

- (3) The Management Company and the Trustee have mutually agreed to amend certain provisions of the Trust Deed by virtue of the powers contained in sub-clause 13 thereof, to bring it in line with circular 7 of 2009 dated March 6, 2009 of the Securities & Exchange Commission of Pakistan and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 without altering the fundamental objects of the Trust or releasing the Trustee or the Management Company from any responsibility to the Unit Holders.
- (4) The Securities & Exchange Commission of Pakistan (the Commission) has approved the amendments to the Trust Deed, vide its letter No. NBFC-II/DD/FHIF/928/2009 dated October 7, 2009 which are annexed hereto as Annexure "C", which amendments are being hereby effectuated by this Second Deed of Amendment of Trust Deed.

SECOND DEED OF AMENDMENT OF TRUST DEED WITNESSETH AS FOLLOWS:

1. In the second bullet point of Clause 1.5, after the words 'secured' the words 'or un-secured, privately placed' shall be added.

With the above amendment, second bullet point of Clause 1.5 of the Trust Deed reads as follows:

"• Secured or un-secured, privately placed, listed or likely to be listed debt securities issued by local govts., or other govt. agencies, private or public sector entities and or financial institutions having a minimum credit grade rating."

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2. In Clause 1.5, eighth bullet point shall be deleted.
3. In the ninth bullet point of Clause 1.5, the words '*Investment in CFS shall be restricted upto a maximum of 50% of Net Asset value of the Fund, with not more than 20% of CFS amount in any one scrip at the time of investment;*' shall be deleted and the words '*or any such other mechanism that may replace CFS*' shall be added.

4. After clause 1.39(v), the following new clauses shall be added.

- (vi) Exposure to CFS and spread transactions shall not exceed 40 per cent of the net assets.
- (vii) Not more than 15 per cent of the net assets shall be invested in non traded securities including reverse repos, bank deposits, certificate of investments (COI), certificate of musharakas (COM) and any thing over 6 months maturity which is not a marketable security.
- (viii) Rating of any security in the portfolio shall not be lower than the investment grade.
- (ix) Rating of any NBFC and Modaraba with which the funds are placed shall not be lower than the investment grade.
- (x) Rating of any bank and DFI with which the funds are placed shall not be lower than the investment grade.
- (xi) Weighted average time to maturity of net assets shall not exceed 4 years and this condition shall not apply to securities issued by the Federal Government."

5. After clause 2.7, the following new clauses shall be added.

"2.8 The Management Company shall establish, manage, operate and administer the Scheme in accordance with the Rules and Regulations, this Trust Deed and Offering Document; and any other directives by the Commission from time to time through circulars, notifications, etc"

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6. In clause 3.8, the words 'three consecutive years' appearing in the third line shall be replaced with 'five consecutive years or such other period as may be amended from time to time'.

With the above amendment, clause 3.8 of the Trust Deed to be read as follows:

"3.8 The Management Company shall appoint with the consent of the Trustee, at the establishment of the Scheme and upon any vacancy, an Auditor who shall be a chartered accountant and independent of the Auditor of the Management Company and the Trustee and such Auditor shall not be appointed for more than five consecutive years or such other period as may be amended from time to time and contents of the Auditor's report shall be in accordance with the Rules."

7. Clause 3.12 shall be deleted and be replaced as follows:

"3.12 Subject to the Rules and Regulations, any transaction between the Scheme and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Commission, if required under regulation 59 of the Regulations".

8. Clause 3.14(e) shall be deleted and be replaced as follows:

"(e) The Scheme shall not enter into transactions with any Broker, which exceed thirty percent (or such other amount as may be specified by SECP from time to time) of the commission paid by the Scheme in any one accounting year."

9. In Clause 4.3, the words 'However, FHIF may invest up to 50 percent of its net asset value in Government Securities.' shall be deleted.

10. After clause 4.11.5, the following new clause shall be added.

"4.11.6 The Management Company shall not make any investment or rollover of any investment of the Fund in case borrowing limit has already been exhausted and/or redemptions are pending for more than six days."

11. After clause 6.1.e, the following new clause shall be added.

"f. Issuance and redemption shall be suspended simultaneously during extraordinary circumstances."

12. After clause 8.2(iii), the following new clause shall be added.

"(iv) The Trustee shall not invest in units of the Scheme."

13. In Clause 8.4, the words 'which shall equal or exceed ten percent or more of the transactions of the fund in any one Accounting Period' shall be deleted.

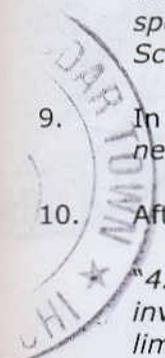
14. In clause 25.2, the following new paragraph shall be added.

"The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system"

15. Clause 13.5 shall be deleted and be replaced as follows:

"13.5 If the SECP modifies the Rules or Regulation or issue any instruction, circular or clarification or allow any relaxations or exemptions, such changes, instruction, circular, clarification, relaxation or exemption will be deemed to have been included in this Trust Deed without requiring any modification as such."

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16. In clause 16.7 (b), after the words 'secured' the words 'or un-secured, privately placed' shall be added.

With the above amendment, second bullet point of Clause 16.7 (b) of the Trust Deed reads as follows:

"b- Secured or un-secured, privately placed, listed or likely to be listed debt securities issued by local govts., or other govt. agencies, private or public sector entities and or financial institutions having a minimum credit grade rating."

17. Clause 16.7 (g) shall be deleted and replaced as follows:

"g- Continuous Funding System (CFS) or any such other mechanism that may replace CFS."

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18. Clause 16.7(k) shall be deleted.

19. After clause 16.7(l), the following new clauses shall be added:

"m- At least 25 per cent of the net assets shall be invested in cash and near cash instruments which shall include cash in bank account (excluding TDRS, treasury bills not exceeding 90 days maturity.

n- Weighted average time to maturity of the net assets shall not exceed 4 years and this condition shall not apply to securities issued by the Federal Government."

20. After clause 24.8, the following new clause shall be added:

"24.9 The Management Company shall not specifically use flipping mechanism (i.e. redemption and re-issuance of units to the same unit holders based on different NAVs without cash settlement). No netting off transaction (adjustment of assets of the scheme against the investment of unit holders) is allowed within the scheme."

21. In clause 27.8, the word 'seven' appearing in the second line shall be replaced with 'ten' and after the words 'any calendar year' appearing at the end the words 'and 6 working days at a time' shall be added

With the above amendment, clause 32.1 of the Trust Deed to be read as follows:

"27.8 The Register may be closed with intimation to the Trustee for such period as the Management Company may from time to time determine and after giving at least ten calendar days notice to Unit Holders, provided that it is not closed for more than forty five days in any calendar year and 6 working days at a time."

22. In clause 32.1, the word 'three consecutive years' appearing in the third line shall be replaced with 'five consecutive years or such other period as may be amended from time to time'.

With the above amendment, clause 32.1 of the Trust Deed to be read as follows:

"32.1 The Management Company shall at the establishment of the Scheme and with the consent of the Trustee appoint an Auditor who shall be independent of the Auditor of the Management Company and the Trustee and such auditor shall not be appointed for more than five consecutive years or such other period as may be amended from time to time. The Management Company may at any time remove the Auditor and appoint another Auditor in its place."

Signature

23. All other terms and conditions of the Trust Deed remain unchanged and the Trust Deed shall continue to remain in full force and effect, amended as above.

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IN WITNESS WHEREOF THIS FIRST SECOND DEED OF AMENDMENT OF TRUST DEED has been executed on the day and year first above written.

The Common Seal of Habib Asset Management Limited has hereunto been fixed in the presence of:



[Handwritten signature]

Imran Azim
CNIC # 42301-4068685-3

The Common Seal of Central Depository Company of Pakistan Limited has hereunto been fixed in the presence of:



[Handwritten signature]

Imran Ahmed Qazi
CNIC # 42201-0522034-5

WITNESSES:

1. M. Shaked
M. Shaked Musawi
S/o Abubakar Musawi
CNIC: 42101-1812461-7

2. [Signature]
Muhammad Sheryal Ashraf
Advocate
9667141111