

# **TRUST DEED**

## **FIRST HABIB INCOME FUND**

This Trust Deed is made and entered into at Karachi on this 06th day of September 2006.

### **BETWEEN**

#### **PARTICIPATING PARTIES**

**HABIB ASSET MANAGEMENT LIMITED**, a public limited company incorporated under the Companies Ordinance 1984 having its office at 1<sup>st</sup> Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi (hereinafter called the “Management Company” which expression where the context so permits shall include its successors in interest and assigns of the one part;

### **AND**

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**, a company registered to act as a central depository company under Rule 4(3) of the Central Depository Companies (Establishment and Regulation) Rules, 1996 and incorporated as a public limited company under section 32 of the Companies Ordinance, 1984 having its registered office at CDC House, 99 B, Block .B. SMCHS, Shahrah-e-Faisal, Karachi (hereinafter called the “Trustee” which expression where the context so permits shall include its successors in interest and assigns) of the other part.

#### **WHEREAS;**

- A. The Management Company has been incorporated and registered as an asset management company under Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 (hereinafter referred as Rules). For the purpose of undertaking Asset Management Services Licence No. NBFC-II/ 04/ HAML/ AMC/01/ 2006 dated April 25, 2006 is attached hereto as schedule A.
- B. The Management Company has been authorized by the Securities and Exchange Commission of Pakistan ( vide its letter No.SEC/ NBFC-II/ AD-Jam/ 520/ 2006 dated August 03, 2006 appended hereto as annexure “B”) to constitute a trust under the name and title of First Habib Income Fund (FHIF) as an open-end Scheme (hereinafter referred to as the Fund, Unit Trust, FHIF or Scheme) 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;
- C. The Management Company has nominated and appointed the Trustee as Trustee of the Unit Trust and the

Trustee has accepted such appointment upon the terms and conditions contained in this Deed;

- D. The Commission has approved the appointment of the Trustee, vide letter No. Sec/ NBFC-II/ AD-Jam/ 521/ 2006 dated August 03, 2006 appended hereto as Schedule "C".
- E. For attaining the aims and objectives, the Management Company shall hand over to the Trustee, an initial sum of Rs. 10,000/-.

### **DECLARATION OF TRUST**

It is hereby declared, that an Open Ended Mutual Fund in the form of a Unit Trust in the name and title of First Habib Income Fund is hereby created and the Management Company is hereby appointed to establish, manage, operate and administer the Trust and the Trustee is hereby nominated, constituted and appointed as the Trustee of the Trust. The Management Company and the Trustee hereby agree to such appointment and subject always to the Constitutive Document and the Rules further declare that:

- a. The Trustee shall hold and stand possessed of the Trust Property that may from time to time be vested in the Trustee upon trust as a single fund for the benefit of the Unit Holder(s) ranking pari-passu inter se according to the number of units held by each Unit Holder;
- b. The Management Company shall establish, manage, operate and administer the Fund 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 Trust Property shall be invested or disinvested from time to time by the Trustee at the direction of the Management Company in terms of the provisions contained and the conditions stipulated in this Deed, Rules, offering documents and any condition which may be imposed by the Commission from time to time.

### **NOW THIS TRUST DEED WITNESSES AND IT IS HEREBY DECLARED AS FOLLOWS**

#### **1. DEFINITIONS:**

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

- 1.1 **Accounting Date;** means the thirtieth day of June in each year provided that the Management Company with the written consent of the Trustee may change such date to any other date and such change shall be intimated to the Commission.
- 1.2 **Accounting Period;** means a period ending on and including an Accounting Date and commencing in case of the first such period on the date of commencement of the Initial Period and in any other case from the end of the preceding Accounting Period.
- 1.3 **Audit Date;** means the date on which the Auditor issues its report in respect of the Scheme's balance sheet and income and expenditure account for the corresponding Accounting Period.
- 1.4 **Auditor;** means the Auditor of the Trust appointed by the Management Company with the consent of the Trustee.
- 1.5 **Authorised Investment;** means short to long term, fixed, floating and hybrid rate instruments including the following:

- Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;
- Secured, 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.
- Convertible TFCs issued by corporates/ financial institutions. In case FHIF is required to convert the TFCs into shares, it would offload the shares within a period of three months of the shares being issued. Total investment by FHIF in Convertible TFCs will not exceed 15% of its Net Asset Value;
- Convertible and Non-Convertible preferred shares. In case FHIF is required to convert the preference shares into ordinary shares it would offload the ordinary shares within a period of three months of the ordinary shares being issued. Total investment by FHIF in Convertible Preferred Shares will not exceed 15% of its Net Asset Value;
- Certificates of Investment issued by financial institutions having a minimum of A- (minus) rating by a credit rating agency approved by the Commission or State Bank of Pakistan;
- Bank deposits;
- Reverse Repo Transactions;
- Units/Certificates of any other Money Market Fund or any other Money Market Instrument. The purchase and acquisition of Units of one Income/ Money Market Fund shall not exceed 10% of the Net Assets of First Habib Income Fund at the time of purchase, except as may otherwise be permitted under the rules;
- Continuous Funding System (CFS); 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; or any other system replace CFS subjected to the SEC approval;
- Spread Transactions; FHIF will enter into transactions aimed at earning a spread in the price of shares resulting from the timing difference between ready and future settlements. FHIF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously
- so as to avoid any risk emanating from the movement in the prices of underlying shares;
- Commercial Paper;
- Derivative instruments as approved by the Commission;
- Options;
- Investment outside Pakistan - Total Investment by FHIF in overseas products/ instruments will be to the extent of 30% of Net Assets of the Fund subject to a cap of US\$ 15 million. Overseas investments would be made according to the prescribed guidelines of SECP/ SBP and if guidelines are not available, specific approval from SECP/ SBP will be obtained

The Fund Property will be invested in the International Market including the following with the permission of SECP/SBP:

- International fixed profit bearing debt securities

- International money market securities
  - Foreign currency bank deposits and certificates of investment
  - Foreign currency bank accounts in Pakistan
  - Money Market/ Fixed Income Market Fund
  - While investing in international fixed profit bearing debt securities and international money market securities, the Management Company will only invest through the following agencies unless it has built in-house capacity to manage international investments and provide evidence of the same to the Trustee:
    - (a) Mutual Funds;
    - (b) Individually managed accounts with a reputable international fund manager; or
    - (c) After acquiring the services of a reputable international fund manager through a joint venture or a service agreement.
  - The Management Company may built-up its capacity to manage investment 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 Fund 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 Fund Property invested in international mutual funds managed by third party.
  - While investing internationally, Fund Property will not be placed in any investment that has the effect of leveraging the Fund and if any such instrument/ securities is used, it must be supported by investment in spot or money market such that the effect of leverage is cancelled out.
  - 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.
  - 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.
  - Not more than 50% of the allowable limit of international investment will be placed in any one country.
  - The Management Company may use derivatives only to hedge existing exposure of the fund in foreign currencies. 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.
- 1.6 Back-end Load; means the Sales Load deducted from the Net Asset Value in determining the Redemption Price.
- 1.7 Bank; means any banking company licensed under the Banking Companies Ordinance, 1962.

- 1.8 Broker; means any person engaged in the business of effecting transactions in securities for the account of others or a member of Stock Exchange.
- 1.9 Business Day; means a day on which Scheduled Banks and authorized offices of the Distribution Company or Asset Management Company are open for business in Pakistan.
- 1.10 Certificate; means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Deed.
- 1.11 Connected Person; shall have the same meaning as in the Rules.
- 1.12 Constitutive Documents; means this Trust Deed that is the principal document governing the formation, management or operation of the Trust, the Offering Document and all material agreements in relation to the Trust.
- 1.13 Commission; is defined as the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.
- 1.14 Core Investors; means such initial investors whose subscription shall in aggregate be in compliance of the requirements of clause 67(2) (f) of the Rules. The Core Investors shall be issued with Core Units representing their subscription. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 1.15 Distribution Company; means a Company or Companies, Firm, Central Depository or Bank or any other financial institution appointed by the Management Company in consultation with the Trustee for performing the Distribution Function and shall also include the Management Company if it performs the Distribution Function.
- 1.16 Distribution Function; means the functions with regard to:
- a. Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
  - b. Issuing receipts in respect of (a) above;
  - c. Interfacing with and providing services to the Unit Holders including receiving redemption applications, transfer application, 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; and
  - d. Accounting to the Trustee for all (1) moneys received from the applicants for issuance of Units (2) payments made to the Unit Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.
- 1.17 **Duties and Charges;** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees, annual fee payable to Commission under the Rules and other Duties and Charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of investment or in respect of the issue, 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 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.

- 1.18 **Front end Load;** means the sales processing charges, also described as Sales Load in clause 1.42, payable to the management company, which are included in the Offer Price of Units.
- 1.19 **Formation Cost;** means all preliminary and floatation expense of the scheme including expenses relating to regulatory and registration fees payable to SECP, execution and registration of Constitutive Documents, legal cost, printing circulation and publication of the offering document, announcements describing the Fund, marketing of the Fund to the Unit holders and inviting investment there in and all expenses incurred during the period leading upto the First Offer.
- 1.20 **Government Securities;** means securities and other instruments issued and to be issued by any Federal and/or Provincial Government of the Islamic Republic of Pakistan and/or the State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds, Treasury Bills and any securities/ instruments replacing or substituting the foregoing from time to time.
- 1.21 **Holder or Unit Holder;** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of this Deed.
- 1.22 **Initial Period;** means a period determined by the Management Company not exceeding seven calendar days during which Units will be offered at the Initial Price.
- 1.23 **Initial Price;** means the Offer Price in respect of Units that is equal to the sum of the Par Value and any applicable Duties and Charges as determined by the Management Company.
- 1.24 **Net Assets;** shall have the same meaning as in the Rules.
- 1.25 **Net Assets Value;** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 1.26 **No Sales Load;** means No Sales Load payable on sale or redemption of Units.
- 1.27 **Offer Price;** means the sum to be paid to the Trustee for the benefit of the Trust for issuance of one Unit, such price to be determined pursuant to clause 5.2 of this Deed.
- 1.28 **Offering Document;** means the prospectus, advertisement or other document (approved by the Commission) which contains the investment and distribution policy and all other information in respect of the Unit Trust, as required by the Rules and is circulated to invite offers by the public to invest in the Unit Trust.
- 1.29 **On-line;** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 1.30 **Ordinance;** means the Companies Ordinance, 1984, as amended from time to time.
- 1.31 **Par Value;** means the face value of a Unit that shall be Rs.100/= (Rupees One Hundred Only) or such other amount as may be determined by the Management Company in consultation with the Trustee till the time of circulation of the Offering Document to invite offers by the public to invest in FHIF.
- 1.32 **Permitted Amendments;** is defined in clause 13.
- 1.33 **Redemption Account(s);** means the account(s) (which may be current, saving(s) or deposit account(s)) maintained by the Trustee with any Bank having an investment grade rating and approved by the

Management Company in which the amount required for redemption of Units to the Unit Holders may be transferred as and when felt necessary.

- 1.34 **Relevant Date;** means the date on which the Management Company decides to distribute Income on Units.
- 1.35 **Relevant Period;** means each Accounting Year in respect of which income distribution for Units are proposed to be made by the Management Company under clause 9.
- 1.36 **Redemption Price;** means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Units such amount to be determined pursuant to clause 5 of this Deed.
- 1.37 **Register;** means the Register of the Unit Holders kept pursuant to the Rules and this Deed.
- 1.38 **Registrar Functions;** means the functions with regard to:
- a. Maintaining the Register;
  - b. Issuing account statements to the Unit Holders;
  - c. Issuing Certificates;
  - d. Canceling old Certificates on redemption or replacement thereof;
  - e. Processing of applications for issue, redemption, transfer and transmission of Units, record of pledges and liens and record of changes in the data with regard to the Unit Holders;
  - f. Issuing and dispatching of Certificates;
  - g. Issuing and dispatching cheques or pay orders in respect of residual amount left after allocation and issue of Units.
  - h. Dispatching Income distribution advice and/or bank transfer intimation.
- 1.39 **Restricted Investments;** means the following:
- (i) Ordinary shares without having a sale agreement in place. However, if in the interest of the Unit Holders, the Scheme is required to convert TFCs or preference shares into ordinary shares, it would do so subject to the condition that these ordinary shares are offloaded within a period of three months of the issuance;
  - (ii) Bearer securities;
  - (iii) Securities which result in assumption of unlimited liability (actual or contingent);
  - (iv) Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein and are approved by the Management Company;
  - (v) Short sale of any security or maintain a short sale position.
- 1.40 **Reverse Repo;** means an arrangement in which securities are purchased with an agreement to resell the

same securities to the same investor at a pre-determined price on a pre-determined future date.

- 1.41 **Rules;** means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time and inclusive of any specific or general relaxations in respect of applicability of such Rules granted or to be granted by the Commission and/ or the Federal Government, as appropriate.
- 1.42 **Sales Load;** means the sales charge or commission as determined by the Management Company from time to time subject to a maximum of 3% of the Net Asset Value (excluding Duties and Charges).
- 1.43 **Scheme;** is defined in the recitals.
- 1.44 **Stock Exchange;** means Stock Exchanges, registered under the Securities and Exchange Ordinance, 1969.
- 1.45 **Sub-Custodian;** means a financial or any other institution for the time being appointed by the Trustee under intimation to the Management Company to hold and protect the part of the Trust Property that consists of Government Securities and other physical securities.
- 1.48 **Transfer Agent;** means a partnership firm or company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Functions.
- 1.49 **Trust Property;** shall consist of:
- (i) The aggregate proceeds of all Units issued from time to time after deducting the sum of : (a) Duties and Charges; and (b) applicable Sales Load;
  - (ii) All Authorized Investments made by the Trustee in terms of this Deed and all income, profit (including accrued profits) and other benefits arising there from and all cash and other registerable assets movable and property of every description (including present and future actionable claims) for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to this Deed; and
  - (iii) Amounts standing to the credit of all accounts maintained by the Scheme, including profits accruing on dividend payment account therein, until, from time to time, such amounts (or part thereof) are actually paid to Unit Holders against redemption request/ dividend payment in accordance with the provisions of this Deed.
- 1.50 **Trust or Unit Trust or Fund or Scheme or First Habib Income Fund (FHIF)** means the Unit Trust constituted by this Deed for continuous offers for sale of Units.
- 1.51 **Unit;** means one undividable share in the Trust and where the context so indicates, a fraction thereof.

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

## **2. GOVERNING LAW AND JURISDICTION**

- 2.1 This Trust Deed shall be subject to and governed by the Ordinance, the Rules and all applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules are incorporated in this Deed as a part and parcel thereof 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 supercede and prevail over the provisions contained in this Deed unless a waiver has been obtained from the Commission. The Trustee shall be authorized to execute and the Management Company and the Trustee shall execute supplementary trust deed(s) for the purpose of ensuring that the provisions of the Trust Deed do not conflict with the Rules or any applicable law and are in line with Rules or the law.

- 2.2 The terms and conditions of this Deed and any deed supplemental hereto shall be binding on each Unit Holder as if he had been a party to this Deed and so to be bound by Deed's provisions 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.
- 2.3 The Unit Holder is not liable to make any further payments after he/ it has paid the purchase price of his/ its Units and that no further liability can be imposed on him in respect the Units which he/ it holds.
- 2.4 All units and fractions thereof represent an undivided share in the Fund and shall rank *pari passu* according to the number of Units held by each Unit holder, including as to the right of the Unit holder in the Net Assets earning and receipts of income distributions. Each Unit Holder has a beneficial interest in the Trust proportionate to the Units held by each Unit holder and shall have such rights as are set out in the Deed and the offering Document.
- 2.5 Core Units subscribed by the core investors shall however be offered and issued at par and shall not be redeemable (but are transferable) for a period of two years from the close of the initial period. A mention of such restriction and its termination date shall be entered into the Unit Holder's Register.
- 2.6 The Trustee shall report to the Unit Holders on all matters provided in the Rules and this Deed.
- 2.7 The Trustee shall be entitled to retire voluntarily at anytime with the prior written notice of at least 3 months to the Management Company. The Management Company within the Notice period with the prior written approval of the Commission may by a deed supplemental hereto will appoint a new Trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new Trustee.

### **3. ROLE, DUTIES AND POWERS OF THE MANAGEMENT COMPANY**

- 3.1 The Management Company shall comply with the provisions of the Rules and the Constitutive Documents 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.
- 3.2 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. The Management Company shall account to the Trustee for any loss in value of the Trust Property where such loss has been caused by its negligence, reckless or willful act and/ or omission.
- 3.3 The Management Company shall manage the Trust 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 the Constitutive Documents and the Rules. Any purchase or sale of investments made under any of the provision of this Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of the Constitutive Documents or the Rules.

- 3.4 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 issue of Units and paid out by the Scheme on redemption of Units and by way of distributions.
- 3.5 The Management Company shall prepare and transmit (physically or through electronic means or on web subject to the Commission's approval) the annual report, together with a copy of the balance sheet, income and expenditure account and the auditor's report of the Scheme within four months of closing of the Accounting Period or such extended period permissible under the Rules, to the Unit Holders, to the trustees and the balance sheet and income and expenditure account shall comply with requirements set out in the Rules.
- 3.6 The Management Company shall within one month of the close of first, and third quarter and within 2 months of the closing of the first half (6 month) of the each Accounting date (subject to limited scope review by Auditors) of the Scheme or such extended period permissible under the Rules, prepare and transmit (physically or through electronic means or on web subject to the Commissioner's approval) to the Unit Holders and the Commission, balance sheet as at the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter.
- 3.7 The Management Company shall maintain a Register of the Unit Holders through registrar or by itself and inform the Commission and the trustee of the address where the Register is kept.
- 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 such Auditor shall not be appointed for more than three consecutive years and contents of the Auditor's report shall be in accordance with the Rules.
- 3.9 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 the Scheme to the Commission within four months of the close of the Accounting Period or such extended period permissible under the Rules, together with a statement containing the following information, namely:-
- (i) Total number of Unit Holders; and
  - (ii) Particulars of the personnel (Executives, research and other) of the Management Company.
- 3.10 The Management Company shall provide to the Trustee such information as the Trustee may require in respect of any matter relating to the Trust.
- 3.11 The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules and the Constitutive Documents nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except its bad faith or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability for any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 3.12 Any transaction between the Scheme and the Management Company or any of their Connected Persons as principal may only be made with the prior written consent of the Trustee.
- 3.13 The Management Company shall if it considers necessary request the Trustee, for the protection of Trust Property or safeguarding the interest of the Unit Holders, to institute or defend any suit, proceeding,

arbitration or inquiry or any corporate or share/ Unit Holders action in respect of the Trust Property or any part thereof. The cost of all such actions shall be charged to the Scheme.

- 3.14 The Management Company shall not;
- (a) merge with, acquire or take over any other asset management company or a Scheme, unless it has obtained the prior approval of the Commission in writing to the Scheme of such merger, acquisition or takeover;
  - (b) pledge any of the securities held or beneficially owned by the Scheme except for the benefit of the Scheme;
  - (c) make a loan or advance money to any person except in connection with the normal business of the Scheme;
  - (d) participate in a joint account with others in any transactions.
  - (e) subject to any relaxation provided by the Commission, employ as a broker, directly or indirectly any of its director, officer or employee or a member of a family of such person or its management company and enter into transactions with any connected broker, which shall equal or exceed ten percent or more of the transactions of the Trust in any one accounting year of the Scheme;
  - (f) accept deposits from Scheme

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

- 3.15 The Management Company may from time to time appoint, remove or replace the Transfer Agent in consultation with Trustee.

#### **4. INVESTMENT AND BORROWING RESTRICTIONS**

- 4.1 The Management Company in managing the Scheme shall abide by all the provisions of the Rules.
- 4.2 The Investment of a Scheme in any issue shall not, at any time, exceed an amount equal to ten percent of the total net asset value of the Scheme at the time of investment or ten per cent of any issue of an investee company which ever is lower.
- 4.3 The Scheme shall not invest more than twenty-five per cent of its net asset value in securities of any one sector as per classification of Stock Exchange or such limit as may be prescribed under the Rules. However, FHIF may invest up to 50 percent of its net asset value in Government Securities.
- 4.4 The Scheme shall not affect a short sale in a security whether listed or unlisted.
- 4.5 The Scheme shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

**Explanation:** Investment in sale and repurchase transactions involving Government Securities or such listed securities which are regulated by the Stock Exchanges shall not be attracted by 4.5 provided risk management parameters are disclosed in the Constitutive and Offering Documents of the Scheme with the prior approval of the Commission.

- 4.6 Continuous Funding System, futures transactions, spread transactions; sale and repurchase transactions shall be restricted to such underlying eligible securities approved by the Exchange(s) which offer adequate liquidity. They would further be restricted only with members of recognized Stock Exchanges or financial institutions having minimum investment grade rating and transactions to be administered by the management of the exchange and the clearing house subject to approval of the Commission or appropriate margin to be available in the value of the security with appropriate safeguards and the Management Company is of the view that the counter-party is of appropriate standing.
- 4.7 The Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five percent of the total nominal amount of the securities issued, or, collectively the directors and officers of the Management Company own more than ten per cent of those securities.
- 4.8 FHIF will not, at any time, invest in Restricted Investments as defined in 1.39
- 4.9 Subject to the Rules and any other applicable law, the Management Company may, on behalf of the Fund, write call options on any of the securities held in the portfolio, if there is a market based exit mechanism from options so written. The Management Company may also, on behalf of the Fund, buy put options equivalent to any securities held in the portfolio. Under no circumstances shall the Management Company buy or sell such options on behalf of the Fund that result in an exposure beyond the number of underlying securities held in the portfolio of the Fund. The Management Company may, however, buy call options or put options, on one or more item (financial or otherwise) that in its opinion would act as a hedge/ defensive proxy for the overall market risk. However, the cost of maintaining a defensive hedge shall not exceed one percent per annum of the Fund (for the preceding twelve months) at the time such transactions are entered into.
- 4.10 Exception to Investment Restrictions
- 4.10.1 In the event the weightages of shares exceed the limits laid down in the Offering Document or the NBFC Rules as a result of the relative movement in the market prices of the investments or through any disinvestment, the Management Company shall bring the exposure within the prescribed limits within three months of the event. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.
- 4.11 Borrowing
- 4.11.1 Borrowing shall not be resorted to except for meeting redemption request and such borrowing shall not exceed fifteen per cent of the total Net Asset Value of the Scheme at any time or an amount as prescribed by the Rules and shall be repayable within a period of ninety days or such time prescribed by the Rules.
- 4.11.2 Subject to the Rules, the Scheme may borrow money from any financial institution provided that the interest charges for such borrowing are not higher than prevalent market mark-up/ interest charges.
- 4.11.3 Subject to the Rules, the Trustee may, at the written request of the Management Company, make varying arrangements with banks or other financial institutions for borrowing by the Trustee (for the account of the Trust). If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, neither the Management Company nor the Trustee shall be under any obligation to reduce such borrowing.
- 4.11.4 For the purposes of securing any borrowing, the Trustee may with the approval of the Management Company, mortgage, charge or pledge in any manner all or any part of Trust Property; provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules; provided further, neither the Trustee nor the Management Company shall be required to issue any

guarantee or provide any security over their own assets for securing such borrowings on account of the Trust from any banks or financial institutions and neither they shall in any manner be liable in their personal capacities for repayment of any borrowings.

- 4.11.5 The Trustee or the Management Company shall not incur any liability by reason of any loss to the Unit 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.

## **5. VALUATION OF THE TRUST PROPERTY AND PRICING**

### **5.1 Method of determining the value of the assets and liabilities of the Trust Property and the Net Asset Value**

- (a) a security listed on a Stock Exchange shall be valued at its last sale price on such exchange on the date on 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 neither higher than the closing asked price nor lower than the closing bid price;
- (b) an investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security held and the cash account of the collective investment Scheme 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;
- (c) an investment sold but not delivered pending receipt of proceeds shall be valued at the sale price;
- (d) the value of any dividends, bonus shares or rights which may have been declared on securities in the portfolio but not received by the collective investment Scheme as of the close of business on the valuation date shall be included as assets of the collective investment Scheme 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;
- (e) mark-up accrued on any mark-up-bearing security in the portfolio shall be included as an asset of the collective investment Scheme if such accrued mark-up is not otherwise included in the valuation of the security;
- (f) any other income accrued upto the date on which computation was made shall also be included in the assets;
- (g) all liabilities, expenses, taxes and other charges & duties due or accrued up to the date of computation which are chargeable under the Rules, shall be deducted from the value of the assets; and
- (h) the remuneration and fees accrued upto the date of computation payable to the Management Company, Trustee, SECP, Auditors of the fund and MUFAP shall be included as an expense;
- (i) a security not listed or quoted on a Stock Exchange, except Government Securities, shall be valued at investment price or its break up value as per last audited accounts, whichever is lower;

### **5.2 Determination of Offer Price**

- 5.2.1 After the Initial Period, the Offer Price shall be calculated and announced by the Management Company on daily basis.

- 5.2.2 The Offer Price shall be equal to the sum of:
- a. The Net Asset Value as of the close of the Business Day
  - b. Such amount as the Management Company may consider to be an appropriate provision for Duties and Charges and
  - c. Any Front end Load, such sum to be adjusted upwards to the nearest paisas.
- 5.2.3 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 5.2.2 is insufficient to pay in full such Duties and Charges. (Such shortfall shall be recovered from the Management Company).
- 5.2.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 5.2.2 exceeds the relevant amount of Duties and Charges the Registrar shall issue additional Units or fractions thereof to the Unit Holders based on the price applicable to the Units issued against the relevant application
- 5.2.5 The Offer Price determined by the Management Company shall be made available to the public at the offices and branches of the Distribution Companies and shall also be published in one English newspaper on a daily basis with circulation in all major cities of Pakistan.
- 5.2.6 If on any business day the variation of NAV exceeds five percent (5%) of the NAV included in the current offering price calculated under clause 5.2.2 above, the Management Company may suspend any issuance of Units and shall calculate new NAV with a new offer price as soon as possible. The Management Company shall also inform the SECP and the trustee of the suspension of issuance of Units along with the new Offer (Purchase) Price, and publish the same in at least two newspapers in which the Unit's prices are normally published.
- 5.2.7 The Management Company shall set a lower minimum investment size for investment in the Scheme. The Management Company shall have the discretion to amend the minimum investment size.

### **5.3 Allocation of Front End Load**

- 5.3.1 The remuneration of Distribution Companies and Investment Facilitators shall be paid exclusively from any Front-end Load received by the Trustee and paid by the Management Company when the Trustee pays the Front-end Load to the Management Company for onward distribution to the Distributors and Investment Facilitators, and no charges shall be made against the Fund Property or the Distribution Account in this respect.
- 5.3.2 Such payments of front end load shall be made to the Management Company by the Trustee on the instructions of the Management Company on any frequency as mutually agreed.
- 5.3.3 A Distributor located outside Pakistan may if so authorised by the Trustee and the Management Company, retain such portion of the Front-end Load as is authorised by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

### **5.4 Requirements of the Rules**

- 5.4.1 If an initial offer is made, no investment of subscription money shall be made until the conclusion of the initial offer.

- 5.4.2 Offer and Redemption Prices shall be calculated on the basis of the Scheme's Net Asset Value divided by the number of Units issued and such prices may be adjusted by fees and charges, provided that the amount or method of calculating such fees and charges is clearly disclosed in the Offering Documents.
- 5.4.3 The value of investments not listed or quoted on a Stock Exchange shall be determined on a regular basis, as per Rules, by the Management Company with the approval of the Trustee.
- 5.4.4 There shall be at least four regular dealing days per week.
- 5.4.5 Any Offer Price, which the Management Company or the Distribution Company quotes or publishes, shall be the maximum price payable on purchase and any redemption price shall be the net price receivable on redemption.
- 5.4.6 The maximum interval between the receipt of a properly documented request for redemption of Units and the payment of the redemption money to the Unit Holder shall not exceed six business days unless redemption has been suspended.
- 5.4.7 Where the Scheme deals at a known price and based on information available where the price exceeds or falls short of the current value of the underlying assets by more than five per cent, the Management Company may defer dealing and calculate a new price as soon as possible.
- 5.4.8 Any permanent change in the method of dealing shall be made after one month's notice to the Unit Holders.
- 5.4.9 The Management Company shall immediately notify the Commission if dealing in Units ceases or is suspended and the fact that dealing is suspended shall also be published immediately following such decision in the newspaper in which the Scheme's prices are normally published.
- 5.5 Determination of Redemption Price**
- 5.5.1 After the Initial Period the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day less:
- Such amount as the Management Company may consider an appropriate provision for Duties and Charges.
  - Any Back end Load such amount to be adjusted downwards upto the nearest paisas.
- 5.5.2 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-claus 5.5.1 is insufficient to pay in full such Duties and Charges, such shortfall shall be recovered from the Management Company.
- 5.5.3 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 5.5.1(a) exceeds the relevant amount of Duties and Charges. The Trustee shall refund such excess amount to the relevant Unit Holder.
- 5.5.4 The Redemption Price determined by the Management Company shall be made available to the public at the offices and branches of the Distribution Companies and shall also be published in one English newspaper on a daily basis with circulation in all major cities of Pakistan.
- 5.5.5 The Units will be redeemed at the Redemption Price prevailing on the date that the duly completed redemption form is received by the Management Company during banking hours

**5.6 Method of Pricing and Circumstances under which it can change:**

Method of pricing in respect of Offer Price and Redemption Price may only change in case required due to change in any regulation or if required by the Commission.

**6. SUSPENSION OF ISSUE OR REDEMPTION OF UNITS**

6.1 The Management Company may upon information to the Trustee suspend the issue or redemption of Units subject to the Rules at any time during:

- a. any period when the Stock Exchange on which any of the Investment for the time being is listed or dealt in is closed or when dealings in such Investments are restricted or suspended;
- b. the existence of any state of affairs which in the opinion of the Management Company constitute an emergency as a result of which disposal of any of the Investment would not be reasonably practicable or might seriously prejudice the interest of the Trust or the Unit Holders;
- c. any breakdown in the means of communication normally employed in determining the price of any Investment or the current price thereof on any Stock Exchange or when for any reason the price of any such Investment cannot be promptly and accurately ascertained;
- d. any period when remittance of money which will or may be involved in the realization of such investment or in the payment for such investment cannot in the opinion of the Management Company be carried out in reasonable time; or
- e. if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value.

6.2 Such suspension shall take effect forthwith upon the declaration thereof by the Management Company and shall terminate on the day following the first Business Day on which condition giving rise to the suspension shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension is authorized under this Deed exists. In case of suspension and termination of suspension the Management Company shall immediately notify it to the Commission and publish the same as soon as practicable in at least two widely circulated newspapers in Pakistan one in English and the other in Urdu.

**7. FEES AND CHARGES****7.1 Remuneration of the Management Company and its Agents**

7.1.1 The Management Company shall be entitled to charge upto maximum remuneration as permitted under the "Rules". It being further understood and agreed that the Management Company shall fix the rate of remuneration for the duration of each month of an Accounting Period and shall intimate any change in the rate to the Trustee.

7.1.2 The remuneration shall begin to accrue from the date of payment in full of all Units subscribed for by the Core Investors. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the Accounting Period.

7.1.3 The remuneration due to Management Company shall be paid within fifteen (15) calendar days of the

relevant Audit Date, provided that Management Company may from time to time draw in advance, on monthly basis, out of the accrued remuneration a sum that the Trustee shall consider reasonable.

7.1.4 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 the asset management company to the Trust, including the remuneration and expenses of the Transfer Agent/ Registrar, the Distribution Company and any selling and promotional expenses incurred in respect of sale of Units. The Management Company shall not make any charge against the Unit Holders or against the Trust Property or against the Redemption 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 Trust Property.

7.1.5 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 provision of this Deed.

## **7.2 Remuneration of Trustee and its Agents**

7.2.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with charges mentioned in “annexure D”.

The remuneration shall begin to accrue from the date of payment in full of all Units subscribed for by the Core Investors. For any period other than a full calendar month such remuneration shall be pro-rated on the same basis as mentioned in 7.1.2 above.

7.2.2 Such remuneration shall be paid to the Trustee in arrears within fifteen (15) Calendar Days after the end of each calendar month.

7.2.3 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 Trust Property or against the Redemption Account for their services or for their expenses, except such expenses as are expressly authorised to be paid out of the Trust Property under the provisions of the Rules and the Constitutive Documents.

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

## **7.3 Formation Cost to be amortized against Property of the Scheme**

7.3.1 Formation cost shall be charged to the Fund which are estimated at and shall not exceed 1% of Core Investment (Seed Capital)

7.3.2 Formation Cost will be amortized over a period not exceeding five years.

## **7.4 Other Cost and expenses to be charged to and borne by the Trust**

(a) Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property.

(b) Legal and related costs incurred in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holder(s).

- (c) Bank Charges and borrowings/ financial costs; provided that the charges payable to any bank or financial institution against borrowings on account of the Scheme as permissible under Clause 4.11 above, shall not be higher than the normal prevailing bank charges or normal market rates.
- (d) Auditors fees and expenses.
- (e) Listing fee payable to the Stock Exchange(s) on which Units may be listed.
- (f) Annual fee payable to the Commission under Rule 79 of the Rules;
- (g) Taxes, if any, applicable to the Scheme and its income and/or its properties.
- (h) Rating fees and other expenses directly related to or arising out of the activities of the Scheme subject to the approval of SECP.
- (i) Charges and levies of Stock Exchanges. National clearing and settlement company, SECP charges, CDC charges, capital value tax, transfer charges as payable to bank at time of transfer of funds to Unit Holders and such other levies and charges.

Such expense shall be paid to the Management Company at actual within thirty days of the incurring of such expense.

## **8. TRANSACTIONS WITH CONNECTED PERSONS**

- 8.1 The Scheme shall not invest in any security of a company if any director or officer of the Management Company, owns more than five percent of the total nominal amount of the securities issued, or, collectively the directors and officers of the Management Company own more than ten per cent of those securities
- 8.2
  - (i) No person shall be allowed to enter on behalf of the Scheme into underwriting or sub-underwriting contracts without the prior consent of the Trustee unless the Management Company provides in writing that all commissions and fees payable to the Management Company under such contracts and all investments acquired pursuant to such contracts shall form part of the Trust Property.
  - (ii) All transactions carried out by or on behalf of the Scheme shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual report.
  - (iii) Money can be borrowed from the trustee or any other institution provided that the charges are not higher than the normal bank charges.
- 8.3 The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to the major shareholders of the Trustee, save in the case of such party acting as an intermediary.
- 8.4 The Management Company shall not employ as a broker, directly or indirectly, any of its directors, officer or employee or a member of a family of such person and enter into transactions with any connected broker, which shall equal or exceed ten percent or more of the transactions of the fund in any one Accounting Period.
- 8.5 For the purpose of sub-paragraphs 8.1,8.3 and 8.4 above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

Any transaction between the Scheme and the Management Company or any of their Connected Persons (as defined in the Rules) as principal may only be made with the prior consent of the Trustee.

## **9. DISTRIBUTION POLICY**

### **9.1 Determination Of Distributable Income**

The Management Company shall decide as soon as possible but not later than forty-five 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.

### **9.2 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 Fund Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, interest, fee and any other income.
- b) Net realized appreciation from which shall be deducted expenses as set out in sub-clause 9.3, adjustment as set out in clause 9.4 and such other adjustment as the Management Company may determine in consultation with the Auditors subject to the Rules and the provisions of the Income Tax Ordinance and the rules there under

9.2.1 The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditor to be in the nature of capital accruing from Investment shall not be regarded as available for distribution but shall be retained as part of the Fund 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 after consulting the Auditor 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 Fund Property once transferred to the Distribution Account.

### **9.3 The income qualifying for distribution in respect of the Relevant Period shall be ascertained by deducting**

9.3.1 Remuneration of the Management Company;

9.3.2 Remuneration of the Trustee;

9.3.3 Brokerage and transaction costs related to investing and disinvesting of the Fund Property;

9.3.4 Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders;

9.3.5 Bank charges and borrowing/financial costs together with accrued amount;

9.3.6 Audit Fees and charges;

9.3.7 Formation Costs amortized over a period not exceeding five years; and

9.3.8 Taxes applicable to the Trust on its income, turnover, assets or otherwise.

- 9.3.9 Annual fees payable to SECP;
- 9.3.10 Listing fee payable to the Stock Exchange(s) on which Units be listed;
- 9.3.11 Any other expenses in relation to the Management of the Fund property subject to Rules;
- 9.3.12 Any other cost mentioned in Clause 7.4

**9.4 The income qualifying for distribution in respect of the Relevant Period shall 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, interest, profit or mark-up;
- b) addition of a sum representing amounts included in the price of Units for income accrued upto the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units during the Relevant Period;
- c) adjustment if considered necessary by the Management Company to reflect the diminution in value of Fund Property in consultation with the Auditor.

**10. DISTRIBUTION OF INCOME**

- 10.1 On each Relevent Accounting Date the Management Company shall instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of this Deed be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 10.2 Before making any payment to the Unit Holder 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.
- 10.3 The Management Company may offer the Unit Holder the option to receive new Units under cumulative investment instead of cash dividend.
- 10.4 The Management Company may declare bonus shares instead of Cash Dividend.
- 10.5 In case of distribution in the form of bonus Units on each distribution date the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same.
- 10.6 After the fixation of rate of bonus entitlement per Unit, the Management Company shall instruct the Registrar to credit the respective Unit Holders' accounts with the designated number of Units calculated on the basis of the rate of distribution determined above against the number of Units held by them on the date of closure of the Register.
- 10.7 Where Units are placed under pledge/ lien the payment of payouts will be made in accordance with Clause 31 of this Deed.

**11. ANNUAL ACCOUNTING PERIOD**

The Annual Accounting Period of the Scheme is from [1st July] to [30th, June]. The first such period shall

begin from the date of commencement of the Initial Period and end on 30<sup>th</sup> June.

## **12. BASE CURRENCY**

The base currency of the Scheme shall be Pakistani Rupee; it is being clarified, however, that the Authorized Investments may be denominated in Pakistani Rupee or (subject to applicable law) any other foreign currency.

## **13. MODIFICATION OF THE CONSTITUTIVE DOCUMENT**

13.1 The terms and conditions of this Deed and any deed supplemental and amendment hereto pursuant to the provisions of this Deed 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.

13.2 Subject to the prior approval of the Commission, the Trustee and the Management Company acting together shall be entitled by deed supplemental hereto to modify, amend, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for the following purposes: (a) modification/ alteration required pursuant to any amendments in the Ordinance or the Rules; (b) to ensure compliance with any fiscal or statutory requirement; (c) to enable the Units to be dealt in or quoted on a Stock Exchange; (d) to enable On-line sale and/or redemption of Units; or (e) any other matter that does not alter the fundamental objects of the Unit Trust (together the Permitted Amendments). Any alteration, amendment or modification or additions to the provisions of this Deed other than those relating to Permitted Amendments shall not be made without the approval of the Commission.

13.3 Where this Deed has been altered or supplemented, the Management Company shall notify the Unit Holders. The cost of carrying out amendments to this Deed shall be charged to the Trust Property.

13.4 The Management Company may from time to time frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto; provided such rules or regulations are not inconsistent with provisions of the Ordinance, the Rules and this Deed or the Offering Documents.

13.5 If the SECP modifies the Rules to allow any relaxations or exemptions, these will be deemed to have been included in this Trust Deed without requiring any modification as such.

## **14. TERMINATION AND LIQUIDATION OF TRUST**

14.1 The Trust may be terminated by the Management Company if the Net Assets at any time shall fall below [Fifty Million Rupees]. The Management Company shall give at least three month's notice in writing to the Unit Holders and the Commission and shall disclose the grounds for its decision. The Management Company may announce winding-up of the Trust without notice if redemptions of Units of unmanageable level 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 Trust is wound up.

14.2 The Trust may also be terminated by the Commission on the grounds given in the Rules.

14.3 This Deed may be terminated in accordance with conditions specified in the Rules if there is a material breach of the provisions of this Deed or the agreement or arrangement entered into between the Trustee and the Management Company regarding the Unit Trust.

14.4 Upon the Trust being terminated the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investment then remaining in the hands of the Trustee as part of the Fund Property and shall repay any borrowing effected by the Trust together with any profit remaining unpaid.

14.5 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 Fund Property after making payment and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

## **15. TRUST PROPERTY**

15.1 The Management Company shall cause the Distribution Company to remit to the Trustee the proceeds of all Units issued from time to time, and shall also cause the first subscribers to remit the purchase price of the Units to be issued to them during the Initial Period which shall form part of the Trust Property, in accordance with the instructions given by the Management Company from time to time.

15.2 The Fund Property shall initially be constituted out of the proceeds of the Units issued to the Core Investors, Private Placement Investors, and other Units issued during the Initial Period after deducting any applicable Duties and Charges there from.

15.3 The Trustee shall take the Trust Property into its direct control and custody and hold it in trust for the benefit of the Unit Holders in accordance with the provisions of the Rules and the Constitutive Documents; provided that the Government Securities and other physically held securities forming part of the Trust Property may be held by the Sub-Custodian but matters relating thereto shall be under the direct control of the Trustee. Any agreement between the Trustee and the Sub-Custodian shall be on mutually agreed basis with the Management Company and any amendments therein shall be subject to agreeing with the Management Company.

15.4 The Trust Property shall always be kept as a separate property and shall not be applied to make a loan or advance except in connection with the normal business of the Trust and except as permitted under the Rules. All registrable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Deed. All expense incurred by the Trustee in effecting such registration shall be payable out of the Trust Property.

15.5 Except as specifically provided in this Deed, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and neither the Trustee nor the Sub-Custodian shall create or purport to create any mortgages, charges, liens or any other encumbrance whatsoever to secure any loan, guarantee or any other obligation actual or contingent incurred assumed or undertaken by the Trustee, the Sub-Custodian or any other person.

15.6 The Trustee shall have the sole responsibility for keeping and maintaining the Trust Property in its own name. In the event of any loss caused due to any negligence or willful act and/or omission on the part of the Trustee in violation of the terms of this Trust Deed, the Trustee shall have an obligation to replace the lost investment 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 any loss.

15.7 All cash forming part of the Trust Property shall be deposited by the Trustee in separate accounts in the name of the Trustee with scheduled banks having at least an investment grade rating rated by an international rating agency or any other rating agency licensed by the SECP or the State Bank of Pakistan, and approved by the Management Company. The Banks shall allow profit thereon in accordance with the rules prescribed by the Bank for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company.

15.8 Remuneration of the Management Company and the Trustee; brokerage and Transaction Costs relating to investing and disinvesting of the Fund Property; all expenses incurred by the Trustee effecting the registration

of all registerable property in the Trustee's name; legal and related costs as may be incurred in protecting or enhancing the interests of the Scheme or the collective interests of the Unit Holders; Bank charges and profit or service charges on financing; audit fees; listing fee payable to a Stock Exchange; rating fee payable to an approved rating agency; Formation Costs; taxes and duties, if any applicable to the Trust; annual fee/charges to be paid to SECP under the Rules, loan documentation fee; legal counsel fee shall be payable out of the Fund Property.

## **16. INVESTMENT OF THE TRUST PROPERTY**

- 16.1 During the Initial Period, the Trustee shall hold the Trust Property in cash in separate accounts with banks having at least, if available, an investment grade rating (investment grade rating is equivalent to or above BBB) (assigned by any credit rating agency licensed by the Commission) and approved by the Management Company. After the Initial Period all cash, except in so far as such cash may in the opinion of the Management Company be required for liquidity or other purposes shall be invested by the Trustee from time to time in such Authorized Investment as may (subject always to the provisions of this Deed) be directed by the Management Company.
- 16.2 Any investment may at any time be realized 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 cash or in deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorized Investment shall be realized and the net proceeds of realization shall be applied in accordance with this clause; provided that the Trust may postpone the realization of such investment for such period as the Management Company and the Trustee may determine to be in the interest of the Unit Holders. It is clarified that the proceeds of any Investment realized as aforesaid shall be kept by the Trustee in the account of the Scheme.
- 16.3 The purchase or sale of any Investment in listed securities for the account of the Trust shall be made on the Stock Exchange, through a Broker who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible (subject to applicable law) to make such purchase or sale more advantageously in some other manner. The Broker will be appointed from time to time by the Management Company. 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). The purchase or sale of any Investment in unlisted securities shall be made in accordance with the procedures or rules and regulations, if any, applicable thereto.
- 16.4 If and so long as the value of the holding in a particular issue of a company or investment/ instrument or sector shall exceed the limit imposed by the Rules, the Trustee shall not purchase any further investments in such company or sector.
- 16.5 The Trust shall not at any time:
- a. invest or deal in Restricted Investments;
  - b. make short sales of any security or maintain a short position;
  - c. purchase any security in a forward contract.
  - d. participate in joint account with others in any transaction.
- 16.6 The Management Company may from time to time for account of the Trust and with the prior written consent of the Trustee enter into underwriting or sub-underwriting contracts and Pre-IPO and/or Privately Placed Agreements in relation to the subscription or purchase of Authorized Investment upon such

terms in all respects as the Management Company shall think fit but subject always to the provisions of the Rules and this deed, any waivers granted by the competent authority and so that no such contract shall relate to an Authorized Investment which if acquired would constitute a holding in excess of the exposure limit specified in the Rules. The underwriting and sub-underwriting commission and all Authorized Investments acquired pursuant to any such contract and/or agreements shall form part of the Trust Property and any subscription or purchase moneys payable thereunder shall be paid out of the Trust Property.

- 16.7 Investment Policy: The objective of the Scheme is to seek and generate regular income for the investors while endeavoring the preservation of capital over the long term by investing primarily in medium to long term debt instruments but the Scheme may increase exposure in short term instruments with the purpose of enhancing returns through active management or for the purpose of maintaining liquidity. Investment Portfolio would comprise of fixed, floating and hybrid rate instruments. The allocation between various investment classes will depend on prevailing market conditions and opportunities.
- a- Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities;
  - b- Secured, 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.
  - c- Convertible/ TFCs issued by corporates/ financial institutions. In case FHIF is required to convert the TFCs into shares it would offload the shares within a period of three months of the shares being issued. Total investment by FHIF in Convertible TFCs will not exceed 15% of its net asset value;
  - d- Convertible and non-convertible preferred shares. In case FHIF is required to convert the preference shares into ordinary shares, it would offload the ordinary shares within a period of three months of the ordinary shares being issued. Total investment by FHIF in Convertible Preferred Shares will not exceed 15% of its net asset value;
  - e- Bank Deposits and Certificates of investment issued by financial institutions;
  - f- Reverse Repo Transactions;
  - g- Investment in CFS shall be restricted upto a maximum of 50% of Net Assets Value of the Fund, with not more than 20% of CFS amount in any one scrip at the time of investment;
  - h- FHIF will enter into transactions aimed at earning a spread in the price of shares resulting from the timing difference between ready and future settlements. FHIF will buy in the ready settlement market and sell in future settlement market. Both the transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying shares;
  - i- CFS, Spread transactions and Reverse repurchase transactions shall be restricted to such underlying Securities which offer adequate liquidity. They would further be restricted only with members of recognized Stock Exchange or Financial Institution having minimum investment grade rating and transaction to be administrated by the Management of the Exchange and the Clearing House or appropriate margin to be available in the value of the Security with appropriate safeguard and the Management Company is of the view that the Counter Party is of appropriate Standing.
  - j- Derivative Portfolio Investment in derivatives of money market as approved by the Commission.
  - k- Units of any other money market fund only (The purchase and acquisition of Units in one money market fund shall not exceed ten (10) percent of the Net Asset Value of FHIF at the time of purchase, except as

may otherwise be permissible under the Rules), Commercial paper or any other money market instrument.

- 1- FHIF outside Pakistan will be made in accordance with the procedure mentioned at Clause 1.5 of Definitions under the heading Investments outside Pakistan.

## **17. VOTING RIGHTS ON TRUST PROPERTY**

17.1 All rights of voting attached to any Trust 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 in the best interest of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights.

17.2 The Trustee shall upon written request by the Management Company and on account of the Trust Property, from time to time execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote, consent or otherwise act in respect of any investment in such form and in favour of such persons as the Management Company may require in writing and the cost of which will be charged to the Trust Property.

The phrase “rights of voting” or the word “vote” used in this sub-clause 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.

17.3 Not later than two (2) Business Days of receipt, the Trustee shall forward to the Management Company all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any investment.

## **18. DUTIES AND POWERS OF TRUSTEE**

18.1 The Trustee shall comply with the provisions of the Rules and the Constitutive Documents 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: (a) officer or responsible official of the Trustee; or (b) nominee or agent appointed by the Trustee with the written approval of 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 they were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless or willful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

18.2 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interest of the Unit Holders. The Trustee shall not be under any liability on account of anything done or suffered 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 the Constitutive Documents or the Rules. Whenever of the Unit Holders. The Trustee shall not be under any liability on account of anything done or suffered 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 the Constitutive Documents 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 person(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept.

- 18.3 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Trust Property unless such instructions are in conflict with the provisions of the Constitutive Documents or the Rules and/or any other applicable law.
- 18.4 The Trustee shall provide to the Management Company such information as the Management Company may require from time to time in respect of the Trust Property and all other matters relating to the Trust.
- 18.5 The Trustee shall report on all matters provided in the Rules including issue to the Unit Holders a report on all matters in which it is required to issue a report under the Constitutive Documents and the Rules to the Unit Holders including a report to be included in the annual report whether in its opinion, the Management Company has in all material respect managed the Trust Property in accordance with the provisions of the Rules and the Constitutive Documents and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.
- 18.6 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 endeavor to provide the certification at the earliest date reasonably possible subject to performance of steps mentioned in clause 18.5.
- 18.7 The Trustee shall if so requested by the Management Company institute or defend any suit, proceeding, arbitration or inquiry or any corporate or share holders action in respect of the Trust Property or any part thereof. All costs, charges and expenses (including reasonable legal fee) incurred in instituting or defending any such action shall be on account of the Trust Property and the Trustee shall be (out of the Trust Property) indemnified against all such costs, charges and expenses; provided that no such indemnity shall be given in respect of any action taken against the Trustee for negligence or breach in connection with its duties under this Deed or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Management Company and Trustee 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 share holders action or otherwise howsoever and (save as herein otherwise provided) all such losses, claims, damages and other liabilities shall be borne by the Trust.
- 18.10 The Trustee shall ensure that: (a) the sale, issue, repurchase, redemption, and cancellation of Units are carried out in accordance with the provisions of the Constitutive Documents and the Rules; and (b) the methods adopted by the Management Company in calculating the value of Units are adequate to ensure that the sale, issue, re-purchase, redemption prices are calculated in accordance with the provisions of the Constitutive Documents.
- 18.11 The Trustee shall, under intimation to the Management Company, from time to time appoint, remove or replace one or more Sub-Custodian for performing the Custodial Functions at one or more locations, on terms and conditions to be agreed between the Sub-Custodian and the Trustee and approved by the Management Company.
- 18.12 The Trustee shall take into its custody or under its control the Trust Property of the scheme and hold it in trust for the Unit Holders in accordance with the law and the provision of the Constitutive Documents and the cash and registerable assets in the name of, or the order of the Trustee.
- 18.13 The Trustee shall be liable for an act or omission of any agent with whom any investments are deposited as if they were the act or omission of any nominee in relation to any investment forming part of the Trust Property.
- 18.14 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.

- 18.15 The Trustee shall ensure that the units/certificates are not issued until subscription moneys have been paid.
- 18.16 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 be liable for any act or omission of the Management Company or for anything except its own negligence or willful 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. The trustee shall not be liable for any loss caused to the Trust or to the value of the Deposited Property due to any elements or circumstances beyond its reasonable control.

## **19. CHANGE OF TRUSTEE**

- 19.1 The Trustee shall be entitled to retire voluntarily at anytime with the prior written notice of at least 3 months to the Management Company. The Management Company within the Notice period with the prior written approval of the Commission may by a deed supplemental hereto will appoint a new Trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new Trustee.
- 19.2 If the Trustee (i) goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Management Company for purpose of reconstruction and amalgamation) ; or (ii) ceases to be a central depository company or ceases to carry on business; or (iii) a receiver of its undertaking is appointed; or (iv) it becomes ineligible to act as a Trustee of the Unit Trust under the provisions of the Rules, the Management Company shall after obtaining prior approval of the Commission, 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 the Constitutive Documents as the New Trustee.
- 19.3 The Management Company may with the prior written approval of the Commission remove the Trustee after giving at least 90-days notice in writing to the Trustee on ground of any material default or non compliance with the provisions of the Constitutive Documents or the Rules, and appoint another Trustee provided that such removal shall not by itself constitute admission of such material default or non-compliance on part of the Trustee.
- 19.4 Notwithstanding, removal/resignation of the Trustee and its subsequent discharge from its duties under this Deed and the Rules, the Trustee shall remain entitled to the benefit of Clauses 7.2, 18.2, 18.3, 18.6, 18.7, & 18.16 without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under this Deed and/ or the Rules.
- 19.5 Upon the appointment of a new Trustee the Trustee shall immediately hand over all the documents and Records to the New Trustee and shall transfer all the Trust Property and any amount deposited in any Redemption/ Dividend Account to the new Trustee and make payment to the new Trustee of all sums due from the Trustee.
- 19.6 The Management Company shall appoint a new Trustee by a supplemental deed or an instrument in writing as contemplated under clause 19.1 and 19.2 above. The new Trustee shall exercise all the powers and enjoy all the 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.

## **20. CHANGE OF THE MANAGEMENT COMPANY**

- 20.1 The removal of the Management Company and appointment of a new Management Company shall always require the prior written approval of the Commission and the Trustee.
- 20.2 The Trustee may appoint a new management company with the prior written approval of the Commission if (a) a receiver has been appointed for the Management Company over any of its assets; (b) in case of liquidation of the Management Company (other than for the purpose of reconstruction and amalgamation); and (c) The Management Company will fully contravened the provisions of this Deed in any material respect and has failed to rectify the contraventions within a reasonable period.
- 20.3 If the Commission has cancelled the registration of the Management Company under the provisions of the Rules, the Trustee shall appoint another management company as the Management Company for the Scheme according to the provisions of the Constitutive Documents and the Rules.
- 20.4 The Management Company may voluntarily retire at any time with the prior written consent of the Commission and the Trustee.
- 20.5 Upon a new management company being appointed the Management Company will take immediate steps to handover all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee.
- 20.6 Upon its appointment the new management company shall exercise all the powers and enjoy all the 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.
- 20.7 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.
- 20.8 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 20.9 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 Commission.
- 20.10 The report for the audit shall be submitted by the auditors to the Trustee not later than thirty (30) business days from their appointment. A copy of the report shall also be provided to the Commission, Management Company and the New Management Company.
- 20.11 The costs of audit shall be shared equally by the outgoing Management Company, the new Management Company and the Fund.

## **21. UNITS**

- 21.1 The Fund is divided into Units having a First Offer price of Rs. 100 each with a minimum investment size of Rs. 5000/= This price is applicable to such Units that are issued before any of the assets of the Fund are invested other than deposits, whether or not earning mark-up/profit. Thereafter, the Units shall be issued on the basis of their Net Asset Value (NAV) which shall represent an undivided share in the Fund ranking pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions.
- 21.2 The Management Company is initially issuing the following classes of Units;
- a) Class "A"(Restricted) Units to be issued to the Core Investors with no Sales Load.

- b) Class “A” Units to be offered and issued during the initial Offering Period with no Sales Load.
- c) Class “B” Units which shall be offered and issued after the initial Offering Period with/ without Sales Load and/ or Back-End Load.

Provided that the Management Company may, with the consent of the Trustee and after obtaining prior approval of the SECP, introduce and offer other classes of Units vide supplemental or additional Offering Document(s) from time to time.

- 21.3 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 the dividends and distributions. Each Unit Holder has a beneficial interest in FHIF proportionate to the Units held by such Unit Holder.
- 21.4 Core Units subscribed by the Core Investors shall be offered and issued at the Initial 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. However the Units are transferable.
- 21.5 Units offered and issued during the First Offer shall be issued at the Initial Price. The offer and issue of Units during the First Offer shall remain open during the period specified in the Offering Document.
- 21.6 After the First Offer, the Offer Price shall be determined from time to time pursuant to Clause 5.2 of this Deed.
- 21.7 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 twenty one days prior 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.

## **22. ISSUE OF UNITS**

- 22.1 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 Documents.
- 22.2 Except as provided herein the Units shall be offered at the authorised offices or branches of the Distribution Company on all Business Days.
- 22.3 Application for issuance of Units shall be made by completing the prescribed application form and submitting it with the payment by cheque or bank draft in favour of the Trustee in the account “CDC Trustee First Habib Income Fund” and crossed account payee only at the authorised branch or office of any Distribution Company. The application for issuance of the Units and the specimen signature of each Unit Holder shall be retained by the relevant Distribution Company with copies supplied to the Transfer Agent, if so required by the Management Company. The Distribution Company shall verify the particulars given in the application for issuance of Units and the documents submitted therewith 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.

22.4 Each Unit Holder shall only be liable to pay the Offer Price of the Units subscribed by him and no further liability shall be imposed on him in respect of any Units held by him.

22.5 The Management Company may impose processing charges for issuance of Units in such manner as it shall think fit.

### **23. REMUNERATION OF DISTRIBUTION COMPANY**

23.1 The Distribution Company will be entitled to remuneration payable by the Management Company (out of its own resources) any amount mutually agreed between the Management Company and the Distribution Company.

23.2 The remuneration of the Distribution Company shall be paid by the Management Company and shall not be charged to the Trust Property.

23.3 In the event that Distribution Function is to be performed by more than one Distribution Company, the remuneration will be distributed amongst the Distribution Companies in proportion to the Units sold during the Relevant Period.

### **24. REDEMPTION OF UNITS**

24.1 The Trustee shall at any time during the life of the Trust authorize redemption of Units out of the Trust Property through the duly authorized Distribution Company.

24.2 Application for redemption of Units shall be made by completing the prescribed application form for redemption and submitting it at the authorised branch or office of the Distribution Company. Application for redemption shall be retained by the Distribution Company and a copy may be supplied to the Transfer Agent, if so required by the Management Company. No person shall be entitled to redeem only part of the Unit comprised in a Certificate, however, in case where a Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. The application for redemption of Units shall be accompanied by the relevant Certificate, if issued, duly endorsed on the reverse. In case of applications for redemption by joint Unit Holders such application should be signed and endorsement on Certificates made, by all joint Unit Holders or as per their instructions earlier mentioned in Account Opening Form.

24.3 The Trustee at its own discretion dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder with the like requirements to those arising in the case of any application by him for the replacement thereof.

24.4 The price at which Units shall be redeemed shall be the Redemption Price fixed by the Management Company. The Redemption Price shall be announced by the Management Company on a daily basis, as may be decided by the Management Company and as specified by the Rules

24.5 The amount payable on redemption shall be paid to the Unit Holder or in the case of joint Unit Holders, the first named joint Unit Holder by crossed cheque or direct transfer to his designated Bank account or any other mode after receipt of a properly documented request for redemption of the Units in terms of this Deed, provided that redemption is not suspended in terms of this Deed.

24.6 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 at the option of the Unit Holders whether all joint Unit Holders, first named joint Unit Holder or either or survivor may give effectual receipt for any such moneys.

- 24.7 Application for Redemption will be received at the authorised offices or branches of the Distribution Company on all Subscription Days. Payments of Units so redeemed shall be made within Six (6) working Days of the date of receipt of such application. In the event redemption requests on any one Subscription Day exceed ten percent (10%) of total number of Units outstanding for the time being, the Management Company may invoke the queue system whereby requests for redemption shall be processed on a first come first served basis as per clause 25.2.
- 24.8 The Distribution Company shall verify the particulars given in the application for redemption of Units and documents submitted therewith. 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.

## **25. SUSPENSION OF DEALING, QUEUE SYSTEM AND WINDING UP**

Under the circumstances mentioned in the Offering Documents, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units;

### **25.1 Suspension of Issue or Redemption of Units;**

Habib Asset Management Limited may upon information to Trustee suspend the issue or redemption of Units subject to the Rules at any time during:

- a- Any period when the Stock Exchange on which any of the investment for the time being is listed or dealt in is closed or when dealings in such investment are restricted or suspended;
- b- The existence of any state of affairs which in the opinion of HAML constitute an emergency as a result of which disposal of any of the Investment would not be reasonably practicable or might seriously prejudice the interest of the Trust or the Holders;
- c- Any breakdown in the means of communication normally employed in determining the price of any investment or the current price thereof on any Stock Exchange or when for any reason the price of any such investment cannot be promptly and accurately ascertained;
- d- Any period when remittance of money which will or may be involved in the realization of such investment or in the payment for such investment cannot in the opinion of HAML be carried out in reasonable time; or
- e- If HAML is of the view that it would be detrimental to the remaining Holders to redeem or continue to redeem Units at a price ascertained on the basis of the NAV.

Such suspension shall take effect forthwith upon the declaration thereof by HAML and shall terminate on the day following the first Business Day on which condition given rise to the Suspension shall in the opinion of HAML have ceased to exist and no other condition under which suspension is authorized under the Trust Deed exist. In case of suspension and termination of suspension HAML shall immediately notify it to SECP and publish the same as soon as practicable in one widely circulated newspaper in Pakistan.

### **25.2 Queue System;**

In the event redemption requests on any day exceed ten percent (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 ten percent (10%) of the Units in issue. The Management Company shall proceed

to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of all 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 ten-percent (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-ten percent (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 of the Units then in issue.

### 25.3 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 are likely to result in the Fund being run down to an unsustainable 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. 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.

## 26. ISSUE OF UNITS OUTSIDE PAKISTAN

26.1 Subject to foreign exchange control and other applicable laws, rules and regulations and any permissions required to be obtained under law from regulatory authority, in the event of arrangements being made by the Management Company for the issuance of Units 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 herein before provided a further amount sufficient to cover any currency exchange fluctuation, any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.

26.2 In the event that the Redemption Price for Units is 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 herein before provided a further amount sufficient to cover any currency exchange fluctuation and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such payment or redemption. It is clarified that the offer and Redemption Price will be in rupee terms and the Scheme will not carry any exchange risk. The investor will invest at the exchange rate prevailing at that time and payments will be made in rupees and investor will be responsible for converting it into dollars or any other foreign currency.

## 27. REGISTRATION OF UNIT HOLDERS

27.1 The Register shall be maintained by the Transfer Agent at such a place as is agreed by the Management Company. The Management Company shall ensure that Transfer Agent shall comply with all relevant provisions of the Constitutive Documents and the Rules.

27.2 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 but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto, except when the Register is closed in accordance with the provisions of this Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the

Offering Document and for a period of at least two hours in each Business Day) be open in legible form to the inspection of any Unit Holder without charge.

- 27.3 The Register shall contain the following information in respect of Units:
- a. full names, father's/husband's name and addresses of each Unit Holder and joint Unit Holders;
  - b. the number of the Units held and the Certificate number, if any;
  - 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;
  - e. information about lien, pledge or charge of Units;
  - f. tax and zakat status of Unit Holders;
  - g. record of the signatures of the Unit Holders;
  - h. Information about nominations of the Unit Holders; and
  - i. National Identity Card Number;
  - j. such other information as the Management Company may require;
- 27.4 The Register shall be conclusive evidence as to the Units held by each Unit Holder.
- 27.5 Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Distribution Company 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 previously issued to such Unit Holder and the payment of the fee) shall forward the particulars to the Transfer Agent who on being satisfied with the compliance of formalities shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue where necessary a new Certificate to such Unit Holder subject to payment of applicable fee for such issuance.
- 27.6 The Transfer Agent shall not register more than four joint Unit Holders for a Unit (Principal alongwith three joint holders). In case of the death of any one of the joint Unit Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Unit Holders. The surviving joint Unit Holders would be deemed to be only joint Unit Holders in respect of the Units. In case of death of the surviving joint Unit Holders the provisions of clause 27.11 would apply.
- 27.7 A body corporate may be registered as a Unit Holder or as one of the joint Unit Holders.
- 27.8 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 calendar days notice to Unit Holders, provided that it is not closed for more than forty five days in any calendar year.
- 27.9 The Unit Holder shall be the only person to be recognized by the Trustee and the Management Company as having any right, title or interest in or to such Units and the Trustee and the Management Company may recognise 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 the execution of any Trust except where required by any court of competent jurisdiction.

- 27.10 The executors or administrators or succession certificate Holder of deceased Unit Holder (not being one of several joint Unit Holder) shall be the only persons recognised by the Trustee and the Management Company as having right, title or interest in or to the Units represented thereby.
- 27.11 The executors or administrator or succession certificate holder of deceased Unit Holder (not being one of several joint Unit Holders) shall be the only persons recognized by the Trustee and the Management Company as having title to the Units represented there by. Any person becoming entitled to a Unit in consequence of the death or bankruptcy/ insolvency of any sole Unit Holder or of the survivor of joint Unit Holders may subject to as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Unit Holder of such Unit upon giving the Trustee/ Distribution Company 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/ insolvency 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 certificate or other such mandate from a Court or lawful authority, if they consider necessary.
- 27.12 The Trustee shall retain moneys on account of dividends payable in respect of any Unit(s), which is/ are under process of transmission or transfer until such transmission or transfer as the case may be, has been fully effectuated in the name of the concerned person(s).

## **28. ISSUANCE OF CERTIFICATES**

- 28.1 Upon being satisfied that the Offer Price for each Unit has been received in full from the 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.
- 28.2 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 not exceeding [Rs. 50/- (Rupees Fifty only) per Certificate] of any denomination, subject to revision of fee from time to time by the Management Company. The proceeds of such fee will accrue to the Management Company.
- 28.3 Certificates shall only be issued for Units that have been fully paid, in such denomination as may be required by the Unit Holder.
- 28.4 Certificates where requested shall be issued as herein provided not later than twenty-one Business Days after the date of such request. The Certificate may be sent to the Unit Holder or his duly authorised nominee at his own risk by registered post, by courier service or may be collected by the Unit Holder from the Distribution Company.
- 28.5 In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the Unit Holders named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 28.6 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 distinctive and serial number which should be pre-numbered and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.

28.7 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 authorised officer of the Trustee and on behalf of the Management Company by a duly authorised officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorised 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 authorised representative of the Transfer Agent, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificate 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 authorised signatory may have ceased to be the Trustee, the Management Company, Transfer Agent or any authorised signatory.

## **29. REPLACEMENT OF CERTIFICATES**

29.1 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 the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.

29.2 In case any Certificate shall be lost, 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 Distribution Company/ Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate,
- (ii) paid as expenses incurred in connection with the investigation of the facts,
- (iii) in the case of joint Unit Holders obtained the written consent of the joint Unit Holders for issuance of such new certificates, and
- (iv) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Company/ Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.

29.3 Before the issuing of any Certificate under the provisions of this sub-clause the Distribution Company/ Transfer Agent may require from the applicant for the Certificate the payment to it of a fee of Rs. 50/= (Rupees Fifty only) for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

## **30. TRANSFER OF UNITS**

30.1 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.

30.2 A certificate shall be transferable only in its entirety.

30.3 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Unit Holder of the Units transferred until the name of the transferee is entered in

the Register in respect thereof.

- 30.4 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 shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Deed.
- 30.5 All instruments of transfer shall be retained by the Transfer Agent if required by the Management Company.
- 30.6 The Distribution Company/ Transfer Agent with the prior approval of the Management Company 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 twelve 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 twelve years from termination of the Trust. The Trustee or the Management Company or the Distribution Company/ Transfer Agent shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Management Company or the Distribution Company/ 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 Distribution Company/ Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly registered by the Trustee or the Management Company or the Distribution Company/ 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 thereof) to which the document may be relevant: (ii) nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Distribution Company/ 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.

### **31. PLEDGE/ LIEN/ CHARGE ON UNITS**

- 31.1 Any Unit Holder and/ or Joint Unit Holder(s) may request the Transfer Agent to record a pledge/ lien 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 lien on any Units in favor of any third party with the consent of the Management Company. The Onus for due process having been followed in registering a lien shall lie with the party claiming the lien.
- 31.2 The lien once registered shall be removed by the authority of the party in whose favour the lien 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/ charge/ lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/ charge/ lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company and the Transfer Agent shall take any responsibility in this matter.
- 31.3 Payments of dividends or the issue of bonus Units and redemption proceeds of the Units or any benefits arising from the said Units that are kept under pledge/ charge/ lien shall be paid to the order of the pledge/ charge/ lien holder's bank account or posted to the registered address mentioned in the pledge/ charge/ lien application form submitted.
- 31.4 All risks and rewards, including the right to redeem such units and operate such account, shall vest with the pledge/ lien/ charge holder. This will remain the case until such time as the pledge/ lien/ charge holder in writing to the Management Company instructs otherwise.

**32. AUDIT**

- 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 three consecutive years. The Management Company may at any time remove the Auditor and appoint another Auditor in its place.
- 32.2 The Auditor shall hold office until transmission of the annual report and accounts but may be reappointed, subject to restrictions contained in the Rules.
- 32.3 The following persons shall not qualify to be the Auditor 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.
- 32.4 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 32.5 The Auditor shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Sub-Custodian, Transfer Agent, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 32.6 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 as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 32.7 The Auditor shall prepare a written report to the Unit Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other documents forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.
- 32.8 The contents of the Auditor's report shall be as required in the Rules.
- 32.9 The Management Company shall:
- a. within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account together with the Auditor's report for the Accounting Period to the Commission and Unit Holders in accordance with the Rules.
  - b. within one month after the close of the first and third quarter and within two months of second quarter of its Accounting Period, or any such period as specified by the Commission or Rules or any other regulation 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 quarter year, whether audited or otherwise, in accordance with the Rules.

**33. DISTRIBUTION OF LIQUIDATION PROCEEDS**

- 33.1 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 Trust Property and shall repay any borrowing effected by the Trust together with any markup remaining unpaid.
- 33.2 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 Trust Property after making payment as mentioned in sub-clause 33.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

**34. CONFIDENTIALITY**

- 34.1 The Trustee and the Management Company and every director or officer of the Trustee and the Management Company who are in any way engaged in the business of the Trust and all persons employed or engaged by the Trustee or the Management Company 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.

**35. ARBITRATION**

In the event of any disputes arising out of this Deed or the 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 Deed and the Offering Document relating to Unit Trust, 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 hereto. 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. The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

**36. MISCELLANEOUS**

- 36.1
- a. Any notice required to be served upon the Unit Holder shall be deemed to have been duly given if sent by post/ courier to or left at his address as appearing in the Register. Any notice so served by post/ courier shall be deemed to have been served on the 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.
  - b. The Trustee or the Management Company shall advertise any such notice in two widely circulated daily newspapers in Pakistan in which prices of Units are published.
  - c. 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.

- d. Any notice or document sent by post/ courier to or left at the registered address of a Unit Holder shall notwithstanding that such Unit Holder be then dead or bankrupt/ insolvent 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.
- e. The cost of issuing, advertising or service of any notice shall be charged to the Trust Property.

36.2 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 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 of Rs. 50/= (Rupees fifty) per copy or at such rate as determined from time to time by the Management Company. IN WITNESS WHEREOF the parties hereto have executed and delivered this Deed on the day month and year first above mentioned

The common seal of Habib Asset Management Limited was hereunto affixed in the presence of;

**FOR HABIB ASSET MANAGEMENT LIMITED**

Signatory

Mr. Imran Azim  
S/o Muhammad Abdul Azim  
NIC No.42301-4068685-3

**FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**

Signatory

Mr. Mohammad Hanif Jhakura  
S/o Dawood Usman  
NIC No.42201-2279201-9

WITNESS 1:

Name: Mr. Aquil Raza Khoja  
S/o: Fida Hussain  
Signature:  
NIC No.: 42201-7395416-3

WITNESS 2:

Name: Mr. Kamran Kazi  
S/o: Qazi Haleem Ahmed  
Signature:  
NIC No.: 42201-0522034-5