the responsibility of the Management Company. Any fees paid by the Fund shall be netted-off from the fees to be paid to the Management Company. The Management Company will reduce its own fee by up to fifty percent on the Deposited Property invested in international mutual funds managed by third party.
- 10.1.6 In consideration of the foregoing, and save as aforesaid, the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Fund. The Management Company shall not make any charge against the Unit Holders or against the Deposited Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and this Deed to be payable out of Deposited Property.
- 10.1.7 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

### **10.2. TRUSTEE REMUNERATION**

- 10.2.1 The Trustee shall be entitled to a monthly remuneration out of the Deposited Property based on an annual tariff of charges, as annexed hereto as Annexure C and appended below, which shall be applied to the average annual Net Assets of the Fund during such calendar month. The remuneration shall begin to accrue from the date of payment in full by the Management Company in respect of the subscription of the initial Units of the Fund. 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.

#### **Central Depository Company of Pakistan's Tariff Structure for Trusteeship of Open-end Scheme**

The Trustee remuneration shall consist of reimbursement of actual custodial expenses/charges plus the following tariff:

<b>Amount of Funds Under Management (Average NAV)</b>	<b>Tariff per annum</b>
Up to Rs. 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, which ever is higher.
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

10.2.2 Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.

10.2.3 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 their duties as Trustee of the Trust. The Trustee shall not make any charge against the Unit Holders or against the Deposited Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Deposited Property under the provisions of the Rules and this Deed.

10.2.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

10.2.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission.

### **10.3. FORMATION COST**

10.3.1 Formation Costs shall be borne by the Fund and amortized over a period not exceeding five years.

### **10.4. ALLOCATION OF FRONT-END/BACK-END LOAD**

10.4.1 The remuneration of Distribution Companies and Sales Agents shall be paid exclusively from any Front-end/Back-End Load received by the Trustee and no charges shall be made against the Deposited Property or the Distribution Account in this respect. The remainder of any Front-end/Back-End Load after such disbursement shall be paid by the Trustee to the Management Company as distribution support and processing charges for their distribution services for the Trust. If the Front-end/Back-End Load received by the Trustee is insufficient to pay the remuneration of the Distribution Companies and Sales Agents, the Management Company shall pay to the Trustee the amount necessary to pay in full such remuneration.

10.4.2 Such payments shall be made to the Distribution Companies and Sales Agents and the Management Company by the Trustee or by the Management Company to the Trustee on monthly basis in arrears within thirty days of the end of the calendar month.

10.4.3 A Distributor located outside Pakistan may, if so authorized by the Trustee and the Management Company, retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

### **10.5. PAYMENT OF UNITS IN FOREIGN CURRENCY**

10.5.1 The Management Company shall appoint one or more scheduled bank(s) as the Authorized Dealer(s) to manage Offer and Redemption of Units from outside Pakistan in foreign currency under the provisions of the Foreign Exchange Manual of the State Bank of Pakistan.

- 10.5.2 Payments made in foreign currency to purchase Units shall be converted into Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost shall be deducted from the payment before Units are issued.
- 10.5.3 At the option of the Management Company, payments made in foreign currency for Units purchased may directly be made part of Deposited Property after deduction of the relevant duties, charges, Transaction Costs and Front-end Load. The Units issued will be denominated in Pakistani Rupees using as conversion rate the rates quoted by the Authorized Dealer at the issue date of the Units (buying rate for the relevant currency).
- 10.5.4 Payments to be made in foreign currency on redemption of Units shall be converted from Pakistani Rupees through the Authorized Dealer using his quoted rates and any conversion cost shall be deducted from the payment to be made.
- 10.5.5 At the option of the Management Company, payments to be made in foreign currency for Unit redemption may directly be paid from Deposited Property after deduction of the relevant duties, charges, Transaction Costs and Back-end Load. As the Units redeemed will be denominated in Pakistani Rupees the conversion rate will be the rates quoted by the Authorized Dealer at the redemption date of the Units (selling rate for the relevant currency).

## **10.6. OTHER FEES AND CHARGES**

Other fees and charges shall include:

- (a) Brokerage and transaction costs related to investing and dis-investing of the Deposited Property;
- (b) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders;
- (c) Bank charges, foreign currency conversion commission & buy-sell spreads, fund transfer costs and borrowing/financial costs;
- (d) Audit Fees;
- (e) Taxes applicable to the Trust on its income, turnover, assets or otherwise;
- (f) Annual Fee payable to the Commission;
- (g) Fees and Expenses of Shariah Advisors;
- (h) Custody charges including Central Depository Company of Pakistan charges and cost of custodial services for overseas investments;
- (i) Hedging costs including forward cover, forward purchase or option purchase costs;
- (j) Taxes, fees, cess, duties and other charges levied by foreign jurisdictions on investments outside Pakistan and any domestic taxes, fees, cess, duties and other charges;
- (k) Other charges and fees such as rating fees, listing fees of the exchange, associate membership fee in the stock exchanges, etc.

## **11. TRANSACTION WITH CONNECTED PERSONS**

### **11.1. TRANSACTIONS WITH CONNECTED PERSONS**

- 11.1.1 All cash forming part of the Deposited Property shall be deposited by the Trustee in a separate account(s) to be opened in the name of the Trustee, as a nominee of the Fund, with a bank(s), authorized by the regulatory authority whether based in Pakistan or abroad, of 'investment grade' rating approved by the Management Company. Such bank shall be required to allow Shariah based profit thereon in accordance with the rules prescribed by such bank(s), for sharing of profits on

deposits maintained in such account(s) or under any other arrangement approved by the Management Company.

11.1.2 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust save in the capacity of an intermediary.

11.1.3 Subject to the Rules, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.

## **11.2. BORROWING**

11.2.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time, at the request of the Management Company, concur with the Management Company in making and varying Shariah-Compliant arrangements with Banks or financial institutions for borrowing by the Trustee for the account of the Fund, provided that the charges payable to such Bank or financial institution are not higher than the prevailing market rates. Provided further that the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Rules but if subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Deposited Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

11.2.2 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.

11.2.3 For the purposes of securing any such borrowing the Trustee may, with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Deposited Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules.

11.2.4 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.

## **12. DISTRIBUTIONS FROM THE FUND**

### **12.1. DISTRIBUTION POLICY AND DATE**

12.1.1 The Fund shall annually distribute an amount that is required under the tax laws and other regulations in force and that may be beneficial for its Unit Holders. The entire amount available for distribution may be distributed as bonus Units, cash dividend or in any other form acceptable to the Commission that may qualify under the tax laws or as a combination of the above. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

12.1.2 The Management Company shall decide as soon as possible, but not later than 45 days after the Accounting Date, whether to distribute among Unit Holders, profits, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the rate of such distribution per Unit.



- 12.1.3 The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditors and shall be the sum total of:
- (a) The total income earned on the Deposited Property during such Accounting Period, including all amounts received and accrued in respect of dividend, mark-up, profit and fee;
  - (b) Whole or part of the net realized appreciation, at the option of the Management Company;
  - (c) Whole or part of the net un-realized appreciation, at the option of the Management Company;
  - (d) From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine in consultation with the Auditors.
- 12.1.4 The proceeds of sales of rights and all other receipts deemed by the Management Company, after consulting the Auditors, 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 Deposited Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation, may be distributable to the Unit Holders by the Trustee and shall, thereafter, cease to form part of the Deposited Property, once transferred to the Distribution Account. The Management Company may also elect to distribute the net un-realized appreciation as bonus Units.
- 12.1.5 The income qualifying for distribution in respect of the relevant period may be adjusted as under:
- (a) Deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, profit or mark-up;
  - (b) Adjustment if considered necessary by the Management Company to reflect the diminution in value of Deposited Property, including deterioration in exchange rate applicable to international investments, in consultation with the Trustee.
- 12.1.6 The Management Company may also distribute an amount, through cash or bonus, for an interim period that is not a full Accounting Period.
- 12.1.7 The Management Company may announce different Units with reduced levels of management fee. In such cases the difference between the normal management fee and the reduced management fee applicable to such Units will not be paid to the Management Company but will accrue in a special reserve account(s) to which only that class(es) of Units are entitled. On the dates the management fee is paid to Management Company the reserve account(s) will be capitalized as bonus Units at Net Asset Value and will be paid to the relevant classes of Units only notwithstanding the condition of overall income, reserves and retained earnings of the Fund and the income available for distribution in the Fund, if any. Notwithstanding the above, the Management Company may at its option prescribe another way of compensating such classes of Units through the Offering Document.
- 12.1.8 The Management Company, in consultation with the Shariah Council, shall decide what portion of the income of the Fund is Haram, if any, and shall inform the Unit Holders of the proportion of Haram and Halal income of the Fund so that they are able to purify it. Certain Unit Holders may authorize the Management Company to pay any Haram income as charity to purify it. The Trustee in such cases is authorized to pay any part of cash dividend or encash bonus Units and

pay an amount equivalent to the Haram income to the Management Company for onward transmission to charities. The list of charities to which the Management Company will pay the Haram income will be decided in consultation with the Shariah Council.

## **12.2. DISTRIBUTION OF INCOME**

- 12.2.1 After the fixing of the rate of bonus distribution per Unit, the Management Company will inform the Trustee who shall cause to have additional Units issued in the name of the Unit Holders as per the bonus ratio.
- 12.2.2 For capitalization of the special reserve accounts as mentioned in 12.1.7, the Management Company shall inform the Trustee on each payment date of the amount of Units, including fractional units, to be capitalized and the Trustee shall cause to have the additional Units issued in the name of the relevant Unit Holders as per the information provided by the Management Company.
- 12.2.3 On each Accounting Date or interim distribution date the Management Company shall instruct the Trustee to transfer to the Distribution Account such amount of cash as required to effect the cash distribution of income to the Unit Holders net of re-investment of dividend as provided by 12.2.6 below. The amount standing to the credit of the Distribution Account shall not be treated as part of the Deposited Property but shall be held by the Trustee upon trust to distribute to Unit Holders as herein provided.
- 12.2.4 After the fixing of the rate of cash distribution per Unit, cash distribution payments shall be made by transfer to the Unit Holders' designated bank accounts, or in the case of joint Unit Holders, to designated bank account of the joint Unit Holder first named on the Register. The receipt of funds by such designated bankers shall be a good discharge therefore.
- 12.2.5 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments, whatsoever, and issue to the Unit Holder the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.
- 12.2.6 Certain Unit Holders may authorise the Trustee to re-invest any cash distributions from the Fund into additional Units of the Fund. The Trustee, in such cases will not pay cash distribution but will issue such Units and pay for such Units out of the relevant cash distribution net of any deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments. Issue of the account statement by the Transfer Agent showing an increase in Units shall be a good discharge of the obligation to pay dividends. In such cases, the additional Units will be issued at Net Asset Value less any duties and charges and will not attract any front-end fees or transaction charges. Deductions in respect of any Zakat, income or other taxes, charges or assessments shall be paid as cash to the relevant Government agencies and the Unit Holder will be issued a certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.
- 12.2.7 A Unit Holder may elect to receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Transfer Agent in writing prior to the distribution declaration for any relevant period.
- 12.2.8 Where the Units are placed under pledge, the payment of dividends shall be made in accordance with Section 18.8.3 below.

### **12.3. DISTRIBUTION OF LIQUIDATION PROCEEDS**

- 12.3.1 Upon the Trust being terminated 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 Deposited Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid.
- 12.3.2 The Trustee, on the recommendation 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 Deposited Property after making payment as mentioned in sub-Section 12.3.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.
- 12.3.3 In case the Trust is terminated by the Commission on the grounds given in the Rules, the Commission may appoint a liquidator in consultation with the Trustee.

### **13. ANNUAL ACCOUNTING PERIOD AND DATE**

- 13.1.1 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 Deposited Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.
- 13.1.2 Accounting Date means the date 30th June in each year and any interim dates 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 obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.

### **14. BASE CURRENCY**

- 14.1.1 The currency of transaction of the Fund is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the issuance 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 under this Deed, for receipt or payment in any other currency or for any obligations arising therefrom.

### **15. MODIFICATION OF CONSTITUTIVE DOCUMENTS**

- 15.1.1 The Trustee and the Management Company, acting together, shall be entitled, by deed supplemental hereto, to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the Commission, if so required. Provided that, the Trustee and the Management Company shall certify, in writing, that in their opinion, such modification, alteration or addition is required pursuant to any amendment in the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of this Deed to be more efficiently, conveniently or economically managed or to enable the Units to be listed on a Stock Exchange including a Stock Exchange in a foreign jurisdiction or otherwise for the benefit of the Unit Holders and that it does not prejudice the interests of the Unit Holders or any of them or operate to release the Trustee or the Management Company from any responsibility to the Unit Holders.

## 16. TERMINATION OF SCHEME

### 16.1. TERMINATION AND LIQUIDATION OF TRUST

- 16.1.1 The Management Company may terminate the Fund if the Net Assets, at any time after the initial period, fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and shall disclose the grounds of its decision. The Management Company may announce winding up of the Fund without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the deposited property to meet such redemption 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.
- 16.1.2 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 notice.
- 16.1.3 The Trust may also be terminated by the Commission on the grounds given in the Rules.
- 16.1.4 This Deed may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of this Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Trust.
- 16.1.5 In the event of termination of the Scheme, other than due to reasons mentioned in Sections 16.1.3 and 16.1.4 above, the Management Company shall notify the Unit Holders by issuing a public notice in at least one newspaper each, circulating in the city in which the Scheme may be listed.

## 17. TRUST ARRANGEMENTS

### 17.1. PRIMARY FUNCTIONS:

- 17.1.1 **Fund Management** – The Management Company has the responsibility to take all investment decisions within the framework of the Rules, this Trust Deed establishing the Scheme and the Offering Documents issued for the Scheme.
- 17.1.2 **Control over Assets** - The Trustee has the responsibility for being the nominal owner for the safe custody of the assets of the Scheme on behalf of the beneficial owners (the Unit Holders), within the framework of the Rules, this Trust Deed and the Offering Documents issued for the Scheme.
- 17.1.3 **Investor Records** – The Management Company has the responsibility to maintain Unit Holders' records and for this purpose it may appoint a Transfer Agent, who is responsible for maintaining Unit Holders' records and providing related services. The Transfer Agent shall perform the Registrar functions and all other related activities.
- 17.1.4 **Record Keeping** – The Management Company has the primary responsibility for all record keeping, and for producing financial reports from time to time (the Management Company may outsource this function but will remain primarily responsible for it and bear the cost consequent to outsourcing). However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of account and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

- 17.1.5 **Investor Services** - The Management Company has the responsibility to facilitate investment and disinvestment by investors and to make adequate arrangements for receiving and processing applications in this regard.
- 17.1.6 **Distribution** - The Management Company shall, from time to time, appoint suitable parties as Distributors under intimation to the Trustee. The Distributors shall act as the interface between the investors, the Management Company, the Transfer Agent and the Trustee. The Distributors shall receive applications for issue and redemption of investment in the Scheme offered by the Management Company. The Management Company may also itself perform Distribution Functions.
- 17.1.7 **Sales Agents** – The Management Company shall, at its own responsibility, from time to time, appoint Sales Agents to assist it in promoting sales.

## **17.2. DUTIES AND POWERS OF THE TRUSTEE**

- 17.2.1 The Trustee shall comply with the provisions of this Deed and the Rules, 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 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 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 Deposited Property where such loss has been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 17.2.2 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 they are not in conflict with the provisions of this Deed or the Rules. Whenever, pursuant to any provision of this 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 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.
- 17.2.3 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Deposited Property due to any elements or circumstances beyond its reasonable control.
- 17.2.4 The Trustee shall ensure that the sale, issue, repurchase, redemption and cancellation of units effected by a scheme are carried out in accordance with the provisions of the constitutive documents.
- 17.2.5 The Trustee shall ensure that the methods adopted by the management company in calculating the value of units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the constitutive documents.
- 17.2.6 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Deposited Property, unless such instructions are in conflict with the provisions of this Deed or the Rules or law.
- 17.2.7 The Trustee shall ensure that the investment and borrowing limitations set out in the constitutive documents and the conditions under which the scheme was authorized are complied with.

- 17.2.8 The Trustee shall issue a report to be included in the annual report to be sent to unit holders whether, in the trustee's opinion, the asset management company has in all material respects managed the scheme in accordance with the provisions of the constitutive documents, if the asset management company has not done so, the respects in which it has not done so and the steps which the trustee has taken in respect thereof.
- 17.2.9 The Trustee shall ensure that unit certificates are not issued until subscription moneys have been paid.
- 17.2.10 The Management Company shall, under intimation to the Trustee, from time to time appoint, remove or replace one or more Distribution Company(s) for carrying the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company and the Management Company.
- 17.2.11 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust save in the capacity of an intermediary.
- 17.2.12 Subject to the Rules, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 17.2.13 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.
- 17.2.14 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 Deposited Property and all other matters relating to the Trust.
- 17.2.15 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. The Trustee shall endeavour to provide the certification at the earliest date reasonably possible.
- 17.2.16 The Trustee shall, if requested by Management Company, and may, if it considers necessary for the protection of Deposited 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 Deposited 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 directors and officers. All costs, charges and expenses (including reasonable 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 negligence or breach of fiduciary duties in connection with its duties as the Trustee under this Deed or the Rules. For the avoidance of doubt it is clarified that, notwithstanding anything contained in this 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.

17.2.17 The Trustee shall not be under any liability, except such liability as may be expressly assumed by it under the Rules and this 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 negligence or wilful breach of duty hereunder. If, for any reason, it becomes impossible or impracticable to carry out the provisions of this 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.

### **17.3. CHANGE OF TRUSTEE**

17.3.1 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Management Company ) or ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Trust under the provisions of the Rules, the Management Company shall forthwith, by instrument in writing, remove the Trustee from its appointment under this Deed and shall by the same or some other instrument in writing, simultaneously, appoint as trustee some other company or corporation according to the provisions of the Rules and this Deed as the new trustee.

17.3.2 The Management Company may remove the Trustee, with the prior approval of the Commission, after giving at least 21 days notice in writing to the Trustee on grounds of any material default or non-compliance with the provisions of this Deed or the Rules, and appoint another trustee.

17.3.3 Upon the appointment of a new trustee the Trustee shall, immediately, deliver all the documents and records to the new trustee and shall transfer all the Deposited Property and any amount deposited in any Distribution Account to the new trustee and make payments to the new trustee of all sums due from the Trustee.

17.3.4 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.

### **17.4. ADMINISTRATIVE ARRANGEMENTS**

17.4.1 The Trustee shall have all the obligations entrusted to it under the Rules, the Trusts Act, 1882, this Trust Deed and the Offering Document of the Fund. However, the Trustee shall, in addition to the aforesaid obligations, facilitate the Management Company's business in the following manner:

- (a) Attorney(s) and Point Person(s): The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company;
- (b) Custodian(s): The Trustee shall act as custodian for securities for which custody services are available with the Trustee at such terms as the Trustee and the Management Company may mutually agree. For other securities the Management Company may advise the Trustee to make appropriate arrangements with one or more Custodians for custody of securities in which investment may be made on behalf of the Fund. The Trustee shall provide custodial services to the extent others cannot be identified for this purpose.

### **17.5. BANK ACCOUNTS**

17.5.1 The Trustee shall open Shariah-Compliant Bank Accounts for the Fund at suitable banks at the request of the Management Company.

- 17.5.2 The Trustee shall open additional Shariah-Compliant Bank Accounts at such branches of banks and at such locations (including outside Pakistan), subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan, as may be required by the Management Company, from time to time.
- 17.5.3 The Management Company may also require the Trustee to open separate Shariah-Compliant Bank Accounts for each dividend distribution out of the Fund.
- 17.5.4 Notwithstanding any thing in this Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.

**17.6. TRANSACTIONS RELATING TO THE FUND**

- 17.6.1 The Trustee shall authorize and facilitate the provision to the Management Company of daily statements of account for all the bank accounts being operated by the Trustee as a nominee of the Fund.
- 17.6.2 The Management Company shall, from time to time, advise the Trustee of the dividend distribution for the Trust. The Trustee shall establish separate bank accounts for each dividend distribution and transfer the amount payable as cash dividend to such accounts after deducting such taxes and Zakat as may be required under the law. The Trustee shall rely on the amount calculated by the Management Company as the dividend payable in cash after adjusting for dividend being distributed in the form of Units of the Trust, as explained in the offering document.

**17.7. TRANSACTIONS RELATING TO INVESTMENT ACTIVITY/ PORTFOLIO MANAGEMENT**

- 17.7.1 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/disinvestment transactions entered into by it on behalf of the Trust. The Management Company shall ensure the settlement instructions are complete and accurate so as to facilitate timely settlement and the Trustee shall ensure that the settlement is handled promptly and in accordance with such instructions subjected to the Rules and the terms of this Deed.
- 17.7.2 The Trustee shall ensure that, where applicable, payments against investments are made against delivery and vice versa.
- 17.7.3 The Trustee shall promptly forward to the Management Company any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government regulator, stock or other exchange or any other party having any connection with the transaction.
- 17.7.4 The Management Company shall also advise the Trustee, on a daily basis, of the details of amounts to be paid to respective Unit Holders against redemption requests. Such payments shall be effected by the Trustee out of the respective accounts of the Unit Trust by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holders or by transfer to a temporary parking account.
- 17.7.5 The Management Company may request the Trustee to make arrangements through branches of banks to facilitate issue and redemption of Units of the Scheme. A request for the issue of Units may also be made through the use of electronic means, i.e., the Internet and ATM facilities. A request for redemption of Units, may be made through the ATM facility only when the relevant bank /branches have been instructed by the Management Company to accept a Unit



Holders' request to redeem the Units of the Trust. The Trustee shall agree to such arrangements after satisfying itself in respect of all appropriate safeguards having been taken, without incurring any liability for additional risks involved. The compensation for such services that are provided by the Trustee in this respect shall be mutually agreed between the Trustee and the Management Company.

- 17.7.6 The Trustee shall pay to the Management Company's order such sums out of the sale proceeds of any redeemed Units as are representative of Front-end or Back-end loads or charges or other recoveries that are specified in this Trust Deed, Offering Document or Supplemental Offering Document(s), if any, as being payable out of the Offer or Redemption Prices, after deducting any applicable Duties and Charges.
- 17.7.7 The Trustee shall also, if so required by the nature of such notices or documents mentioned in the foregoing Section, act in a manner that is in the best interest of the Trust. Such action shall include legal action, if called for, and the Trustee shall be entitled to recover any legal costs reasonably incurred from the Trust.
- 17.7.8 The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows and any rights or warrants relating to the Investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts, from time to time.
- 17.7.9 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attaching to any investment.

#### **17.8. VOTING RIGHTS ON DEPOSITED PROPERTY**

- 17.8.1 All rights of voting attached to any Deposited Property shall be exercisable by the Management Company on behalf of the Trustee and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain.
- 17.8.2 The Trustee shall, upon written request by the Management Company, at the expense of the Fund, from time to time, execute and deliver or cause to be executed and delivered to the Management Company or their nominees, powers of attorney or proxies authorizing such attorneys and proxies to vote, consent or otherwise act in respect of any Investment in such form and in favor of such persons as the Management Company may require in writing.
- The word "vote" used in this sub-Section shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.
- 17.8.3 The Trustee shall forward to the Management Company in a timely manner all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any Investment.
- 17.8.4 The Management Company shall keep a record of voting on special business for five years.

## 18. UNITS

### 18.1. LEGAL STATUS

- 18.1.1 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 dividends and distributions. Each Unit Holder has a beneficial interest in the Fund, proportionate to the Units held by such Unit Holder. The Management Company may issue Units with reduced levels of management fees and these Units will be entitled to additional amounts of the net assets of the Fund equivalent to the reduced management fee and shall be compensated for this additional amount as provided in the Deed and/or the Offering Document. All Units will in all other respects rank *parri passu* inter se.
- 18.1.2 For the convenience of investors, the Management Company may issue Units with different options. Irrespective of the different arrangements under which Units may be issued, all Units issued, from time to time, shall rank *parri passu* inter se and shall have such rights as are set out in this Deed and the Offering Document. The Management Company may issue Units with reduced levels of management fees and these Units will be entitled to additional amounts of the net assets of the Fund equivalent to the reduced management fee and shall be compensated for this additional amount as provided in the Deed and/or the Offering Document. All Units will in all other respects rank *parri passu* inter se.
- 18.1.3 The Units issued with differing options may have differing quantum of Front-end Load added to the Net Asset Value for determining the Offering Price thereof and differing levels of Back-end load deducted for determining the Repurchase Price.
- 18.1.4 Core Units subscribed by the Core Investors shall be offered and issued at the Initial Offer Price and shall not be redeemable for a period of two years from the date of issue. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units.
- 18.1.5 Units offered and issued during the Initial Period shall be issued at the Initial Offer Price. The offer and issue of Units during the Initial Offer shall remain open during the period specified in the Offering Document.
- 18.1.6 After the Initial Offer, the Offer Price shall be determined, from time to time, pursuant to Section 8.2 of this Deed.
- 18.1.7 The Management Company may list the Units of the Fund on Stock Exchanges in Pakistan and subject to compliance with legal requirements, in any foreign jurisdiction. The cost of achieving and maintaining such a listing will be borne by the Fund. For this purpose the Management Company, with the consent of the Trustee and with the approval of the Commission, may amend the Trust Deed or issue supplemental Trust Deeds or Offering Documents and the Unit Holders will be bound accordingly.
- 18.1.8 The Management Company may also register the Units of the Fund in foreign jurisdictions as available for purchase/sale in those jurisdictions and the cost of such registrations will be borne by the Management Company. For this purpose the Management Company, with the approval of the Commission, may amend the Trust Deed or issue supplemental Trust Deeds or Offering Documents and the Unit Holders will be bound accordingly.
- 18.1.9 By a deed supplemental to this Deed the Management Company may at any time, with the approval of the Trustee, on giving not less than 21 days previous notice in writing to each Unit Holder, subdivide or consolidate the whole or any part of the Units and the Unit Holder shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates

have been issued, (who shall be bound accordingly) deliver up his Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such sub-division or consolidation.

## **18.2. ISSUE OF UNITS AND LIMITATION OF LIABILITY**

- 18.2.1 The Management Company shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Units and for the issue, publication or circulation of the Offering Document.
- 18.2.2 Except as provided herein the Units shall be offered through the authorized offices or branches of the Distribution Companies on all Subscription Days.
- 18.2.3 Each Unit Holder shall only be liable to the extent of the issue price of the Units subscribed by him and no further liability shall devolve on him in respect of any Units held by him. Units shall be issued only against receipt of full payment. No further liability shall devolve on a subsequent Unit Holder save any transfer fees or taxes applicable to transfers and transmission.
- 18.2.4 Application for issuance of Units shall be made by completing the prescribed application form and submitting it with the payment, in such form as is prescribed by the Management Company, in favour of the Trustee at the Authorized Branch or office of any Distribution Company. The Distribution Company shall verify the particulars given in the application for issue of Units and ensure that the signature of any Unit Holder or joint Unit Holder to any document required to be signed by him under or in connection with the application for issue of Units is verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.
- 18.2.5 An application for issuance of Units shall be deemed to have been made in accordance with the provisions of the Offering Document or a Supplementary Offering Document, if such documents prescribe automatic issuance of Units under certain circumstances.

## **18.3. ISSUE OF UNITS OUTSIDE PAKISTAN**

- 18.3.1 Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance of Units to persons not resident in Pakistan or for 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 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 Units or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan.
- 18.3.2 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.

#### **18.4. REGISTER OF UNIT HOLDERS**

- 18.4.1 The Transfer Agent (or the Management Company, if it performs the Registrar Function) at such a place as is agreed by the Management Company shall maintain a Register. The Management Company shall ensure that the Transfer Agent shall comply with all relevant provisions of this Deed and the Rules.
- 18.4.2 The Register may be maintained in electronic form provided the Transfer Agent and the Management Company have made sufficient provision for back-up of the Register.
- 18.4.3 The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge except when the Register is closed in accordance with the provisions of this Deed, however neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto.
- 18.4.4 The Transfer Agent shall, within two working days of receiving a written request from any Unit Holder, post (or send by courier or through electronic means) to such Unit Holder details of such Unit Holder's account in the Register. Such service shall be provided free of charge to any Unit Holder requesting so once in any financial year. The Management Company may prescribe reasonable charges for servicing of any additional requests.
- 18.4.5 The Register shall contain the following information:
- (a) Full names, nationalities, residency status, National Identity Card (NIC) number (in respect of Pakistan nationals)/National Identity Card for Overseas Pakistanis (NICOP) or Pakistan Origin Card number (in respect of overseas Pakistanis)/passport numbers or other identifying numbers (in respect of overseas Pakistanis and Foreign Nationals) and addresses of each Unit Holders and joint Unit Holders;
  - (b) The number of Units held;
  - (c) The date on which the name of every Unit Holder was entered in respect of the Units standing in his name;
  - (d) The date on which any transfer or redemption is registered with certificate numbers;
  - (e) Information about lien, pledge or charge on Units;
  - (f) Information about verification or Redemption/Transfer Forms;
  - (g) Tax/Zakat status of the Unit Holders;
  - (h) Nominees;
  - (i) Information about loss of Certificates and issuance of duplicates;
  - (j) Record of specimen signatures of the Unit Holders;
  - (k) Such other information as the Management Company may require.
- 18.4.6 The Register shall be conclusive evidence as to the Units held by each Unit Holder.
- 18.4.7 Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Transfer Agent, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate(s) previously issued to such Unit Holder and the

payment of the fee) shall alter the Register or cause it to be altered accordingly and, in the case of a change of name shall, if requested, issue new Certificate(s) to such Unit Holder.

- 18.4.8 The Transfer Agent shall not register more than four joint Holders for a Unit. In case of the death of any one of the joint Unit Holders, the deceased's survivor(s) shall be the only persons recognized by the Trustee as having any title to or interest in the deceased's interest in the Units held by the joint Unit Holders. Provided, however, that the Transfer Agent or the Trustee may, at their discretion, request the survivors to provide succession certificates or such other mandate from a court or lawful authority as they consider necessary.
- 18.4.9 A body corporate may be registered as a Unit Holder or as one of joint Unit Holders.
- 18.4.10 The Register may be closed in consultation with the Trustee for such period as the Management Company may, from time to time, determine and after giving at least seven days notice to Unit Holders, provided that it is not closed for more than forty-five days in any calendar year.
- 18.4.11 The Unit Holder shall be the only person to be recognized by the Trustee, the Management Company and the Transfer Agent as having any right, title or interest in or to such Units and the Trustee, the Management Company and the Transfer Agent may recognize the Unit Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction. However, the Management Company may authorize the Transfer Agent to record a pledge on any or all Certificates held by a Unit Holder in favor of a third party at the request of such Unit Holder or Joint Unit Holders, as the case may be.
- 18.4.12 The nominee(s), in case of nomination(s) and the executors or administrators or succession Unit Holder of deceased Unit Holder (not being one of several joint Unit Holders) and/or any other person directed by an appropriate court, shall be the only persons recognized by the Trustee and the Management Company as having title to the Units represented thereby.
- 18.4.13 Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Unit Holder or of the survivor of joint Unit Holders may, subject to conditions as hereinafter provided, upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Unit upon giving the Trustee/ Transfer Agent such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Unit Holder. Provided however, the Transfer Agent or the Trustee may, at their discretion, request the survivors to provide succession certificates or such other mandate from a court or lawful authority as they consider necessary.
- 18.4.14 The Trustee shall retain any moneys payable in respect of any Unit of which any person is, under the provisions as to the transmission of Unit hereinbefore contained, entitled to be registered as the Unit Holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Holder of such Unit or shall duly transfer the same.

## **18.5. ISSUANCE OF CERTIFICATES**

- 18.5.1 Upon being satisfied that the Initial Offer Price for each Unit has been received in full from the successful applicant, the Transfer Agent shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder.
- 18.5.2 Certificates shall 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 to be set by the Management Company from time to time. The proceeds of such fee will accrue to the Management Company.
- 18.5.3 Account statements or Certificates, as the case may be, shall only be issued against full payment of the subscription money.
- 18.5.4 Certificates shall be issued as herein provided not later than 21 Business Days after the date of request. The Certificate may be sent to the Unit Holder or his duly authorized nominee at his own risk by registered post or by courier service.
- 18.5.5 In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Certificates held by such joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 18.5.6 Certificates shall be issued in such form as may, from time to time, be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- 18.5.7 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Transfer Agent, which shall always be autographic. No Certificate shall be of any force or effect until signed as hereinabove mentioned. Certificates so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Transfer Agent or an authorized signatory.
- 18.5.8 Where the Units are in form of book entry securities registered with the Central Depository Register of the Central Depository Company of Pakistan Limited, the issue of certification or receipt in lieu of physical Certificate or any other record shall be in accordance with the procedures laid down by the Central Depository Company of Pakistan Limited Regulations.

## **18.6. REPLACEMENT OF CERTIFICATES**

- 18.6.1 Subject to the provisions of this Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and

subject to any regulations from time to time made by the Trustee, with the approval of the Management Company, every Unit Holder shall be entitled to exchange upon surrender of any or all of his existing Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.

- 18.6.2 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Transfer Agent, with the approval of the Management Company, may issue to the person entitled a new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have (i) returned the mutilated or defaced Certificate or furnished to the Trustee / Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate, (ii) paid all expenses incurred in connection with the investigation of the facts; and (iii) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-Section. Provided further that the Trustee and/or the Management Company may also require issuance of public notices in newspapers and/or provision of such indemnification as the Management Company and the Trustee may deem appropriate, at the cost of the pertinent Unit Holder, before issuing any new certificates.
- 18.6.3 Before the issuing of any Certificate under the provisions of this sub-Section the Transfer Agent may require from the applicant for the Certificate the payment to it of a fee to be set by the Management Company, from time to time, together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges, if any, payable in connection with the issue of such Certificate.

## **18.7. TRANSFER OF UNITS**

- 18.7.1 Every Unit Holder shall be entitled to transfer the Units held by him by an instrument in such form as the Management Company may prescribe, from time to time, with the approval of the Trustee.
- 18.7.2 A Unit shall be transferable only in its entirety.
- 18.7.3 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 in respect thereof.
- 18.7.4 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 Certificate, where the Certificate has been lost, stolen 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 Deed.
- 18.7.5 The Transfer Agent shall retain all instruments of transfer.
- 18.7.6 The Transfer Agent, with the prior approval of the Management Company and the Trustee, shall 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 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

termination of 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 instrument 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 always that (i) the provisions aforesaid 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-section shall be construed as imposing 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 and (ii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

### **18.8. PLEDGE OF UNITS**

- 18.8.1 Any Unit Holder or all joint Unit Holders may request the Transfer Agent to record a pledge of all or any of his/their Units in favor of any third party legally entitled to invest in such Units in its own right. The Transfer Agent shall register a pledge on any Units in favor of any third party with the specific authority of the Management Company.
- 18.8.2 The pledge, once registered, shall be removed by the authority of the party in whose favor the pledge 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. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Transfer Agent take any responsibility in this matter.
- 18.8.3 Payments of dividends or the issue of bonus Units for Units under pledge shall be made to the Unit Holder.

### **18.9. REDEMPTION OF UNITS**

- 18.9.1 The Trustee shall, at any time during the life of the Trust, authorize redemption of Units out of the Trust Funds through its duly authorized Distribution Companies.
- 18.9.2 Application for redemption of Units shall be made by completing the prescribed Redemption Form and submitting it at the Authorized Branch or office of the Distribution Company or Registrar/Transfer Agent together with the Unit Certificate, if issued, during any Subscription Day. The Management Company may make arrangements to accept redemption requests through electronic or other means. No person shall be entitled to redeem only part of the Units comprised in a Certificate, however a certificate may be split for this purpose and in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. In case of Joint Holders, any Holder may sign the Application for Redemption, if so authorized by all the Joint Holders.
- 18.9.3 The Trustee may dispense with the production of any Certificate that has been lost, stolen or destroyed upon compliance by the Unit Holder with like requirements to those arising in the case of an application by him for the replacement thereof.



- 18.9.4 The Management Company shall announce the Redemption price on a daily basis. The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company under Section 8.3.
- 18.9.5 The amount payable on redemption in Pakistan shall be paid to the Unit Holder by transfer to the Unit Holder's designated banker within six Business Days from the date of presentation of the duly completed application for redemption form at the Authorized Branch or office of the Distribution Company or Transfer Agent in Pakistan. At the request of the Unit holder, the Management Company may decide to pay redemption proceeds through some other mode of payment. The Management Company will make arrangements for payment of redemption proceeds to Unit Holders outside Pakistan and will disclose the arrangements through its website and its agents and Distributors outside Pakistan. In general redemption proceeds will be paid within six Business Days of the Management Company receiving a redemption request at its registered office in Pakistan. In all cases, the amount payable on redemption will be considered paid once the Trustee has either (i) dispatched a cheque, pay order or draft for the full amount or (ii) has deposited the full amount with a bank or other transfer agent for conversion and/or onwards payment to the Unit Holder.
- 18.9.6 The receipt of the Unit Holder for any moneys payable in respect of the Units shall be a good discharge to the Trustee and if several persons are registered as joint Unit Holders, any one of them may give effectual receipt for such moneys.
- 18.9.7 Applications for redemption of Units will be received at the authorized offices or branches of the Distribution Company on all Subscription Days. Where redemption requests on any one Subscription Day exceed 10% of the total number of Units in issue, redemption requests in excess of 10% may be deferred in accordance with the procedure elaborated in Section 9 hereof.
- 18.9.8 The Management Company or Distribution Company or Transfer Agent shall verify the particulars given in the application for redemption of Units. The signature of any Unit Holder or joint Unit Holder to any document required to be signed by him under or in connection with the application for redemption of Units may be verified by a banker or broker or other responsible person or otherwise authenticated to their reasonable satisfaction.
- 18.9.9 A redemption request shall be deemed to have been made in accordance with the provisions of the Offering Document or a Supplementary Offering Document if such documents prescribe automatic redemption under certain circumstances.
- 18.9.10 Where lien/pledge/charge is recorded in the Register, the Management Company and the Trustee may concur to make payment to the pledgee, if joint request is received from the Holder and the pledgee and on receipt of such indemnification, as the Management Company and Trustee may require.

## **19. MISCELLANEOUS**

### **19.1. DEPOSITORY ARRANGEMENTS**

- 19.1.1 The Certificates, if eligible and deposited with a depository – whether locally or abroad, shall be subject to the terms and conditions prescribed by the depository and any inconsistent terms and conditions applicable to the certificates herein, shall not apply.

### **19.2. ARBITRATION**

- 19.2.1 In the event of any disputes arising out of this Trust Deed or Offering Document between the Management Company on the one part and the Trustee on the other

part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and conditions of this Trust Deed, the Offering Document and/or the Supplementary Offering Document(s) relating to the Scheme, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst senior partners of renowned firms of chartered accountants or senior partners of renowned law firms or senior bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

### **19.3. CONFIDENTIALITY**

19.3.1 The Trustee, the Management Company, the Transfer Agent, the Custodians, the Distributors, the Sales Agents and every director or officer of the said parties who are in any way engaged in the business of the Trust and all persons employed or engaged by the said parties in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Trust, its Unit Holders and all matters relating thereto and shall not disclose any information or document which may come to his knowledge or possession in the discharge of his duties, except when required to do so in the ordinary course of performance of his duties or by law or if compelled by any court of law or a competent authority.

### **19.4. OTHER**

19.4.1 Any notice required to be served upon a Unit Holder shall be deemed to have been duly given if sent by post or courier service to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the third day following that on which the letter containing the same is posted and in proving such service, it shall be sufficient to prove that such letter was properly addressed, stamped and posted.

19.4.2 The Trustee or the Management Company shall advertise any such notice in two leading daily newspapers in Pakistan having wide circulation in Pakistan.

19.4.3 Service of a notice or document on any one of several joint Unit Holders shall be deemed effective service on the other joint Unit Holders.

19.4.4 Any notice or document sent by post or courier service to or left at the registered address of a Unit Holder shall, notwithstanding that such Unit Holder be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy, be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

19.4.5 A copy of this Deed and of any such supplemental deed shall be made available for inspection at the respective Head Offices of the Trustee and of the Management Company at all times during usual business hours and shall be supplied by the Management Company to any person on application at a charge to be determined, from time to time, by the Management Company.

## **19.5. AUDIT**

- 19.5.1 The first Auditors of the Trust shall be Hameed Chaudhri & Co., Chartered Accountants. Thereafter, the Management Company shall, in consultation with the Trustee, appoint as auditor a firm of chartered accountants who shall be independent of the auditor of the Management Company and the Trustee. The Management Company may at any time, with the concurrence of the Trustee, and shall, if directed by the Commission, remove the Auditors and appoint other Auditors in their place.
- 19.5.2 The Auditors shall hold office until transmission of the annual report and accounts but may be re-appointed for up to such consecutive terms of one year as may be permitted under the NBFC Rules. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one year. The following persons shall not qualify to be the Auditors of the Trust:
- (a) A person who is or, at any time during the preceding three years, was a director, officer or employee of the Management Company or the Trustee;
  - (b) A person who is a partner of, or in employment of, a director, officer, employee or Connected Person of the Management Company or Trustee;
  - (c) The spouse of a director of the Management Company or Trustee;
  - (d) A person who is indebted to the Management Company or Trustee; and
  - (e) A body corporate.
- 19.5.3 Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm, for the time being.
- 19.5.4 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, the Trustee and their directors, officers and agents, such information and explanations as considered necessary for the performance of audit.
- 19.5.5 The Auditor shall keep track of the foreign investment by the Fund and will ensure that the Fund complies with the foreign investment limit set by the State Bank of Pakistan in view of the clauses governing the limit in this Deed and the Offering Document.
- 19.5.6 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 and considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 19.5.7 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 and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto.
- 19.5.8 The contents of the Auditors report shall be as required in the Rules.

## **19.6. SHARIAH AUDIT**

- 19.6.1 The Auditors will also act as Shariah-Compliance Auditors, and will complete a Shariah-Compliance Audit of the Scheme for each Accounting Period within four months from the relevant Accounting Data becoming available and will issue a Shariah-Compliance audit report. The report will assess the compliance of the Fund with the investment guidelines issued by the Shariah Council.

**20. SIGNATURES**

IN WITNESS WHEREOF THIS DEED has been executed on the day and year first above written.

The Common Seal of Atlas Asset Management Limited was hereunto affixed in the presence of

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Seal

The Common Seal of Central Depository Company of Pakistan Limited was hereunto affixed in the presence of

\_\_\_\_\_  
CFO & Company Secretary

Seal

Witnesses:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
CNIC

\_\_\_\_\_  
CNIC

## **Annexure A**

Copy of letter No. NBFC-II/AAML/AMC-03/2006 dated June 14, 2006 stating that the Commission approves to carry out Asset Management Services.

## **Annexure B**

Copy of letter No. SEC/NBFC-II/JD/AISF/561/2006 dated August 18, 2006 stating that the Commission has no objection to registration of the Trust Deed of the Fund.

## Annexure C

<b>Amount of Funds Under Management (Average NAV)</b>	<b>Tariff per annum</b>
Up to Rs. 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, which ever is higher.
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

## **Annexure D**

Copy of letter No. SEC/NBFC-JD-II/AIF/569/2006 dated August 28, 2006 stating that the Commission approves appointment of Central Depository Company of Pakistan as Trustee of the Fund



## **Annexure E/1**

Copy of letters No. NBFC-II/JD(R)/AAML/559 dated August 18, 2006 stating that the Commission approves appointment of Dr. Khalid Zaheer as member of Shariah Advisory Council of the Fund

## **Annexure E/2**

Copy of letters No. NBFC-II/JD(R)/AAML/560 dated August 18, 2006 stating that the Commission approves appointment of Mr. Javed Ahmad Ghamidi as member of Shariah Advisory Council of the Fund

## **Annexure F**

Copy of letter dated July 12, 2006 from Shariah Advisory Council confirming that the provisions of this Deed are in compliance with Shariah.