

TRUST DEED

of

**UBL Government Securities Fund
(UGSF)**

(INCOME SCHEME)

between

UBL Fund Managers Limited (UBL Funds)

and

Central Depository Company of Pakistan Limited

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TRUST DEED

Constituting
UBL Government Securities Fund
(Income Scheme)

Managed by
UBL FUND MANAGERS LIMITED

Trustee
CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

This Trust Deed is made and entered into at Karachi, on this 19th day of May, 2011.

1. NAME AND CATEGORY OF THE COLLECTIVE INVESTMENT SCHEME

The name of the Fund is “UBL Government Securities Fund” (UGSF), which is an open-end Income Scheme.

2. PARTICIPATING PARTIES

UBL FUND MANAGERS LIMITED, a company incorporated under the Companies Ordinance, 1984, with its registered office at 8th Floor, State Life Building No.1, I. I. Chundrigar Road, Karachi and Corporate Office at 8th Floor, Executive Tower, Dolmen City, Block 4, Clifton, Karachi, Pakistan (hereinafter called the “**Management Company**”, which expression, where the context so permits, shall include its successors-in-interest and assigns), of the one part; and

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED, a company incorporated under the Companies Ordinance, 1984 and registered with the Securities and Exchange Commission of Pakistan as a central depository company, with its registered office at CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi (hereinafter called the “**Trustee**”, which expression, where the context so permits, shall include its successors-in-interest and assigns), of the other part.

WHEREAS:

- A.** The Management Company is engaged in the business of providing asset management and investment advisory services and has been licensed by the Commission under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through license No. NBFC-II/03/UBLFM/AMS/02/2011 dated January 13, 2011 and NBFC-II/04/UBLFM/IAS/02/2011 dated January 13, 2011 (appended hereto as Annexure “A”) to provide asset management services.
- B.** The Management Company has been allowed by the Commission vide its letter No. NBFC/MF-RS/UGSF/2011/216 dated May 16, 2011 (appended hereto as Annexure

“B”) to constitute the Fund under the name and title of “UBL Government Securities Fund” and to register this Trust Deed, pending registration of the Fund under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

- C. The Management Company has nominated and appointed the CDC as trustee of the Fund, and the Trustee has accepted such appointment upon the terms and conditions herein contained and the tariff structure for trusteeship contained in Annexure “C”.
- D. The Commission has approved the appointment of the Trustee as trustee of the Fund through letter No. NBFC/MF-RS/UGSF/2011/217 dated May 16, 2011 (appended hereto as Annexure “D”).

NOW, THEREFORE, THIS TRUST DEED WITNESSETH AND IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

3. DEFINITIONS

- 3.1 Unless the context requires otherwise, in this Trust Deed (including in its Recitals) the following words or expressions shall have the meaning respectively assigned to them:
 - 3.1.1 “**Accounting Date**” means the thirtieth day of June in each year or such other date that may be determined by the Management Company with the written consent of the Trustee and after obtaining prior approval of the Commission and Commissioner of Income Tax.
 - 3.1.2 “**Accounting Period**” means a period ending on an Accounting Date and commencing, in case of the first such period, from the date on which the Fund Property is first paid or transferred to the Trustee and, in any other case, from the day after the preceding Accounting Period.
 - 3.1.3 “**Account Statement**” means a statement of transactions in Units in the account of a Unit Holder.
 - 3.1.4 “**Administrative Plan**” means any investment plan offered by the Management Company from time to time, subject to prior approval of SECP, that allows investors a focused investment strategy in any one or a combination of Open-end Collective Investment Scheme(s) managed by the Management Company that have a common Trustee.
 - 3.1.5 “**Annexure**” means an annexure to this Trust Deed.
 - 3.1.6 “**Annual Fee**” means any fee payable to the Commission under the Regulations.

- 3.1.7 “**Auditor**” means a firm of Chartered Accountants that is appointed by the Management Company with the consent of Trustee, as the auditor of the Fund.
- 3.1.8 “**Authorised Branch**” means any branch of a Distributor/ Distribution Company which has been from time to time authorised by the Management Company under intimation to the Trustee to perform the Distribution Function and whose address has been given in the Offering Document and on the website of the Management Company.
- 3.1.9 “**Authorised Investments**” means:
- (a) Government Securities as defined in the Regulations;
 - (b) “Reverse REPO” against Government Securities;
 - (c) Deposits with scheduled Banks and cash in bank account;
- 3.1.10 “**Back-end Load**” means the charge (excluding Duties and Charges) not exceeding five (5) percent of the Net Asset Value deducted from the Net Asset Value in determining the Redemption Price. Any Back-end Load charged shall become part of the Fund Property.
- 3.1.11 “**Bank**” means a banking company licenced under the Banking Companies Ordinance, 1962 or any other law for the time being in force or, if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 3.1.12 “**Bank Accounts**” means those accounts with Banks in the name of the Trustee the beneficial ownership of which vests with the Unit Holders.
- 3.1.13 “**Base Currency**” means the currency used in transacting and the pricing of Units and presenting the financial statements of the Fund, which shall be the Pakistani Rupee (PKR).
- 3.1.14 “**Bonus Units**” means the Units issued instead of cash dividend on distribution of the distributable income.
- 3.1.15 “**Business Day**” means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which the SBP is closed for business.
- 3.1.16 “**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.

- 3.1.17 “**Commission**” or “SECP” means the Securities and Exchange Commission of Pakistan (SECP).
- 3.1.18 “**Companies Ordinance**” means the Companies Ordinance, 1984, as amended or substituted from time to time.
- 3.1.19 “**Connected Person**” shall have the same meaning as given in the Rules.
- 3.1.20 “**Constitutive Documents**” means this Trust Deed which is the principal document governing the formation, management and operation of the Trust, the Offering Document and all other related material agreements.
- 3.1.21 “**Core Investor**” means any investor, who subscribes to and holds Core Units. Particulars of the Core Investors shall be included in the Offering Document.
- 3.1.22 “**Core Units**” means such Units of the Scheme that are issued to Core Investors at Par Value with the condition that these are not redeemable for a period of two (2) years from the close of Initial Offering Period. However, such restricted 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 period starting from their issue till the close of two (2) years from Initial Offering Period, shall be affected only on the receipt by the Registrar/Transfer Agent of a written acceptance of this condition by the transferee. Particulars of the Core Investor(s) shall be included in the Offering Document that shall be issued for this Trust.
- 3.1.23 “**Custodian**” means a company which comes within the meaning of “custodian” as defined in the Rules and which for the time being may be appointed by the Trustee, with the approval of the Management Company, to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee. The Trustee may also itself be a Custodian and provide custodial services for the Fund at competitive terms as part of the normal line of its business.
- 3.1.24 “**Cut-Off Time**” means the time specified in the Offering Document by the Management Company and communicated to the Trustee and the Unit Holders before which unit transactions for issue, redemption, conversion, transfer, pledge/lien etc. on a Business Day will be allowed.
- 3.1.25 “**Distribution Account**” means the Bank Account, which may be a current, savings or deposit account maintained by the Trustee with a scheduled commercial bank, with a minimum rating of AA- and above, in which the amount required for the distribution of income to the Unit Holders 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 Fund Property for the benefit of the Unit Holders.

3.1.26 “**Distributor/Distribution Company**” means a company, firm or Bank which is appointed by the Management Company for performing the Distribution Function, and shall include the Management Company if it performs the Distribution Function.

3.1.27 “**Distribution Function**” means:

- (a) receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
- (b) interfacing with and providing services to the Unit Holders, including receiving redemption applications, transfer applications, conversion notices, pledge forms and applications for change of address or issue of duplicate Certificates, in accordance with the instructions given by the Management Company, the Trustee or the Transfer Agent, as appropriate;
- (c) issuing receipts and acknowledgements in respect of (a) and (b) above;
- (d) accounting to the Management Company for all (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Unit Holders on redemption of Units; and (iii) all expenses incurred in relation to the Distribution Function; and
- (e) any other Distribution Function as specified in the Constitutive documents of the Fund and determined by the Management Company from time to time.

3.1.28 “**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, charges, costs and expenses, in connection with the increase or decrease of the Fund 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 any remuneration payable to any Distributor/Distribution Company, any Front-end Load, any commission payable to agents on sale or any commission, charges or costs which may have been taken into account in ascertaining the Net Asset Value.

3.1.29 “**Exposure**” shall have the same meaning as provided in the Regulations.

- 3.1.30 “**Financial Institution**” shall have the same meaning as provided in the Companies Ordinance.
- 3.1.31 “**Financial Year**” means the period commencing from 1st July in any year, and ending on 30th June in the following year.
- 3.1.32 “**Force Majeure**” means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not be limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any Party and which occurs after the execution of this Agreement and makes the performance of the Agreement in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other natural events and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.
- 3.1.33 “**Formation Cost**” means all expenses incurred in connection with the establishment and registration of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Fund and expenses incurred during the Initial Offering Period.
- 3.1.34 “**Front-end Load**” means the charge (not including Duties and Charges) not exceeding five (5) percent of the Net Asset Value, if any, applicable to certain classes of Units in accordance with the Offering Document, except the Core Units and Pre-IPO units.
- 3.1.35 “**Fund**” or “**Scheme**” or “**Trust**” means the trust named “UBL Government Securities Fund” constituted under this Trust Deed for continuous offer for sale of Units.
- 3.1.36 “**Fund Property**” means the aggregate proceeds of the sale of all Units at Par Value/Offer Price after deducting therefrom or providing thereout any applicable Front-end Load as specified in the Offering Document, Duties and Charges applicable to the purchase or redemption of Units and any other expenses chargeable to the Fund, and after adding thereto any charges for redemption of Units in the form of Back-end Load as specified in the Offering Document, and includes the Investments and all income, profit, securities,

deposits, cash, bank balances, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising therefrom and all cash, bank balances and other movable or immovable assets and property of every description, whether accrued or accruing, for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to this Trust Deed and shall include the income, profit, interest etc. earned on the amount credited to the Distribution Account.

- 3.1.37 “**Initial Offering Period**” means a period determined by the Management Company not exceeding ninety (90) days during which Units shall be offered at the Offer Price, as provided in the Offering Document.
- 3.1.38 “**Investment**” means any Authorised Investment forming part of the Fund Property.
- 3.1.39 “**Investment Policy**” means the investment policy outlined in Clause 6 of this Trust Deed.
- 3.1.40 “**Net Assets**” means, in relation to the Fund, the excess of assets over liabilities of the Fund, such excess to be calculated in the manner specified under the Regulations.
- 3.1.41 “**Net Asset Value**” or “**NAV**” means per Unit value of the Fund, arrived at by dividing the Net Assets by the number of Units outstanding.
- 3.1.42 “**Offer Price**” means the sum to be paid to the Trustee for issuance of one Unit on application during and after the Initial Offering Period, such price to be determined pursuant to Clause 24.
- 3.1.43 “**Offering Document**” means the prospectus, advertisement or other document approved by the Commission, which contains the investment and distribution policy and all other information in respect of the Fund as required by the Regulations, and which is circulated to invite offers by the public to invest in the Fund, and includes any Supplementary Offering Document.
- 3.1.44 “**Par Value**” means the face value of a Unit that shall be Pakistani Rupees One Hundred (PKR 100).
- 3.1.45 “**Pre-IPO**” means the period preceding the Initial Offering Period during which investments are made in the Scheme by the Core and Pre-IPO Investors.
- 3.1.46 “**Pre-IPO Investor(s)**” mean(s) the investors, other than the Core Investors, who make investments in the Scheme before the Initial Offering Period.
- 3.1.47 “**Pre-IPO Units**” means Units, other than the Core Units, issued to the Pre-IPO Investors at Par Value.

- 3.1.48 “**Redemption Price**” means the amount to be paid to a Unit Holder upon redemption of the Unit, such amount to be determined pursuant to Clause 27.
- 3.1.49 “**Register**” means the register of the Unit Holders kept and maintained pursuant to the Regulations and this Trust Deed.
- 3.1.50 “**Registrar**” or “**Transfer Agent**” means a company that the Management Company may appoint for performing the Registrar Functions, and may include the Management Company.
- 3.1.51 “**Registrar Functions**” means the functions with regard to:
- (a) maintaining the Register;
 - (b) processing requests for issue, redemption, conversion, transfer and transmission of Units and requests for recording of pledge or lien or for recording of changes in information with regard to Unit Holders;
 - (c) issuing Certificates, including Certificates in lieu of undistributed income, to Unit Holders;
 - (d) allocating Units to Unit Holders on re-investment of dividends in accordance with Clause 39;
 - (e) cancelling old Certificates on redemption or replacement;
 - (f) (maintaining records of lien, pledge or charge on Units, transfer or switching of Units and Zakat;
 - (g) keeping records of change of addresses and other particulars of the Unit Holders; and
 - (h) other related or incidental functions.
- 3.1.52 “**Regulations**” means the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and or circulars, directives and guidelines issued by the Commission, as amended or substituted from time to time.
- 3.1.53 “**Rules**” means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or substituted from time to time.
- 3.1.54 “**Sales Agent**” means an individual, firm, company or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Fund as its agents.
- 3.1.55 “**SBP**” means the State Bank of Pakistan.

- 3.1.56 “**Stock Exchange**” means stock exchanges registered under the Securities & Exchange Ordinance, 1969.
- 3.1.57 “**Subscription Day**” means every Business Day on which any class of Units is available for subscription; provided that the Management Company may, with the prior written consent of the Trustee and upon giving not less than (7) seven-day prior notice in at least two widely circulated newspapers, one in the English language and one in the Urdu language, declare any particular Business Day not to be a Subscription Day. Such notice shall be deemed to be duly served on the Unit Holders.
- 3.1.58 “**Supplementary Offering Document**” means a document supplemental to the Offering Document issued by the Management Company with the prior approval of the Commission and the Trustee.
- 3.1.59 “**Supplementary Trust Deed**” means a supplemental deed executed between the Management Company and the Trustee with the prior approval of the Commission for making amendments to this Trust Deed pursuant to Clause 42.
- 3.1.60 “**Trust Deed**” means this deed, as amended from time to time by any supplemental trust deed.
- 3.1.61 “**Unit**” means one undivided share in the Fund and, where the context so indicates, a fraction thereof.
- 3.1.62 “**Unit Holder**” means any 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.
- 3.1.63 “**Zakat**” has the same meaning as in Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- 3.2 Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules and the Regulations. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural words, “written” or “in writing” include printing, engraving, lithography, or other means of visible reproduction

4. GOVERNING LAW

- 4.1 This Trust Deed shall be subject to and be governed by the laws of Pakistan, including the Ordinance, the Rules and the Regulations, and all other applicable laws, rules 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 Regulations are incorporated in this Trust Deed as a part and parcel hereof, and in

the event of any conflict between the provisions contained in this Trust Deed and any provision of the Regulations , the latter shall prevail over the provisions contained in this Trust Deed.

- 4.2 The Fund shall be subject to the rules and regulations framed by the SBP with regard to foreign investments made by the Fund and investments made in the Fund from outside Pakistan.
- 4.3 The Investments made in foreign countries and the Bank Accounts and custodial services accounts that may be obtained or opened by the Trustee for the Fund in any foreign countries on the instructions of the Management Company shall also be subject to the laws of such countries.
- 4.4 Subject to Clause 45, each party, including the Unit Holders, irrevocably submits to the exclusive jurisdiction of the Courts at Karachi.

5. DECLARATION OF TRUST

- 5.1 It is hereby declared unequivocally that a trust in the name and title of “UBL Government Securities Fund” is hereby created and the Trustee is hereby nominated and appointed as the Trustee of the trust. The Management Company and the Trustee hereby agree to such appointment and further declare and agree that:
- (a) the terms and conditions of this Trust Deed, and of any deed supplemental hereto made after getting prior approval of the Commission, shall be binding on the Trustee, the Management Company and each Unit Holder as if each of them had been a party to it and agreed so to be bound by its provisions, and each Unit Holder authorises and requires the Trustee and the Management Company to do as required of them by the terms of this Trust Deed;
 - (b) the Management Company shall establish, manage, operate and administer the Fund;
 - (c) the Trustee shall hold and stand possessed of the Fund Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holders ranking pari passu inter se according to the number of Units held by each Unit Holder;
 - (d) the Fund 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 Trust Deed, the Offering Document, the Rules, the Regulations and the conditions, if any, that the Commission may impose from time to time;

- (e) a Unit Holder shall not be liable to make any payment after he has paid the Offer Price of his Units, as the case may be, and no further liability can be imposed on him in respect of Units that he holds, except a Back-end Load which shall be applicable on redemption on certain classes of Units as described in the Offering Document;
- (f) the Trustee shall report to the Unit Holders in accordance with the Regulations, including a report to be included in the annual and half yearly report or at any other frequency prescribed by the Commission, whether in its opinion the Management Company has in all material respects managed the Fund in accordance with the provisions of the Rules, the Regulations and this Trust Deed, 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;
- (g) the Trustee and Management Company may retire in the manner stated in Clauses 11 and 9 respectively; and
- (h) the Fund shall be managed and operated strictly in terms of the provisions contained in this Trust Deed, the Offering Document, the Rules, the Regulations and the conditions, if any, that may be imposed by the Commission from time to time.
- (i) Where this Trust Deed has been altered or supplemented, the Management Company shall notify the Unit Holders immediately.

6. STATEMENT OF THE INVESTMENT OBJECTIVE AND INVESTMENT POLICY OF THE FUND

6.1 Investment Objective

The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities.

6.2 Investment Policy

- 6.2.1 The Fund will be investing primarily in a range of money market and debt instruments issued by the Government of Pakistan, which are Authorised Investments.
- 6.2.2 At least 70% of the net assets shall remain invested in securities issued by GOP and reverse repo in securities issued by GOP at all times.
- 6.2.3 The weighted average time to maturity of the Fund shall not exceed 4 years and this shall also apply to Government Securities.

6.2.4 The investment strategy of the Fund will be based on prevailing market conditions and fundamental credit analysis of investee companies.

6.2.5 Specifically, the investment strategy will focus on the following broad parameters:

(a) **Sponsor of the counterparty:** Investments will be made keeping in mind the market reputation and past track record of the counterparty and its main sponsors.

(b) **Strength of financials and ability to repay:** The strength and stability of counterparty earnings will be taken into consideration.

(c) **Rate of return offered:** Attempt will be made to invest in those instruments that offer competitive returns vis-à-vis other similar investments in the market.

(d) **Industry fundamentals and future outlook:** Industry outlook and its future potential will also be looked into at the time of investing. The Fund will seek to invest in those money market and fixed income instruments that offer attractive market returns and are issued by sponsors with good credit rating, strong financials and ability to repay.”

6.3 **Benchmark**

6.3.1 The Benchmark of UBL Government Securities Fund (UGSF) shall be

(i) 70%, six (6) month PKRV rate for the period of return; and

(ii) 30%, average of three (3) month deposit rates of AA- and above rated scheduled banks, for the period of return

7. **INVESTMENTS OUTSIDE PAKISTAN**

7.1 Investments made by the Fund outside Pakistan shall be subject to prior approval from the Commission and the SBP. These investments will enable the Fund to diversify the risk as well as avail opportunities for higher returns in markets that are undervalued. Such Investments may be made up to 30% of net assets of the Fund and are subject to a cap of US\$ 15 million. The Management Company may expand this limit subject to approval of State Bank of Pakistan and SECP.

7.2 In case the limit on foreign investment is exceeded, the Management Company shall regularise the excess within three (3) months of breach of the limit.

7.3 The Fund Property can be invested in international investments, including the following:

- (a) International profit bearing securities issued by foreign governments;
 - (b) International money market and fixed income instruments issued by foreign governments;
 - (c) foreign currency bank deposits;
 - (d) foreign currency bank accounts in Pakistan;
 - (e) government securities based Mutual Funds;
- 7.4 Whilst investing internationally, the Fund Property shall not be placed in any investment that has the effect of making the Fund's liability unlimited.
- 7.5 If the Fund is invested outside Pakistan, the currency of such investments shall be convertible currencies, such as the US Dollar, Pound Sterling, Euro and Japanese Yen or any other convertible currency; provided that the currency of such instruments may be some other currency where the Management Company is of the opinion that there exists a cost effective conversion mechanism to convert such currency into Pakistani currency or into any convertible currency.
- 7.6 Not more than 50% of the permissible limit of the international investments shall be placed in any one country. Not more than 5% of the NAV at the time of investment shall be invested in any one security outside Pakistan
- 7.7 Arrangements for international custody of securities, where required, shall be made with reputable institutions and procedures shall be agreed upon by the Trustee. The Management Company shall make best efforts to minimize costs affiliated with international transactions so that the savings can be passed on to the Unit Holders.

8. DUTIES AND POWERS AND RESTRICTIONS ON MANAGEMENT COMPANY

- 8.1 The Management Company shall:
- (a) manage the Fund in the best interests 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 Trust Deed, the Rules and Regulations, and subject to any directives, guidelines issued by the Commission;
 - (b) comply with the provisions of the Rules, the Regulations and the Constitutive Documents for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the

Management Company and any act or matter so performed shall be deemed for all the purposes of this Trust Deed to be the act of the Management Company;

- (c) account to the Trustee for any loss in value of the Fund Property where such loss has been caused by its negligence or reckless or willful act or omission or of its officers, officials or agents;
- (d) be responsible for 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;
- (e) have the primary responsibility for all record keeping, regular determination and announcement of Unit prices and for producing financial reports from time to time as provided in the Rules, the Regulations and this Trust Deed;
- (f) maintain the books of accounts and other records of the Scheme for a period of not less than ten (10) years;
- (g) within four (4) months of the close of the Accounting Period of the Scheme, transmit to the Unit Holders, the Trustee, the Commission and Stock Exchanges on which the Units are listed, the annual report, as per Schedule V of the Rules, of the Fund including:
 - (i) a copy of the balance sheet and income statement;
 - (ii) a cash flow statement;
 - (iii) a statement of movement in Net Assets and reserves;
 - (iv) the Auditor's report of the Fund; and
- (h) within one month of the close of first and third quarters and within two (2) months of the close of second quarter of the year of account of the Fund, prepare and transmit to the Unit Holders, the Trustee, the Commission and Stock Exchanges on which the Units of the Fund are listed:
 - (i) a copy of the balance sheet as at the end of that quarter;
 - (ii) a copy of the income statement;
 - (iii) a cash flow statement;
 - (iv) a statement of movement in Net Assets and reserves; and
 - (v) a statement showing the Investments owned at the beginning of the relevant period, the Investments purchased or sold during such period and the Investments held at the end of such period, together with the

value (at carrying and at market) and the percentage in relation to the Net Assets and the issued capital of the person whose securities/Investments are owned for that quarter, whether audited or otherwise;

provided that the Commission, subject to any conditions it may impose, may allow the Management Company to transmit the said quarterly accounts to the Unit Holders by placing them on the Management Company's website and the Management Company shall make a printed copy of the said accounts available to any Unit Holder, free of cost, as and when requested;

- (i) maintain a record of Unit Holders of the Fund, and inform the Commission and the Trustee of the address where the Register is kept;
- (j) at the establishment of the Fund and upon any vacancy appoint the Auditor, with the consent of the Trustee, from the approved list of auditors circulated by the Commission, who shall be a chartered accountant and independent of the auditor of the Management Company and the Trustee, and the Auditor shall not be appointed for more than five (5) consecutive years;
- (k) obtain a fund stability rating of the Fund once the Fund becomes eligible for rating as per the rating criteria of the rating agency, and such rating shall be updated at least once every financial year and shall also be published in the annual and quarterly reports of the Fund;
- (l) ensure, where it delegates the Distribution Function, that:
 - (i) the Distributors/Distribution Companies to whom it makes the delegation have acquired and are maintaining the associate membership of the association of distributors (as and when applicable and prescribed by the association) constituted in consultation with the Commission and are abiding by the code of conduct prescribed by the association; and
 - (ii) the written contract with the Distributors/Distribution Companies clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information;
- (m) process the payment instrument immediately on receipt of an application;
- (n) be obliged to provide such information and record to the Trustee as may be necessary for the Trustee to discharge its obligations under the Regulations and this Trust Deed;
- (o) provide settlement instructions to the Trustee relating to any investment or disinvestment transactions entered into by the Management Company on behalf of the Fund, and shall ensure the settlement instructions are given to

the Trustee promptly after entering into the transaction so as to facilitate timely settlement by the Trustee;

- (p) intimate the Trustee with regard to dividends, other forms of income or inflows, and any rights or warrants relating to the Investments that are due to be received;
- (q) maintain investor records, and for this purpose the Management Company may appoint a Registrar for performing Registrar Functions; provided that the Management Company may itself perform Registrar Functions instead of appointing a Registrar;
- (r) have the right to remove or replace from time to time the Registrar;
- (s) not be under any liability, except such liability as may be expressly assumed by it under this Trust Deed or implied on it by the Rules, the Regulations or other applicable law, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee or for anything except its own negligence or willful breach of duty hereunder or the negligence or willful breach of duty by any of the Management Company's delegates. If for any reason it becomes impossible or impracticable to carry out the provisions of this Trust Deed, the Management Company shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder;
- (t) if it considers necessary, request the Trustee, for the protection of Fund Property or safeguarding the interests of the Unit Holders, to institute or defend any suit, proceeding, arbitration or inquiry or take or participate in any corporate or shareholders' action in respect of the Fund Property or any part thereof. The Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Scheme arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages or other liabilities shall be borne by the Scheme.;
- (u) appoint and designate a qualified individual as fund manager for management of the Fund who is responsible for the management of not more than three (3) collective investment schemes at a time or such lesser number as may be specified by the Commission;
- (v) subject to Clause 8.1(x), in case of investments of the Fund made outside Pakistan, be allowed to appoint investment advisors, at its own cost, to assist in investing the assets of the Fund or the Management Company may itself invest and manage part or whole of the assets of the Fund abroad, at its own

cost; provided that the Management Company shall be responsible for all acts of such investment advisors;

- (w) in consultation with the Trustee, be allowed to appoint advisors and professionals in foreign countries for making investments of the Fund in such countries, for issuing Units to the investors in such countries and to determine the legal and regulatory requirements to be fulfilled by the Fund, the Management Company and the Trustee and their respective obligations in relation thereto; provided that any fees and charges for any such arrangement shall be borne by the Management Company;
- (x) bear all expenditure in respect of the secretariat and office space of the Management Company and its professional management, including all administrative and accounting expenses; and
- (y) be responsible for maintaining proper accounts and records of the Fund which enable a complete and accurate view to be formed of:
 - (i) the assets and liabilities of the Fund;
 - (ii) the income and expenditure of the Fund;
 - (iii) all transactions for the account of the Fund;
 - (iv) amounts received by the Fund in respect of issues of Units and any other receipts made by or into the Fund;
 - (v) amounts paid out by the Fund on redemption of Units, by way of distribution and any other payments by or from the Fund; and
 - (vi) amounts paid out by or from the Fund in the event of winding up and termination of the Fund.
- (z) develop criteria for appointing a diverse panel of brokers and monitoring compliance thereof to avoid undue concentration of business with any single broker.
- (aa) 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.
- (bb) clearly specify Cut-off time for acceptance of application forms of issuance, redemption, conversion etc of Units of the Scheme in the Offering Document, on its web site and at designated points. Such Cut-off time shall uniformly apply on all Unit Holders.

- (cc) ensure that no entry and exit to the scheme including redemption and issuance of units to the same unit holders on different NAV shall be allowed other than cash settled transactions based on the formal issuance and redemption request.
- (dd) formally forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within 24 hours of the receipt of such requests.
- (ee) ensure all valid redemption requests are paid based on ranking of the request in a queue.

8.2 The Management Company shall not:

- (a) acquire or take over the management of any other collective investment scheme, unless it has obtained the prior approval of the Commission in writing to do so;
- (b) pledge any of the securities held or beneficially owned by the Fund except as allowed under the Regulations;
- (c) accept deposits from a collective investment scheme;
- (d) make a loan or advance money to any person from the assets of the Fund;
- (e) participate in a joint account with others in any transaction on behalf of the Fund, except for collection account of the Fund;
- (f) apply any part of assets of the Fund to real estate;
- (g) make any investment of the Fund with the purpose of having the effect of vesting the management or control over the affairs of the investee company with the Management Company or its group;
- (h) enter, on behalf of a Collective Investment Scheme, into transactions with any broker that exceed thirty per cent of the commission paid by a Collective Investment Scheme in any one accounting year;
- (i) undertake brokerage services on any Stock Exchange or in the money market;
- (j) enter into underwriting or sub-underwriting contracts on behalf of the Fund;
- (k) maintain its own equity portfolio, except for the investments made by it into the schemes or pension funds being managed by it or its subsidiaries licenced as Non-Banking Finance Companies;
- (l) open or close or arrange to open or close any account for the Fund with a Bank, broker or depository without the prior approval of the Board of Directors

of the Management Company. If the Management Company has obtained approval of its Board of Directors for opening or arranging to open an account with any particular Bank, it may open accounts with any branch of that Bank and shall obtain approval thereafter from its Board of Directors in the subsequent meeting.

- (m) net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.
- (n) The Management Company shall intimate the Trustee with regard to dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received.

9. CHANGE OF MANAGEMENT COMPANY

- 9.1 The Commission may either on its own or on the recommendation of the Trustee remove the Management Company by giving at least ninety (90) days notice in writing for sub-Clause (a) hereunder and immediate notice for sub-Clauses (b), (c) and (d) to the Management Company if any of the following events has occurred:
- (a) the Management Company has willfully contravened the provisions of this Trust Deed in any material respect and has failed to rectify the contravention within a reasonable period after the contravention has been brought to its notice by the Trustee and/or by the Commission;
 - (b) the Management Company goes into liquidation;
 - (c) a receiver is appointed over any of the assets of the Management Company;
or
 - (d) if the Management Company becomes ineligible to act as a management company of the Fund under the provisions of the Rules, the Regulations or any other law for the time being in force.
- 9.2 The Management Company may retire at any time with the prior written consent of the Commission and by giving at least three (3) months notice in advance to the Trustee. Provided that until a new management company is appointed, the Management Company shall continue to perform its functions as the Management Company.
- 9.3 If the Commission has cancelled the registration of the Management Company under the provisions of the Rules or the Regulations, the Commission shall appoint another asset management company as the management company of the Fund with the consent of the Trustee in accordance with the provisions of this Trust Deed and the Regulations.

- 9.4 Upon a new management company being appointed, the Management Company shall take immediate steps to hand over all the documents and records pertaining to the Fund to the new management company and shall pay all sums due to the Trustee.
- 9.5 Upon its appointment, the new management company shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Management Company hereunder, as fully as though such new management company had originally been a party hereto.
- 9.6 The Trustee may immediately upon the issuance of notice of removal of the Management Company under Clause 9.1 or retirement of the Management Company under Clause 9.2 appoint an auditor with the consent of the Commission from amongst the panel of auditors designated as "A" category by the SBP for the audit of Financial Institutions, as Auditor.
- 9.7 The Auditor appointed under Clause 9.6 shall be other than the existing auditors of the Management Company and the Trustee.
- 9.8 The Auditor appointed under Clause 9.6 shall have the same scope as that which the existing Auditor has for the annual audit, or such other enhanced scope as may be specified by the Trustee or the Commission.
- 9.9 The Auditor appointed under Clause 9.6 shall submit the report of his audit to the Trustee not later than thirty (30) Business Days from his appointment and the Trustee shall ensure that a copy of the report shall also be provided to the Commission, the outgoing Management Company and the new Management Company.
- 9.10 The cost of the audit conducted by the Auditor appointed under Clause 9.6 shall be shared equally by the outgoing Management Company, the new Management Company and the Fund.
- 9.11 In case of change, the old Management Company shall continue to be liable for any default in or non-performance of its duties as the Management Company or for any negligence on its part or on part of its officer or officials, nominees or agents and for any acts or omissions effectuated prior to and upto the effective date of change of Management in accordance with the provision of the Trust Deed and Offering Document, the Rules and the Regulations, where after the new Management Company shall be responsible for the same. Further the Old Management Company shall indemnify the new Management Company in respect of any default, non performance or violations of the terms and conditions of the trust deed, offering document, the Rules and / or Regulations that may have taken place, advertently or inadvertently prior to and upto the Effective date and which may come to the notice of the trustee and the new Management Company or the Commission at any time after the effective date.

10. DUTIES AND POWERS OF TRUSTEE

- 10.1 The Trustee shall comply with the provisions of this Trust Deed, the Rules, the Regulations and the Offering Document for any act or matter to be done by it in the performance of its duties, and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation to the Management Company; provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties as if these were its own acts and omissions, and shall account to the Fund for any loss in value of the Fund Property where such loss has been caused by willful act or omission of the Trustee or any of its directors, officers, nominees or agents. The Trustee 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 of Force Majeure.
- 10.2 The Trustee shall take into its custody or under its control all the property of the Fund and hold it in trust for the Unit Holders in accordance with the Rules, the Regulations, this Trust Deed and all applicable laws, rules and regulations, and all cash and registerable assets shall be registered in the name of, or held to the order of, the Trustee.
- 10.3 Whenever pursuant to any provision of this Trust Deed any certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Management Company by any person whose signature the Trustee is for the time being authorised in writing by the Management Company to accept.
- 10.4 The Trustee shall carry out the instructions of the Management Company in all matters, including investment and disposal of the Fund Property and purchase and sale of Investments, unless such instructions are in conflict with the provisions of the Constitutive Documents, the Rules, the Regulations or any applicable law or regulations.
- 10.5 The Trustee shall accept instructions given electronically to the Trustee based on distinctive users IDs and passwords allocated to authorised person(s) of the Management Company through a computerised system which both the Management Company and the Trustee have agreed in writing.
- 10.6 The Trustee shall carry out settlements in a timely manner in accordance with the dictates of the specific transactions as instructed by the Management Company, unless such instructions are in conflict with the provisions of the Constitutive Documents or the Regulations.
- 10.7 The Trustee shall, on the instruction of the Management Company, from time to time appoint, remove or replace one or more Custodians for performing custodial services on behalf of the Fund at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company; provided that the Trustee may also itself perform custodial services on behalf of the

Fund with the approval of the Management Company at competitive terms, as part of its normal line of business.

- 10.8 The Trustee shall make available or ensure that there is made available to the Management Company such information and reports as the Management Company may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Fund.
- 10.9 The Trustee shall issue a report to the Unit Holders, which shall be included in the annual and second quarter report of the Fund, and therein state whether in its opinion the Management Company has in all material respects managed the Fund in accordance with the provisions of the Rules, 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.
- 10.10 The Trustee may require the Auditor to provide such reports as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavour to provide the certification at the earliest date reasonably possible.
- 10.11 The Trustee shall authorise and facilitate the Management Company to receive the copies of statements of account for all Bank Accounts being operated by the Trustee as Trustee.
- 10.12 The Trustee shall, if requested by the Management Company, institute or defend any suit, proceeding, arbitration or inquiry, or take or participate in any corporate or shareholders' action in respect of the Fund 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 necessary or incidental acts, things and deeds. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Fund, and the Trustee shall be indemnified against all such costs, charges and expenses; provided that no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under the Constitutive Documents or the Regulations. 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 Fund arising from or consequent to any such suit, proceeding, arbitration or inquiry, or corporate or shareholders' action, or otherwise howsoever, and (save as herein otherwise provided) all such losses, claims, damages and other liabilities shall be borne by the Fund.
- 10.13 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Regulations and this Trust Deed, nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except its own gross willful acts or omissions breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the

provisions of this Trust 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. Notwithstanding its removal or resignation, the Trustee shall remain entitled to the benefit of this Clause.

- 10.14 The Trustee shall provide the Management Company with regular reports or other documents issued by the issuers of Investments, any recipients of any of the Fund Property (such as deposits, refunds, distributions of dividends, income, profits, repayment of capital or payments for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with the transaction of the Fund Property. The Trustee shall promptly act on any instruction of the Management Company in all such matters relating to recovery of the Fund Property, subject to Clause 10.12.
- 10.15 The Trustee shall promptly provide proxies if requested by the Management Company with regard to any voting rights attached to any Investment.
- 10.16 The Trustee shall be required to adhere to performance standards, as mutually agreed between the Management Company and the Trustee from time to time.
- 10.17 The Trustee shall ensure that the investment and borrowing limitations set out in the Constitutive Documents and the Regulations are complied with.
- 10.18 The Trustee shall ensure that the sale, purchase, issue, re-purchase, redemption, transfer and cancellation of Units are carried out in accordance with the provisions of the Constitutive Documents.
- 10.19 The Trustee shall arrange for its system to be audited annually by an auditor, and shall provide the report of such audit to the Commission and the Management Company within four (4) months of the close of the financial year of the Fund.
- 10.20 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 the offering of the Fund, and shall also ensure that the Management Company has been diligent in appointing brokers to avoid undue concentration of business with any broker.
- 10.21 The Trustee shall ensure that Units are not issued until realisation of subscription money. For this purpose, the Management Company shall provide the Trustee with details of subscription on a regular basis.
- 10.22 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 are carried out in accordance with the provisions of this Trust Deed, the Offering Document, the Regulations and any applicable regulatory requirements.

- 10.23 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, codes, circulars, directives or any other applicable laws.
- 10.24 The Trustee shall comply with the directions of the Commission given in the interest of the Unit Holders.
- 10.25 The Trustee shall ensure that the conditions under which the Fund was registered are complied with.
- 10.26 Neither the Trustee nor the Custodian (if the Trustee has appointed another person as Custodian) nor the Management Company nor any of their Connected Persons shall sell, purchase or deal in the sale of any Investment or enter into any other transaction with the Fund (save in the capacity of an intermediary).
- 10.27 The Trustee shall promptly report to the Management Company any dividends, other forms of income or inflows and any rights or warrants relating to the Investments that are received by the Trustee from time to time.
- 10.28 The Trustee shall ensure that where applicable, payments against investments are made against delivery and vice versa, unless specified otherwise.

11. CHANGE OF TRUSTEE

- 11.1 The Trustee may, subject to prior approval of the Commission and under intimation to the Management Company, 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 Fund by the newly appointed trustee, whichever is later. In the event of the Trustee desiring to retire, the Management Company shall, within a period of ninety (90) days, with the prior written approval of the Commission and by a deed supplemental hereto, appoint a new trustee in place of the retiring Trustee, under the provisions of the Rules and the Regulations, and shall also provide in such deed for automatic vesting of all the assets of the Fund in the name of the new trustee.
- 11.2 Where the Commission is of the opinion that the Trustee has been in violation of the Regulations or this Trust Deed or that the Trustee has been found guilty of misconduct or that the Trustee has failed to discharge its obligations under the Regulations or this Trust Deed, it may remove the Trustee after giving the Trustee an opportunity of being heard.
- 11.3 The Management Company may, by giving reasons in writing, apply to the Commission for change of the Trustee and propose a new trustee.

- 11.4 The Commission, if satisfied by the reasons given by the Management Company and after providing an opportunity of hearing to the Trustee, may approve the removal of the Trustee and the appointment of a new trustee in its place.
- 11.5 Upon the appointment of a new trustee, the Trustee shall immediately deliver and hand over all the documents and records to the new trustee and shall transfer all the Fund Property, including any amount held in any of the Bank Accounts, to the new trustee and make payments to the new trustee of all sums due from the Trustee.
- 11.6 The new trustee shall exercise all powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder, as fully as though such new trustee had originally been a party hereto.
- 11.7 Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under this Trust Deed and the Regulations, the Trustee shall remain responsible to liquidate any liability for which the Trustee may have become liable under this Trust Deed or the Regulations and shall also remain entitled to the benefit under the terms of this Trust Deed until the removal or resignation of the Trustee is effective.
- 11.8 The Management Company may immediately upon the issuance of notice of removal of the Trustee under Clause 11.3, appoint auditors with the consent of the Commission from amongst the panel of auditors designated as "A" category by the SBP for the audit of Financial Institutions.
- 11.9 The auditors so appointed shall be other than the existing Auditor and shall be other than the auditors of the Management Company and the Trustee.
- 11.10 The auditors appointed under Clause 11.9 shall have the same scope as that of the Auditor for the annual audit, or such other enhanced scope as may be specified by the Management Company or the Commission.
- 11.11 The auditor appointed under Clause 11.9 shall submit his report of audit to the Management Company not later than thirty (30) Business Days from his appointment. The Management Company shall ensure that a copy of the report shall also be provided to the Commission, the outgoing Trustee and the new trustee.
- 11.12 The cost of such audit shall be shared equally by the outgoing Trustee, the new trustee and the Fund.

12. ADMINISTRATIVE PLAN

- 12.1 The Management Company, with the consent of the Trustee and the prior approval of the Commission, may offer different Administrative Plans.

- 12.2 Details of any Administrative Plan, as and when introduced by the Management Company, shall be set out in a Supplemental Offering Document.
- 12.3 For the avoidance of doubt, it is clarified that Units issued in the Fund under any Administrative Plan shall rank pari passu to other Units issued in the Fund.
- 12.4 In the event of winding up of the Fund, each Administrative Plan shall be discontinued in so far as it may apply to the Fund and the Units standing to the credit of the Unit Holders pursuant to the Administrative Plan shall be dealt with in the same manner as the rest of the Units in the Fund.

13. BANK ACCOUNTS

- 13.1 The Management Company shall perform all banking activities of the Fund through the Trustee.
- 13.2 The Trustee shall open Bank Accounts titled “CDC – Trustee UBL Government Securities Fund” at such Bank, with minimum AA- rating, at such branches as may be agreed between the Trustee and the Management Company from time to time for the Fund for collection, investment, redemption or any other use of the Fund’s monies.
- 13.3 Notwithstanding anything in this Trust Deed, the beneficial ownership of the balances in all Bank Accounts of the Fund shall vest in the Unit Holders.
- 13.4 All bank charges for opening and maintaining Bank Accounts for the Fund shall be charged to the Fund.
- 13.5 The amounts received from the Core Investors against subscription of Core Units and from Pre-IPO investors against the issue of Pre-IPO Units shall be deposited in a separate Bank Account titled “CDC Trustee – UBL Government Securities Fund Pre-IPO Account” with a minimum ‘AA-’ rated scheduled commercial Bank. Income earned in this account up to the day immediately preceding the Initial Offering Period shall, after deducting all expenses that may be incurred by the Management Company, be paid to the Investors in proportion to their respective investments in the form of additional Units or cash (after deducting all related expenses). Provided that the additional units, so issued, shall be issued at Par-Value and shall not be charged a Front-end Load. The remaining amount after payment of Income to Core Investors and other Pre-IPO investors shall be transferred to the main Bank Account of the Fund upon the close of the Initial Offering Period.
- 13.6 The Trustee shall, if requested by the Management Company, open Bank Accounts titled “CDC – Trustee UBL Government Securities Fund” in foreign countries where investments are made on account of the Fund with minimum AA- rated reputed banks, if such investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorised to sign and submit the prescribed account opening forms of such Banks. The opening, operation and maintenance of such Bank Accounts in foreign countries shall always be subject to

the approval of the SBP & SECP and the exchange control regulations, as well as any directives of the SBP and the Commission. Any such proposal by the Management Company shall be submitted to the Commission and SBP with the prior consent of the Trustee. While opening and operating any type of account and/or making investments in offshore countries on the instructions of Management Company, if the Trustee is required to provide any indemnities to offshore parties then Trustee and the Fund would be counter indemnified by the Management company to such extent.

- 13.7 The Management Company shall not open or close or arrange to open or close any account for the Fund with a Bank without the approval of the Board of Directors of the Management Company. If the Management Company has obtained approval of its Board of Directors for opening or arranging to open an account with any particular Bank, it may open accounts with any branch of that Bank and shall obtain approval therefore from its Board of Directors in the subsequent meeting.
- 13.8 The Trustee shall, if requested by the Management Company at its discretion also open a separate Account titled CDC-Trustee UBL Funds at bank(s) designated by the Management Company. These account(s) shall be temporary collection accounts, where collections received on account of subscription of Units by investors of various administrative plans that are managed by UBL Fund Managers as the management company shall be held prior to their being allocated and transferred to pertinent unit trust(s) for investments on daily basis. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such funds and have common Trustee between them.

14. INVESTMENT RESTRICTIONS

- 14.1 The Management Company in managing the Fund shall abide by all the provisions of this Trust Deed, the Offering Document, the Regulations and any other applicable laws.
- 14.2 The Fund shall be subject to such Exposure and investment limits and parameters as are provided in the Regulations.
- 14.3 The Management Company on behalf of the Scheme shall not at any time:
- (a) purchase or sell:
 - (i) bearer securities;
 - (ii) securities on margin;
 - (iii) securities which result in assumption of unlimited or undetermined liability (actual or contingent);

- (iv) real estate, commodities or commodity contracts;
 - (v) securities of the Management Company; or
 - (vi) any investment other than Authorised Investments as defined herein;
- (b) take exposure to equity securities/equities or debt securities of a company;
 - (c) affect a short sale in a security whether listed or unlisted;
 - (d) purchase any security in a forward contract;
 - (e) participate in a joint account with others in any transaction;
 - (f) take exposure of more than thirty per cent (30%) of its Net Assets in any single group;
 - (g) take exposure of more than ten per cent (10%) of its Net Assets in the Management Company's listed group companies;
 - (h) issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission;
 - (i) apply for de-listing from a Stock Exchange, unless it has obtained prior written approval of the Commission;
 - (j) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person:
- Explanation:** Reverse repo transactions involving Government Securities under an agreement shall not be prohibited under sub-Clause (j), provided that risk management parameters are disclosed in the Offering Document;
- (k) sell or issue Units for consideration other than cash, unless permitted by the Commission;
 - (l) exceed its Exposure to any single entity from an amount equal to ten per cent (10%) of total Net Assets of the Fund; provided that where the Exposure exceeds the limits specified in this sub-Clause (l) because of corporate actions, including due to market price increase or decrease in Net Assets, the excess Exposure shall be regularized within three (3) months of the breach of limits or a further period of three (3) months if such extension is granted by the Commission on an application made by the Management Company;
 - (m) invest in any security of a company

- (n) take Exposure in any other collective investment scheme, except in the case of foreign investment;
- (o) take Exposure to CFS and Spreads;
- (p) exceed the limit of four (4) years for the weighted average time to maturity of its Net Assets and this shall also apply to Government Securities;
- (q) rollover the investments, if the borrowing limits have already been exhausted by the Fund or redemptions are pending for more than six (6) days;
- (r) pledge any of its Investments held or beneficially owned by it, except as allowed under these Regulations;
- (s) make a loan or advance money to any person from the assets of the Fund;
- (t) merge with any other collective investment scheme, or acquire or takeover the management of a collective investment scheme, unless it has obtained the prior written approval of the Commission;
- (u) undertake brokerage services on Stock Exchanges or in money market;
- (v) make any investments during the Initial Offering Period;
- (w) invest less than twenty five per cent (25%) of the Net Assets in cash and near cash instruments which include cash in Bank Accounts (excluding TDRs) and treasury bills not exceeding ninety (90) days maturity; or
- (x) invest more than fifteen per cent (15%) of the Net Assets in non traded securities including reverse repo, bank deposits and anything over six (6) months maturity which is not a marketable security.
- (y) take exposure in Certificates of Investment (COI) and Certificates of Musharaka (COM);
- (z) place funds with any NBFC and Modaraba;
- (za) place funds with any bank with a rating lower than AA- or above .
- (zb) place funds with any DFI.

14.4 All restrictions specified in Clause 14.3 are subject to any change or amendment made in the Regulations by the Commission.

14.5 Foreign investment by the Fund shall be subject to the condition that it shall not exceed:

- (a) thirty percent (30%) of the Net Assets; and
- (b) United States Dollars Fifteen Million (USD 15,000,000),

or some other limit or condition imposed by the Commission or the SBP.

15. BORROWING RESTRICTIONS

- 15.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may, at any time at the request of the Management Company, concur with the Management Company in making and varying arrangements with Banks or Financial institutions for borrowing by the Trustee for the account of the Fund; provided that borrowing for the account of the Fund shall not be made except and only for meeting redemption requests and such borrowing shall not exceed fifteen per cent (15%) or such other limit as may be specified by the Commission of the value of the total Net Assets at the time of borrowing and shall be repayable within a period of ninety (90) days or otherwise as may be provided under the Regulations; provided further that the charges payable to such Bank, Financial Institution are not higher than the normal bank charges; provided further that if borrowing for the account of the Fund is made within the maximum limit applicable thereof at the time of the borrowing but subsequent to such borrowing the value of the total Net Assets has reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, then in such case the Management Company or the Trustee shall not be under any obligation to reduce such borrowing so as to bring it within the revised limit applicable thereto.
- 15.2 For the purpose of securing any such borrowing the Trustee may, on the written instruction of the Management Company, create a mortgage, charge, pledge over all or any part of the Fund Property; provided that the aggregate amount to be secured by such mortgage, charge, pledge shall not exceed the limit provided in the Regulations.
- 15.3 Neither the Trustee nor the Management Company shall be required to issue any guarantees or provide security over their own assets for securing such borrowings. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such borrowings.
- 15.4 The Trustee or the Management Company shall not incur any liability by reason of any loss to the Fund or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made in accordance with the terms of this Trust Deed.

16. FUND PROPERTY

- 16.1 The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges and after deducting therefrom or providing thereout any applicable Front-

end Load and adding thereto any Back-end Load, shall constitute part of the Fund Property, the Distribution Company shall remit such proceeds, the Front-end Load and the Duties and Charges to the Trustee in accordance with the instructions given by the Management Company from time to time.

- 16.2 Subject to Clause 13.5, the Fund Property shall initially be constituted out of the proceeds of the Core Units, Pre-IPO Units after deducting any Front-end Load.
- 16.3 The Trustee shall take the Fund Property into its custody or under its control either directly or through a Custodian and hold it in trust for the benefit of the Unit Holders in accordance with the provisions of the Regulations and this Trust Deed. The Fund Property shall always be kept as a separate property and shall not be applied to make a loan or advance, except in connection with the normal business of the Fund. All registerable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed off or transferred to a new trustee pursuant to the provisions of this Trust Deed.
- 16.4 Save as herein expressly provided, the Fund Property shall always be kept free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or a Custodian shall not, except as allowed under the Regulations, create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee or any other obligation, actual or contingent, incurred, assumed or undertaken by the Trustee, the Custodian or any other person, except for securing finances obtained on behalf of the Fund from Banks or Financial Institutions upon the directions of the Management Company and subject to the limitations contained in the Regulations.
- 16.5 The Trustee shall have the sole responsibility for the safe-keeping of the Fund Property. Subject to the provisions of Clause 10.3, in the event of any loss to the Fund due to gross negligence, recklessness or willful breach of fiduciary duties on part of the Trustee or its directors, officers or agents, 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 Fund to the extent of any such loss; provided that the Trustee shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 16.6 All interest, income, profit and other returns earned in the Distribution Accounts, including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Accounts to the main Bank Account of the Fund.

17. INVESTMENT OF THE FUND PROPERTY

- 17.1 During and prior to the commencement of the Initial Period the Trustee as advised by the Management Company shall hold the Fund Property in a separate account with

Scheduled Commercial Bank(s) having at least AA- rating, as per the criteria laid down by a credit rating agency approved by the SECP, and selected by the Management Company. Any income from such investments shall be treated as specified in Clause 13.5 above. After the Initial Period all cash, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution Account, shall be invested by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of this Deed and Offering Document) be directed by the Management Company in terms of the Investment Strategy of the Fund.

- 17.2 Any Investment may at any time be realised at the discretion of the Management Company in order to invest the proceeds in other Authorised Investments required for the purpose of any provision of this Trust Deed or on deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorised Investment shall be realized and the net proceeds of realization shall be applied in accordance with this Clause.
- 17.3 The purchase or sale of any Investment in listed securities for the account of the Fund shall be made on the Stock Exchange through a broker who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible to make such purchase or sale more advantageously in some other manner. The broker shall be appointed from time to time by the Management Company under intimation to the Trustee. Save as allowed under the Regulations, the Management Company shall not enter into transactions with any broker, which exceed thirty (30) percent of the commission charged to Fund in any one Accounting Period
- 17.4 If and so long as the value of the holding of the Fund in a particular company or sector shall exceed the limits imposed by the Regulations, the Trustee shall not settle any further investments made by the Management Company in such company or sector.

18. BASE CURRENCY

The currency of transaction of the Fund shall be the Pakistani Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the issuance or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company under this Trust Deed, for receipt or payment in any other currency or for any obligations arising therefrom

19. VOTING RIGHTS ON FUND PROPERTY

- 19.1 All rights of voting attached to any Fund Property shall be exercisable by the Management Company on behalf of the Fund. The Management Company shall be entitled to exercise such rights in any manner that it may consider to be in the best interests of the Unit Holders and may refrain at its own discretion from the exercise of

any such rights, and the Trustee or the Unit Holders shall not have any right to interfere or complain with respect thereto.

- 19.2 The Trustee shall, upon written request by the Management Company and at the Management Company's expense, from time to time execute and deliver or cause to be executed or delivered to the Management Company or its nominees powers of attorney or proxies authorising such attorneys and proxies to vote, consent or otherwise act in respect of any Investment in such form and in favour of such persons as the Management Company may require in writing. The word "vote" used in the foregoing part of this sub-Clause 19.2 shall be deemed to include not only a vote at a meeting but also the right to elect or appoint directors, give any consent or approval to any arrangement, scheme or resolution, 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, give notice of any resolution and circulate any statement.
- 19.3 The Management Company shall keep records stating reasons for casting vote in favour of or against any resolution or decision for the life of the Fund.
- 19.4 The Trustee shall forward to the Management Company all notices of meetings and all reports, circulars and documents received by the Trustee as the holder or registered holder of any Investment.

20. VALUATION OF PROPERTY

The Net Assets of the Fund shall be computed in accordance with any such method of valuation of assets and liabilities as may be specified in Non-Banking Finance Companies and Notified Entities Regulations, 2008 and/or modified by the Commission from time to time;

21. UNITS

- 21.1 All Units or fractions thereof represent an undivided share in the Fund Property, and rank pari passu as to their rights in the Net Assets, earnings and the receipt of dividends and distributions.
- 21.2 Each Unit Holder shall have a beneficial interest in the Fund proportionate to the number of Units held by such Unit Holder.
- 21.3 The Management Company may issue any of the following classes of Units (further details and actual percentages of any Front-end or Back-end Load shall be provided in the Offering Document):
- (a) Class "A" (Core Units), which shall be issued to the Core Investors at Par Value with no Front-end Load and Back-end Load and shall be subject to the condition that such Units worth of at least Pakistani Rupees Fifty Million (PKR 50,000,000) shall not be redeemable for a period of two (2) years from the close of Initial Offering Period. Such Units are transferable with this condition

and shall rank pari passu with all other Units, save for this condition. Any transfer of these Core Units, during the period starting from their issue till the close of two years from Initial Offering Period shall be effected only on receipt by the Registrar of a written acceptance of this condition by the transferee. A notation of such conditions and their termination date shall be entered into the Register and shall be printed on any Account Statement, Certificate or transfer instrument issued in respect of such Units;

- (b) Class "B" Units, which shall be the Pre-IPO Units; these units shall be issued at Par Value (with no Front-end Load and/or Back-end Load).
 - (c) Class "C" Units, which shall be issued to investors during and after the Initial Offering Period and may be charged a Front-end Load and/or Back-end Load, at the discretion of the Management Company as specified in the Offering Document not exceeding the limit specified therein.
- 21.4 Units issued as a result of re-investment of distributable income pursuant to this Trust Deed and/or the Offering Document i.e. Bonus Units shall not be charged with any Front-end Load.
- 21.5 Irrespective of the different classes of Units as set out in this Clause, all Units issued from time to time shall rank pari passu inter se and shall have such rights as are set out in this Trust Deed and the Offering Document. The liability of the Holders shall be limited to the Offer Price paid for Units.
- 21.6 Core Units and Pre-IPO Units shall be issued at the Par Value.
- 21.7 Units issued during the Initial Offering Period shall be issued at the Offer Price. The Initial Offering Period shall be specified in the Offering Document.
- 21.8 After the Initial Offering Period, Units shall be issued at the Offer Price, except the Bonus Units, determined from time to time pursuant to Clause 24 of this Trust Deed.
- 21.9 The Management Company may at any time, with the approval of the Commission and the Trustee and by giving not less than twenty-one (21) days prior notice in writing to each Unit Holder, subdivide or consolidate the whole or any part of the Units, and the Unit Holders shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates have been issued (who shall be bound accordingly) deliver up his Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such division or consolidation. Such information shall be published in at least two newspapers, one of which shall be in the English language and one of which shall be in the Urdu language, circulating in Pakistan.

22. ISSUE OF UNITS

- 22.1 The Management Company shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Units and for the issue, publication or circulation of the Offering Document.
- 22.2 The Units shall be offered through the Authorised Branches on all Subscription Days.
- 22.3 Application for issuance of Units shall be made by completing the application form prescribed by the Management Company and submitting it, within the cut-off time, together with the payment by cheque, pay order or bank draft, crossed account payee only in favour of “**CDC – Trustee UBL Government Securities Fund**” subject to Clause 13.8 above. The Management Company shall make arrangements to accept such applications and the payments for issuance of Units at the Authorised Branches on all Subscription Days, and such payments may be made through credit cards, debit cards, auto debit instructions. Payment in cash shall not be accepted. No person other than officers of the Authorised Branches is authorised to accept the application for issuance of Units. A Distribution Company shall verify the particulars given in the application for issue of Units and shall, after ensuring that the documentation required is complete in all aspects, forward the application to the Transfer Agent for further processing. Any charge(s) on account of payments accepted via credit cards shall be charged to the applicant and this shall be disclosed in the prescribed application form for purchase of Units.
- 22.4 Each Unit Holder (including the Core and Pre-IPO investors) shall only be liable to pay the Par Value or the Offer Price, as the case may be, in each case of the Units subscribed by him, and no further liability shall be imposed on him in respect of any Units held by him. Units shall be issued only against the receipt of full payment.
- 22.5 If the Offering Document or a Supplementary Offering Document provides for automatic issuance of Units under certain circumstances, an application for issuance of Units shall be deemed to have been made if such circumstances arise.
- 22.6 The Management Company, subject to prior satisfaction of the Trustee, may make arrangements to receive applications to issue Units through electronic, on-line IVR (Interactive Voice Response) or other means.
- 22.7 Requests for issue or redemption of Units may be accepted through the ATM facilities of Banks with prior approval of the SECP and intimation to the Trustee only when the relevant Banks have been instructed by the Management Company to accept requests to purchase or redeem Units through such facilities.
- 22.8 The minimum amount of investment shall be specified in the Offering Document.
- 22.9 Certain types of Units may have different minimum holding periods as shall be specified in the Offering Document.

22.10 Units shall be issued upon realization of funds in the Bank Account of the Fund.

22.11 **Issue and Redemption of Units Outside Pakistan**

- (i) Subject to foreign exchange control and other applicable laws, rules and regulations and to any permissions required to be obtained under law from any regulatory authority (including the SBP), in the event of arrangements being made by the Management Company for the issuance of Units for delivery in any foreign country, the price at which such Units may be issued may, at the discretion of the Management Company, include, in addition to the Offer Price, 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 on the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.
- (ii) 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, a further amount sufficient to cover any currency exchange fluctuation and any additional stamp duty or taxation, whether national, municipal or otherwise, leviable in that country in respect of such payment or redemption. It is clarified that the Offer Price and the Redemption Price shall be calculated and paid in the Base Currency and the Fund shall not carry any exchange risk. The relevant foreign investor shall invest at the exchange rate prevailing at that time and redemption and other payments to such investor shall be made by the Fund in the Base Currency, and such investor shall be responsible for converting such payments into United States Dollars or any other desired currency.
- (iii) The Management Company shall arrange the remittance and / or fulfill any foreign exchange formalities at State Bank of Pakistan (SBP) through Trustee (if required). Furthermore, in case of any remittance is delayed or cannot be made due to in-availability of foreign currency from the State Bank of Pakistan and / or delay due to approval process at SBP, both management company and Trustee shall not be responsible for the same. The Fund shall not be liable for payment of any bank charges and other levies, if any in relation to issue and redemption of Units outside Pakistan.

23. **PAYMENT OF UNITS IN FOREIGN CURRENCY**

23.1 The Management Company shall appoint one or more Banks as the authorized dealers, subject to the approval of the Commission and the SBP, to manage offer and redemption of Units outside Pakistan in foreign currency under the provisions of the Foreign Exchange Regulation Act, 1947.

- 23.2 Payments made in foreign currency to purchase Units shall be converted into the Base Currency through an authorized dealer using the SBP's quoted rates for conversion of foreign exchange into the Base Currency (or quoted rates of the National Bank of Pakistan, in case the quoted rates of the SBP are not available) and any conversion cost, Duties and Charges and Front-end Load shall be deducted from the payment before Units are issued. The Units issued will be denominated in the Base Currency using the rates for the conversion of foreign exchange quoted at the issue date of the Units (buying rate for the relevant currency).
- 23.3 Payments to be made in foreign currency on redemption of Units shall be converted from the Base Currency through an authorized dealer using the SBP's quoted rates for conversion of Base Currency into foreign exchange (or quoted rates of the National Bank of Pakistan, in case the quoted rates of the SBP are not available) using his quoted rates (selling rate for the relevant currency) and any conversion cost, Duties and Charges, and Back-end Load shall be deducted from the payment to be made. It is further clarified, that the Trustee shall not be responsible for arranging remittances or fulfilling the foreign exchange formalities and the role of Trustee will be limited to the execution of remittance linked transactions;

24. DETERMINATION OF OFFER PRICE

- 24.1 The Offer Price shall be calculated and announced by the Management Company on each Subscription Day, as may be determined by the Management Company from time to time.
- 24.2 The Offer Price shall be equal to the sum of:
- (a) the Net Asset Value as of the close of the Business Day;
 - (b) any Front-end Load at the discretion of the Management Company but not exceeding the limit specified in the Offering Document for certain classes of Units; and
 - (c) such amount as the Management Company may consider to be an appropriate provision for Duties and Charges in accordance with this Trust Deed and the Regulations.

The Offer Price may be calculated up to four decimal places.

- 24.3 Unit purchase requests complete in all respects, received by the Management Company/Distributor before Cut-off Time shall be priced on the basis of NAV determined at the close of that Day.
- 24.4 In the event the amount paid by a Unit Holder pursuant to sub-Clause 24.2(c) as provision for payment of Duties and Charges is insufficient to pay in full the Duties and

Charges incurred by the Fund, the Management Company shall be liable for the payment in full of the amount of such shortfall.

- 24.5 In the event the amount paid by a Unit Holder pursuant to sub-Clause 24.2(c) as provision for payment of Duties and Charges exceeds the amount of Duties and Charges incurred by the Fund, the Management Company shall instruct the Transfer Agent to issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application, or refund such excess amount to the Unit Holder through transfer to the bank account provided by the Unit Holder in the Application Form for purchase of Units or through a cheque in the name of the relevant Unit Holder and crossed "A/C payee only" dispatched to his registered address.
- 24.6 The Offer Price determined by the Management Company shall be announced and made available to the public at the Authorised Branches on all Subscription Days before 6:30pm daily and published on the website of the Management Company and of the MUFAP, and at the discretion of the Management Company may also be published in two daily newspapers, one in English and one in Urdu, widely circulated in Pakistan.

25. ALLOCATION OF FRONT-END LOAD

- 25.1 The Trustee shall pay on the Management Company's advice such sums out of the sale proceeds of Units as are representative of the Front-end Load, if any, received by the Trustee.
- 25.2 The remuneration of Distribution Companies shall be paid exclusively from any Front-end Load received by the Management Company or latter's own resources, and no charges shall be made against the Fund Property or the Distribution Account in this respect.
- 25.3 Payments under Clause 25.2 shall be made by the Trustee on the instructions of the Management Company on a monthly basis in arrears within thirty (30) days of the end of the calendar month.

26. REDEMPTION OF UNITS

- 26.1 During the Initial Period, the Units shall not be redeemed.
- 26.2 After the Initial Period, units shall be redeemable on any Business day during the life of the Fund in accordance with the terms of this Trust Deed.
- 26.3 In the event of redemption of certain classes of Units, a Back-end Load may be charged to the Unit Holders in accordance with the Offering Document while determining the Redemption Price.

- 26.4 Application for redemption of Units shall be made by completing the redemption form prescribed by the Management Company and submitting it before Cut-off Time at any Authorised Branch or office of the Distributor/Management Company together with the Unit Certificate, if issued, during any Business Day. The Management Company, subject to prior satisfaction of the Trustee may make arrangements to accept redemption requests through electronic, on-line IVR (Interactive Voice Response) or other means. The Management Company may redeem part of the Units comprised in a Certificate only after cancellation of the old Certificate and re-issuance of a new Certificate for the remaining Units; provided that in the case where a Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof. At the discretion of the Management Company, certificate charges may apply for the new Certificate for the remaining Units.
- 26.5 For the purposes of redemption of Units represented by Certificates, 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 with like requirements to those arising in the case of an application by him for the replacement thereof.
- 26.6 The Management Company shall announce the Redemption Price on a daily basis on all Business Days before 6:30pm daily and published on the website of the Management Company and of the MUFAP or at any other frequency as communicated by the Management Company from time to time in line with the Regulations. The Redemption Price at which Units shall be redeemed shall be fixed by the Management Company in accordance with the terms of this Trust Deed; provided that if the event in Clause 29.1 or Clause 29.2 hereunder comes into application, the Redemption Price shall be determined in accordance with the procedure laid out in those Clauses.
- 26.7 The amount payable on redemption shall be paid to the Unit Holder or first named joint Unit Holder by dispatching a cheque, bank draft or pay order for the amount to the registered address of the Unit Holder, within six (6) Business Days from the date of presentation of the duly completed redemption application, electronic or otherwise, at an Authorised Branch or office of the Transfer Agent, or directly through the Unit Holder's personal on-line account.
- 26.8 The Management Company may make arrangements for making redemption payments by transferring the redemption proceeds to the Unit Holder's designated bank account as specified in the Application Form for purchase or redemption of units.
- 26.9 The receipt of the Unit Holder for any moneys payable in respect of the Units shall be a good discharge to the Trustee and if several persons are registered as joint Unit Holders, any one of them may give effectual receipt for any such money.
- 26.10 Applications for redemption of Units shall be received at the Authorised Branches or offices of the Distributor/Management Company on all Business Days or at any other frequency as communicated by the Management Company from time to time in line with the Regulations. Payments of redemption amounts for Units so redeemed shall be made within six (6) Business Days of the date of receipt of such application. Where

redemption requests on any Subscription Day exceed ten percent (10%) of the total number of Units in issue, redemption requests in excess of such percentage may be deferred in accordance with the procedure described in Clause 29.1.

- 26.11 A Distribution Company shall verify the particulars given in the application for redemption of Units. The signature of any Unit Holder or joint Unit Holder to any document required to be signed by him under or in connection with the application for redemption of Units may be verified by the Transfer Agent or otherwise authenticated to the Transfer Agent's or the Distribution Company's reasonable satisfaction.
- 26.12 If the Offering Document or a Supplementary Offering Document provides for automatic redemption under certain circumstances, a redemption request shall be deemed to have been made if such circumstances arise.
- 26.13 Where a lien, pledge or charge on any Unit is recorded in the Register, the Management Company and Trustee may agree to make payment against redemption of the Unit to the pledgee, if a joint request is received by the Trustee from the Unit Holder and the pledgee or if an order of a court of competent jurisdiction is received thereof by the Trustee, and on receipt of such indemnification as Management Company or Trustee may require.
- 26.14 In case a Unit Holder has requested encashment of bonus Units, then such Units shall be redeemed at their ex-dividend Net Asset Value at the close of the relevant Accounting Period without any Back-end Load.
- 26.15 The Management Company shall formally forward details of all the requests for dealing in Units, including the information of stamped time and date, to the Trustee within 24 hours of the receipt of such requests.
- 26.16 No netting off transactions (adjustment of assets of the Fund against the investment of Unit Holders) are allowed within the Fund.
- 26.17 The Management Company shall not permit flipping mechanism (i.e. redemption and re-issuance of Units to the same Unit Holders based on different NAVs without cash settlement).

27. DETERMINATION OF REDEMPTION PRICE

- 27.1 Units, whether issued before or during the Initial Offering Period, shall not be redeemed before the close of the Initial Offering Period.
- 27.2 After the Initial Offering Period, the Redemption Price of any Unit shall be equal to the the Net Asset Value of the Unit as of the close of the Business Day, less:
 - (a) any Back-end Load charged on the Units in accordance with the Offering Document; and

- (b) such amount as the Management Company may consider an appropriate provision for Duties and Charges.

Such sum shall be adjusted downwards to the nearest paisa.

Redemption requests complete in all respects, received by the Management Company/Distributor before Cut-off Time shall be priced on the basis of NAV determined at the close of that Day

- 27.3 In the event that the amount deducted as provision for payment of Duties and Charges pursuant to sub-Clause 27.2(b) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of such shortfall amount.
- 27.4 In the event that the amount deducted as provision for payment of Duties and Charges pursuant to Clause 27.2(b) exceeds the relevant amount of Duties and Charges, such excess amount shall be returned to the respective Unit Holder immediately.
- 27.5 The Redemption Price determined by the Management Company shall be made available to the public at the Authorised Branches and the Management Company and at the office of the Transfer Agent before 6:30pm daily and published on the website of the Management Company and of the MUFAP. At the discretion of the Management Company, the Redemption Price may also be published in at least two daily newspapers, one English and one Urdu, widely circulated in Pakistan.

28. SUSPENSION OF ISSUE OR REDEMPTION OF UNITS

- 28.1 The Management Company may suspend the issue or redemption of Units at any time for an indefinite period in following circumstances:
 - (a) during any period when any Stock Exchange on which any of the Investments for the time being are listed or dealt in is closed or when dealings in such Investments are restricted or suspended on such Stock Exchange;
 - (b) during the existence of any state of affairs or force majeure which in the opinion of the Management Company constitutes an emergency as a result of which disposal of any of the Investments would not be reasonably practicable or might seriously prejudice the interests of the Fund or the Unit Holders;
 - (c) if any breakdown occurs in the means of communication normally employed in determining the price of any Investment or the current price thereof on any Stock Exchange or when for any reason the price of any such Investment cannot be promptly and accurately ascertained;

- (d) during any period when remittance of money which shall or may be involved in the realisation of any Investment or in the payment for any Investment cannot in the opinion of the Management Company be carried out within a reasonable time;
- (e) if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value;
- (f) if the Management Company is of the view that the investment of inflow of substantial funds shall be difficult, the Management Company shall decline applications for issue of Units;

provided that prior approval of the Board of Directors of the Management Company is required for suspension of redemptions of Units; provided further that the Management Company shall terminate any such suspension at the order of the Commission at any time.

- 28.2 Suspension under Clause 28.1 shall take effect forthwith upon declaration thereof by the Management Company and shall terminate on the day following the first Subscription Day on which conditions giving rise to the suspension shall, in the opinion of the Management Company, have ceased to exist and no other conditions under which suspension is authorised under this Trust Deed exists. In case of suspension and termination of suspension, the Management Company shall immediately notify the Commission and Trustee, and publish the same in at least two daily newspapers, one of which shall be in the English language and one of which shall be in the Urdu language, circulating in Pakistan.
- 28.3 Notwithstanding anything contained in any other provision of this Trust Deed, where the Commission is of the opinion that it is in the interests of the Unit Holders, it may direct that the operations of Fund, including the issuance, sale or redemption of Units, shall be suspended with effect from such date as specified by the Commission.
- 28.4 In case of suspension of redemption of the Units, the Management Company shall simultaneously suspend issuance of fresh Units and any transactions in the Administrative Plans until redemption of Units is resumed.

29. QUEUE SYSTEM AND WINDING UP IN VIEW OF MAJOR REDEMPTION

- 29.1 In the event redemption requests for Units on any day exceed ten percent (10%) of the Net Assets, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent (10%) of the Net Assets. The Management Company shall proceed to sell adequate assets of the Fund or arrange borrowing on behalf of the Fund, or do both, as it deems fit in the best interests of the Unit Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action. The

redemption requests in excess of ten percent (10%) of the Units in issue shall be carried over to the next Business Day; provided that if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent (10%) of the Net Assets as on that day, 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. Such procedure shall continue till such time that the outstanding redemption requests come down to a level below ten per cent (10%) of the Units then in issue.

- 29.2 In the event that the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund 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 Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. Interim distributions of the proceeds may be made if the Management Company finds it feasible.

30. REGISTRATION OF UNIT HOLDERS

- 30.1 The Register shall be maintained by the Management Company or, if appointed, by the Transfer Agent at such place as is agreed by the Management Company. The Management Company shall ensure that the Transfer Agent shall comply with all relevant provisions of this Trust Deed and the Regulations.
- 30.2 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 to inspect the same with or without notice and without charge. 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 (2) hours in each Business Day) be open in legible form to inspection by any Unit Holder of his records without charge.
- 30.3 The Register shall contain the following information in respect of each class of Units:
- (a) full name and address of each Unit Holder and, if any, each joint Unit Holder;
 - (b) CNIC number or passport number or registration number;
 - (c) nationality;
 - (d) the number of Units previously held, if any, account number and the Certificate number(s), if any;

- (e) the date and Certificate numbers, if any, of Units acquired through transfer;
 - (f) information about Certificates reported as lost or destroyed;
 - (g) the date on which the name of every Unit Holder was entered in respect of the Units standing in his name;
 - (h) the date on which any transfer or redemption is registered;
 - (i) information about lien, pledge or charge created on Units;
 - (j) tax and Zakat status of the Unit Holder;
 - (k) record of signature of Unit Holder;
 - (l) nominee of the Unit Holder; and
 - (m) such other information as the Management Company may require.
- 30.4 The Register shall be conclusive evidence as to the Units held by each Unit Holder.
- 30.5 Any change of name or address of any Unit Holder as entered in the Register shall forthwith be notified in writing by the relevant Unit Holder to the Distribution Company or the Transfer Agent. The Distribution Company shall forward such application to Transfer Agent, who, on being satisfied therewith and on compliance with such formalities (including, in the case of a change of name, the surrender of any Certificate previously issued to such Unit Holder, and the payment of the applicable Duties and Charges) shall alter the Register or cause it to be altered accordingly and, in the case of a change of name, shall issue a new Certificate, if required, to such Unit Holder.
- 30.6 The Transfer Agent shall not register more than four joint Unit Holders for a Unit. In case of the death of any one of the joint Unit Holders, the survivor or survivors shall be the only persons recognised by the Trustee as having any title to or interest in the Units held by the joint Unit Holders; provided that 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 the same to be necessary.
- 30.7 A body corporate may be registered as a Unit Holder or as one of the joint Unit Holders; provided that any undertaking provided by such body confirming its eligibility to make such investment shall be considered as sufficient proof of its eligibility therefor.
- 30.8 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) days prior notice to the Unit Holders; provided that it is not closed for more than six (6) Business Days at a time and forty-five (45) days in any calendar year.

- 30.9 The Unit Holder of any Units shall be the only person to be recognised by the Trustee and the Management Company as having any right, title or interest in or to such Units and the Trustee and the Management Company may recognise the Unit Holder as the absolute owner thereof and shall not be bound by any notice to the contrary or to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction; provided that the Management Company may authorise the Transfer Agent to record a pledge on any or all Units held by a Unit Holder in favour of a third party at the request of such Unit Holder or joint Unit Holders, as the case may be, in accordance with Clause 35.
- 30.10 The executors or administrators or succession certificate holders of a deceased Unit Holder shall be the only persons recognised by the Trustee and the Management Company as having title to the Units represented thereby.
- 30.11 Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Unit Holder or of the last survivor among the joint Unit Holders may, subject as hereinafter provided, upon producing such evidence as to his title as the Trustee shall think sufficient, either be registered himself as Unit Holder of such Unit upon giving the Management Company, the Distribution Company or the Transfer Agent such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Trust Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Unit Holder.
- 30.12 The Trustee shall retain any money payable in respect of any Unit of which any person is under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Unit Holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Unit Holder of such Unit or shall duly transfer the same.

31. ACCOUNT STATEMENT

- 31.1 Units shall be issued in registered, un-certificated form and shall be confirmed to investors by means of an Account Statement issued by the Management Company.
- 31.2 The Account Statement shall constitute evidence of the number of Units registered in the name of the Unit Holder.
- 31.3 Each time any of the following transactions occurs in the account of a Unit Holder, a notation in respect thereof shall be made by the Transfer Agent in the Account Statement of the Unit Holder:
- (a) any Unit is issued or subscribed;
 - (b) any Unit is redeemed;

- (c) any Unit is transferred to another person;
 - (d) any Unit is transferred from any person to the Unit Holder;
 - (e) any Unit is consolidated or split, in case of certificate issued;
 - (f) any Unit is converted;
 - (g) any additional Units are issued against re-investment of dividend;
 - (h) any unit is pledged;
 - (i) the date of maturity of any Units is determined or reached;
 - (j) any bonus Units are issued; and
 - (k) any other information becomes available that is required under the Rules or the Regulations or is determined by the Management Company to be noted in the Account Statement.
- 31.4 The Management Company shall send, within fifteen (15) Business Days after close of each Accounting Period and whenever any transaction mentioned in Clause 31.3 occurs, an Account Statement containing the information mentioned in Clause 31.3 for such period as may be determined by the Management Company and selected by the Unit Holder.
- 31.5 The Unit Holder at any time, by giving an application or instructions in writing, shall be entitled to receive proof of any transaction relating to his account.
- 31.6 The Unit Holder at any time, on an application, by physical or electronic means, shall be entitled to receive proof of any transaction related to his account. Management Company may prescribe reasonable Duties and Charges for servicing any additional requests.

32. ISSUANCE OF UNIT CERTIFICATES

- 32.1 Upon being satisfied, that the proceeds for each Unit or fraction thereof has been received in full from the applicant, the Management Company shall intimate the Registrar/Transfer Agent who shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Holder.
- 32.2 Certificates shall be issued only if so requested by the Unit Holder after issuance of electronic Units or at any later stage and upon payment of a fee not exceeding Pakistani Rupees Twenty Five (PKR 25) per Certificate of any denomination, subject to revision of fee from time to time by the Management Company. The proceeds of such fee shall accrue to the Management Company.

- 32.3 Certificates for Core Units shall be issued to the Core Investors with clear markings identifying such Certificates as Certificates for Core Units and with clear identification that such Units are not redeemable for a period of two (2) years from the close of Initial Offering Period; provided that the Management Company may decide to allow Core Investors to hold Core Units in electronic form.
- 32.4 Certificates shall be issued for whole or fractional Units that have been fully paid for, in such denomination as may be required by the Unit Holders thereof; provided that the minimum denomination shall not be for less than one (1) Unit.
- 32.5 Certificates where requested shall be issued as herein provided not later than fifteen (15) Business Days after the date of such request. Certificates may be sent to the Unit Holders or their duly authorised representatives at the Unit Holders' own risk by registered post or by delivery.
- 32.6 In case of Units held jointly the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the Unit Holder (subject to Clause 26.7) named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 32.7 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 registration number of the Unit Holder, the name and address of the Management Company and the Trustee and a certificate number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- 32.8 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorised officer of the Trustee and on behalf of the Management Company by a duly authorised officer of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorised by the Trustee adopting some lithographic or other mechanical method of signature, in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorised representative of the Transfer Agent, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein provided, notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorised signatory may have ceased to be the Trustee, the Management Company, the Transfer Agent or an authorised signatory.

33. REPLACEMENT OF CERTIFICATES

- 33.1 Subject to the provisions of this Trust Deed and in particular to the limitations of the denominations of Certificates that may from time to time be imposed by the Management Company and subject to any regulations that may from time to time be made by the Trustee with the approval of the Management Company, each Unit Holder shall be entitled to receive, upon surrender of the existing Certificate(s) for any or all of his Units, one or more Certificates of such denominations as the Unit Holder may require representing the same aggregate number of Units.
- 33.2 In case any Certificate is lost, stolen, mutilated, defaced or destroyed, the Transfer Agent with the approval of the Management Company may issue to the person entitled thereto a new Certificate in place of the old Certificate. No such new Certificate shall be issued unless the applicant shall previously have:
- (a) returned the mutilated or defaced Certificate or furnished the Distribution Company or Transfer Agent with evidence satisfactory to the Management Company of the loss, theft or destruction of the old Certificate;
 - (b) paid all expenses incurred in connection with the investigation of the facts and any notice to be issued in newspapers inviting any claim against the lost Certificate to be notified to the Management Company, the Trustee or the Transfer Agent; and
 - (c) furnished such indemnity as the Management Company and the Trustee may require. None of the Management Company, the Trustee, any Distribution Company and the Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this Clause.
- 33.3 Before issuing any Certificate under the provisions of this Clause 33, the Distribution Company or the Transfer Agent may require a fee of Pakistani Rupees Twenty Five (PKR 25) as certificate fee from the applicant, subject to revisions 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.

34. TRANSFER OF UNITS

- 34.1 Every Unit Holder shall be entitled to transfer the Units held by him by means of an instrument in such form as the Management Company may prescribe from time to time.
- 34.2 Every instrument of transfer of Units must be signed by both the transferor and the transferee, and the transferor shall be deemed to remain the Unit Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.
- 34.3 All instruments of transfer shall be retained by the Transfer Agent.
- 34.4 A Certificate shall be transferable only in its entirety.

- 34.5 Every instrument of transfer must be duly completed in all respects including affixation of or payment of transfer stamps or payment of stamp duty, if any, of the requisite value and sent to the Transfer Agent or to any Distribution Company for forwarding to the Transfer Agent together with the original of the relevant Certificate, if any.
- 34.6 Where Certificates have been issued, the Trustee at its discretion shall dispense with the production of any Certificate where the old Certificate shall have become lost, stolen or destroyed, subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof, as provided in Clause 33.
- 34.7 At any time after the expiration of ten (10) years, a Distribution Company or the Transfer Agent shall, with the prior approval of the Management Company and the Trustee, be entitled to destroy all instruments of transfer or the copies thereof, as the case may be, which have been registered. None of the Trustee, the Management Company, any Distribution Company and the Transfer Agent shall be under any liability whatsoever in consequence thereof, and it shall conclusively be presumed in favour of the Trustee, the Management Company, the Distribution Company or, as the case may be, the Transfer Agent that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee, the Management Company, the Distribution Company or the Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled;

provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant;
- (b) nothing in this Clause shall be construed as imposing upon the Trustee, the Management Company, a Distribution Company or the Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid; and
- (c) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

35. PLEDGE OR LIEN OF UNITS

- 35.1 Any Unit Holder may give a pledge or provide a lien on all or any of his Units as security for the payment of any debt or the performance of any obligation and may request the Transfer Agent to record a pledge or lien on all or any of his Units in favour of any third party legally entitled to invest in such Units in its own rights. If a joint request from the Unit Holder and the pledgee or lien holder is submitted physically or electronically on the standard application form given in the Offering Document, the

Transfer Agent shall take a note of the pledge or lien in his records, whether or not a Certificate has been issued for the Units. None of the Trustee, the Management Company and the Transfer Agent shall be liable for ensuring the validity of any such pledge or lien. The disbursement of any loan against the constitution of such pledge or lien shall be at the full discretion of the lender and none of the Trustee, the Management Company and the Transfer Agent shall have any responsibility in this matter.

- 35.2 Save any legal bar or court order requiring otherwise, any dividends that are declared on the Units pledge or lien in accordance with Clause 35.1 shall be paid to the order of the Unit Holder and any Bonus Units that the pledged or lien Units are entitled to, shall be issued in favor/to the order of the Unit Holder free from the pledge or lien.
- 35.3 A pledge or lien once registered shall be removed by the authority of the person in whose favor the pledge or lien has been registered or through an order of a competent court. None of the Trustee, the Management Company and the Transfer Agent shall be liable for ensuring the validity of any such pledge or lien.

36. FEES AND CHARGES

36.1 Remuneration of Management Company

- 36.1.1 The Management Company shall be entitled to an accrued remuneration equal to an amount not exceeding three (3) percent of the average annual net assets of the Scheme that has been verified by the Trustee and is paid in arrears on monthly basis during the first five (5) years of existence of the Scheme and thereafter of an amount equal to two (2) per cent of such assets or such other amount as may be specified by the Commission.
- 36.1.2 The remuneration shall begin to accrue from the day after the end of the Initial Offering Period. In respect of any period other than a full Accounting Period such remuneration shall be prorated on the basis of the actual number of days during such period for which such remuneration has accrued.
- 36.1.3 Such remuneration shall be paid to the Management Company in arrears on monthly basis.
- 36.1.4 In consideration of the foregoing and save as provided in this Trust Deed, the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Fund.
- 36.1.5 The Management Company shall bear all expenditures in respect of its secretariat, office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Trust Deed.

36.1.6 The Management Company shall not make any charge against the Unit Holders, the Fund Property or the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorised under the provisions of the Regulations and this Trust Deed to be payable out of the Fund Property.

36.2 Remuneration of Trustee

36.2.1 The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure C). The remuneration shall begin to accrue from the day after the end of the Initial Offering Period. For any period other than a full calendar month such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the calendar month.

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

36.2.3 In consideration of the foregoing and save as provided in this Trust Deed, the Trustee shall be responsible for the payment of all expenses incurred by it from time to time in connection with its duties as Trustee of the Fund. The Trustee shall not make any charge against the Unit Holders or against the Fund Property or against the Distribution Account, for its services or for its expenses, except such expenses as are expressly authorised to be paid out of the Fund Property under the provisions of the Rules, the Regulations and this Trust Deed.

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

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

36.3 Formation Cost

36.3.1 Formation Cost, not exceeding one per cent (1%) of the amount received during Pre-IPO or Pakistani Rupees Five Million (PKR 5,000,000), whichever is lower, shall be borne by the Management Company and shall be reimbursable by the Fund, subject to the audit of such expenses over a period of not less than five (5) years or any other time period as may be specified by the Commission.

36.4 **All other Fees and Charges**

The following charges in relation to the Fund shall also be payable out of the Fund Property:

- (a) remuneration of the Management Company;
- (b) remuneration of the Trustee or Custodian;
- (c) listing fee payable to the Stock Exchange, including renewals;
- (d) charges and levies of any Stock Exchange, clearing company and central depository company;
- (e) rating fee of the Fund payable to approved rating agency;
- (f) the Auditor's fees and out of pocket expenses as billed by him;
- (g) brokerage and transaction costs related to investing and disinvesting of the assets of the Fund;
- (h) expenses incurred by the Trustee in affecting registration of all registerable assets in the name of the Trustee;
- (i) legal and related costs incurred in protecting the interests of the Unit Holders;
- (j) bank charges, borrowing and financial costs;
- (k) printing costs and related expenses for issuing the quarterly, half-yearly, annual reports;
- (l) taxes, fees, duties and other charges applicable to the Fund on its income or in respect of its properties, including taxes, fees, duties and other charges levied by a foreign jurisdiction on investments made overseas;
- (m) Annual Fee payable to the Commission; and
- (n) any other expense or charge as may be allowed by the Commission.

36.5 Any cost associated with sales, marketing and advertisement of the Fund shall not be charged to the Fund.

37. TRANSACTIONS WITH CONNECTED PERSONS

- 37.1 The Management Company, on behalf of the Fund, shall not, without the prior consent of the Trustee and subsequent approval of its Board of Directors in writing, purchase from or sell any securities to any Connected Person or employee of the Management Company.
- 37.2 Where cash forming part of the Fund Property is deposited with the Trustee or the Custodian that is a banking company or an NBFC, a return on the deposit shall be paid by such banking company or NBFC at a rate that is not lower than the rate offered by such banking company or NBFC to its other depositors on deposits of similar amount and maturity.
- 37.3 All transactions with Connected Persons carried out by the Management Company on behalf of the Fund shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the annual report of the Fund.

38. DISTRIBUTION POLICY AND DATE

- 38.1 The Management Company on behalf of the Scheme shall, for every Accounting Period, distribute by way of dividend to the Unit Holders as the case may be, not less than ninety (90) per cent of the accounting income of the Scheme received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to the Scheme under the Regulations.
- 38.2 The Management Company shall decide as soon as possible but not later than forty-five (45) days after the Accounting Date whether to distribute among Holders either in form of bonus Units or cash dividend, profits, if any, available for the distribution at the end of the Accounting Period and shall advise the Trustee of the rate of such distribution per Unit.
- 38.3 The income available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:
- (a) the total income earned on the Fund Property during such Accounting Period, including all amounts received by the Fund in respect of dividend, mark-up, profit and fee income; and
 - (b) the whole or any part of the net realised appreciation made by the Fund, in each case at the option of the Management Company,

from which shall be deducted expenses as set out in Clause 38.5, and to which adjustments shall be made as set out in 38.6 and such other adjustments as the Management Company may determine.

- 38.4 The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property; provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net gain, may be regarded as available for distribution at the option of the Management Company and shall cease to form part of the Fund Property once transferred to the Distribution Account.
- 38.5 The income available for distribution in respect of the relevant Accounting Period shall be ascertained by deducting:
- (a) admissible expenses of the Fund as stated in Clause 36 of this Trust Deed; and
 - (b) taxes on Fund income or turnover, if any.
- 38.6 The income available for distribution in respect of the relevant Accounting Period shall be adjusted as under:
- (a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments inclusive of dividend, 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 all participation in income distributed upon redemption of Units upon a reduction of the Fund during the period;
 - (c) adjustment considered necessary by the Management Company to reflect the diminution in value of the Fund Property.

39. DISTRIBUTION OF INCOME

- 39.1 Subject to clause 38.2, The Management Company may decide to distribute, wholly or in part, the distributable income in the form of Bonus Units or cash dividends. After fixing the rate of bonus distribution per Unit in case of distribution in the form of Bonus Units, the Management Company shall inform the Trustee of such distribution.
- 39.2 In case of cash dividends, the Management Company shall instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purpose of this Trust Deed be treated as part of the Fund Property, but shall be held by the Trustee upon trust to distribute the same as herein provided. The Trustee may rely on the amount certified by the Auditors as the dividend payable in cash after adjusting for dividend being distributed in the form of Units.

- 39.3 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holder the certificate in respect of such deductions in the prescribed form or in a form approved or required by the concerned authorities.
- 39.4 In case of cash dividends, distribution payments shall be made by warrant or through any other banking instrument by way of transfer of amount to the Unit Holder's designated bank account by the Trustee or sent through registered post to the registered address of the Unit Holder or, in case of joint Unit Holders, to the registered address of the joint Unit Holder first named on the Register; provided that the Management Company may in special circumstances agree to pay distribution amount to the Unit Holder's authorised representative as stated in the prescribed application for issue of Units. Every such warrant/instrument shall be made payable to the order of the person to whom it is delivered or sent and payment of the warrant/instrument (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the money payable; provided that the receipt of the Unit Holder's designated bankers in respect of the amount distributable to the Unit Holder as arranged for payment by the Management Company shall be a good discharge of such payment. In case the warrant/instrument is lost, defaced or time barred, the payment in respect thereof shall take place through a cheque or through such arrangement as the Management Company may consider appropriate.
- 39.5 Bonus Units would rank pari passu as to their rights in the Net Assets, earnings and the receipt of the dividends and distributions with the existing Units of the Fund from the date of issue of the Bonus Units.
- 39.6 In case of distribution in the form of Bonus Units the Management Company may offer Unit Holders the option to receive the amount equivalent to their share of the annual distribution in cash. In such an event, the Management Company shall at the end of the Accounting Period cause to redeem such number of the relevant class of Units that equates to the value of the Bonus Units for that period. Such units shall be redeemed at their ex-dividend Net Asset Value at the close of the relevant Accounting Period without any Back-end Load. The payment of the cash equivalent shall be made, net of taxes and Zakat that the Management Company and the Trustee are obliged to recover, in the same manner that applies in the case of payment of cash dividends as described in Clause 39.4.
- 39.7 Where Units are placed under pledge or lien, distributions in respect of such Units shall be made in accordance with Clause 35.

40. Accounting Period

40.1 Accounting Period

The Accounting Period shall commence from the date on which the Fund Property is first paid or transferred to the Trustee for the first period and from July 1 and ending on and including 30th June in the following years. Provided however, the Management Company may, with the prior approval of the SECP and intimation to the Trustee, change such date to any other date.

40.2 Accounting Date

Accounting Date is 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the Commission and the Commissioner of Income Tax, change such date to any other date.

41. AUDIT

- 41.1 The Management Company shall at the establishment of the Scheme and upon any vacancy with the consent of the Trustee, appoint an Auditor, who shall be chartered accountant, and be independent of the auditor of the Management Company and the Trustee and such auditor shall not be the auditor of the Scheme for more than five (5) consecutive years. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one (1) year. The Management Company may at any time remove the Auditor and appoint another Auditor in its place. The same firm of chartered accountants cannot be appointed Auditor for more than five consecutive years.
- 41.2 The Auditor shall hold office until transmission of the annual report and accounts. The auditor shall be from the approved list of auditors circulated by the Commission from time to time, who shall be a chartered accountant and independent of the auditor of the Management Company and the Trustee.
- 41.3 A person not qualified to be an auditor of a public company under the Companies Ordinance, 1984 shall not be qualified to be the Auditor.
- 41.4 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment as Auditor of all persons who are partners in the firm for the time being.
- 41.5 The Auditor shall have access to the books, papers, accounts and vouchers of the Fund, whether kept at the office of the Management Company, the Trustee, the Custodian, the Transfer Agent or elsewhere, and shall be entitled to require from the Management Company, the Trustee, the Custodian, the Transfer Agent and their officers and agents such information and explanations as considered necessary for carrying out the audit.
- 41.6 The Auditor shall prepare a written report to Unit Holders on the Fund's accounts, books of accounts, balance sheet, income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended hereto.

- 41.7 The contents of the Auditor's report shall be in accordance with the requirements laid down in the Regulations.
- 41.8 The Trustee shall be entitled to require the Auditor to provide such further reports as may be agreed between the Trustee and the Management Company to facilitate the Trustee in issuing the certification required under Regulations.

42. MODIFICATION OF THE TRUST DEED

- 42.1 The Trustee and the Management Company acting together shall be entitled by trust deed supplemental hereto to modify, alter or add to the provisions of this Trust Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the Commission; provided that the Trustee and the Management Company shall certify in writing that in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or the Regulations or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of this Trust Deed to be more conveniently or economically managed or to enable the Units to be dealt in or quoted on the Stock Exchange or otherwise for the benefit of the Unit Holders and that it does not prejudice the interests of the Unit Holders or any of them or operate to release the Trustee or the Management Company from any responsibility to the Unit Holders.
- 42.2 Where this Trust Deed has been modified, altered or added to, the Management Company shall notify the Unit Holders immediately by publication in a widely circulated newspaper in Pakistan.
- 42.3 If the Commission modifies the Rules and/or Regulations these shall deem to have been included in this Trust Deed without requiring any modifications as such and shall prevail in case of conflict with the provisions of this Trust Deed.
- 42.4 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 hereof, 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.

43. REVOCATION AND LIQUIDATION OF THE FUND

- 43.1 The Fund may be terminated by the Commission on the grounds given in the Regulations.
- 43.2 The Management Company, after the prior written approval of the Commission, shall give at least three (3) months notice to the Unit Holders and the Trustee if it intends to have the registration of the Fund cancelled.

- 43.3 At the end of the notice period given under Clause 43.2 above, the Commission may by an order in writing cancel the registration of the Fund.
- 43.4 Upon representation to the Commission by Unit Holders of at least three-fourths (3/4) in value of the total Units of the Fund, or if in the opinion of the Commission further continuation of the registration of the Fund will be detrimental to the interests of the Unit Holders or the market generally, the Commission may cancel the registration of the Fund; provided that the registration of the Fund shall not be cancelled without providing an opportunity of being heard to the Management Company and the Trustee.
- 43.5 In case of cancellation of registration, the Management Company shall revoke the Fund and refund the proceeds to the Unit Holders in such manner and within such time as may be specified by the Commission.
- 43.6 Notwithstanding anything contained in any other provision, where in the opinion of the Commission or the Management Company any delay in the revocation of the Fund is detrimental to the interests of the Unit Holders or the market generally, the Commission may direct the immediate revocation of the Fund without first cancelling the registration or providing an opportunity of being heard to the Management Company, in such manner and within such time as may be specified by the Commission.
- 43.7 Where the Commission grants approval under Clause 43.2 or cancels the registration of the Fund or orders the revocation of the Fund, all issuance and redemption of Units shall stand suspended immediately.
- 43.8 In case of revocation of the Fund, all Unit Holders shall be treated *pari passu*.

44. DISTRIBUTION ON REVOCATION OF FUND

- 44.1 Upon the Fund being revoked, the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments and other Fund Property then remaining in the hands of the Trustee and shall repay any borrowing effected by the Fund together with any mark-up remaining unpaid. In case of any shortfall, the Trustee shall not be liable for the same
- 44.2 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders, *pro rata* to the number of Units held by them, all net cash proceeds derived from the realisation of the Fund Property after making the payment mentioned in Clause 44.1 and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case there is any deficit, the Management Company or the Trustee shall not be liable thereof and in case there is any surplus remaining in the hands of the Trustee, the same shall be distributed amongst the Unit Holders *pro rata* to the number of Units held by them.

45. ARBITRATION

In the event of any disputes arising out of this Trust Deed or Offering Document between the Management Company, on the one part, and the Trustee, on the other part, including as to their respective rights and obligations, as well as those relating to the interpretation of the terms and the conditions of this Trust Deed or Offering Document, 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 who shall be selected by the two arbitrators before the commencement of the reference and who shall hear the reference together with them. The unanimous decision of both the arbitrators or, in case of a lack of unanimity between them, the decision of the umpire shall be final and binding upon both the parties. The arbitrators and the umpire shall be selected from amongst senior partners of renowned firms of chartered accountants or senior partners of renowned law firms or senior bankers, senior business men or senior executives. The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

46. CONFIDENTIALITY

The Trustee and the Management Company, and every director or officer of the Trustee and the Management Company who is in any way engaged in the business of the Fund, and all persons employed or engaged by the Trustee or the Management Company in connection with the business of the Fund, shall observe strict confidentiality in respect of all transactions of the Fund, its Unit 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.

47. MISCELLANEOUS

47.1 Notices

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

- 47.1.2 Service of a notice or document on any one of several joint Unit Holders shall be deemed effective service on the other joint Unit Holders.
- 47.1.3 Any notice or document sent by post to or left at the registered address of a Unit Holder shall, notwithstanding that such Unit Holder be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy, be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.
- 47.1.4 The costs of all notices mentioned in the preceding sub-clauses shall be borne by the Management Company
- 47.2 The Management Company may from time to time, under intimation to the Trustee, frame operational procedures for conducting the business of the Fund or in respect of any other matter incidental thereto; provided that such operational procedures shall not be inconsistent with the provisions of this Trust Deed, the Rules, the Regulations and the Offering Document.
- 47.3 A copy of this Trust 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 at its website and to any person on application at a charge of Pakistani Rupees Fifty (PKR 50) per copy or at such reasonable rate as determined from time to time by the Management Company.

IN WITNESS WHEREOF this Trust Deed has been executed on the day, month and year first above written.

The Common Seal of UBL Fund Managers Limited was hereunto affixed in the presence of its authorised signatories:

Common Seal

(1) _____

Name:

Designation:

(2) _____

Name:

Designation:

Witness:

Witness:

Name:

Occupation:

Address:

Name:

Occupation:

Address:

The Common Seal of Central Depository Company of Pakistan Limited was hereunto affixed in the presence of its authorised signatories:

Common Seal

(1) _____

Name:

Designation:

(2) _____

Name:

Designation:

Witness:

Witness:

Name:

Occupation:

Address:

Name:

Occupation:

Address:

Annexure A

Annexure B

Annexure C

The fee structure for services of the Trustee is as follows:

Trusteeship Tariff Structure

Net Assets (Rupees)	Tariff
From 1 to 1 billion	Rs. 0.7 million or 0.15% p.a of net assets whichever is higher
Above 1 billion	Rs. 1.5 million plus 0.075% p.a of net assets on amount exceeding Rs. 1 billion

Annexure D