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**NAFA GOVERNMENT SECURITIES LIQUID FUND (NGSLF)**

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**TRUST DEED**

**BETWEEN**

**NATIONAL FULLERTON ASSET MANAGEMENT LIMITED**

**AND**

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**

**Dated: April 14, 2009**



**FULLERTON FUND  
MANAGEMENT**



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## **TRUST DEED**

THIS TRUST DEED is made and entered into at Karachi, on this 14<sup>th</sup> day of April 2009.

**1. Name of the Scheme**

NAFA GOVERNMENT SECURITIES LIQUID FUND (NGSLF)

**2. Participating Parties and Constitution of the Trust**

**I. National Fullerton Asset Management Limited**, a public limited company incorporated under the Companies Ordinance, 1984, having its registered office at ~~Ground 9<sup>th</sup>~~ Floor, ~~Muhammadi-Adamjee~~<sup>1</sup> House, 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

**AND**

**II. Central Depository Company of Pakistan Limited**, a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, having its registered office at CDC House, 99-B, Block B, SMCHS, Main Shakra-e-Faisal, Karachi and registered to act as a central depository under the Central Depository Companies (Establishment & Regulation) Rules, 1996 (hereinafter called the “**Trustee**” which expression where the context so permits shall include its successors in interest and assigns) of the other part.

**WITNESSETH:**

**A.** The Management Company has been incorporated and registered as an Asset Management Company and Investment Advisor pursuant to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (hereinafter referred to as the “Rules”) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (hereinafter referred to as the “Regulations”) for the purpose of undertaking asset management services (licensed by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the “SECP”) under License No. NBFC-II/04/NAFA/AMS/03/2009 dated February 10, 2009 & vide its letter No. NBFC-II/AD/NAFA/213 dated February 12, 2009, respectively attached hereto as Annexure “A” and “A-1”).

1. <sup>1</sup>The Management Company and the Trustee executed a Trust Deed dated April 14, 2009 to constitute NAFA Government Securities Liquid Fund, as an open ended scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The Rules), which Trust Deed was registered with the Sub-Registrar-II, Saddar Town, Karachi, under Registered No. 105 of Book No. IV dated 14-04-2009 and M.F. Roll No. U-25891/5787 dated 17-04-2009 of the Photo Registrar, Karachi (hereinafter called “the Trust Deed”)
  2. <sup>1</sup>The Management company and the Trustee have mutually agreed to amend certain provisions of the Trust Deed by virtue of the powers contained in sub-clause 14.1 thereof, to enable the provisions of the Trust Deed to be ore conveniently or economically managed, without altering the fundamental objects of the Trust or releasing the Trustee or the Management Company from any responsibility to the Unit Holders.
  3. The Securities & Exchange Commission of Pakistan (the Commission) has approved the amendments to the Trust Deed, vide its letter No. NBFC/RS/JD-VS/NGSLF/147/2011 dated March, 29, 2011 which is annexed hereto as Annexure “A” which amendments are being hereby effectuated by this First Supplemental Trust Deed.
- B. The Management Company has been authorized by the SECP vide its letter bearing reference No. NBFC-II/AD/NGSLF/424/09 dated April 10, 2009 attached herewith as Annexure “B” to constitute the Trust under the name and title of “NAFA GOVERNMENT SECURITIES LIQUID FUND ” (hereinafter referred to as “the Scheme” or “the Trust” or “the Unit Trust” or “the Fund”) and to register this Trust Deed (“the Deed”), pending authorization for the establishment, operation and registration as notified entity of the Scheme in accordance with the provisions of the Rules and Regulations and this Trust Deed;
- C. The Management Company has nominated and appointed Central Depository Company of Pakistan Limited as trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions herein contained and the tariff structure for trusteeship as per Annexure “C & C-1” attached herewith;
- D. The SECP has also approved the appointment of the Trustee vide its letter bearing reference No. NBFC-II/AD/NGSLF/426/09 dated April 13, 2009 attached herewith as Annexure “D”;
- <sup>2</sup>The Securities and Exchange Commission of Pakistan (the SECP) had approved the amendments contained in the First Supplemental Trust Deed vide letter No. NBFC/RS/JD-VS/NGSLF/147/2011 dated March 29, 2011
  - <sup>2</sup>The SECP vide its letter No. SCD/AMCW/NGSLF/332/2012, dated November 12, 2012 (copy attached) has approved the amendments to the Trust Deed, in terms hereof.
- E. NAFA GOVERNMENT SECURITIES LIQUID FUND shall be an open end Money Market Fund;
- F. In order to attain the aims and objectives of the Scheme, the Management Company has handed to the Trustee, an initial sum of Rs.10,000/-.

### 3. Governing Law and Jurisdiction

- 3.1 This Trust Deed shall be subject to and governed by the laws of Pakistan, including the Ordinance, Rules, Regulations and all applicable laws and regulations as amended or replaced from time to time and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules and Regulations shall be deemed to have been incorporated in this Trust Deed and in the event of any conflict between this Trust Deed and the provisions required to be contained in a trust deed by the Rules and Regulations, the latter shall supersede and prevail over the provisions contained in this Trust Deed.

3.2 Subject to the Arbitration Clause 31 hereafter, applicable between the Management Company and the Trustee inter se, each party, including the Unit Holder(s), irrevocably submit to the exclusive jurisdiction of the Courts at Karachi.

### **3.3 Declaration of Trust**

It is hereby irrevocably and unconditionally declared that:

- a) the Trustee shall hold and stand possessed of the Trust Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holder(s) ranking *pari passu* inter se, according to the number of Units held by each Unit Holder(s);
- b) the Trust Property shall be invested or disinvested from time to time by the Trustee at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Documents, the Rules, the Regulations and the conditions (if any) which may be imposed by the SECP from time to time; and
- c) the Management Company shall establish, manage, operate and administer the Fund in accordance with the Rules, the Regulations, this Deed and the Offering Document.

## **4. Effect of this Deed, status of Unit Holder(s) and retirement/change of Trustee, etc.**

### **4.1. Deed binding on each Unit Holder**

The terms and conditions of this Trust Deed shall be binding on each Unit Holder as if the Unit Holder had been party to it and shall be bound by its provisions and shall be deemed to have authorized and required the Trustee and the Management Company to do as required of them by the terms of this Trust Deed and the Regulations.

### **4.2. Unit Holder(s) not liable to make further payments**

No Unit Holder(s) shall be liable to make any further contributions to the Fund or payments to the Trustee or the Management Company after he/she/it has paid the purchase (Offer) price of the Units in accordance with Clause 7.2 hereafter and no further liability shall be imposed on any Unit Holder(s) in respect of the Units held by him/her/it.

### **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 the rights of the Unit Holder(s) 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 such 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 close of Initial Period. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units.

### **4.4. Trustee to report to the Unit Holder(s)**

4.4.1 The Trustee shall report to the Unit Holders in accordance with the Regulations and on all matters provided in the Regulations and Constitutive Documents, including all matters in which it is required to issue a report under the Constitutive Documents and the Regulations, including a report to be included in the annual and second quarter report on whether in its opinion, the Management Company has, in all material respects, managed the Scheme in accordance with the provisions of the Regulations and the Constitutive

Documents and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.

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 as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

#### **4.5. Manner in which the Trustee may retire**

The Trustee may, subject to the prior approval of the Commission, retire from his office on appointment of a new trustee and the retirement shall take effect at the same time as the new trustee is appointed with the approval of the Commission or from the date of assumption of assets of the Scheme by the newly appointed trustee, whichever is later.

### **5. Role of the Management Company, Role of the Trustee, Bank Accounts**

#### **5.A.1 Role of the Management Company**

5.A.1.1 The Management Company shall manage, operate and administer the Scheme in accordance with the Rules and Regulations, this Deed and the Offering Document.

#### **5.A.2 Primary Functions of the Management Company**

##### 5.A.2.1 Fund Management

The Management Company has the responsibility to make all investment decisions within the framework of the Regulations, this Deed and the Offering Document.

##### 5.A.2.2 Investor 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.

The Management Company shall be obliged to process payment instrument immediately on receipt of application.

##### 5.A.2.3 Investor Records

- i. The Management Company has the responsibility to maintain Register of Unit Holders and for this purpose it may appoint a Registrar, who shall be responsible for performing Registrar Functions.
- ii. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

##### 5.A.2.4 Distribution

The Management Company, shall from time to time under intimation to the Trustee appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) for carrying on Distribution Function(s) at one or more location(s). Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions.

The Management Company shall ensure, where it delegates the Distribution Function, that:

- (i) the Distributors to whom it delegates, have acquired and are maintaining the associate membership of the association(s) constituted in consultation with the SECP and are abiding by the code of conduct prescribed by the association(s); and
- (ii) the written contract with the Distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information.

#### 5.A.2.5 Investment Facilitators

The Management Company may, at its own responsibility, from time to time appoint Investment Facilitators to assist it in promoting sales of Units.

#### 5.A.2.6 Record Keeping

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices and for producing financial reports from time to time. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

5.A.2.7 <sup>1</sup>“Administrative Plan” means investment plans offered by the Management Company and approved by the Commission, where such plans allow investors a specific investment strategy in any one or a combination of Schemes managed by the Management Company in accordance with the conditions specified by SECP.

### 5.A.3 Other Functions and Responsibilities of the Management Company

5.A.3.1 The Management Company shall manage the assets of the Scheme in the interest of the Unit Holders in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties including Connected Persons and group companies or its officers and subject to the restrictions and limitations as provided in this Deed and Regulations and subject to any special exemptions granted by SECP. 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.3.2 The Management Company shall comply with the provisions of the Regulations, this Deed and the Offering Document of the Scheme 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 or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of this Deed to be the act of the Management Company. 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 gross negligence or reckless or willful act and / or omission or of its officers, officials or agents.

5.A.3.3 The Management Company may, under intimation to Trustee, from time to time appoint, remove or replace the Transfer Agent.

5.A.3.4 The Management Company shall be obliged to provide such information and record to the Trustee as may be necessary to the Trustee to discharge its obligations under the Regulations.

5.A.3.5 The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, Regulations and the Constitutive Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross negligence or willful breach of duty and the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents, the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability 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.3.6 The Management Company shall maintain at its principal office, complete and proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme, amounts received by the Scheme in respect of issue of Units,

payments made from the Scheme on redemption of the Units and by way of distributions and payments made at the termination of the Scheme. The Management Company shall maintain the books of accounts and other records of the Scheme for a period of not less than ten years.

- 5.A.3.7 The Management Company shall, within four months of closing of the Annual Accounting Period of the Scheme, transmit to the Unit Holders, the Trustee, the SECP and Stock Exchange(s) (on which the Units of the Scheme are listed) the annual report as per the requirements set out in Schedule V of the Regulations, including:
- (i) copy of the balance sheet and income statement;
  - (ii) cash flow statement;
  - (iii) statement of movement in Unit Holders' fund or Net Assets or reserves; and
  - (iv) the Auditor's report of the Scheme.
- 5.A.3.8 The Management Company shall within one month of the closing of the first and third quarter and within two months of the closing of the second quarter of each Accounting Period, prepare and transmit (physically or through electronic means or on the web subject to SECP approval) to the Unit Holder(s), the Trustee and the SECP and Stock Exchange(s) (on which the Units of the Scheme are listed), whether audited or otherwise:
- (i) balance sheet as at the end of that quarter;
  - (ii) income statement;
  - (iii) cash flow statement;
  - (iv) statement of movement in Unit Holders' fund or Net Assets or reserves; and
  - (v) statement showing the securities owned at the beginning of the relevant period, securities purchased or sold during such period, and the securities held at the end of such period together with the value (at carrying and at market) and the percentage in relation to Net Assets of the Scheme and the issued capital of the person whose securities are owned for that quarter, whether audited or otherwise.
- 5.A.3.9 The Management Company shall maintain a Register of Unit Holder(s) 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.3.10 The Management Company shall with the consent of the Trustee, appoint at the establishment of the Trust and upon any vacancy, the Auditor from the approved list of auditors circulated by the SECP, who shall be a Chartered Accountant and independent of the auditor of the Management Company and the Trustee and such Auditor shall not be appointed for more than five consecutive years or any other period as stipulated under the Regulations and/or Ordinance, as amended from time to time, and the contents of the Auditor's report shall be in accordance with the Schedule V of the Regulations.
- 5.A.3.11 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/ disinvestment transactions entered into by it on behalf of the Trust. The Management Company shall ensure the settlement instructions are 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.
- 5.A.3.12 The Management Company shall provide the Trustee with regular reports indicating interest income and other forms of income or inflows, relating to the investments that are due to be received. The Trustee shall report back to the Management Company any such amounts that are received on such accounts from time to time.
- 5.A.3.14 The Management Company may, if it considers necessary for the protection of Trust Property or safeguarding the interest of the Unit Holders, request the Trustee to institute or defend any suit, proceeding arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof.
- 5.A.3.15 The Management Company shall nominate one or more of its officers to act as authorized persons for interacting with the Trustee.
- 5.A.3.16 The Management Company will be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the criteria of the rating agency, and such rating shall be updated at least once every Financial Year and also published in the annual and quarterly reports of the Scheme.



- 5.A.3.17 The Management Company shall not apply for the delisting of the Units from a Stock Exchange (if applicable) unless it has obtained prior approval of the Commission in writing to such delisting.
- 5.A.3.18 The Management Company shall designate and disclose the location of its official points for acceptance of applications for issuance, redemption, conversion, etc of units in the Offering Document of the Scheme and its website. The Management Company shall receive the said applications only at such designated points.
- 5.A.3.19 The Management Company shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc of units of the Scheme have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.
- 5.A.3.20 The Management Company shall announce the Net Asset Value (NAV) of the Scheme latest by 1830 hours daily.
- 5.A.3.21 The Management Company shall not net off transaction (adjust assets of the Scheme against the investment of unit holders).

## **5.B Role of the Trustee**

- 5.B.1 The Trustee shall take into its custody or under its control all the property of the Scheme and hold it in trust for the Unit Holders in accordance with the law and the provisions of the Constitutive Documents and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.
- 5.B.2 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.
- 5.B.3 The Trustee shall perform all the obligations imposed on it under the Rules, Regulation, this Trust Deed and the Offering Document and discharge all its duties in accordance with the Rules, Regulations, this Trust Deed and the Offering Document.
- 5.B.4 The Trustee shall nominate one or more of its officers to act as authorized persons for performing the Trustee's functions and for interacting with the Management Company.
- 5.B.5 The Trustee shall obtain written approval from the Management Company to appoint, remove or replace from time to time one or more bank(s) and/or other depository company(ies) etc. 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 Trust at competitive terms as part of its normal line of business.
- 5.B.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 Trust for any loss in value of the Trust Property where such loss has been caused by gross negligence or any reckless act or omission of the Trustee or any of its directors, officers, nominees or agents.
- 5.B.7 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in performance of its duties under this Trust Deed or in accordance with or pursuant to any request of the Management Company provided it is not in conflict with the

provisions of this Deed or the Rules and Regulations. Whenever pursuant to any provision of this Deed, any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:

- i) A document signed or purporting to have been signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorized in writing by the Management Company to accept.
- ii) Any instruction received online through the software solution adopted by the Management Company or the Trustee for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee or the Management Company as case may be.

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

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

5.B.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.B.11 The Trustee shall issue a report to be included in the annual and second quarter report of the Scheme, to be sent to Unit Holders whether, in its opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of the Constitutive Documents and the Regulations, and if the Management Company has not done so, the respects in which it has not done so and the steps that the Trustee has taken in respect thereof.

5.B.12 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

5.B.13 The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Trust Property or safeguarding the interest of Unit Holder(s), institute or defend any suit, proceeding, arbitration or inquiry 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. All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses: Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under this Deed or the Rules and Regulations. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided) all such losses, claims, damages and other liabilities shall be borne by the Trust.

5.B.14 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and Regulations and this Deed nor shall the Trustee be liable for any act or omission of the Management Company nor for anything except for loss caused due to its willful acts or omissions or that of its agents in relation to any custody of assets of investments forming part of the Deposited Property. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any

liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

- 5.B.15 The Trustee shall ensure that the sale, purchase, issue, transfer, repurchases, redemption and cancellation of Units effected by the Scheme are carried out in accordance with the provisions of the Constitutive Documents.
- 5.B.16 The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations and Constitutive Documents and the conditions under which the Scheme was registered are complied with.
- 5.B.17 The Trustee shall promptly forward to the Management Company within two Business Days 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 instruction of the Management Company in all such matters relating to recovery of the Deposited Property.
- 5.B.18 The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money.
- 5.B.19 The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers at the time of offering of the Scheme and shall also ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration of business with any Broker.
- 5.B.20 The Trustee shall ensure that the methodology and procedures adopted by the Management Company in calculating the value of units are adequate and the pricing and valuation for sale, issue, repurchase, redemption and cancellation prices are carried out in accordance with the provisions of the Constitutive Documents and the regulatory requirements.
- 5.B.21 The Trustee shall immediately inform the Commission if any action of the Management Company contravenes the Ordinance, the Rules, the Regulations, the Constitutive Documents, guidelines, circulars, directives or any other applicable laws.
- 5.B.22 The Trustee shall comply with the directions of the Commission given in the interest of the Unit Holder(s).
- 5.B.23 The Trustee shall not invest in the units of the Scheme.

## **5.C Bank Accounts**

- 5.C.1 The Trustee, at the request of the Management Company, shall open Bank Accounts titled **CDC -Trustee NAFA GOVERNMENT SECURITIES LIQUID FUND** for the Unit Trust at designated Bank(s) in Pakistan for collection, investment, redemption or any other use of the Trust's funds.
- 5.C.2 The Trustee shall open additional Bank Account(s) titled **CDC – Trustee NAFA GOVERNMENT SECURITIES LIQUID FUND** 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 reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holders for redemption purposes.
- 5.C.3 The Management Company may also require the Trustee to open a separate Bank Account(s) as Distribution Account(s) for each dividend distribution out of the Unit Trust. Notwithstanding anything in this Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holder(s).

- 5.C.4 All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- 5.C.5 All interest, income, profit etc earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holder(s) and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 5.C.6 The amounts received from the Core Investors (seed capital) and Private Placement Investors shall be deposited in a Bank Account of the Fund and any income, profit etc earned on the investments by the Core Investors and Private Placement Investors upto and including the day before the opening of Initial Period, shall be paid on receipt of such income/profit, to the Core Investors and Private Placement Investors and shall not form part of the Trust Property.
- 5.C.7 The beneficial ownership of the balance amount in the Bank Account(s) shall vest in the Unit Holder(s).

<sup>1</sup>The Trustee shall, if requested by the Management Company at its discretion also open a separate Account titled CDC – Trustee NAFA Funds at bank(s) designated by the Management Company. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investor of various units trusts and the administrative plans that are managed by NAFA as the management company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account (s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other units trusts managed by NAFA as the Management Company mentioned above, there are similar provisions in the trust deed of such funds and have Trustee as common between them.

## **6. Investment of the Trust Property and Investment and Borrowing Restrictions**

### **6.1 Investment Objective**

The objective of NAFA Government Securities Liquid Fund (NGSLF) is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

### **6.2 Investment Policy**

NAFA Government Securities Liquid Fund (NGSLF), in line with its Investment Objectives, will invest in Authorized Investments.

NSGLF intends to mitigate three key risks in the Fund through Investment Policy parameters which are as under:

1. **Credit Risk:** This risk is mitigated through the Investment Policy parameter whereby NGSLF only invests in securities issued by government or government managed/controlled/owned entities. Furthermore, deposits are kept in only those banks/ DFIs, which carry a minimum credit rating of AA from a credit rating agency duly approved by the Commission.
2. **Interest Rate Risk:** Mitigation of this risk is through an Investment Policy parameter whereby NGSLF's weighted average duration will not exceed 90 days.
3. **Liquidity Risk:** Mitigation of this risk is through Investment Policy parameters whereby (i) NGSLF would not invest in any security having a maturity of more than six months and (ii) the weighted average time to maturity of the Net Assets of NGSLF shall not exceed 90 days.

### **6.3 Investment of the Trust Property**

- 6.3.1 During and prior to the commencement of the Initial Period the Trustee shall hold the Trust Property on deposit in Bank Account(s) with scheduled bank(s) or financial institution(s) having a minimum rating of AA (rated by any credit rating agency licensed/approved by the Commission) and approved by the Management Company. After the Initial Period, the Trust Property shall be invested by the Trustee from time to time as directed by the Management Company but subject to the provisions of this Trust Deed, Offering Document and the Regulations.
- 6.3.2 Any Investment may at any time be realized at the discretion of the Management Company either in order to invest the proceeds in other Investment or to provide cash required for the purpose of any provision of this Trust Deed or in order to retain the proceeds in cash or on deposit as aforesaid or partly one and partly another. Any investment which ceases to be an Authorized Investment shall be realized and the net proceeds of realization shall be applied in accordance with this Clause; provided that the Management Company may postpone the realization of such investment for such period as the Management Company may determine to be in the interest of the Holders.
- 6.3.3 The purchase or sale of any Investment in Government Securities for the account of the Trust shall be made through an Authorized Broker unless the Management Company is satisfied that it is possible and permissible under the Regulations to make such purchase or sale more advantageously in some other manner. The Broker will be appointed from time to time by the Management Company under intimation to the Trustee. The Management Company shall not appoint, except as may be permissible under the Regulations, 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)

#### **6.4 Investment Restrictions and Exceptions to Restrictions**

- 6.4.1 The Trust Property shall be subject to such exposure limits as are provided in the Regulations (subject to any exemptions that may be specifically given to the Fund by the SECP).
- 6.4.2 The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds 30% of the commission paid by the Fund in any Annual Accounting Period.
- 6.4.3 The Management Company on behalf of the Scheme shall not:
- a) Purchase or sell -
    - Bearer securities;
    - Securities on margin;
    - Real estate, commodities or commodity contracts;
    - Securities which result in assumption of unlimited liability (actual or contingent);
    - Anything other than Authorized Investments as defined herein;
  - b) Participate in a joint account with others in any transaction;
  - c) Take direct / indirect exposure to equities i.e. no exposure in equities, CFS, spread transactions, etc.;
  - d) Affect a short sale in a security whether listed or unlisted;
  - e) Purchase any security in a forward contract.
  - f) Take Exposure in any other Collective Investment Scheme.
  - g) Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- 6.4.4 The Management Company shall comply with the exposure limits provided in the Regulations.
- 6.4.5 At-least <sup>1</sup>50 ~~<sup>1</sup>85%~~ <sup>2</sup>70% of Net Assets of NGSF shall remain invested in Government

1 - Amended on May 04, 2011

2 - Amended on November 16, 2012

Securities during the year based on quarterly average investment calculated on a daily basis.

6.4.6 Rating of any security in the portfolio shall not be lower than AA.

## **6.5 Financing Arrangements**

6.5.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Management Company may arrange borrowing for account of the Scheme, with the approval of the Trustee, from Banks, financial institutions, non-banking finance companies or collective investment schemes. The borrowing, however, shall not be resorted to, except for meeting the redemption requests and shall be repayable within a period of ninety days and such borrowing shall not exceed fifteen per cent of the Net Asset of the Scheme at the time of borrowing or such other limit as specified by the Commission .

6.5.2 The charges payable to any bank or financial institution against financings on account of the Scheme as permissible under Clause 6.5.1 above, shall not be higher than the normal prevailing bank charges or normal market rates.

6.5.3 Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such financings 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 financings.

6.5.4 For the purposes of securing any such borrowing the Trustee may on the instruction of the Management Company mortgage, charge or pledge in any manner all or any part of the Trust Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Regulations and/or any law for the time being in force.

6.5.5 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(s) may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made hereunder in good faith.

## **7. Valuation of Property and Pricing**

### **7.1 Valuation of Assets & Liabilities and Net Asset Value of the Fund**

7.1.1 The method for determining the value of the assets and liabilities and the Net Asset Value would be as mentioned in the Regulations and clauses 34.37 and 34.38 of this Deed.

### **7.2 Determination of Purchase (Offer) Price**

7.2.1 During the Initial Offer, the Units will be offered at Initial Price . After the Initial Period, the Offer Price shall be calculated and announced by the Management Company for every Dealing Day.

7.2.2 After the Initial Offer, the Offer Price for the Unit Holder(s) shall be determined from time to time pursuant to Clause 7.2.3 hereafter and clause 57 of the Regulations.

7.2.3 The Purchase (Offer) Price shall be equal to the sum of:

- a) The Net Asset Value as of the close of the Dealing Day;
- b) Any Front-end Load;
- 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 sum shall be adjusted up to four decimal places.

Units will be allocated to the investor(s) at the Purchase (Offer) Price so determined for the Dealing Day on which completely and correctly filled investment form(s) submitted by the investor(s) is/are received by the Distributor(s) or the Management Company during business hours. The Management Company will make arrangements, from time to time, for receiving purchase requests from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan. In general, the Offer Price applicable to purchase requests received from outside Pakistan will be the Offer Price applicable on the date the Trustee receives the payments from international investors provided it is a Dealing Day otherwise the Purchase (Offer) Price of the next Dealing Day will apply.

The Management Company may announce different classes of Units with differing levels of Front-end and/or Back-end load, at Management Company's sole discretion. Consequently, the Offer Price may differ for Units issued for different investors.

- 7.2.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.2.3(c) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Trust Property).
- 7.2.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.2.3 (c) exceeds the relevant amount of Duties and Charges, the Registrar, as per instructions of Management Company, shall issue additional Units or fractions thereof to the Unit Holder(s) based on the price applicable to the Units issued against the relevant application.
- 7.2.6 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Company(ies) and may, at the discretion of the Management Company, also be published in at least one daily newspaper widely circulated in Pakistan.
- 7.2.7 The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee to the extent permitted by and in accordance with applicable law.

### **7.3 Remuneration of Distribution Company / Sales Agent / Investment Facilitator**

- 7.3.1 Distribution Company(s), Sales Agents or Investment Facilitators employed by Management Company will be entitled to a remuneration payable by the Management Company from any Sales Load (or out of its own resources) and no charges shall be made against the Trust Property or the Distribution Account in this respect. Sales Load shall be paid by the Trustee to the Management Company. If the Sales Load received by the Trustee is insufficient to pay the remuneration of the Distribution Company(s) or Sales Agent or Investment Facilitator, the Management Company shall pay to the Trustee the amount necessary to pay in full such remuneration.
- 7.3.2 Such payments shall be made on the instruction of Management Company to the Distribution Company(s) or Sales Agents or Investment Facilitators or any authorized person of the Management Company by the Trustee or by the Management Company on a monthly basis in arrears within thirty (30) calendar days of the end of the calendar month.
- 7.3.3 Distributor(s)/Investment Facilitator(s) or Sales Agent(s) located outside Pakistan may if so authorized by Trustee and the Management Company, retain such portion of the Sales Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.
- 7.3.4 The Management Company may issue additional Units to Unit Holder at a reduced or no Sales Load and processing charge in lieu of Sales Load or part thereof, payable to Distributor /Sales Agents.

## **7.4 Determination of Redemption Price**

- 7.4.1 During the Initial Period, the Units shall not be redeemed. After the Initial Period, the Redemption Price shall be calculated and announced by the Management Company for every Dealing Day.
- 7.4.2 After the Initial Period the Redemption Price shall be equal to the Net Asset Value as of the close of the Dealing Day less:
- a) Any Back-end Load;
  - b) Such amount as the Management Company may consider an appropriate Provision for Duties and Charges; and
  - c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such sum shall be adjusted up to four decimal places.

Units will be redeemed to the investor(s) at the Redemption Price so determined for the Dealing Day on which completely and correctly filled redemption form(s) submitted by the investor(s) is/are received by the Distributor(s) or the Management Company during business hours. The Management Company will make arrangements, from time to time, for receiving redemption requests from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

The Transaction Costs shall not normally be applied in determining Offer and Redemption Prices, however, if the Management Company is of the view that it is in the overall interest of the Holders, it may, under intimation to the Trustee, apply such charge either to the Offer 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 Prices 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.

- 7.4.3 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.4.2(b) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Trust Property).
- 7.4.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.4.2(b) above exceeds the relevant amount of Duties and Charges, such amount shall be included in Trust Property.
- 7.4.5 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Company and may, at the discretion of the Management Company, also be published in at least one daily newspaper widely circulated in Pakistan.

## **7.5 Redemption of Units**

- 7.5.1 The Trustee shall at any time during the life of the Trust on the instruction of the Management Company authorize redemption of Units out of the Trust Property through duly authorized Distributors and/or Investment Facilitators.
- 7.5.2 Application for redemption of Units shall be made by completing the prescribed application form for redemption and submitting it at the authorized branch or office of the Distribution Company. Application for redemption shall be retained by the Distribution Company and a copy may be supplied to the Transfer Agent, if so required by the Management Company. The Management Company may make arrangements to accept



redemption requests through electronic means such as online, ATMs or other means of electronic use. No person shall be entitled to redeem only part of the Unit comprised in a Certificate, however in case where a Certificate is not issued any number of Units may be redeemed by the Holder thereof. The application for redemption of Units shall be accompanied by the relevant Certificate, if issued. In case of applications for redemption by joint Holders, any holder may sign the redemption form if he/she is so authorized by all joint Holders

- 7.5.3 The Trustee may at its option dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder(s) with the like requirements to those arising in the case of any application by him for the replacement thereof.
- 7.5.4 The price at which Units shall be redeemed shall be the Redemption Price fixed by the Management Company. The Redemption Price shall be announced by the Management Company on every Dealing Day.
- 7.5.5 The amount payable on redemption shall be paid to the Holder or to the order of the Holder or, in case of joint Holders, the first named joint Holder by crossed cheque or direct transfer to his designated bank account or any other mode, after receipt of a properly documented request for redemption of the Units in terms of this Trust Deed, provided that redemption is not suspended in terms of this Trust Deed.
- 7.5.6 The receipt of the Holder for any moneys payable in respect of the Units shall be a good discharge to the Trustee and the Management Company and if several persons are registered as joint Holders any one of them may give effectual receipt for any such moneys.
- 7.5.7 The Distribution Company shall verify the particulars given in the application for redemption of Units and documents submitted therewith. The signature of any Holder or joint Holder to any document required to be signed by him under or in connection with the application for redemption of Units may be verified to reasonable satisfaction. In case of submission of electronic On-line redemptions the Holder's user ID and password will authenticate his identity.
- 7.5.8 Application for redemption will be received at the authorized offices or branches of the Distribution Company on all Dealing Days. Payment of redemption amounts for Units so redeemed shall be made within six (6) Business Days of the date of receipt of such application; provided that in the event redemption requests on any day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a Queue System as described in Clause 8.4 herein below.
- 7.5.9 In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Trust Property being run down to an unmanageable level or is of the view that the sell-off of assets is likely to result in a significant loss in the value for the Holders who are not redeeming, it may announce winding up of the Trust. In such an event, the queue system, if already invoked, shall cease to apply and all Holders shall be paid after selling the assets and determining the final Redemption Price. The interim distributions of the proceeds may be made if the Management Company finds it feasible.
- 7.5.10 The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee, to the extent permitted by and in accordance with applicable law.
- 7.5.11 Where lien/ pledge/ charge on any unit is recorded in the Register, the Management Company and Trustee may concur to make payment to the pledgee, if a request is received from the pledgee or through an order of a competent court and on receipt of such indemnification as Management Company or Trustee may require.
- 7.5.12 The Management Company shall not specifically use flipping mechanism (i.e. redemption and re-issuance of units to the same unit holders based on different NAV's without cash settlement).

## **8. Dealing, suspension and deferral of dealing**

### **8.1 Temporary change in the method of dealing**

Subject to compliance with the Regulations and the circumstances mentioned in the Offering Document, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld.

### **8.2 Suspension of Units**

8.2.1 Issuance and redemption may only be suspended simultaneously during extraordinary circumstances.

8.2.2 The Redemption of Units may be suspended during extraordinary circumstances including closure of the money market and scheduled banks 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 Holder(s), 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 Holder(s) to redeem Units at a price so determined in accordance with the Net Asset Value (NAV). The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holder(s) 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 Fund NAV. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 8.2.2 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 include 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.

8.2.3 Such suspension or queue system shall end on the day following the first Dealing Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in newspapers in which the Fund's prices are normally published.

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

The Management Company may, under certain circumstances, suspend issue of fresh Units. These circumstances may include

- The situation referred in clause 15.4 or 15.5 of this Deed;
- A situation in which it is not possible to invest the amount received against issuance of fresh units e.g. closure of the money market and scheduled banks etc.; or
- Any other situation in which issuance of fresh units is, in Management Company's opinion, against the interests of the existing/remaining unit holders.

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 is announced. The Management Company shall immediately notify the SECP and Trustee if fresh issue of Units is suspended and shall also have the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

## **8.4 Queue System**

In the event redemption requests on any day exceed ten percent of either the number of Units outstanding or the rupee redemption value of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for upto ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of the Unit Holder(s) 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 Dealing 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 Dealing 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 Dealing Day still exceed-ten percent of the Units in issue or 10% of the NAV of the Fund, 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. The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system

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

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Trust Property 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 Holder(s) who are not redeeming, it may announce winding up of the Fund. In such an event, the Queue System, if already invoked, shall cease to apply and all Unit Holder(s) shall be paid after selling the assets and determining the final Redemption (Repurchase) Price. Interim distributions of the proceeds may be made if the Management Company finds it feasible.

## **9. Fees and Charges**

### **9.1 Sales Load**

- 9.1.1 Sales Load means the charge or commission not exceeding 5% of Net Asset Value and includes the Front-end Load and the Back-end Load as determined by Management Company.
- 9.1.2 Any change in the maximum limit for Sales Load will be communicated to the Unit Holders at least seven (7) Business Days prior to the application of that decision subject to approval from the Commission under intimation of the Trustee.

### **9.2 Remuneration of the Management Company and Its Agents**

- 9.2.1 The Management Company shall be entitled to prescribe and receive maximum remuneration up to the maximum rate of remuneration permitted under the Regulations; it being further understood and agreed that the Management Company shall fix the rate of remuneration and shall intimate any change in the rate to the Trustee and the Unit Holders from time to time.
- 9.2.2 The remuneration shall begin to accrue from the close of the Initial Period. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.
- 9.2.3 The Management Company shall be entitled to draw accrued remuneration on a monthly basis from the Trust Property out of its accrued remuneration.
- 9.2.4 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 Trust. The Management Company shall not make any charge against the Unit Holder(s) or against the Trust Property or against the Distribution Account for its services or for its

expenses, except such expenses as are expressly authorized under the provisions of the Regulations and this Deed to be payable out of Trust Property.

9.2.5 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 provisions of this Deed.

9.2.6 The Management Company shall however not make any further charge against the Unit Holder(s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Deed to be payable out of Trust Property.

### **9.3 Remuneration of Trustee and Its Agents**

9.3.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with **Annexure “C”**. The remuneration shall begin to accrue following the expiry of the Initial Period. 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.

9.3.2 Such remuneration shall be paid to the Trustee in arrears within thirty (30) Business Days after the end of each calendar month.

9.3.3 In consideration of the foregoing and save as aforesaid and the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as Trustee of the Trust. The Trustee shall not make any charge against the Holders or against the Trust Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Regulations and the Constitutive Documents.

9.3.4 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission. However, any decrease in remuneration of the Trustee shall not require such approval.

### **9.4 Formation Cost and its treatment**

9.4.1 All expenses incurred in connection with the incorporation, establishment and registration of the Fund (formation cost) as per Regulations, shall be reimbursable by the Fund to the Management Company subject to audit of expenses. The said formation cost will be amortized by the Fund over a period of not less than five years.

9.4.2 Formation Cost will be amortized over a period not less than five years. .

9.4.3 The Formation Cost shall be reported by the Management Company to the Commission and the Trustee giving their break-up under separate heads, as soon as the distribution of the Units is completed.

9.4.4 Formation Cost shall be charged to the Scheme and shall not exceed one (1%) percent of Pre-IPO Capital or five million rupees, whichever is lower.

### **9.5 Other costs and expenses to be charged to and borne by the Trust**

The following costs and expenses shall be charged to and borne by the Trust:

- (a) Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property.
- (b) Legal and related costs incurred in protecting the interests of the Unit Holders of the Scheme.
- (c) Bank charges, borrowing and financial costs;
- (d) Auditors' fees and out of pocket expense billed by them.

- (e) Fees payable to the Commission.
- (f) Taxes, fees, and duties if any, applicable to the Scheme and its income and/or its properties.
- (g) Rating fees of the Scheme payable to the approved rating agency.
- (h) Charges and levies of stock exchanges, national clearing and settlement company, central depository company.
- (i) Listing fee payable to the Stock Exchange including renewals.
- (j) Expenses incurred by the Trustee in effecting registration of all registerable assets in the name of the Trustee;
- (k) Printing costs and related expenses for issuing the quarterly, half-yearly and annual reports etc of the Scheme.
- (l) Any other expenses or charge as may be allowed by the Commission.

## **10. Transactions with Connected Persons**

- I. The Management Company in relation to the Scheme shall not invest in any security of a company if any director or officer of the Management Company owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten per cent of those securities collectively.
- II. The Management Company on behalf of the Scheme shall not without the prior approval of the Commission in writing, purchase from, or sell to, any Connected Person or employee of the Management Company.
- III. For the purpose of sub-paragraphs (i) and (ii) above the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.
- IV. The Management Company on behalf of the Scheme shall not take Exposure of more than 10% of Net Assets of the Scheme in listed group companies of the Management Company and such Exposure shall only be made through the secondary market.
- V. All transaction carried out by or on behalf of the Scheme with Connected Person(s) shall be made as provided in the Constitutive Documents, and shall be disclosed in the Scheme's annual reports.
- VI. Cash forming part of the Deposited Property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits.
- VII. Money can be borrowed from the Trustee or any other institution provided that the charges are not higher than the normal bank charges.

## **11. Distribution Policy, Determination of Distributable Income and Date of Distribution**

### **11.1 Determination of Distributable Profits**

- 11.1.1 The Management Company shall decide, as soon as possible but not later than three months after the Accounting Date, or any other time stipulated under the Ordinance and/or the Regulations, whether to distribute among Holders, profits (if any) and shall advise the Trustee accordingly. Such profits may be distributed in cash, bonus units, or a combination of both as the Management Company may determine.
- 11.1.2 The profit (if any) available for distribution in respect of any Accounting Period shall be determined by the Management Company but shall not exceed the portion of Net Assets that is attributable to the sum total of:

- (a) the total income earned on the Trust Property during such Accounting Period including all amounts accrued in respect of dividend, mark up, profit, fee and any other income; and
- (b) net realized appreciation as set out in sub-clause 11.1.3 below,

from which shall be deducted expenses as set out in Clause 11.1.4 below, adjustment as set out in sub-clause 11.1.5 below and such other deductions and adjustments as the Management Company may determine in consultation with the Auditor, subject to the Regulations and the provisions of the Income Tax Ordinance and the Regulations hereunder.

- 11.1.3 The proceeds of sale 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 determining distributable income in terms of this Clause but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company after consulting the Auditor to be in the nature of the net realized appreciation may be included in determining distributable income to the Holders.
- 11.1.4 The amount qualifying for purposes of determining distributable income in respect of the relevant period shall be ascertained by deducting expenses as are admissible under the Regulations and this Deed.
- 11.1.5 The amount qualifying for purposes of determining distributable income 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 Investment cum-dividend, interest, profit or mark-up;
  - (b) addition of a sum representing amounts included in the price of Units for income accrued prior to the date of issue and deduction of a sum representing income distributed upon Redemption of Units during the relevant period;
  - (c) adjustment considered necessary by the Management Company to reflect the diminution in value of Trust Property.
- 11.1.6 Out of the amount determined for the purpose of distributable income in respect of each Holder withholding tax, Zakat or other statutory levies, as may be applicable to the relevant Holder shall be deducted before distribution for the relevant Holder.

The Management Company may decide to distribute in the interest of the Holders, wholly or in part the distributable profits in the form of a stock dividend, which would comprise bonus Units of the Scheme. The bonus Units would rank *pari passu* as to their rights in the Net Assets, earnings, and receipt of dividend and distribution with the existing Units from the date of issue of these bonus Units.

## **11.2 Distribution of Profits**

- 11.2.1 For each profit distribution, the Management Company shall instruct the Trustee to transfer such amount of cash as required to reflect 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 subject to clause 5.C.5 of this Deed.
- 11.2.2 After fixation of the rate of distribution per unit, distribution payments instruments shall be sent through the registered post or reliable courier service to the registered address of such Holder, or in the case of joint Holders to the registered address of the joint Holder, first named on the Register. Every such payment instruments shall be made payable to the order of person to whom it is delivered or sent and payment of the instruments (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the moneys payable. When an authority in that behalf shall have been received in such form as the

- Management Company shall consider sufficient, it shall transfer to the Holders' designated bank account or in case of joint Holder, to designated bank account of the joint Holder, first named in the Register. The receipt of funds by such designated bankers shall be a good discharge of Trustee's and the Management Company's responsibilities.
- 11.2.3 The Management Company may offer the Holder the option to receive new units or fractions thereof under cumulative investment instead of dividend payment, as per the terms and condition and the procedure laid down in the Offering Document.
- 11.2.4 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Holder the certificate in respect of such deductions in the prescribed form or in a form approved or acquired by the concerned authorities.
- 11.2.5 Where Units are placed under pledge/lien the payment of dividend will be made in accordance with Clause 29 of this Deed.

11.2.6 The Management Company may also distribute an amount, through cash dividend, bonus, combination of both or in any other form acceptable to the Commission, monthly, quarterly or interim dividend of the Fund to the Chief Executive Officer, provided that all other provisions of the NBFC Rules, NBFC & NE Regulations and Constitutive Documents of the Fund are complied with. However, the declaration of final dividend shall only be made by and with the approval of the Board of Directors.

## **12. Annual Accounting Period**

- 12.1 The Annual Accounting Period shall commence on July 1st of the calendar year and shall end on June 30th of the ensuing calendar year.
- 12.2 Accounting Date shall be the 30th day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.
- 12.3 Accounting Period shall be a period ending on and including an accounting date and commencing (in case of the first such period) on the date on which the fund property is first paid or transferred to the trustee and (in any other case) from 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 Authorized Investments may be denominated in Pakistani Rupee or (subject to applicable law) any other Foreign Currency.

## **14. Modification of the Trust Deed**

- 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 to the approval of the SECP. Provided that, the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules and Regulations 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 Holder(s) or operate to release the Trustee or the Management Company from any responsibility to the Unit Holder(s).
- 14.2 The amended or supplemented Deed shall be binding on the Unit Holder(s) from the date of such amended or supplemented Deed. Where this Deed has been amended or supplemented the Management Company shall notify the Unit Holder(s) immediately. Failure to notify the Unit Holder(s) immediately of any amended or supplemented Deed shall not prejudice the validity or enforceability of the amended or supplemented Deed

against the Unit Holder(s).

- 14.3 The Management Company may from time to time, with the consent of the Trustee, frame procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; provided that such procedures are not inconsistent with the provisions of this Deed or the Offering Document.
- 14.4 If the Commission modifies the Rules and Regulations to allow any relaxations or exemptions, these will be deemed to have been included in this Trust Deed without requiring any modification as such.
- 14.5 If, at any time, any Clause of this Trust Deed is, or becomes, in whole or in part, illegal, invalid or unenforceable under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Clauses of this Trust Deed, nor the legality, validity or enforceability of such Clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.

## **15. Termination and Liquidation of the Scheme**

- 15.1 The Management Company, subject to regulatory approval, may announce winding up of the Trust in the event redemption requests build up to a level where the Management Company (acting reasonably) is of the view that the disposal of the Trust Property to meet such redemptions would jeopardize the interests of the remaining Unit Holder(s) and that it would be in the best interest of all the Unit Holder(s) that the Trust be wound up.
- 15.2 The Trust may also be terminated by the SECP on the grounds given in the Rules and Regulations.
- 15.3 This Deed may be terminated in accordance with the conditions specified in the Rules and Regulations if there is a material breach of the provisions of this Deed or other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust.
- 15.4 Upon the Trust being terminated the Management Company shall suspend the Sale and Redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Trust Property and shall repay any financing obtained by the Trust together with any profit or other consideration remaining unpaid to the extent possible out of the Trust Property. The Trustee shall not be liable for shortfall, if any.
- 15.5 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holder(s) pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Trust Property after making payment as mentioned in Clause 15.4 above and retaining such sum as determined by the Management Company for all costs, charges, expenses, claims and demands. In case the sum so detained is not sufficient for meeting all cost, charges, expenses, claims and demands, the Trustee will not be liable for the shortfall, if any. However, in case there is any surplus left in the hands of the Trustee after meeting all cost, charges, expenses, claims and demands, the Trustee shall distribute the surplus to the Unit Holder(s) pro rata to the number of Units held by them.

## **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 any applicable Front-end Load, shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to this Deed including any Back-end Load but does not include any amount available for distribution in the Distribution Account.



- 16.2 The Trust Property shall initially be constituted out of the proceeds of the Units issued to the Core Investors and other Units issued during the Initial Offer 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 Holder(s) ranking *pari passu* inter se, according to the number of Units held by each Unit Holder(s) and in accordance with the provisions of the Regulations, applicable law 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 Investment shall be registered in the name of the Trustee and shall remain so registered until disposed off or transferred to new trustee pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration(s) shall be payable out of the Trust Property.
- 16.4 Except as specifically provided in this Trust Deed, 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 as directed by the Management Company, create or purport to create any mortgages, charges, liens or any other encumbrance whatsoever to secure any loan, guarantee or any other obligation actual or contingent incurred assumed or undertaken by the Trustee or the Custodian or any other person.
- 16.5 The Trustee shall have the sole responsibility for safekeeping and maintaining the Trust Property in its own name. In the event of any loss caused due to any negligence or willful act and/or omission, 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. However the trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 16.6 All cash forming part of the Trust Property shall be deposited by the Trustee in a separate bank account as directed by the Management Company to be opened in the name of the Trustee, as a nominee of the Unit Trust, with a Bank or Financial Institution having minimum investment grade rating by SECP approved credit rating agency. Such Bank or Financial Institution shall be required to allow profit thereon in accordance with the Regulations 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.

**17. Transactions relating to Investors (Unit Holder(s))**

- 17.1 The Trustee shall provide the Management Company Statements of all the Bank Accounts being operated by the Trustee for the Unit Trust. Such statements will be provided according to the requirements of the Management Company.
- 17.2 The Management Company shall also advise the Trustee on daily basis of the details of amounts to be paid to respective Unit Holder(s) against redemption requests, if any. Such payments shall be effected by the Trustee out of the accounts of the Unit Trust by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holder(s) or through any other mode(s) of payment subject to the Regulations or by dispatch of dividend cheques/ advice to the Unit Holder(s) by registered post at their respective addresses. Such dispatch shall constitute discharge of responsibilities of the Management Company and the Trustee in respect of such payment.
- 17.3 The Management Company may make arrangements through branches of banks to facilitate Issuance and Redemption of Units of the Unit Trust or may appoint Investment Facilitators for this purpose. A request for purchase of Units may also be made through the use of electronic means such as Internet or ATM facilities or Credit Card facilities. A request for redemption of Units may also be made through the ATM facility only when the relevant bank(s)/branch(es) have been instructed by the Management Company to accept Unit Holders' requests to redeem the Units. 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.

17.4 The Management Company shall, from time to time, advise the Trustee of the dividend distribution for the Unit Trust. The Trustee may establish a separate Bank Account for dividend distribution and transfer the amount payable as cash dividend to such Account after deducting such Taxes and Zakat as may be required under the law..

17.5 The Trustee shall pay to the Management Company's order such sums out of the sale proceeds of Units or the sums retained on the redemption of units as is representative of Front-end or Back-end Loads or charges or other recoveries that are specified in the Trust Deed or Offering Document.

## **18. Transactions relating to Investment Activity/Portfolio Management**

18.1 The Management Company shall, from time to time, instruct the Trustee of the settlement instructions relating to any investment/dis-investment transactions entered into by it on behalf of the respective Unit Trust. The Trustee shall carry out the settlements in accordance with the information/instruction given by the Management Company subject to the Regulations, the Trust Deed and the Offering Document. 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.

18.2 The Trustee shall ensure that where pertinent, payments against investments are made against delivery and vice versa.

18.3 The Management Company shall intimate the Trustee with regard to interest and other forms of income or inflows relating to the investments that are due to be received. Furthermore, the Trustee shall also report back to the Management Company any such amounts that are received on such accounts from time to time.

18.4 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. Voting Rights on Trust Property**

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

19.2 The Trustee shall upon written request by the Management Company and on account of the Trust Property, from time to time execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote, consent or otherwise act in respect of any investment in such form and in favor 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. The Management Company shall keep record stating the reasons for casting the vote in favor or against any resolution for a period of six years.

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

## **20. Change of the Management Company**

20.1 The SECP may either at its own or on the recommendation of the Trustee may remove the Management Company by giving at least ninety days notice for sub-clause (a) hereunder

and immediate notice for sub-clauses (b) and (c) hereunder in writing to the Management Company if any of the following 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 has gone into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation), or a receiver has been appointed over any of the assets of the Management Company; or
- c) the Management Company has become ineligible to act as the management company of the Trust under the provisions of the NBFC Regulations or any other law for time being in force.

Provided that any notice given to the Management Company shall not be construed as acceptance of such contravention or violation and the Management Company shall have the right to defend such action.

- 20.2 If the Commission at its own or on the recommendation of Trustee removes the Management Company under the provisions of the Rules and Regulations, the Commission shall appoint another asset management company as the management company for the Scheme according to the provisions of the Constitutive Documents and the Rules and Regulations.
- 20.3 The Management Company may voluntarily retire at any time with the prior written consent of the Commission and at least ninety (90) days prior notice to the Trustee.
- 20.4 Upon a new management company being appointed the Management Company will take immediate steps to hand over all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee. The Management Company shall have the right to receive its remuneration up to the effective date of removal or retirement.
- 20.5 Upon its appointment the new management company shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 20.6 Furthermore, the Trustee may immediately in case of retirement, removal or cancellation of license of Management Company appoint auditors with the consent of the Commission from amongst the panel of auditors designated as "A" Category by State Bank of Pakistan for the audit of financial institutions. The Trustee shall ensure that accounts of the Fund till the day of the appointment of the new management company are audited by such Auditor.
- 20.7 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 20.8 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 Commission.
- 20.9 The audit report for the audit shall be submitted by the auditors to the Trustee not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, Management Company and the new Management Company.
- 20.10 The costs of audit shall be shared equally by the outgoing Management Company, the new Management Company and the Fund.

## **21. Change of Trustee**

- 21.1 The Trustee may retire voluntarily in accordance with and subject to the conditions of Clause 4.5 herein above.

- 21.2 In circumstances where the Commission is of the opinion that Trustee has been in violation of the Regulations or this Trust Deed or found guilty of misconduct or failed to discharge its obligations under the Regulations, it may remove the Trustee after giving an opportunity of being heard.
- 21.3 The Management Company may, giving cogent reasons, apply to the Commission for change of the Trustee by simultaneously proposing appointment of a new trustee. A new trustee shall be appointed when the Commission is satisfied with the circumstances and reasons for this change and accords approval for appointment of such a new trustee.
- 21.4 Upon the appointment of a new trustee the Trustee shall immediately hand over all the documents and records to the new trustee and shall transfer all the Trust Property and any amount held in any Distribution Account to the new trustee and make payments to the new trustee of all sums due from the Trustee. The Trustee shall have the right to receive its remuneration up to the effective date of removal or retirement.
- 21.5 The new trustee shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.
- 21.6 The Management Company may immediately in case of retirement or removal of Trustee appoint auditors with the consent of the Commission from amongst the panel of auditors designated as "A" Category by State Bank of Pakistan for the audit of financial institutions. The Management Company shall ensure that accounts of the Fund till the day of the appointment of the new trustee are audited by such Auditor.
- 21.7 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 21.8 The auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Management Company or Commission.
- 21.9 The audit report for the audit shall be submitted by the auditors to the Management Company not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, the Trustee and the new trustee.
- 21.10 The costs of audit shall be shared equally by the outgoing Trustee, the new trustee and the Fund.

## 22. Units

- 22.1 The Management Company may issue following classes and types of Units to Holders:

**Classes of Units:** Units may be charged with no Sales Load, Front-end Load, Back-end Load and or any combination of the foregoing from time to time. The Management Company shall identify each such type of Units in such manner as it thinks fit as Class 'A', Class 'B' and so on and so forth.

**Types of Units:** The types of Unit(s) shall consist of growth Units and income Units. Details regarding each type of units will be given in the Offering Document.

- 22.2 The Core Units issued at Par Value to Core Investors shall not be redeemable for a period of two years from the date of such subscription. Such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee. Such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. Details of the Core Investors shall be included in the Offering Documents to be issued for this Trust.
- 22.3 Subject to the terms of this Deed, all Units and fractions thereof represent an undivided share in the Trust Property and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions.

- 22.4 Irrespective of the different classes of Units issued, all Units issued from time to time shall rank pari passu inter se and shall have such rights as are set out in this Deed and the Offering Documents. The liability of the Holders shall be limited to the Offer Price paid for Units.
- 22.5 The Units issued with differing classes may have differing quantum of the Front-end Load added to the Net Asset Value to determine the Offer Price and differing level of Back-end Load deducted for determining the Redemption Price.
- 22.6 After the Initial Offer, the Offer Price shall be determined from time to time pursuant to sub-clause 7.2 of this Deed and the Regulations.
- 22.7 By a deed supplemental to this Trust 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 Holder subdivide or consolidate the whole or any part of the Units of the same class and the Holder shall be bound accordingly. The Management Company shall require in such notice that each 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.

### **23. Issue of Units**

- 23.1 The Management Company shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Units and for the issue, publication or circulation of the Offering Documents.
- 23.2 Except as provided herein the Units shall be offered at the authorized offices or branches of the Distribution Company on all Dealing Days.
- 23.3 Application for issuance of Units shall be made by completing the prescribed application form and submitting it with the payment by cheque or bank draft, pay order, credit card etc. in favor of the Trustee and crossed “**Account Payee Only**” at the authorized branch or office of any Distribution Company. The application for issuance of the Units and the specimen signature of each Holder shall be retained by the relevant Distribution Company with copies supplied to the Transfer Agent, if so required by the Management Company. The Distribution Company shall verify the particulars given in the application for issuance of Units and the documents submitted therewith and ensure that the signature of any Holder or joint Holder to any document required to be signed by him under or in connection with the application for issue of Units are verified to reasonable satisfaction.
- 23.4 Each Unit Holder(s) shall be liable to pay the Purchase (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 in fractions upto four decimal points, only against receipt of full payment.
- 23.5 An application for purchase of Units shall be deemed to have been made in accordance with the provisions of the Offering Document, if the Account Holder / Unit Holder authorize automatic issuance of Units under certain circumstances.

### **24. Issue and Redemption of Units outside Pakistan**

- 24.1 Subject to foreign 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 person(s) 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 herein before provided a further amount sufficient to cover any currency exchange fluctuation, any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.
- 24.2 In the event that the Redemption Price for Units is paid in any country outside Pakistan, the price at which such Units may be redeemed may, at the discretion of the Management

Company, include as a deduction to the Redemption Price as hereinbefore provided a future amount sufficient to cover any currency exchange fluctuation and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such payment or redemption.

- 24.3 The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the Purchase 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. Register of Unit Holder(s)**

- 25.1 The Register shall be maintained by the Transfer Agent at such a place as is agreed by the Management Company. The Management Company shall ensure that Transfer Agent shall comply with all relevant provisions of the Constitutive Documents and the Regulations and inform the commission of the address where the register is kept.

- 25.2 The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto, except when the Register is closed in accordance with the provisions of this Trust Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the Offering Document and for a period of at least two hours in each Dealing Day) be open in legible form to the inspection of any Holder without charge.

- 25.3 The Transfer Agent shall, within seven (7) working days of receiving a written request from any Unit Holder(s), post (or send by courier or through electronic means) to such Unit Holder(s) details of such Units Holder's account in the Register.

- 25.4 The Register shall contain the following information in respect of each class and type of Units:

- (a) Full names, father's/husband's name and addresses of each Holder and joint Unit Holder(s);
- (b) National Identity Card Number, registration number or any other identification number in case of foreign holders;
- (c) Nationality;
- (d) Number of Units/Certificate held;
- (e) The date on which the name of every Unit Holder was entered in respect of the Units standing in his name;
- (f) The date on which any transfer or redemption is registered with Certificate number, if any;
- (g) Information about lien, pledge or charge of Units;
- (h) Information about verification of redemption/transfer Forms;
- (i) Tax and Zakat status of Holder;
- (j) Information about nominees;
- (k) Record of signature of Holder; and
- (l) Such other information as the Management Company may require.

- 25.5 The Register shall be conclusive evidence as to the title of each Holder to the Units and the number of Units held by each Holder.
- 25.6 Any change of name or address of any Holder shall forthwith be notified in writing to the Distribution Company who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall forward the particulars to the Transfer Agent who on being satisfied with the compliance of formalities shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue where necessary a new Certificate to such Holder.
- 25.7 The Transfer Agent shall not register more than four joint Holders for a Unit. In case of the death of any one of the joint Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Holders. Provided however, the Transfer Agent 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.
- 25.8 A body corporate may be registered as a Holder or as one of the joint Holders.
- 25.9 ~~The Register may be closed under intimation to the Trustee for such period as the Management Company may from time to time determine and after giving at least fourteen (14) calendar days notice to the unit holders, provided that the time period for closure of register for dividend declaration shall not exceed six (6) working days at a time and whole forty five days in a year. However, during such closure period, the Management Company may authorize the Transfer Agent to record a lien on any or all Units held by Unit Holder(s) in favor of a third party at the request of such Unit Holder(s) or Joint Unit Holder(s) as the case may be.~~ The Register may be closed with intimation to the Trustee for such period as the Management Company of the Fund may from time to time determine and after giving prior notice to Unit – Holders, provided that it is not closed for more than six working days at a time and forty five days in any calendar year. During the closure period, application for sales, redemptions or transfers will not be received.
- 25.10 The Holder shall be the only person to be recognized by the Trustee and the Management Company as having any right, title or interest in or to such Units and the Trustee and the Management Company may recognize the Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see the execution of any trust except where required by any court of competent jurisdiction.
- 25.11 In the event of the demise of the Holder, his/her executors or administrators or succession certificate holders of deceased Holder (not being one of several joint Holders) shall be the only persons recognized by the Trustee and the Management Company as having right, title or interest in or to the Units represented thereby. In the event of the demise of a joint Holder, the survivor shall be the only person recognized by the Trustee and the Management Company as having right, title or interest in or to the Units represented thereby, provided the Units are purchased on *either or survivor* basis.
- 25.12 Any person becoming entitled to a Unit in consequence of the death or bankruptcy/insolvency of any sole Holder or of the survivor of joint Holders may subject to as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Unit upon giving the Trustee/Distribution Company such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Trust Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy/insolvency had not occurred and such notice or transfer was a transfer executed by the Holder. Provided however, the Management Company / Registrar 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 herein before contained entitled to be registered as the 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 endeavor 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 express 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, 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 Holder at the time of application or at any later stage and upon payment of a fee not exceeding Rs. 25/- (Rupees Twenty Five only) per Certificate of any denomination, subject to revision of fee from time to time by the Management Company. The proceeds of such fee will accrue to the Management Company.
- 26.3 Certificates shall only be issued for Units that have been fully paid, in such denomination as may be required by the Holder. Separate Certificates shall be issued for each class of Units.
- 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 Holder or his duly authorized nominee at his own risk by registered post, by courier service or may be collected by the Holder from the Distribution Company
- 26.5 In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Holders and delivery of such Certificate to the Holders named first therein shall constitute sufficient delivery to all joint Holders. All payments required under this Trust Deed (i.e. redemption and dividend) shall be made to first named joint Unit Holder.
- 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 and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the 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 approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Management Company by a duly authorized officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Transfer Agent, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificate so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, the Management Company, Transfer Agent or any authorized signatory.

## **27. Replacement of Certificates**

- 27.1 Subject to the provisions of this Trust 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 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 shall be lost, mutilated, defaced or destroyed, the Transfer Agent with the approval of the Management Company may issue to the person entitled a new certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have: (i) returned the mutilated or defaced Certificate or furnished to the Distribution Company/Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate; (ii) paid the expenses incurred in connection with the investigation of the facts; (iii) in the case of joint Holders obtained the written consent of the joint Holders for issuance of such new certificates; and (iv) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Company/Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause. 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 Distribution Company / Transfer Agent may require from the applicant for the Certificate the payment to it of a fee of Rs. 25/- (Twenty Five 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 Unit Holder(s) may, subject to the law, transfer any Units held by them to any other account holder(s). The transfer shall be carried out after the Transfer Agent has satisfied himself that all the requisite formalities including the payment of any taxes have been completed and has recovered the fee prescribed for the service. A Unit shall be transferable only in its entirety.
- 28.2 Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the register on respect thereof. 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 Certificates where the Certificates have been lost or destroyed, subject to compliance by the transferor with like requirements to those arising in the case of an application by him for the replacement thereof as provided in clause 28 of the Trust Deed. The Transfer Agent shall retain all instruments of transfer.
- 28.3 Transfer of Units to successors in case of inheritance or distribution of the estate of a deceased Unit Holder shall be processed by the Transfer Agent after satisfying himself as to all legal requirements. The processing fee, legal costs and taxes etc., if any, shall be borne and paid by the transferees.
- 28.4 The Distribution Company/Transfer Agent with the prior approval of the Management Company shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiry of twelve years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of ten 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 ten years from termination of the Trust The Trustee or the Management Company or the Distribution Company/ Transfer Agent shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favor of the Trustee or the Management Company or the Distribution Company/ Transfer Agent that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Distribution Company/Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly registered by the Trustee or the Management Company or the Distribution Company/Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled; provided always that: (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without

notice of any claim (regardless of the parties thereof) to which the document may be relevant; (ii) nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Distribution Company/ Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and (iii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

- 28.5 The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee (which consent shall not be unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law.
- 28.6 A Unit Holder may merge the Units when he/she has invested with two folio/registration numbers and wishes to merge both the Units into one registration number. The Transfer Agent shall carry out the merger after satisfying himself that all the requisite formalities have been completed and payment of applicable taxes and fee, if any, have been received.
- 28.7 A Unit Holder may convert the Units held by him in a Unit Trust Scheme or options (Income Unit to Growth Unit and vice versa) managed by the Management Company into Units of another Unit Trust Scheme or options managed by the Management Company. The Transfer Agent shall carry out the conversion after satisfying himself that all the requisite formalities have been fulfilled and payment of the applicable taxes and fees, if any, has been received. The Management Company may impose a time limit before which conversion may not be allowed.

## **29. Pledge/Lien of Units**

- 29.1 Any Unit Holder or all the joint Holders of a Unit or types of Units may request the Transfer Agent to record pledge or lien on all or any of his/ their Units in favor of a third party legally entitled to invest in such units in its own right. The Registrar shall register a lien on any Units in favor of the third party, with the specific authority of the Management Company, as security for any debt owed to any third party. Any charges, duties, levies etc. applicable on such pledge/lien will be borne by the pledgor.
- 29.2 The lien once registered shall be removed by the written authority of the party in whose favor the lien has been registered or through an order of the competent court. Neither the Trustee nor the Management Company nor the Transfer Agent shall be liable for ensuring the validity of any such pledge/lien/charge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/lien/charge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Transfer Agent take any responsibility in this matter.
- 29.3 Save any legal bar or court order requiring otherwise, any dividends that are declared on the pledged Units shall be made to the order of the Unit Holder. However, any units issued on reinvestments or bonus Units that the pledged Units are entitled to, shall automatically be marked under the lien or pledge. In the event the pledged Units are redeemed for any reason, the redemption proceeds of the Units under lien/pledge/charge shall be paid to the Pledge/Lien/Charge Holder

## **30. Audit**

- 30.1 The Management Company shall at the establishment of the Scheme and with the consent of the Trustee, appoint an Auditor, a firm of chartered accountants who shall be independent of the auditor of the Management Company and the Trustee and such Auditor shall not be appointed for more than five consecutive years or any other period as stipulated under the Regulations and/or Ordinance, as amended from time to time. The Management Company may at any time, with concurrence of the Trustee, remove the Auditor and appoint another Auditor in its place.
- 30.2 The Auditor shall hold office until transmission of the annual report and accounts but may be reappointed. The first Auditor shall be A. F. Ferguson & Co., Chartered Accountants.
- 30.3 The following persons shall not qualify to be the Auditor of the Trust:
- (a) a person who is or at any time during the preceding three years was a director, officer or employee of the Management Company or the Trustee;

- (b) a person who is a partner of, or in employment of a director, officer, employee, or Connected Person of the Management Company or Trustee;
  - (c) the spouse of a director of the Management Company or Trustee;
  - (d) a person who is indebted to the Management Company or Trustee; and
  - (e) a body corporate.
- 30.4 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 30.5 The Auditor shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Transfer Agent, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 30.6 The Auditor shall prepare a written report to the Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other documents forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.
- 30.7 The contents of the Auditor's report shall be as required in the Regulations.

### **31. Arbitration**

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

## 32. Confidentiality

The Trustee and the Management Company and every director or officer of the Trustee and the Management Company who are in any way engaged in the business of the Trust and all persons employed or engaged by the Trustee or the Management Company in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Trust, its Holders and all matters relating thereto and shall not disclose any information or document which may come to their knowledge or possession in the discharge of their duties except when required to do so in the ordinary course of performance of their 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 Holder shall be deemed to have been duly given if sent by post, by courier, email or any other electronic medium or left at his address as appearing in the Register. Any notice so served by post/courier shall be deemed to have been served on the day following that on which the letter containing the same is posted/sent by courier, and in proving such service, it shall be sufficient to prove that such letter was properly addressed, stamped (if required) and posted/sent by courier.

- (a) The Management Company shall advertise any such notice in newspapers in which prices of Units are published.
- (b) Service of a notice or document on any one of several joint Holders shall be deemed effective service on the other joint Holders.
- (c) Any notice or document sent by post to or left at the registered address of a Holder shall notwithstanding that such Holder be then dead or bankrupt/insolvent and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

33.2 A copy of this Trust Deed and of any such supplemental deed shall be made available for inspection at the respective Head Offices of the Trustee and the Management Company at all times during usual business hours and shall be supplied by the Management Company to any person on application at a charge of Rs.50/- (Rupees Fifty) per copy or at such rate as determined from time to time by the Management Company.

## 34. Definitions

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

34.1 **“Accounting Date”** means the thirtieth day of June in each year and any interim date on which the financial statements of the Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income Tax may change such date to any other date and such change shall be intimated to the Commission.

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 on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the next day of the preceding Accounting Period.

34.3 **“Annual Accounting Period” or “Financial Year”** means the period commence on 1st July and shall end on 30th June of the succeeding calendar year.

**“Asset Management Company”** means an asset management company as defined in the Rules and Regulations.

34.4 **“Auditor”** means the Auditor of the Trust appointed by the Management Company, with the consent of the Trustee, as per the Regulations.

- 34.5 **“Authorized Branches”** means those Branches of Distributors or Distribution Companies which are allowed by the Management Company to deal in Units of the Funds managed by the Management Company.
- 34.6 **“Authorized Broker”** means those Brokers which are authorized to deal in Government Securities.
- 34.7 **“Authorized Investments”** means:
- (a) securities issued by the Federal Government and entities owned/controlled/managed by the Federal Government, and by Provincial Governments and Local Governments (provided that the debt securities issued by the Local Governments are guaranteed by Federal Government);
  - (b) deposits in scheduled banks/DFIs carrying a minimum rating of AA;
  - (c) Reverse Repo transactions against securities issued by the government or government managed/controlled/owned entities;
  - (d) other money market instruments issued by the government or government managed/controlled/owned entities. These may include:
    - Secured and unsecured, listed or privately placed debt securities issued by Federal Government;
    - Secured and unsecured, listed or privately placed debt securities issued by Provincial government;
    - Secured and unsecured, listed or privately placed debt securities issued by local government guaranteed by Federal Government;
    - Secured and unsecured, listed or privately placed debt securities issued by Government owned/controlled/managed entities;
    - Lending to scheduled banks/DFIs carrying a minimum credit rating of AA from a duly approved credit rating agency;
    - Certificate of Deposits (CODs) and certificate of Musharakas (COMs) with NBFC and Modaraba carrying rating not lower than AAA
    - “Reverse REPO” against Government Securities or such other securities, in accordance with the Regulations, as may be allowed to Collective Investment Scheme from time to time;
    - Investment in foreign fixed income securities issued by government or government managed/controlled/owned entities, in line with Investment Objectives and Policy of the Fund subject to necessary regulatory approvals;
    - Deposits with scheduled banks/DFIs, carrying a minimum credit rating of AA from a duly approved credit rating agency, in currencies other than the Pakistani Rupee subject to necessary regulatory approvals;
    - Any other money market/ fixed income security and/or instrument issued by any government or government managed/controlled/owned entity that may be allowed under the regulatory framework from time to time; and
    - Any investment, which may be authorized by the Commission but does not include restricted investments.
- 34.8 **“Back-end Load”** means Sales Load deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of units, as may be determined by the Management Company and it shall be part of the Trust Property.
- 34.9 **“Bank”** means institution(s) providing banking services under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.

- 34.10 **“Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 34.11 **“Broker”** means any person engaged in the business of effecting transactions in securities for the account of others.
- 34.12 **“Business Day”** means any day (business hours thereof) on which scheduled banks are open for business in Pakistan.
- 34.13 **“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Trust Deed.
- 34.14 **“Connected Person”** shall have the same meaning as in the Rules and Regulations.
- 34.15 **“Constitutive Documents”** means this Trust Deed that is the principal document governing the formation, management and operation of the Trust, the Offering Document and all material agreements in relation to the Trust.
- 34.16 **“Core Investors”** of the Scheme shall be such initial Investors whose subscription shall in aggregate be in compliance of the requirements of the Regulations. The Core Investors shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.
- 34.17 **“Core Units”** means such Units of the Scheme that are issued to Core Investors at Par Value with the condition that the Units are not redeemable for a period of two years from the date of issue. However, such Units are transferable with this condition and shall rank pari passu with all other Units save for this restriction. Any transfer of Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee.
- 34.18 **“Custodian”** means a Bank, a Depository or an Investment Finance Company licensed under the Regulations, which may be 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 Fund.
- 34.19 **“Dealing Day”** means every Business Day from Monday to ~~Friday-Saturday~~ of every week but does not include a day on which scheduled banks in Pakistan are closed. Units will be available for dealing (purchase, redemption, transfer, switching etc.) on Dealing Days. The cut-off timings for issuance, redemption, and conversion etc. of units of the Scheme will be ~~.upto 4:30 P.M. on all Dealing Days~~ disclosed in Offering Document of the Fund. Provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in two widely circulated English or Urdu newspapers in Pakistan declare any particular Business Day(s) not to be a Dealing Day(s).
- 34.20 **“Distribution Account”** means the Bank 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 Holder(s) shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).
- 34.21 **“Distributor / Distribution Company”** means Company(ies), Firm(s), Sole Proprietorship concern(s), individual(s), Central Depository Company or any other Financial Institution appointed by the Management Company under intimation to the Trustee for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.
- 34.22 **“Distribution Function”** means the functions with regard to:
- a. receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;

- b. issuing receipts in respect of (a) above;
  - c. interfacing with and providing services to the Holders including receiving redemption/transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
  - d. accounting to the Management Company for all: (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 Function.
  - e. the above functions may be performed electronically, if appropriate systems are in place.
- 34.23 **“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 increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.
- 34.24 **“Federal Government”** means the Federal Government of Islamic Republic of Pakistan.
- 34.25 **“Financial Institution”** means a Bank, Development Finance Institution, Non Banking Finance Company, Modaraba or an institution registered under relevant laws to provide financial services within or outside Pakistan.
- 34.26 **“Formation Cost”** means preliminary expenses relating to regulatory and registration fees of the Scheme, flotation expenses of the Scheme, expenses relating to authorization of the Scheme, execution and registration of the Constitutive Documents, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Scheme and all other expenses incurred until the end of the Initial Period.
- 34.27 **“Front-end Load”** means the Sales Load which may be included in the Offer Price of the Units; provided however that different levels of Front-end Load may be applied to different investors, as determined by the Management Company.
- 34.28 **“Government Securities”** means debt securities issued by Federal Government, entities owned/controlled/managed by the Federal Government, Provincial Governments and Local Governments provided that the debt securities issued by the Local Governments are guaranteed by Federal Government and any other security as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.
- 34.29 **“Holder”** or **“Unit Holder”** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of this Trust Deed.
- 34.30 **“Initial Period”** means a period determined by the Management Company not exceeding ninety days from the date of approval of the Offering Document during which Units will be offered at the Initial Price as per the Offering Document.
- 34.31 **“Initial Price”** means the price per Unit during the Initial Period determined by the Management Company.
- 34.32 **“Investment”** means any Authorized Investment forming part of the Trust Property.
- 34.33 **“Investment Facilitators/Advisors/Sales Agents”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Management Company shall compensate the

- Investment Facilitators/Sales Agents out of the Sales Load collected by it in the Offer Price and /or Management Fee.
- 34.34 **“Local Governments”** mean the all the local / city governments in Pakistan.
- 34.35 **“Management Company”** is defined in clause 2 of this Deed;
- 34.36 **“Net Assets”**, in relation to the Trust, means the excess of assets over liabilities of the Scheme as calculated in accordance with Clause 66 of the Regulations.
- 34.37 **“Net Asset Value” or “NAV”** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 34.38 **“Offer Price” or “Purchase Price”** means the sum to be paid by investor(s) for the purchase of one Unit of the Scheme. Such price is to be determined in accordance with Clause 7.2 of this Trust Deed.
- 34.39 **“Offering Document”** means the prospectus or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules and Regulations and is circulated to invite offers by the public to invest in the Scheme.
- 34.40 **“On-line”** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 34.41 **“Ordinance”** means the Companies Ordinance, 1984.
- 34.42 **“Par Value”** means the face value of a Unit as defined in the Offering Documents of the Trust.
- 34.43 **“Profit Distribution Date”** means the date on which the Management Company decides to distribute the profits (if any).
- 34.44 **“Provincial Governments”** mean the Provincial Governments of the provinces of Pakistan.
- 34.45 **“Redemption Account”** means the Bank Account(s) (which may be a current, saving or deposit account(s)) maintained by the Trustee with Bank(s) having investment grade rating and approved by the Management Company in which the amount required for redemption of Units to the Holders may be transferred.
- 34.46 **“Redemption Price”** means the amount to be paid to the relevant Unit Holder(s) upon redemption of that Unit, such amount to be determined pursuant to Clause 7.4 of this Trust Deed.
- 34.47 **“Register”** means the Register of the Unit Holder(s) kept pursuant to the Regulations and this Trust Deed.
- 34.48 **“Registrar Functions”** means the functions with regard to:
- a) maintaining the Register, including keeping a record of change of addresses/other particulars of the Unit Holder(s);
  - b) issuing account statements to the Unit Holder(s);
  - c) issuing Certificates;
  - d) canceling old Certificates on redemption or replacement thereof;



- e) processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holder(s);
- f) issuing and dispatching of Certificates;
- g) Dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h) Receiving applications for redemption and transfer/transmission of Units directly from Holder or legal representatives or through Distributor; and
- i) Maintaining record of lien/pledge/charge on units, transfer/switching of units, Zakat.

34.49 **“Regulations”** mean Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Schedules and Forms attached to it.

34.50 **“Rules”** mean Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended from time to time.

34.51 **“Sales Load”** means the charge or commission (excluding Duties and Charges) not exceeding 5% of Net Asset Value and includes the Front-end Load and the Back-end Load as determined by Management Company.

34.52 **“SECP”** or **“Commission”** means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission of Pakistan Act, 1997 and shall include its successor.

34.53 **“Stock Exchange”** means a Stock Exchange registered under the Securities and Exchange Ordinance, 1969.

34.54 **“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 Trust’s portfolio, *inter alia*, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.

34.55 **“Transfer Agent”** means a company including a Bank that the Management Company shall appoint for performing the Registrar Functions. The Management Company may itself perform the Registrar Function.

34.56 **“Trust”** or **“Unit Trust”** or **“Fund”** or **“NAFA GOVERNMENT SECURITIES LIQUID FUND”** or **“NGSLF”** or **“Scheme”** means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units of the Trust.

34.57 **“Trust Deed”** or **“Deed”** means this trust deed executed between the Management Company and the Trustee along with all the exhibits appended hereto.

34.58 **“Trust Property”** The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, and after deducting there from any applicable Front-end Load, shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to this Deed including any Back-end Load but does not include any amount available for distribution in the Distribution Account.

34.59 **“Trustee”** is defined in clause 2 of this Deed.

34.60 **“Unit”** means one undivided share in the Trust, and where the context so indicates, a fraction thereof.

34.61 **“Zakat”** has the same meaning as in Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

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

**IN WITNESS WHEREOF THIS TRUST DEED** has been executed at the date mentioned herein above.

**The Common Seal of National Fullerton Asset Management Limited was hereunto affixed in the presence of:**

**WITNESSES:**

1. \_\_\_\_\_

1. Name: \_\_\_\_\_

Signature: \_\_\_\_\_

NIC No.: \_\_\_\_\_

2. \_\_\_\_\_

2. Name: \_\_\_\_\_

Signature: \_\_\_\_\_

NIC No: \_\_\_\_\_

**FOR CENTRAL DEPOSITORY  
COMPANY OF PAKISTAN  
LIMITED**

**WITNESSES:**

1. \_\_\_\_\_

1. Name: \_\_\_\_\_

Signature: \_\_\_\_\_

NIC No.: \_\_\_\_\_

2. \_\_\_\_\_

2. Name: \_\_\_\_\_

Signature: \_\_\_\_\_

NIC No: \_\_\_\_\_

**ANNEXURE 'C'**

**REMUNERATION OF TRUSTEE AND ITS AGENT**

Net Assets	Tariff
Up to Rupees one billion	Rupees 0.7 million or 0.15% p.a. of net asset, whichever is higher
Exceeding Rupees one billion	Rupees 1.5 million plus 0.075% p.a. of net assets on amount exceeding Rs. 1 billion.