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**TRUST DEED**

This Trust Deed is made and entered into at Karachi on this 20th day of February 2006:

**1 NAME OF THE SCHEME**

**KASB Liquid Fund (KLF)**

**2 PARTICIPATING PARTIES AND CONSTITUTION OF THE TRUST**

I. **KASB Funds Limited (KFL)**, an unlisted public limited company incorporated under the Companies Ordinance 1984, having its registered office at 9th Floor, Trade Centre, I. I. Chundrigar 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**

II. **Central Depository Company of Pakistan Limited (CDC)**, an unlisted public limited company incorporated under the Companies Ordinance, 1984, registered to act as a central depository company under the Central Depository Companies (Establishment and Regulation) Rules, 1996, having its registered office at CDC House, 99-B, Block-"B", SMCHS, Main Shahra-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 under Companies Ordinance 1984 and licensed under Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 ("NBFC Rules") (certificate of incorporation attached hereto as Annexure "A").

B. The Management Company has been authorised by the Securities and Exchange Commission of Pakistan ("SECP") vide its letter No. SEC/NBFC-JD-II/91/2006 dated February 10, 2006 appended hereto as Annexure "B" to constitute the trust under the name and title of "**KASB Liquid Fund**" as an open-ended unit trust scheme (hereinafter referred to as the "Unit Trust", "Trust", "KLF" or "Scheme") and to register this Trust Deed, pending authorisation for the establishment and

operation of the Scheme in accordance with the provisions of the NBFC Rules and this Trust Deed;

- C. The Management Company has nominated and appointed the Trustee as trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions contained in this Deed and the tariff structure for trusteeship as per Annexure "D";
- D. The SECP has approved the appointment of Trustee, vide letter No. SEC/NBFC-JD-II/90/2006 dated February 10, 2006, appended hereto as Annexure "C".
- E. For attaining the aims and objectives, the Management Company shall handover to the Trustee an initial sum of Rs. 10,000/-.

**NOW THIS TRUST DEED WITNESSETH:**

**DECLARATION OF TRUST**

It is hereby declared, that an Open-ended Scheme in the form of a trust in the name and title of KASB Liquid Fund, a money market fund with the primary objective of maximizing returns on low risk, liquid Investments, 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 provisions of this Deed and the NBFC 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 Holders 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 Scheme in terms of the provisions contained and conditions stipulated in this Deed, the NBFC Rules and any conditions which may be imposed by the SECP from time to time; and
- c. The Trust Property shall be invested 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, NBFC Rules and any conditions which may be imposed by the SECP from time to time.

**3 GOVERNING LAW**

**3.1** This Deed shall be subject to be and governed by the laws of Pakistan, including the Ordinance, the NBFC Rules and all other 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 of a scheme by the NBFC Rules are incorporated in this Deed as 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 NBFC Rules, the latter shall supersede and prevail over the provisions contained in this Deed, unless a waiver has been obtained from the SECP.

**3.2** Subject to the Arbitration clause 31 hereafter, applicable between the Management Company and the Trustee inter se, each party, including the Unit Holders irrevocably submit to the exclusive jurisdiction of the Courts at Karachi.

**4 EFFECT OF THIS DEED, STATUS OF UNIT HOLDERS AND RETIREMENT/CHANGE OF TRUSTEE, ETC.**

**4.1 Deed binding on each Unit Holder**

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 shall be bound by the provisions hereof and shall further be deemed who have authorised and required the Trustee and the Management Company to do so as required by them by the terms of this Deed and the NBFC Rules.

**4.2 Unit Holders not liable to make further payments**

No Unit Holder shall be liable to make any further payments to the Trustee or the Management Company after he has paid the purchase (offer) price of the Units in accordance with clause 7.1 hereafter and no further liability shall be imposed on any Unit Holder in respect of the Units held by him.

**4.3 Units to rank pari passu**

**4.3.1** All Units and fractions thereof represent an undivided share in the Scheme and shall rank pari passu according to the number of Units held by each Unit Holder, including as to rights of the Unit Holders in the Net Assets, earnings and the receipt of the dividends and 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 this Deed and the Offering Document.

- 4.3.2** 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 date of issue. Such Units are transferable with this condition but otherwise shall rank pari passu with all other Units, save for this restriction. This restriction and its termination date shall be entered into the Register. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.

**4.4 Trustee to report to the Unit Holders**

- 4.4.1** The Trustee shall report to the Unit Holders in accordance with the NBFC Rules. In particular, the Trustee shall issue a report to the Unit Holders to be included in the annual report of the Scheme to be sent to the Unit Holders, whether in the Trustee's opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of this Deed and the NBFC Rules and if the Management Company has not done so, the respect in which it has not done so and the steps, which the Trustee has taken in respect thereof.

- 4.4.2** The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company that may be considered necessary to facilitate the Trustee in issuing the certification required under the NBFC Rules. The Trustee shall endeavour to provide the certification at the earliest date reasonably possible.

**4.5 Manner in which Trustee may retire**

The Trustee shall be entitled to retire voluntarily at any time upon prior written notice of three months to the Management Company and after obtaining prior written consent of the SECP; subject to the condition that the retirement shall not take effect except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Management Company, within a period of three months after receiving a notice to that effect from the Trustee and with the prior written approval of the SECP may by a deed supplemental hereto under the seal of the Management Company appoint a new trustee under the provisions of the NBFC 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. Provided that the obligations of the Trustee shall continue and the Trustee shall also receive its remuneration until the new trustee is appointed. In case the Trustee decides to retire voluntarily, as above, it shall endeavour its best to suggest the name(s) of alternate company(ies) or institution(s) qualified for being appointed as trustee to the Management Company and the SECP for appointment as the trustee, in place of the Trustee.

**5 ROLE OF THE MANAGEMENT COMPANY, ROLE OF THE TRUSTEE**

**5.A Role of the Management Company**

**5.A.1** The Management Company shall manage, operate and administer the Scheme in accordance with the NBFC Rules and shall inter alia perform the following primary functions:

**5.A.2 Fund Management**

The Management Company has the responsibility to make all investment decisions within the framework of the NBFC Rules and the Constitutive Documents.

**5.A.3 Investors Services**

The Management Company has the responsibility to facilitate investments and disinvestments by investors in the Scheme and to make adequate arrangements for receiving and processing applications in this regard.

**5.A.4 Investor Records**

**5.A.4.1** The Management Company has the responsibility to maintain investors' records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. inter alia, maintaining investors' (Unit Holders) records and providing related services. The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemptions requests, processing dividend payments and all other related and incidental activities.

**5.A.4.2** The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of the SECP and the Trustee.

**5.A.5 Distribution**

The Management Company, shall from time to time appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Functions at one or more location(s) on terms and condition to be incorporated in the distribution agreement(s) to be entered into between the Distributor(s) and the Management Company. Provided that the Management Company may also itself act as Distributor for carrying on Distribution Functions. The Distributor(s) shall act as an interface between the investors (Unit Holders or potential Unit Holders), the Management Company, the Registrar and the Trustee and perform all other Distribution Functions as defined in Clause 34.19 hereafter.

**5.A.6 Investment Facilitation**

The Management Company may from time to time appoint Investment Facilitator(s) to assist it in promoting sales of Units.

**5.A.7 Record Keeping**

The Management Company has the primary responsibility for all record keeping, regular determination of announcement of prices and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

**5.A.8 Other functions and responsibilities of the Management Company**

**5.A.8.1** The Management Company shall operate and administer the Scheme and manage the Trust Property in the best interest of the Unit Holders, in good faith and to the best of its ability, without gaining any undue advantage for itself or any of its related parties or its officers, subject to the restrictions and limitations as provided in this Deed and the NBFC Rules and subject to any special exemptions or relaxations that may be granted by the SECP. Any purchase or sale of Investments made under any of the provisions of this Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of this Deed or the NBFC Rules. The Management Company shall not be liable for any loss caused

to the Scheme or to the value of the Trust Property due to any elements or circumstances beyond its reasonable control.

- 5.A.8.2** The Management Company shall comply with the provisions of the NBFC Rules, this Deed and the Offering Document (as may be amended from time to time with the approval of the SECP) 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(s) or responsible official(s) of the Management Company or by any nominee(s) or agent(s) 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. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions, as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Trust Property where such loss has been caused by its negligence or reckless or wilful act and / or omission or of its officers, officials or agents.
- 5.A.8.3** The Management Company may from time to time appoint, remove or replace the Registrar.
- 5.A.8.4** The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Scheme.
- 5.A.8.5** The Management Company shall not be under any liability, except such liability as may be expressly assumed by it under the NBFC Rules and this Deed, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, or for anything except for its own negligence or wilful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Management Company shall not be under any liability therefor 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.
- 5.A.8.6** The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of assets and liabilities, the income and expenditure of the Trust, all transactions for the account of the Trust and amounts received by the Trust in respect of the issuance of Units and paid out by the Trust on redemption of Units and by way of distributions.

- 5.A.8.7** The Management Company shall prepare and transmit (physically or through electronic means or on the web subject to the SECP's approval) an annual report, together with a copy of balance sheet, income and expenditure account and the Auditors report of the Scheme to the Trustee and the Unit Holders within four months of the closing of the Accounting Date and balance sheet and income and expenditure accounts shall comply with the requirements set out in the NBFC Rules.
- 5.A.8.8** The Management Company shall within one month of the closing of first and third quarter and within two months of the closing of first half year (6 months) of each Accounting Date, prepare and transmit (physically or through electronic means or on the web subject to the SECP's approval) to the Unit Holders and the SECP, balance sheet as at the end of that period, profit and loss account, cash flow statement and statement of changes in equity for the period, whether audited or otherwise.
- 5.A.8.9** The Management Company shall furnish a copy of the annual report together with copies of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the SECP within four months of the close of the Accounting Period, together with a statement containing the following information, namely:
- i) total number of Unit Holders; and
  - ii) particulars of the pertinent personnel (senior executives) of the Management Company.
- 5.A.8.10** The Management Company shall maintain a Register of Unit Holders of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- 5.A.8.11** The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, the Auditor and such Auditor shall not be appointed for more than such number of consecutive years as specified under relevant rules and regulations and the contents of the Auditor's report shall be in accordance with the provisions of NBFC Rules.
- 5.A.8.12** The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment / disinvestment transactions entered into by it on behalf of the Scheme. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure that

the settlement instructions are given promptly after entering into the transactions so as to facilitate the timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with the dictates of the transaction.

**5.A.8.13** The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to Investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.

**5.B Change of Management Company**

**5.B.1** The Trustee may with the prior approval of the SECP, remove the Management Company by giving at least ninety days notice in writing to the Management Company if any of the following events have occurred.

- a) the Management Company has wilfully contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within a reasonable period after the contravention has come to its notice;
- b) the Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
- c) a receiver is appointed over any of the assets of the Management Company.

**5.B.2** The Management Company may retire at any time with the prior written consent of the SECP. The removal or retirement of Management Company and appointment of a new Management Company shall always require the prior approval of the SECP and the intimation of the same to the Trustee.

**5.B.3** If the SECP has cancelled the registration of the Management Company under the provisions of the NBFC Rules, the SECP or the Trustee, if authorised by the SECP shall appoint another asset management company as the management company for the Scheme according to the provisions of this Deed and the NBFC Rules.

**5.B.4** Upon a new management company being appointed, the Management Company will take immediate steps to deliver

all the documents and records pertaining to the Scheme to the new management company and shall pay all sums due to the Trustee.

- 5.B.5** Upon its appointment the new management company shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 5.B.6** Furthermore, the Trustee may immediately upon the issuance of notice of removal of Management Company appoint auditors with the consent of SECP from amongst the panel of auditors designated as "A" category by State Bank of Pakistan for the audit of Financial Institutions.
- 5.B.7** The Auditors so appointed shall be other than the existing auditors of the Scheme, the Management Company and the Trustee.
- 5.B.8** 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 SECP.
- 5.B.9** The report for the audit shall be submitted by the auditors to the Trustee not later than 30 Business Days from their appointment. A copy of the report shall also be provided to SECP, outgoing Management Company and the new Management Company.
- 5.B.10** The costs of audit shall be shared equally by the outgoing Management Company, the new Management Company and the Scheme.

**5.C Role of the Trustee**

- 5.C.1** The Trustee shall invest the Trust Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Document(s), the NBFC Rules and the conditions, if any, which may be imposed by the SECP from time to time.
- 5.C.2** The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Scheme on behalf of the beneficial owners (the Unit Holders), within the framework of the NBFC Rules and this Deed.

- 5.C.3** The Trustee shall have all the obligations entrusted to it under the NBFC Rules, the Trusts Act, 1882, this Deed and the Offering Document (as may be amended from time to time with the approval of the SECP).
- 5.C.4** The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company.
- 5.C.5** The Trustee shall in consultation with the Management Company appoint and may also remove and replace from time to time one or more Bank(s) and /or other depository company, to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s). Provided however, the Trustee may also itself provide custodial services for the Scheme with the approval of the Management Company at competitive terms as part of its normal line of business.
- 5.C.6** The Trustee shall comply with the provisions of this Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee with the 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 these were its own acts and omissions and shall account to the Scheme for any loss in value of the Trust Property, where such loss has been caused by gross negligence or reckless act and /or omission of the Trustee or any of its directors, officers, nominees or agents.
- 5.C.7** The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or suffered by the Scheme, if the Trustee had acted in good faith in accordance with or in pursuance of any request of the Management Company, provided they were not in conflict with the provisions of this Deed or the NBFC Rules. Whenever pursuant to any provisions 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:

- i) A document signed or purporting to be signed on behalf of the Management Company by any person(s), whose signature the Trustee has for the time being authorised in writing by the Management Company to accept.
- ii) Any instructions received Online through the software solution adopted by the Management Company for managing and keeping records of the Scheme to the satisfaction of the Trustee.

**5.C.8** The Trustee shall not be liable to any loss caused to the Scheme or the value of the Trust Property due to any elements or circumstances beyond its reasonable control.

**5.C.9** The Trustee shall carry out the instructions of the Management Company in all matters including the investments and disposition of the Trust Property unless such instructions are in conflict with the provisions of this Deed and/or the Offering Document(s) or NBFC Rules and/or any other applicable law.

**5.C.10** The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Trust.

**5.C.11** The Trustee shall, if requested by the Management Company or if it considers necessary for the protection of the Trust Property or safeguarding the interest of Unit Holders institute or defend any suit, proceedings, arbitration or enquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorised directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Scheme and the Trustee shall be indemnified against all such costs, charges and expenses. Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Scheme under this Deed or the NBFC Rules. For the avoidance of doubt it is clarified that notwithstanding any thing contained in this Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Scheme arising from or consequent to any such suit,

proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages or other liabilities shall be borne by the Scheme.

**5.C.12** Neither the Trustee, nor the Custodian (if Trustee has appointed another person as Custodian) or the Management Company shall sell or purchase any Investment to / from the Scheme (save in the capacity of an intermediary).

**5.C.13** The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the NBFC 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 wilful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Trustee shall not be under any liability therefor 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.

**5.D Change of Trustee**

**5.D.1** The Trustee may retire voluntarily in accordance with and subject to the conditions of clause 4.5.

**5.D.2** If the Trustee 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 ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Scheme under the provisions of the NBFC Rules, the Management Company shall forthwith by an 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 NBFC Rules and this Deed as the new trustee after obtaining the approval of the SECP.

**5.D.3** The Management Company may remove the Trustee, with the prior approval of the SECP, after giving at least ninety days notice in writing to the Trustee on grounds of any material default or non-compliance with the provisions of this Deed or the NBFC Rules and appoint another trustee.

**5.D.4** Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new

trustee and shall transfer all the Trust Property and any amount deposited in any Distribution Account to the new trustee and make payments to the new trustee of all sum due from the Trustee.

- 5.D.5** The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.
- 5.D.6** Notwithstanding the 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 4.5, 5.C.7, 5.C.8, 5.C.9 and 5.C.13 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.
- 5.D.7** Furthermore the Management Company may immediately upon the issuance of notice of removal of Trustee appoint Auditors with the consent of SECP from amongst the panel of auditors designated as "A" category by State Bank of Pakistan for the audit of Financial Institutions.
- 5.D.8** The Auditors so appointed shall be other than the existing auditors of the Scheme, the Management Company and the Trustee.
- 5.D.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 Management Company or SECP.
- 5.D.10** The report for the audit shall be submitted by the Auditors to the Management Company not later than 30 Business Days from their appointment. A copy of the report shall also be provided to SECP, outgoing Trustee and the new Trustee.
- 5.D.11** The costs of audit shall be shared equally by the outgoing Trustee, the new Trustee and the Scheme.

**5.E Bank Accounts**

- 5.E.1** The Trustee shall open Bank Accounts titled "CDC-Trustee KASB Liquid Fund" for Scheme at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be requested by the Management Company from time

to time. Such account may be used for collection, investment, redemption or any other use of the Trust's funds.

- 5.E.2** The Trustee shall also open an account titled "CDC -Trustee KASB Funds" at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be requested by the Management Company from time to time,. This account shall be a temporary allocation account where collections may be held prior to their being allocated and transferred to the relevant Schemes' account on a regular basis and no later than three business days.
- 5.E.3** The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds that the Unit Holders wish to reinvest at a later stage.
- 5.E.4** The Management Company may also require the Trustee to open a separate bank account for each dividend distribution of the Scheme. Notwithstanding anything anything in this Deed the beneficial ownership of the balances in the accounts shall vest in the Unit Holders.
- 5.E.5** All mark-up, income or profit, etc. earned in the Distribution Account(s), if any, including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 5.E.6** All bank charges for opening and maintaining Bank Account for the Trust shall be charged to the Scheme.
- 5.E.7** The amount received from the investors during Pre IPO which will be a part of Trust Property shall be deposited in a separate Bank Account titled "CDC-Trustee KASB Liquid Fund - Pre IPO" and may be invested from time to time in short term Investments and transferred to the main Bank Account of the Scheme upon the close of the First Offer. Income, profit, interest, etc. earned on such amount upto the close of the First Offer, after reducing any expenses incurred in this regard shall be paid to such investors on proportionate basis of their Pre IPO subscriptions amount and shall not form part of the Trust Property.

## **6 INVESTMENT AND BORROWING RESTRICTIONS**

### **6.1 Investments of the Trust Property**

**6.1.1** Prior to the close of the First Offer the Trustee shall hold funds received from investors during Pre IPO on deposit in a separate account titled "CDC-Trustee KASB Liquid Fund - Pre IPO" with a scheduled bank approved by the Management Company and on the request of the Management Company from time to time, the Trustee shall invest such amount in short term Investments. After the First Offer all Trust Property, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution Account, shall be invested by the Trustee from time to time in line with the objective of the Scheme, in such Authorised Investment as may (subject always to the provisions of this Deed and the NBFC Rules) be directed by the Management Company.

**6.1.2** Any Investment may at any time be realised at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorised Investment(s) 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 on deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorised Investment shall be realised and the net proceeds of realisation shall be applied in accordance with this clause; provided that the Trust may postpone the realisation of such Investment for such period as the Management Company and the Trustee may determine to be in the interest of the Unit Holders.

**6.1.3** The purchase or sale of any Investment in listed securities for the account of the Trust shall be made through a Broker who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible and permissible under the rules and regulations to make such purchase or sale more advantageously in some other manner. The Management Company will appoint the Broker(s) from time to time having good standing in the market under intimation to the Trustee. The Management Company shall not nominate except as may be permissible under the NBFC Rules, 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).

### **6.2 Investment Restriction**

**6.2.1** The Trust Property shall be subject to such exposure limits as are provided in the NBFC Rules (subject to any exemptions

or relaxations that may be specifically given to the Fund by the SECP). Provided that it will not be necessary for the Trustee to sell any Investment merely because owing to appreciation or depreciation of any Investment or disposal of any Investments such limit shall be exceeded. The Management Company will have six months to comply with the exposure limits in case such limits are exceeded.

- 6.2.2** The Scheme shall not invest more than twenty five (25) per cent of its Net Asset Value in securities of any one sector as per classification of the pertinent Stock Exchange(s), except as may otherwise be permissible under the NBFC Rules.
- 6.2.3** The purchase or acquisition of Units in one open-ended scheme shall not exceed ten (10) percent of the Net Asset Value of the Scheme at the time of purchase, except as may otherwise be permissible under the NBFC Rules.
- 6.2.4** If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the NBFC Rules, the Trustee shall not purchase any further Investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust. The Management Company will have six months to comply with the exposure limits in case such limits are exceeded.
- 6.2.5** The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company own 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 percent of those securities.
- 6.2.6** The Scheme will not at any time, except as otherwise allowed under NBFC Rules:
- 6.2.6.1 Purchase or sell:**
- Bearer securities;
  - Securities which result in assumption of unlimited liability (actual or contingent);
  - Commodities and commodities contracts (other than the securities issued by companies dealing in commodities)

- Real estate (other than the securities issued by real estate companies)
- Anything other than Authorised Investments as defined herein;

**6.2.6.2** Participate in a joint account with others in any transaction;

**6.2.6.3** Make short sales of any security.

**6.2.6.4** Buy or sell or write options / derivatives in excess of ten percent of the NAV of the Scheme and such options / derivatives that result in an exposure beyond the number of underlying fixed income, money market or other securities held in the portfolio of the Scheme.

**6.2.6.5** Investment of the Scheme in any company shall not, at any time, exceed an amount equal to ten percent of the total NAV of the Scheme at the time of investment or ten percent of the issued capital of the investee company, except as may otherwise be permissible under the NBFC Rules.

### **6.3 Exception to Investment Restrictions**

In the event the weightages of shares exceed the limits laid down in 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 make its best endeavours to bring the exposure within the prescribed limits within six months of the event. But in any case the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on further investment shall not apply to any offer of right shares and bonus shares.

### **6.4 Borrowing**

**6.4.1** Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying arrangements with banks or financial institutions for borrowing by the Trustee for the account of the Scheme; provided the borrowing shall not be resorted to, except for meeting the redemption requests.

**6.4.2** The charges payable to any bank or financial institution against borrowing on account of the Trust as permissible under clause

6.4.1 above shall not be higher than the normal prevailing market rates.

**6.4.3** The maximum borrowing for the account of the Trust shall not exceed the limit provided in the NBFC Rules but 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, the Management Company shall not be under any obligation to reduce such borrowing.

**6.4.4** Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.

**6.4.5** For the purpose of securing any such borrowing the Trustee may on the instructions of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property. Provided that the aggregate amount borrowed by such mortgage, charge or pledge shall not exceed the limits provided under the NBFC Rules and / or any law for the time being enforced.

**6.4.6** Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

## **7 VALUATION OF PROPERTY AND PRICING**

### **7.1 Determination of Issue (Offer) Price**

**7.1.1** Units offered and issued during the First Offer shall be issued at Par Value. The offer and issuance of Units during the First Offer shall remain open during the period specified in the Offering Document.

**7.1.2** After the First Offer the issue price of the Unit shall be determined from time to time pursuant to clause 7.1.3 hereafter and the NBFC Rules and shall be calculated and announced by the Scheme on every Business Day .

**7.1.3** Offer Price shall be equal to the sum of:

a) The Net Asset Value as of the close of the day preceding the Business Day.

- b) Any Front-end Load, if charged at the discretion of the Management Company;
- c) Such amount as the Management Company may consider an appropriate provision for Duties, Charges and levies etc;
- d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;

Such sum shall be adjusted upwards to the nearest Paisa.

- 7.1.4** The Offer Price so determined shall apply to purchase requests, complete in all respects (including payments in this regard), received by the Distributor during the business hours on a Business Day.
- 7.1.5** In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.1.3(c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect by law after the date of payment in which case such excess shall be recovered from the Trust Property).
- 7.1.6** In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.1.3(c) exceeds the relevant amount of Duties and Charges the Registrar shall issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application.
- 7.1.7** The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and at the discretion of the Management Company may also be published in any newspaper circulated in Pakistan.
- 7.1.8** If the variation of the Net Asset Value at any time exceeds five percent (5%) of the Net Asset Value included in the current Offer Price calculated under sub-clause 7.1.3 above, the Management Company may suspend any issuance of Units and shall calculate forthwith a new Offer Price. The Management Company shall also inform the SECP of the suspension of issuance of Units along with the new Offer Price, and publish the same in the newspapers in which the Unit's prices are normally published.

**7.2 Determination of Redemption Price**

**7.2.1** The Redemption Price shall be equal to the Net Asset Value as of the close of the day preceding the Business Day, less:

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

Such amount shall be adjusted downwards to the nearest Paisa.

The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor during the business hours on a Business Day.

**7.2.2** In the event that the amount deducted as provision for payment of any taxes and/or Duties and Charges pursuant to sub-clauses 7.2.1(b) and 7.2.1(c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of the amount so deducted.

**7.2.3** In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.2.1 exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders with the next income distribution or if instructed by the Management Company, at any time earlier.

**7.2.4** The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and at the discretion of the Management Company may also be published in one newspaper circulating in Pakistan.

**7.2.5** If the variation of the Net Asset Value at any time exceeds five percent (5%) of the Net Asset Value calculated pursuant to sub-clause 7.2.1 above for the current Redemption Price, the Management Company may suspend any redemption of Units and shall calculate forthwith a new Redemption Price. The Management Company shall also inform the SECP of the

suspension of redemption of Units along with the announcement of the new Redemption Price, and publish the same in the newspaper(s) in which the Unit's prices are normally published.

### **7.3 Allocation of Sales Load**

**7.3.1** The remuneration of Distributors, and Investment Facilitators shall be paid from applicable Sales Load received by the Trustee upon the decision of the Management Company and / or may be paid by the Management Company when the Trustee pays the Sales Load to the Management Company for onward distribution to the Distributors and Investment Facilitators, and no charges shall be made against the Trust Property or the Distribution Account in this respect. The Trustee shall pay the remainder of any Sales Load after such disbursement to the Management Company as additional remuneration for their management services for the Scheme. If the Sales Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration. Provided however chargeability of Sales Load from the investors shall be at the discretion of the Management Company.

**7.3.2** Such payments shall be made by the Trustee to the Distributors and Investment Facilitators and the Management Company within ten days of the instruction of the Management Company.

**7.3.3** A Distributor located outside Pakistan may if so authorized by the Management Company, retain such portion of the Sales Load as is authorised by the Management Company and transfer the net amount to the Trustee, subject to the obtention of the permission of the State Bank, if required and the law for the time being in force.

## **8 DEALING, SUSPENSION AND DEFERRAL OF DEALING (OF UNITS)**

### **8.1 Change in method of dealing of Units**

A permanent change in the method of dealing shall be made after one month's notice to the Unit Holders in consultation with the Trustee. Under the circumstances mentioned in the Offering Documents, the Management Company may also request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld. The Management Company may, at any stage, suspend the issue (sale) of Units and for such periods it may so decide.

## **8.2 Suspension of redemption of Units**

**8.2.1** The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchange(s) on which any of the Securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption. Such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue or 10% of the Scheme Net Asset Value. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Scheme. Details of the procedure are given herein below.

In the event of extra-ordinary circumstances, the Management Company may suspend or defer redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company or the Distributors unable to function.

**8.2.2** Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorised under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in news paper in which prices of Scheme are normally published.

### **8.3 Suspension of fresh issue of Units**

The Management Company may at any time, subject to the NBFC Rules, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers for the issue of bonus units as a result of profit distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue of Units is announced. The Management Company shall immediately notify the SECP if issue of fresh Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the prices of the Scheme are normally published.

### **8.4 Queue system**

In the event redemption requests on any day exceed ten percent of the number of Units in issue or 10% of the Net Asset Value of Scheme, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for upto ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Scheme and/ or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten-percent 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 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.

### **8.5 Winding up in view of major redemption**

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Scheme being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in

a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Scheme. 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.

## **9 FEES AND CHARGES**

### **9.1 Remuneration of the Management Company**

**9.1.1** The Management Company shall be entitled to a remuneration of an amount as permissible under NBFC Rules.

**9.1.2** The remuneration shall begin to accrue from the date of first receipt from the investors during the Pre IPO. 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 for the total number of days accrued in the Accounting Period concerned.

**9.1.3** The remuneration due to the Management Company shall be paid within thirty days after the close of each month, provided that the Management Company may from time to time draw in advance out of the accrued remuneration a sum that the Trustee shall consider reasonable.

**9.1.4** 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 Management Company of the Scheme. The Management Company shall not make any charge against the Unit Holders or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorised under the provisions of the NBFC Rules and this Deed to be payable out of Trust Property.

**9.1.5** 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.

### **9.2 Remuneration of the Trustee and its Agents**

**9.2.1** The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges

annexed hereto (Annexure 'D'), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the date of first receipt from the investors during the Pre IPO. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.

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

**9.2.3** In consideration of the foregoing and save as aforesaid and as provide in Annexure 'D', 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 Scheme. The Trustee shall not make any charge against the Unit Holders or against the Trust Property or against the Distribution 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 NBFC Rules and this Deed.

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

**9.2.5** Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the SECP.

**9.3 Formation Cost to be amortized against the Property of the Scheme**

**9.3.1** Formation Cost shall be charged to the Scheme which are estimated at and shall not exceed one (1%) percent of amount received during Pre IPO.

**9.3.2** Formation Cost will be amortised over a period not exceeding five years.

**9.4 Other costs and expenses to be charged to and borne by the Scheme**

**9.4.1** Brokerage and Transaction Cost related to investing and disinvesting of the Trust Property;

- 9.4.2** Legal and related costs incurred in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holders;
- 9.4.3** Bank charges and borrowing/financial costs; provided that the charges payable to any bank or financial institution against borrowings on account of the Trust as permissible under Clause 6.4 above, shall not be higher than the normal prevailing bank charges or normal market rates.;
- 9.4.4** Auditors' fees including any certification as allowed under this deed, Offering Document and applicable rules; and expenses and any printing cost and related expenses for issuing Scheme financial reports etc;
- 9.4.5** Listing fee including annual fee payable to the Stock Exchange(s) on which Units may be listed;
- 9.4.6** Credit Rating fee payable against rating of the Scheme;
- 9.4.7** Mutual Fund Association fee and other expenses directly related to or arising out of activities of the Scheme;
- 9.4.8** Marketing expenses specifically related or attributable to the Scheme;
- 9.4.9** Charges and levies of Stock Exchange(s), national clearing and settlement company, SECP charges, CDC charges, Laga, Scheme dividend / redemption of Units transfer charges as payable to the bank as time of transfer of funds to Unit Holder and such other levies and charges;
- 9.4.10** Formation Costs amortised over a period not exceeding five years;
- 9.4.11** Taxes applicable to the Scheme on its income, turnover, assets or otherwise;
- 9.4.12** Annual fee payable to the SECP under the NBFC Rules;
- 9.4.13** All other expenses, taxes and charges due or accrued during Accounting Period which are allowed under NBFC Rules;
- 9.4.14** Such expenses shall be paid to the Management Company at actual within thirty days of the incurring of such expense, if not directly paid by the Scheme.

**10 TRANSACTION WITH CONNECTED PERSONS**

- 10.1** The Trust Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five percent of the total nominal amount of the securities issued or collectively own more than ten percent of those securities, except as may otherwise be permissible under the NBFC Rules.
- 10.2** The Scheme 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 any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, save in the case of such party acting as a intermediary, except as may otherwise be permissible under the NBFC Rules.
- 10.3** For the purposes of sub-clauses 10.1 and 10.2 the term director, officer or employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- 10.4** Cash forming part of the property of the Scheme shall be placed as deposits with the Trustee or an institution licensed to accept deposits;
- 10.5** Money can be borrowed from the Trustee or any other institution provided that the charges are not higher than normal bank charges.
- 10.6** Subject to the rules any transaction between the Scheme and the Management Company or any of their Connected Person(s) as principal may only be made with the prior written consent of the Trustee.

**11 DISTRIBUTION POLICY, DETERMINATION OF DISTRIBUTABLE INCOME AND DATE OF DISTRIBUTION**

- 11.1** 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, either in form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period or such other interim period as decided by the Management Company, and shall advise the Trustee of the amount of such distribution per Unit.
- 11.2** The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company shall be the sum total of:

- a) The total income earned on the Trust Property during such Accounting Period including all amounts in respect of dividend, mark-up, profit, interest and fee, etc.;
  - b) Net realised appreciation as set out in sub-clause 11.3, from which shall be deducted expenses as set out in sub-clause 11.4, adjustment as set out in sub-clause 11.5 and such other adjustment as the Management Company may determine in consultation with the Auditors, subject to the NBFC Rules and the provisions of the Income Tax Ordinance and the rules thereunder.
- 11.3** The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realised appreciation may be distributable to the Unit Holders by the Trustee and shall thereafter cease to form part of the Trust Property once transferred to the Distribution Account.
- 11.4** The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting all such expenses and costs as mentioned in clause 9 above.
- 11.5** 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 up to 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 Trust Property in consultation with the Trustee.
- 11.6** In case of cash distribution, 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 Trust Property but shall be held by the Trustee upon trust to distribute the same as herein provided.

- 11.7** After the fixation of the amount of cash distribution per Unit, distribution payments shall be made by transfer to the Unit Holders' designated bank accounts or in the case of joint Unit Holders to designated Bank Account of the joint Unit Holder, first named on the Register or by dispatch of any banking instrument in the name of Unit Holder at his / her address as provided. The receipt of funds by such designated bankers or dispatch of instrument shall be a good discharge therefore.
- 11.8** Before making any distribution payment (such as bonus units, cash dividend, etc.) in respect of a Unit the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holders the Certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.
- 11.9** The Management Company may offer the Unit Holder the option to receive new Units under re-investment option instead of cash dividend. The Unit Holders shall be entitled to change such option.
- 11.10** New Units under re-investment option shall be issued at NAV of the effective date of distribution after appropriation of the distribution but without any charge of the Front-end Load.
- 11.11** In case of distribution in the form of bonus Units, the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same.
- 11.12** After the fixation of the 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 rate of distribution determined above against the number of Units held by them on the date of Register closure.
- 11.13** The Management Company may offer the Unit Holder the option to encash such Units as may be entitled against distribution in form of bonus Units. The Unit Holders shall be entitled to change such option.

**11.14** In case of encashment, the bonus Units will be redeemed on the first dealing date after distribution at the NAV of the effective date of distribution after appropriation of the distribution but without any charge of any Back-end Load.

**11.15** Details of change of options will be given in the Offering Document.

## **12 ANNUAL ACCOUNTING PERIOD**

**12.1** The annual Accounting Period shall commence on first day of July of a calendar year and shall end on thirtieth day of June of the succeeding calendar year.

**12.2** Accounting Date shall be the thirtieth day of June in each year and any interim dates at which the financial statements of the Scheme are drawn up. Provided, however, the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and complying with other applicable laws, change such date to any other date.

**12.3** Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date immediately after the close of First Offer (in any other case) from the first day subsequent to the end of the preceding Accounting Period.

## **13 BASE CURRENCY**

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

## **14 MODIFICATION OF THE CONSTITUTIVE DOCUMENTS**

**14.1** The Trustee and the Management Company acting together shall be entitled by deed supplemental hereto to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the SECP, if so required. Provided that, the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the NBFC Rules or any other law or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of this Deed to be more efficiently, conveniently or economically managed or to enable the Units to be dealt in

or quoted on Stock Exchange or otherwise for the benefit of the Unit Holders and that it does not prejudice the interests of the Unit Holders or any of them or operate to release the Trustee or the Management Company from any responsibility to the Unit Holders.

- 14.2** Where this Deed has been altered or supplemented the Management Company shall notify the Unit Holders regarding such alteration immediately through two widely circulated newspapers in Pakistan one in English and one in Urdu.
- 14.3** The Management Company may, from time to time, with the consent of the Trustee frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto; provided such rules or regulations are not inconsistent with the provisions of this Deed or Offering Document or the NBFC Rules.
- 14.4** If the SECP modifies or substitutes the NBFC Rules or through any other circular or notice, allow any relaxations or exemptions, these will deemed to have been included in this Trust Deed without requiring any modification as such.

**15 TERMINATION OF SCHEME**

- 15.1** The Management Company may terminate the Scheme, if the Net Assets at any time fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and the SECP and shall disclose the grounds of its decision. The Management Company may announce winding up of the Scheme without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Trust property to meet such redemptions would jeopardise the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Trust be wound up.
- 15.2** In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Scheme being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Scheme without notice.
- 15.3** The Trust may also be terminated by the SECP on the grounds given in the NBFC Rules.

- 15.4** This Deed may be terminated in accordance with the conditions specified in the NBFC Rules if there is any material breach of the provisions of this Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Scheme.
- 15.5** Upon the Scheme 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 affected by the Trust together with any mark up remaining unpaid.
- 15.6** The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the numbers of Units held by them respectively all net cash proceeds derived from the realisation of the Trust Property after making payment as mentioned in clause 15.5 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

**16 TRUST PROPERTY**

- 16.1** The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges and after deducting there from or providing there against any applicable Front-end Load shall constitute part of the Trust Property and the Distribution Company shall remit such proceeds to the Trustee in accordance with the instructions given by the Management Company from time to time.
- 16.2** The Trust Property shall initially be constituted out of the proceeds from the investors during Pre IPO, after deducting any applicable Duties and Charges and Loads there from.
- 16.3** The Trustee shall take the Trust Property into its custody or under its control either directly or through the Custodian and hold it in trust for the benefit of the Unit Holders' ranking pari passu inter se, according to the number of Units held by each Unit Holders and in accordance with the provisions of the NBFC Rules and this Deed. The Trust Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Scheme. All registerable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed off pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Trust Property.

- 16.4** Save, as herein expressly provided, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or the Custodian shall not, except for the purpose of the Scheme and as directed by the Management Company, create or purport to create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation actual or contingent incurred, assumed or undertaken by the Trustee, the Custodian or any other person.
- 16.5** The Trustee shall have the sole responsibility for the safekeeping of the Trust Property. Subject to clause 5.C.7 above, in the event of any loss, caused through negligence / deliberate act / omission on the part of the Trustee, or violation of the terms of this 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 such loss.
- 16.6** All cash forming part of the Trust Property shall be deposited by the Trustee in a separate account as directed by the Management Company to be opened in the name of the Trustee, as a nominee of the Scheme, with a Bank or financial institution of good standing. Such Bank or financial institution shall be required to allow profit thereon in accordance with the rules prescribed by such Bank or the financial institution for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company.
- 16.7** Remuneration of the Management Company; Remuneration of the Trustee; and all other costs and expenses as mentioned in clauses 9.3 and 9.4 shall be payable out of the Trust Property.
- 17 TRANSACTIONS RELATING TO INVESTORS (UNIT HOLDERS)**
- 17.1** The Trustee shall provide the Management Company daily statements of the Bank Accounts being operated by the Trustee for the Schemes.
- 17.2** The Management Company shall advise the Trustee of the allocation of the funds (received in the main collection account) between the respective Schemes on a regular basis. Based on such advice, the Trustee shall transfer the funds to the accounts of the respective Schemes.

- 17.3** The Management Company shall also advise the Trustee on a daily basis of the details of amounts to be paid to respective Unit Holders against redemption requests, if any. Such payments shall be effected by the Trustee out of the respective accounts of the Schemes by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holders or as authorised by the Unit Holders or by transfer to the temporary parking account or by despatch of payment instrument to the Unit Holders by registered post at their respective addresses. Such despatch shall constitute discharge of the Management Company and the Trustee in respect of such payment.
- 17.4** The Management Company shall advise the Trustee on regular basis of the conversion of Units between the Schemes under the trust of Trustee and the Trustee shall transfer the funds so required from the account of one Scheme to the other. In case the conversion of Units is from Scheme under the Trust of the Trustee to the scheme under the trust of other trustee, the Management Company shall advise the Trustee of such transfer against the conversion to the trustee of other scheme.
- 17.5** The Management Company may make arrangements through branches of Banks to facilitate issuance and Redemption of Units of the Scheme or may appoint Investment Facilitators for this purpose. A request for issuance of Units may also be made through the use of electronic means such as internet or ATM facilities or Debit / Credit Card facilities or direct bank debit / credit system. A request for redemption of Units, may also be made through the ATM facility only when the relevant Bank /branches have been instructed by the Management Company to accept Unit Holders' request to redeem the Units of the concerned Scheme. The Trustee shall agree to such arrangements after satisfying itself in respect of all appropriate safeguards having been taken, without incurring any liability for additional risks involved.
- 17.6** The Management Company shall, from time to time, advise the Trustee of the dividend distribution for the Scheme. The Trustee shall establish separate Bank Accounts for each dividend distribution and transfer the amount payable as cash dividend to such accounts after deducting such taxes and Zakat as may be required under the law and after adjustment of such amount being re-invested in the Units of the Scheme. Payments to the Unit Holders shall be effected by the Trustee out of such accounts of the Schemes by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holders or as authorised by the Unit Holders or by

despatch of dividend cheques / warrants / advice to the Unit Holders by registered post at their respective addresses. Such despatch shall constitute discharge of the Management Company and the Trustee in respect of such payment.

- 17.7** The Trustee shall pay to the Management Company's order such sums out of the sale proceeds of Units of the Scheme or the sums retained out of the redemption amounts as are representative of Front-end or Back-end Loads or Charges or other recoveries in accordance with this Deed or NBFC Rules as being payable out of the Issue or Redemption Prices.
- 17.8** Without prejudice to the foregoing, and subject to any law for time being in force, the Trustee shall endeavour to ensure and employ prudent practices to ensure that information pertaining the Trust Property, such as, but not restricted to, investments made, list of Unit Holders etc., is not compromised, dispersed or provided to any third party without expressed consent of the Management Company.
- 17.9** Where any loss is caused to the Trust Property or to the Management Company due to Trustee's failure to comply with clause 17.8, the Trustee shall make good that loss by depositing a sum equivalent to the loss in the Trust Property or making payment to the Management Company, as the case may be.
- 17.10** Where no loss is caused to the Scheme or the Management Company, but a breach of trust has been caused by the Trustee as referred in the clause 17.8 above, the Management Company shall be entitled to recover such other reasonable penalty from the Trustee as determined by the Management Company, or in case of disagreement between the Management Company and the Trustee then the clause 31 shall apply.

**18 TRANSACTION RELATING TO INVESTMENT ACTIVITY / PORTFOLIO MANAGEMENT**

- 18.1** The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/ disinvestment transactions entered into by it on behalf of the Scheme. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction.

- 18.2** The Trustee shall ensure that, where applicable, payments against Investments are made against delivery and vice versa, unless specified otherwise by the Management Company.
- 18.3** The Trustee shall promptly forward to the Management Company any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with the transaction.
- 18.4** The Trustee shall also, if so required by the nature of such notices or documents mentioned in the foregoing clause, act in a manner that is in the best interest of the Scheme. Such action shall include legal action if called for and the Trustee shall be entitled to recover any legal costs reasonably incurred from the Scheme.
- 18.5** The Management Company shall intimate the Trustee with regard to dividends, other forms of income or inflows, and any rights or warrants relating to the Investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.
- 18.6** The Trustee shall provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attaching to any investment.

**19 OTHER MATTERS RELATING TO THE SCHEME**

**19.1 Declaration of Net Asset Value based prices**

The Management Company shall, at such frequencies as are prescribed in the Offering Document, determine and announce the Net Asset Value based prices. Under certain circumstances as provided in the Trust Deed, the Management Company may suspend the announcement of the prices.

**19.2 Issuance (Offer) and Redemption (Repurchase) of Units**

The Registrar shall process Issuance and Redemption applications as well as conversion / switching, pledge and

transfer application in accordance with the Offering Document. Based on the prices applicable to the relevant Issuance or Redemption, the Registrar shall determine the number of Units to be issued or redeemed. Under certain circumstances as provided in the Trust Deed, the Management Company may suspend the issuance and / or Redemption of Units.

## **20 VOTING RIGHTS ON TRUST PROPERTY**

**20.1** All rights of voting attached to any Trust Property shall be exercisable by the Management Company on behalf of the Scheme and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain.

**20.2** The Trustee shall upon written request by the Management Company, at the expense of the Scheme, 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 authorising 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.

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 or any other right as provided under the Ordinance.

**20.3** Not later than one (1) Business Day 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 holder of any Investment.

## **21 UNITS**

**21.1** Units shall be of Par Value of Rs. 100/- (Rupees one hundred only). The Management Company may issue Units with Sales Load at its discretion.

**21.2** After the First Offer, the Offer Price shall be determined from

time to time pursuant to sub clause 7.1.3 of this Deed and the NBFC Rules.

- 21.3** 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 previous notice in writing to each Unit Holder subdivide or consolidate the whole or any part of the Units and the Unit Holders 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 ISSUANCE (OFFER) OF UNITS**

- 22.1** Application for issue of Units shall be made by completing the application for purchase of Units on prescribed form and submitting it to Authorised Branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order, credit card etc. as the case may be in favour of the Trustee and crossed "**Account Payee Only**" or in cash upto the approved limit. Such forms have to be submitted within the announced business hours on the Business Days.
- 22.2** Each Unit Holder(s) 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. The Units shall be issued only against receipt of full payment.
- 22.3** An application for purchase of Units shall deemed to have been made in accordance with the provisions of the Offering Document(s), if such document(s) prescribes automatic issuance of Units under certain circumstances.

## **23 REDEMPTION OF UNITS**

- 23.1** The Trustee shall at any time during the life of the Trust on the instructions of the Management Company authorise redemption of Units out of the Trust Property through duly authorised Distributors.
- 23.2** An 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 Distributor. The Distributor may retain a copy of application for redemption and a copy shall be supplied to the Registrar, if so required by the Management Company. No person shall be entitled to redeem only part of the Units comprised in a Certificate; provided however in case where a Certificate is not issued any number of Units may be redeemed by the Unit Holders thereof. The relevant Certificate shall accompany the application for redemption of Units, if issued. In case of application for redemption by joint Unit Holders such application shall be signed by signatories as per the instruction submitted by the investors.

- 23.3** The Trustee may at its option dispense with the production of any Certificate(s) that may have been lost stolen or destroyed upon compliance by the Unit Holders with the like requirements to those arising in the case of an application by him for the replacement thereof. Provided however, in cases of doubts the Trustee and/or the Management Company may at their discretion require the production of any mandate or order from the court before redeeming such Units.
- 23.4** The Management Company shall announce the Redemption Price on a regular interval. The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company under the terms of this Deed. However, in the event Clause 8 comes into application, the redemption value shall be determined in accordance with the procedure laid out in Clause 8.
- 23.5** The Registrar shall verify the particulars given in the application for redemption of Units.
- 23.6** A redemption request shall deem to have been made in accordance with the provisions of the Offering Document, if such document prescribes automatic redemption under certain circumstances.
- 23.7** The maximum interval between the receipt of a properly documented request of redemption of Units and payment of Redemption Price to such Unit Holders(s) shall be six Business Days, subject to Clause 8 hereof.

**24 ISSUE (OFFER) AND REDEMPTION OF UNITS OUTSIDE PAKISTAN**

- 24.1** Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by

the Management Company for the issuance of Units to persons not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the Offer Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.

**24.2** In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility.

**24.3** The currency of transaction of the Scheme is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the issuance or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising therefrom.

## **25 REGISTRATION OF UNIT HOLDERS**

**25.1** A Register shall be maintained by the Registrar at such place as is agreed by the Management Company. The Management Company shall ensure that the Registrar shall comply with all relevant provisions of this Deed and the NBFC Rules.

**25.2** The Management Company shall ensure that the Registrar 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.

- 25.3** The Registrar shall, within seven Business Days of receiving a written request from any Unit Holder, post (or send by courier or through electronic means) to such Unit Holder details of such Unit Holder's account in the Register. Such service shall be provided free of charge to any Unit Holder requesting so once in any financial year. The Management Company may prescribe reasonable charges for servicing of any additional requests.
- 25.4** The Register shall contain the following information:
- a) Full names, father's/husband's name and addresses of each Unit Holder and joint Unit Holders together with the copy of the CNIC number and / or copy of passport (if applicable);
  - b) The number of the Units held and the distinctive numbers of Certificate(s), 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 the Unit Holder(s);
  - g) Record of the signature(s) of the Unit Holder(s);
  - h) Nominee(s) of the Unit Holder(s); and
  - i) Such other information as Management Company may require.
- 25.5** The Register shall be conclusive evidence as to the Units held by each Unit Holder.
- 25.6** Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate(s) previously issued to such Unit Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Certificate(s) to such Unit Holder(s).

- 25.7** The Registrar shall not register more than four joint holders for a Unit. In case of the death of any one of the joint holders the survivor or survivors shall be the only persons recognised by the Trustee as having any title to or interest in the Units held by the joint holders. Provided however, the Registrar or the Trustee or the Management Company may at their discretion request the survivors to provide succession certificate(s) or other such mandate(s) from court(s) or lawful authority(ies), if they consider necessary.
- 25.8** A body corporate may be registered as a Unit Holder or as one of joint Unit Holders.
- 25.9** The Register may be closed with intimation to the Trustee for such period as the Management Company may from time to time determine and after giving at least seven days notice to Unit Holders, provided that it is not closed for more than forty-five days in any Accounting Period.
- 25.10** The Unit Holder shall be the only person to be recognised by the Trustee, the Management Company and the Registrar as having any right, title or interest in or to such Units and the Trustee, the Management Company and the Registrar 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 to the execution of any trust except where required by any court of competent jurisdiction. However, the Management Company may authorise the Registrar to record a lien on any or all Units held by a Unit Holder in favour of a third party at the request of such Unit Holder or joint Unit Holders as the case may be.
- 25.11** The executor(s) or administrator(s) or succession certificate holder(s) of a deceased Unit Holder (not being one of several joint Unit Holders) shall be the only persons recognised by the Trustee and the Management Company as having title to the Units represented thereby. However, in case of joint Unit Holder, the operation of the account of the joint Unit Holders within the Register will continue as per the mandate and authority given at the time of the opening of account through the investor account opening form or through any subsequent change therein.
- 25.12** Any person becoming entitled to a Unit in consequence of death or bankruptcy of any sole Unit Holder or of the survivor of joint Unit Holders may subject 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(s) upon giving the Trustee/ the Management Company such notice in writing of his desire or transfer such Unit(s) to some other person upon compliance with all applicable formalities. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Unit Holder. Provided however, the Management Company / Registrar or the Trustee may at their discretion request the survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary.

**25.13** The Trustee shall retain any moneys payable in respect of any Unit of which any person is, under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Unit Holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Holder of such Unit or shall duly transfer the same.

**25.14** The Registrar shall, subject to any law in force, ensure at all times and shall endeavour to implement prudent practices to ensure that the Register or the information contained therein of all or any particular Unit Holder(s) is not provided to any third party without expressed permission from the Management Company or the Trustee or the Unit Holder(s) himself, unless any disclosure is required in compliance with any applicable laws, rules and regulations or where such disclosure is required by an appropriate court or competent authority.

**26 ISSUANCE OF CERTIFICATES**

**26.1** Upon being satisfied that the Offer Price for each Unit or fraction thereof has been received in full from the applicant, the Registrar shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder.

**26.2** 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 hundred (100) Rupees per Certificate of any denomination, subject to revision of fee from time to time by the Management Company together with the sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such certificate. The proceeds of such fee will accrue to the Management Company.

- 26.3** Certificates shall only be issued for Units that have been fully paid.
- 26.4** 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 or by courier service or may be collected from the Registrar.
- 26.5** In the case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 26.6** 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 of the Scheme, the name and address of the Management Company and the Trustee, distinctive and serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- 26.7** Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the mutual agreement of the Trustee and shall be signed on behalf of the Trustee by duly authorised officer(s) of the Trustee and on behalf of the Management Company by duly authorised officer(s) of the Management Company. Every such signature(s) 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(s) in which event all or any of such signature(s) may be effected by the method so adopted. The Certificates shall also bear the signature of the authorised representative of the Registrar (or a Distributor if so specifically authorised by the Management Company), 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 Registrar or any person whose signature appears thereon as a duly authorised signatory may have ceased to be the Trustee, Management Company, Registrar, Distributor or an authorised signatory.

**27 REPLACEMENT OF CERTIFICATES**

**27.1** 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.

**27.2** In case any Certificate is lost, stolen, mutilated, defaced or destroyed, the Registrar with the approval of the Management Company may issue to the person entitled duplicate Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

- a) returned the mutilated or defaced Certificate or furnished to the Distributor/Registrar evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate,
- b) paid all expenses incurred in connection with the investigation of the facts; and
- c) furnished such indemnity as the Management Company and the Trustee may require.

Neither the Management Company nor the Trustee nor the Registrar, nor the Distributor shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause. Provided further that the Trustee and /or the Management Company may also require issuance of public notices in newspapers at the cost of the pertinent Unit Holders before issuing any duplicate certificates.

**27.3** Before the issuing of any Certificate under the provisions of this sub-clause the Registrar may require from the applicant for the Certificate the payment to it of a fee not exceeding (Rs. 100/-) one hundred Rupees 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.

**28 TRANSFER OF UNITS**

- 28.1** Every Unit Holder(s) 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.
- 28.2** A Certificate shall be transferable only in its entirety.
- 28.3** Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.
- 28.4** 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 have been 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.
- 28.5** All instruments of transfer shall be retained by the Registrar.
- 28.6** The Registrar with the prior approval of the Management Company and the Trustee shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of ten years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of three years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from termination of the Trust. The Trustee or the Management Company or the Registrar 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 Registrar 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 Registrar and that every Certificate so destroyed was a valid Certificate duly and properly cancelled. Provided always that:
- a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim

(regardless of the parties thereto) to which the document may be relevant;

- b) nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Registrar any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled; and
- c) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

**29 PLEDGE / LIEN OF UNITS**

**29.1** Any Unit Holder / or all joint Unit Holders may request the Registrar to record a pledge / lien of all or any of his/their Units in favour of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favour of any third party with the specific authority of the Management Company.

**29.2** The pledge/lien once registered shall be removed by the authority of the party in whose favour the pledge/lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, 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 nor the Registrar takes any responsibility in this matter.

**29.3** Payments of dividends or the issue of bonus Units, except in the case of Units in central depository system and redemption proceeds of the Units under lien / charge / pledge shall be made to the lien / charge / pledge holder for the account of the Unit Holder or any other such arrangement as may be requested jointly by both the parties.

**30 AUDIT**

**30.1** The Management Company shall at the establishment of the Scheme and with the consent of the Trustee, appoint as auditor, a firm of chartered accountants who shall be independent of the auditor of the Management Company and the Trustee. The Auditors shall hold office until transmission of the annual report and accounts.

- 30.2** The Management Company may at any time, with the concurrence of the Trustee, remove the Auditors and appoint another Auditor in its place. First Auditors and subsequent Auditors shall not be appointed for more than such number of consecutive years as specified under relevant rules and regulations, thereafter those auditors shall only be eligible for appointment after the lapse of at least one year.
- 30.3** The following persons shall not qualify to be the Auditors of the Scheme:
- 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 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.
- 30.4** Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 30.5** The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Registrar, 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.
- 30.6** The Auditors 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 document forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.
- 30.7** The contents of the Auditors report shall be as required in the NBFC Rules.

**31 ARBITRATION**

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

**32 CONFIDENTIALITY**

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

**33 MISCELLANEOUS**

**33.1** Any notice required to be served upon the Unit Holders shall be deemed to have been duly given if sent by post or courier service to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the 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. 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.

- 33.2** Any notice or document sent by post or courier service to or left at the registered address of a Unit Holder shall notwithstanding that such Unit Holder be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.
- 33.3** The Trustee or the Management Company may advertise any such notice in two leading daily newspapers in Pakistan having their wide circulation in the country and this will be a good discharge of requirements of service of notice provided hereinabove.
- 33.4** If at any time, any clause of this Trust Deed is or becomes in whole or in part illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, the legality, validity and enforceability of the remaining clauses of this Trust Deed hereof, shall not in any way be effected or impaired thereby.
- 33.5** A copy of this Deed and of any such supplemental deed shall be made available for inspection at the respective Head Offices of the Trustee and of the Management Company at all times during usual business hours and shall be supplied by the Management Company to any person on application at a charge not exceeding (Rs. 100/-) one hundred Rupees per copy or at such rate as determined from time to time by the Management Company.

**34 DEFINITIONS**

Unless the context requires otherwise the following words or expressions used in this Trust Deed shall have the meanings respectively assigned to them:

- 34.1** "**Accounting Date**" means the thirtieth day of June in each year and any interim dates at which the financial statements of the Scheme are drawn up. Provided, however, that the Management Company may with the consent of the Trustee and after obtaining approval of the SECP and complying with other applicable laws, change such date to any other date.
- 34.2** "**Accounting Period**" means a period ending on and including

an Accounting Date and commencing in case of the first such period, on the date immediately after the close of First Offer and in any other case, from the first day subsequent to the end of the preceding Accounting Period.

- 34.3** "**Auditor**" means the Auditor of the Scheme appointed by the Management Company with the consent of the Trustee in accordance with the provisions of this Deed and the NBFC Rules.
- 34.4** "**Authorised Branch(es)**" means those branches of the Distributors which are authorised to perform the Distribution Functions by the Management Company.
- 34.5** "**Authorised Investment**" means Investments transacted, issued, traded or listed inside or outside Pakistan and includes any of the following:
- 34.5.1** Money market transactions / instruments, certificates of deposit and bankers' acceptances;
- 34.5.2** Treasury bills and other Government Securities;
- 34.5.3** Deposits with banks or financial institutions as per the criteria that may be laid down by SECP;
- 34.5.4** Units/Certificates in any other money market fund;
- 34.5.5** Securities, bonds, debentures, warrants, options, participation term certificates, modaraba certificates, musharika certificates, term finance certificates, convertible bonds with a view to not exercise conversion option, certificate of investments, structured papers, commercial papers, money market and fixed income securities traded or to be traded in Over The Counter (OTC) Markets and other asset backed or mortgage backed securities. Such Investments shall include those for ready settlement as well as those for future settlement;
- 34.5.6** Any other debt security in respect of which permission to deal on a Stock Exchange is effective subject to any appropriate investment grading or as per the criteria that may be laid down by SECP;
- 34.5.7** Repurchase transactions (REPOs) and reverse REPOs transactions against money market and fixed income securities.
- 34.5.8** Continuous Funding System (CFS); or any such replacements subject to relevant SECP approvals, however Investments in

CFS shall be restricted up to a maximum of 50% of Net Asset Value of the Scheme with not more than 20% of CFS in any one security at the time of investment.

- 34.5.9** Spread Transactions. The Scheme may enter into transactions aimed at earning a spread in the price of securities resulting from the timing difference between settlements. The Scheme may for this purpose purchase or sale a security, for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement; these transactions will be carried out simultaneously so as to avoid any risk emanating from the movement in the prices of underlying securities;
- 34.5.10** Investment in any debt security that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
- 34.5.11** Rated corporate debt, credit linked notes and asset backed securities.
- 34.5.12** Derivative instruments including options, interest rate swaps, forward Rate Agreements and any other derivative instruments permitted by SECP the investment in this asset class will be for hedging purpose only and subject to such other terms and conditions as may be notified by the SECP.
- 34.5.13** Subject to SECP and other regulatory approvals the Scheme may seek to invest in foreign securities issued, listed or traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time.
- 34.5.14** Any other security and / or instruments and / or transactions that may be allowed by SECP, the NBFC Rules or any other regulatory authority from time to time.
- 34.6** "**Back-end Load**" means the sales and processing charges, payable as specified under clause 7.2.1, which are deducted, subject to the condition that the Management Company may impose on Redemption of Units at the time of issuance, from the Net Asset Value in determining the Redemption Price.
- 34.7** "**Bank**" means a scheduled bank as defined under the State Bank of Pakistan Act, 1956 and licensed to carry on banking business and shall include a bank outside in Pakistan licensed to carry on business in Pakistan as a scheduled bank.

- 34.8** "**Bank Accounts**" means those accounts open and maintained for the Scheme by the Trustees at Banks, the beneficial ownership in which shall rest in the Unit Holder.
- 34.9** "**Broker**" means any person licensed by the SECP as a broker for effecting transactions in securities for the account of others.
- 34.10** "**Business/Dealing Day**" means a day when Banks are open for business in Pakistan.
- 34.11** "**Certificate**" means the definitive certificate acknowledging the number of Units registered in the name of a Holder issued at the request of such Unit Holder pursuant to the provisions of this Deed.
- 34.12** "**Connected Person**" shall have the same meaning as assign to it in the NBFC Rules.
- 34.13** "**Constitutive Documents**" means the principal document governing the formation, of the Scheme and all related material agreements.
- 34.14** "**Core Investors**" of the Scheme shall be such initial investors during Pre IPO whose subscription shall in aggregate be in compliance of the requirements of rule 67(2)(f) of the NBFC Rules. The Core Investors shall be issued with Core Units representing their subscriptions. Details of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 34.15** "**Core Units**" shall mean such Units of the Scheme that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. Such Units are transferable with this condition but otherwise shall rank pari passu with all other Units, save for this restriction. Any transfer of the Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee.
- 34.16** "**Custodian**" means a bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee and shall also include the Trustee itself, if it provides custodial services for the Scheme with the approval of the Management Company at competitive terms, as part of the normal line of its business.

- 34.17 "Distribution Account"** means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Mark-up, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main Bank Account of the Scheme from time to time as part of the Trust Property for the benefit of the Unit Holders.
- 34.18 "Distributor(s) and Distribution Company"** means company(ies) or firm(s) or Bank(s) or any other financial institution(s) or CDC, if appointed by the Management Company for performing any or all of the Distribution Functions and shall also include the Management Company if it performs any or all of the Distribution Functions.
- 34.19 "Distribution Functions"** means the functions with regard to:
- 34.19.1** Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- 34.19.2** Interfacing with and providing services to the Holders including receiving redemption / transfer / pledge applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate; and
- 34.19.3** Acknowledging receipts in respect 34.19.1 and 34.19.2 above;
- 34.19.4** Accounting to the Management Company / the Trustee for (i) moneys received from the applicants for issuance of Units (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.
- 34.20 "Duties and Charges"** means in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, bank charges, transfer fees, registration fees and other Duties and Charges in connection with the issue, sale, transfer, redemption or purchase of Units or the sale or purchase of investments 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 any Front-end Load, Sales Load, Back-end Load, Contingent Load, 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.

- 34.21 "First Offer"** means the price of Rs. 100 per Unit during the initial offering period determined by the Management Company, which shall not exceed a period of ten days (provided that this period may be extended with the prior approval of SECP)
- 34.22 "Formation Cost"** means all preliminary and floatation expenses of the Management Company including expenses in connection with authorisation of the Scheme and its application fee payable to SECP, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Scheme inviting investment therein and all expenses incurred up to the close of First Offer.
- 34.23 "Front-end Load"** means the sales and processing charges, payable as specified under clause 7.1.3, which are included in the Offer Price of Units.
- 34.24 "Fund's Auditors"** mean the Auditors.
- 34.25 "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.
- 34.26 "Holder" or "Unit Holder"** means the investor for the time being entered in the Register as owner of a Unit or a fraction thereof including investors jointly so registered pursuant to the provisions of this Deed.
- 34.27 "Investments"** means any Authorised Investment forming part of the Trust Property.
- 34.28 "Investment Facilitator"** (Facilitator) means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme.
- 34.29 "NBFC Rules"** means a Non-Banking Finance Companies

(Establishment and Regulation) Rules 2003, as amended or substituted 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 SECP and / or the Federal Government, as appropriate.

- 34.30** "**Net Assets**" shall have the same meaning as in the NBFC Rules.
- 34.31** "**Net Assets Value**" means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding
- 34.32** "**Offer Price**" means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to clause 7.1 of the Trust Deed.
- 34.33** "**Offering Document**" means the prospectus, advertisement or other document (approved by the SECP) which contains the investment and distribution policy and all other information in respect of the Scheme, as required by the NBFC Rules and is circulated to invite offers by the public to invest in the Scheme.
- 34.34** "**Online**" means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 34.35** "**Ordinance**" means the Companies Ordinance, 1984, as amended from time to time.
- 34.36** "**Par Value**" means the First Offer price of a Unit that shall be determined by the Management Company till the time of circulation of the Offering Document to invite offers by the public to invest in Scheme.
- 34.37** "**Personal Law**" means the law of inheritance and succession as applicable to the individual Unit Holder.
- 34.38** "**Pre IPO**" means period during which the investors have subscribed to the scheme before the initial public offer.
- 34.39** "**Redemption Price**" means the amount to be paid to the relevant Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to clause 7.2 of this Deed.
- 34.40** "**Register**" means the Register of the Holders kept pursuant to the NBFC Rules and Trust Deed.

- 34.41** "**Registrar or Transfer Agent**" means an organisation that the Management Company may appoint for performing the Registrar Function and also includes the Management Company if it performs any or all of the Registrar Functions.
- 34.42** "**Registrar Functions**" means the functions with regard to:
- 34.42.1** Maintaining the Register;
- 34.42.2** Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledges and lien or for recording of changes in data with regard to the Unit Holders
- 34.42.3** Issuing account statement to the Holders;
- 34.42.4** Issuing and dispatching of Certificates;
- 34.42.5** Dispatching income distribution warrants and bank transfer intimations or any other instrument; and
- 34.42.6** Cancelling old Certificates on redemption or replacement.
- 34.43** "**Sales Load**" means the sales and processing charge or commission (excluding Duties and Charge) not exceeding five percent of, the Offer Price in case of Front-end Load and the Net Asset Value in case of Back-end Load. All Sales Load collected would accrue to the Management Company.
- 34.44** "**SECP**" means the Securities and Exchange Commission of Pakistan.
- 34.45** "**Stock Exchange**" mean Stock Exchanges, registered under the Securities and Exchange Ordinance, 1969.
- 34.46** "**Sub-Custodian**" means a financial or any other institution for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the part of the Trust Property.
- 34.47** "**Subscription Day**" means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in the newspapers declare any particular Business Day or days not to be a Subscription Day.
- 34.48** "**Transaction Costs**" means the costs incurred or estimated by the Management Company to cover the costs (such as,

but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Scheme's portfolio, necessitated by creation or cancellation of Units. Such costs may be added to the NAV for determining the Offer Price of Units or be deducted from the NAV in determining the Redemption Price. The Transaction Costs may not normally be applied in determining these prices, however, if the Management Company is of the view that it is in the overall interest of the Unit Holders, it may, in consultation with the Trustee, apply such charges either to the Offer and / or the Redemption Price. The Management Company may, however, apply Transaction Costs while determining Offer or Redemption prices, without consulting the Trustee provided the difference between the Offer Price and the Redemption Price does not exceed five percent. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Trust Property.

**34.49** "Trust Property" shall consist of:

**34.49.1** The aggregate proceeds of all Units issued from time to time after deducting the sum of: (a) Duties and Charges; (b) applicable Sales Load; and (c) any other expenses chargeable to the Scheme.

**34.49.2** All Authorised 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 assets including moveable or immovable 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 Holders pursuant to this Deed; and

**34.49.3** Amounts standing to the credit of the accounts maintained by the Scheme, including profits accruing therein, until, from time to time, such amounts (or part thereof) are actually paid to Holders upon receipt of a request by such Holders to redeem their Units in accordance with the provisions of this Deed.

**34.50** "Unit" means one undivided share in the Trust.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Ordinance and NBFC 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. The headings and table of contents are for convenience only and shall not affect the construction of this Trust Deed.

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

The Common Seal of KASB Funds Limited was hereunto affixed in the presence of

Seal (1) Signature: -sd-  
Name: Muneer Kamal  
Designation: Director

(2) Signature: -sd-  
Name: Naz Khan  
Designation: Chief Executive

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

Seal (1) Signature: -sd-  
Name: Mohammad Hanif Jakhura  
Designation: Chief Executive

(2) Signature: -sd-  
Name: Kamran Qazi  
Designation: Head of Finance & Company Secretary

Witnesses :

1	Name NIC  Signature	2	Name NIC  Signature
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**CERTIFICATE OF INCORPORATION**

  
**SEC**  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**CERTIFICATE OF INCORPORATION**  
(Under section 32 of the Companies Ordinance, 1984 (XLVII of 1984))

Company Registration No. 00000010683/20050107

I hereby certify that **KASB FUNDS LIMITED** is this day incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and that the company is limited by Shares.

Given under my hand at Karachi this 24th day of January two thousand and five.

Fee Rs. 89,500/- (Eighty Nine Thousand Five Hundred Only)

  
( **TAHIR MAHMOOD** )  
ADDITIONAL REGISTRAR OF COMPANIES

*SAC. 8953 dt. 24/1/05*

**AUTHORISATION BY SECP**



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
NBFC DEPARTMENT**

No. SEC/NBFC-JD-II/9//2006

Islamabad, February 10, 2006

**Mr. Zahid Hussain Vasnani**

Head of Operations  
KASB Funds Limited  
9<sup>th</sup> Floor, Trade Centre  
I.I.Chundigar Road  
**Karachi.**

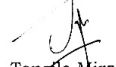
Subject: **Approval of Trust Deed of Proposed KASB Liquid Fund**

Dear Sir,

I am directed to refer to your letter dated January 04 ,2006 and subsequent letter dated January 31,2006, whereby you have submitted the revised/amended Trust Deed of proposed KASB Liquid Fund to be executed between KASB Funds Limited (the "Management Company" ) and Central Depository Company of Pakistan Limited( the "Trustee") for approval.

In this regard, the Securities and Exchange Commission of Pakistan has no objection to the registration of the latest amended version of the Trust Deed of the proposed KASB Liquid Fund under the Trust Act, 1882. The clearance of the draft trust deed is without prejudice to the consequences of verifying compliance to the conditions stipulated in the license issued in favor of KASB Funds Limited and the requirements stipulated in the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. Further action will be taken on receipt of duly registered copy of the Trust Deed.

Yours truly,



Tanzila Mirza  
**(Joint Director)**

NIC Building, Jinnah Avenue, Blue Area, Islamabad.  
PABX: 9207091-4 , Fax. No. 9218590, E-mail: [secphq@isb.paknet.com.pk](mailto:secphq@isb.paknet.com.pk)

**APPROVAL OF SECP FOR APPOINTMENT OF TRUSTEE**



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
NBFC DEPARTMENT**

No. SEC/NBFC-JD-II/90/2006

Islamabad, February 10, 2006

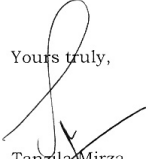
**Mr. Zahid Hussain Vasnani**  
Head of Operations  
KASB Funds Limited  
9<sup>th</sup> Floor, Trade Centre  
I.I. Chundigar Road  
**Karachi.**

**Subject: Appointment of Central Depository Company as Trustee to the KASB Liquid Fund**

Dear Sir,

I am directed to refer to your letter dated February 02, 2006 (received in this office on February 06, 2006) on the captioned subject and convey the approval of Securities and Exchange Commission of Pakistan for appointment of Central Depository Company of Pakistan Limited as Trustee of the proposed KASB Liquid Fund in terms of Rule 74 and 75 of the NBFC Rules, 2003.

Yours truly,

  
Tanzila Mirza  
**(Joint Director)**

NIC Building, Jinnah Avenue, Blue Area, Islamabad.  
PABX: 9207091-4, Fax. No. 9218590, E-mail: [secphq@sb.paknet.com.pk](mailto:secphq@sb.paknet.com.pk)

**TARIFF STRUCTURE OF TRUSTEE FOR THE SCHEME**

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

<b>NET ASSETS (Rupees in million)</b>		<b>TARIFF</b>
<b>From</b>	<b>To</b>	
Rs.1	Rs.1,000	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher
Rs. >1,000	& ABOVE	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million